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RAPID RESPONSE

August 5, 2011

VIA HAND DELIVERY

Margaret Sayles
Acting Manager - Rapid Response
Workforce Development Agency
Victor Office Center
201 N. Washington Sq., 3rd Floor
Lansing, Michigan 48913

Mayor David C. Peterson
City of Manistique
300 North Maple Street
Manistique, MI 49854

Dear State and Local Officials:

We are giving you notice as of this date that effective August 5, 2011 Manistique Papers, Inc. ("Manistique") will be engaging in the first separation of employees leading to the closing of its entire facility located at 453 S. Mackinac Ave., Manistique, Michigan 49854. The facility is expected to be closed in its entirety on August 5, 2011, or any date during the 14-day period thereafter, and there will be a total of 144 employees that will be terminated as a result. Enclosed with this letter is a list of the job titles of positions to be affected and the number of affected employees in each such job classification. We expect the closure of the facility and all terminations associated with the closing of the facility to be permanent.

These employment terminations and closure of the Manistique facility are being caused by unforeseen business circumstances that occurred while Manistique was in the midst of seeking capital that it reasonably believed it would receive to keep the business operational. Manistique did not provide notice to its employees during this time period because it reasonably believed that such notice would have impeded its ability to obtain the needed capital.

Market factors also had an impact. Since January 2011, the cost of raw material has increased \$1,000,000 per month, severely impacting the bottom line. At the same time, soft market conditions resulted in a significant drop in orders. The result of this unanticipated decline in orders created excess inventory and lost revenues.

Company management has been working with the Company's bank as well as other potential lenders to seek capital that could keep the business operational. We were recently informed by the bank that they would not provide the necessary working capital needed to continue operations. Our inability to obtain our working capital needs due to the current situation leaves us no choice at this time to close this chapter of Manistique and Michigan history. Although we wish that we could have provided you with more notice prior to taking this action, the unforeseen nature of the bank's decision and the potential that such notice would have on the Company's ability to obtain the needed capital foreclosed that possibility. We have, however, provided you with as much advance notice as was practicable under these circumstances.

manistique

PAPERS

If you have any questions, please feel free to call Jon Johnson, Manistique's General Manager, at 906-341-2175. We have notified individual Manistique employees, the Michigan Rapid Response Section, Manistique Mayor David C. Peterson and the Untied Steelworkers International Union of the shut-down and terminations. Employees who are represented by the Untied Steelworkers International Union have bumping rights; those employees who are not represented by the union do not have bumping rights. The Untied Steelworkers International Union can be reached at:

Phil Main
President, USW Local 2-44
7985W Co. Rd. 440
Manistique, MI. 49854
(906) 341-6126

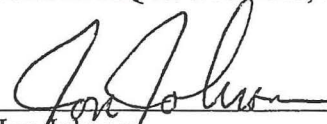
United Steelworkers
Mike Bellmore
Staff Representative
1244A Midway Road
Menasha, WI. 54952
(920) 722-7630
mbellmore@usw.org

United Steelworkers
Five Gateway Center
Pittsburg, PA. 15222
(412) 562-2400

The information provided in this letter is based upon the best information available to Manistique at this time. This letter is provided pursuant to federal laws which encourage employers who are not required to comply with the plant closing notice statutes to nonetheless provide such notice, and should not be construed as an admission of coverage under 29 U.S.C. § 2101 *et seq.*

Sincerely,

MANISTIQUE PAPERS, INC.



Jon Johnson
General Manager

cc: Phil Main, President, USW Local 2-44
Mike Bellmore, United Steelworkers Staff Representative

Enclosure



MANISTIQUE PAPERS

JOB TITLES OF POSITIONS TO BE AFFECTED AND THE NUMBER OF AFFECTED ASSOCIATES IN EACH SUCH JOB CLASSIFICATION

<u>DEPARTMENT</u>	<u>NUMBER OF POSITIONS</u>
PAPER MACHINE	
Machine Tender	4
Back Tender	4
Third Hand	4
Fourth Hand	4
Fifth Hand	4
Custodian	1
LABORATORY	
Paper Tester	4
Lab Technician	1
BEATER ROOM	
Stock Preparation Technician	1
WASTE TREATMENT DEPARTMENT	
Fully Certified Operator	2
Certified Operator	2
Landfill Operator	1
PULPMILL	
Flotation System Operator	4
Material Handler	12
POWER PLANT	
Boiler Operator	4

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Boiler Room Utility 1

FINISHING ROOM

Loader 8

Wrapper 4

CONSTRUCTION DEPARTMENT

Level II Construction 2

Level III Construction 2

UTILITY POOL 11

MAINTENANCE DEPARTMENT

Maintenance Leader 3

Millwright 1st Class 7

Millwright 2nd Class 3

Lubrication Technician 2

Reliability Technician 1

E& I DEPARTMENT

1st Class E&I Technician 4

MANAGEMENT

General Manager 1

Secretary 1

Controller 1

Cost Accountant 2

Switchboard/Clerical 1

Purchasing/ISO Manager 1

Purchasing Assistant 1

Purchasing Clerk 1

Stores 1

Accounts Payable 1

Director of Employees Relations/Transportation Manager 1

Personnel Director 1

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Safety/Training Director	1
Inside Sales Coordinator	1
Inside Sales Manager	1
Production Manager	1
Assistant Production Manager	1
Shift Supervisor	5
Recovered Fiber Manager	1
Environmental Manager	1
Pulpmill Manager/Production Engineer	1
Process & Information Systems Manager	1
Process Control Engineer	1
PC Technician	1
Information Technology Manager	1
General Sales Manager	1
Regional Sales Manager	1
Technical Sales Manager	1
Fiber Procurement Manager	1
Maintenance & Engineering Manager	1
Maintenance Supervisor	1
Maintenance Coordinator	1
Planner	1
Reliability Engineer	1
Utilities Manager	1
Electrical Engineer	1
Project Engineer	1
Mechanical Engineer	1
Special Projects	<u>1</u>
TOTAL	144

Mill Closure-Manistique Papers WARN Notice to state and local officials.doc