



Overall M&A activity within the Paper and Forest Products sector decreased 8% over the last twelve months (LTM) ending September 30, 2005 with 33 deals reported compared with 36 deals for the same period last year and with median valuation multiples at 1.5 x Revenue, 8.9 x EBITDA, 17.1 x EBIT and 1.7 x Book Value.

M&A TRANSACTIONS BY SUBSECTOR

For the Last Twelve Months Ended September 30,

	01		02		03		04		05	
Diversified Paper Products	12	40%	11	42%	7	25%	10	28%	9	27%
Lumber Manufacturing & Forestry Services	3	10%	4	15%	6	21%	8	22%	8	24%
Wood Products	5	17%	3	12%	4	14%	5	14%	7	21%
Lumber Products	6	20%	7	27%	8	29%	8	22%	5	15%
Printing & Writing Paper	4	13%	1	4%	3	11%	5	14%	4	12%
Total	30	100%	26	100%	28	100%	36	100%	33	100%

Based upon Mosaic Capital research and subject to qualifications found on our website. Valuation multiples include public transactions and premiums for control, which can vary significantly between public and private companies. Private company transactions also typically include valuation discounts for limited liquidity, due to a lack of a public market.

Strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 43 portfolio companies and also are fueling demand. Buyers objectives include:

- ▶ Maintain control of the supply chain
- ▶ Meet increasing competition from foreign countries, including China and Russia
- ▶ Increase paper and forest product profitability and return on investment
- ▶ Increase market share

About Mosaic Capital

Mosaic Capital LLC is a leading national investment banking firm specializing in merger and acquisition and related corporate finance transactions, as well as business valuations for middle-market companies. The private placement of debt and equity securities is provided through affiliate Mosaic Capital Securities LLC - member NASD/SIPC. Mosaic Capital is a member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 98 offices in 24 countries, the partners of which have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital seeks introductions to owners and management teams in the following lines of business:

Diversified Paper Products, including:

- Laminated, Coated, Carbon & Tissue
- Newsprint Paper
- Corrugated Paper
- Pulp, Paper, Newsprint & Paperboard
- Gift Wrapping Paper
- Paper Bags
- Business Cards
- Greeting Cards
- Art/Craft Paper & Poster boards

Printing & Writing Paper, including:

- Stationary
- Envelopes
- Computer Paper
- Graph Paper
- Writing Paper
- Paper Pads
- Notebooks
- Other Paper

Lumber Manufacturing & Forestry Services, including:

- Forestry Services
- Diversified Lumber Manufacturing

Lumber Products, including:

- Wood columns, Panels, Beams & Others

Wood Products

- Diversified Wooden Profiles