

Re: Page 4, line 10-11

Q. Please provide evidence relied on to state that: "The projected increase for power in 2004 would make Stephenville the highest cost ACCC Canadian mill".

A. The year-to-date (Aug 2003) costs show that Stephenville is currently the second highest cost mill in Canada. The escalation factors for all mills have been developed for the 2004 budget. No other mill is facing a 35% increase in power costs. This increase of \$37 / tonne in power will make Stephenville the highest cost ACCC mill in Canada.

All costs for the mills outside Newfoundland is confidential commercial information and costs other than power for the Newfoundland Mills is confidential.