

Neucel Specialty Cellulose Signs Agreement with Communication, Energy and Paperworkers Union of Canada

PORT ALICE, BC (October 2, 2006) – Neucel Specialty Cellulose reached a finalized collective agreement with the Communication, Energy & Paperworkers (CEP) Union of Canada Local 514 on Thursday, September 14, 2006.

Present at the signing were Thorsten Brost, General Manager for Neucel; Dave Schaub, CEP National Representative; Don Vye, President of CEP Local 514; Andy McKay, Vice President of CEP Local 514; and Brenda Allen, Director of Human Resources for Neucel.

"This resolution of several key labour relations issues creates an opportunity to move forward with a renewed commitment and to work together to ensure the success of the Port Alice operation. We are also committed to continuing to work on remaining topics of mutual concern," stated CEP National Representative David Schaub during the signing of the 2005-2010 Labour Agreement.

The agreement provides a secure future for employees, customers, investors, suppliers and the communities of northern Vancouver Island with a five-year term guaranteeing freedom from labour disruptions during the term of this contract. In addition, the contract ensures employee membership in the Pulp and Paper Industry Pension Plan, a highlight for union members who had previous service in the pension plan. It will also assist in recruiting new employees from other operations where they already have membership in the plan as service in the PPIPP is portable.

"We are certain that this event signals a turning point in our union/management relationship," said Ari Chaney, president of Neucel Specialty Cellulose. "Together, we will turn all our energy to ensuring the success of our Port Alice operation."

The opening of the pulp mill in May 2006 brought 350 jobs back to Port Alice, a community of 700 people on northern Vancouver Island. So far, more than \$60 million has been invested in capital and technological upgrades to the facility. Additional investments are currently being raised and are earmarked for the Port Alice business.

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About Neucel:

Neucel Specialty Cellulose is owned by Wellspring Capital Partners and Charlestown Investments.

Wellspring is a New York–based private equity firm that has consistently ranked among the top-performing private equity funds specializing in the middle market. Wellspring currently manages more than \$2 billion in equity capital on behalf of some of the largest and most respected institutional investors in the United States, Canada, and Europe. Long-term limited partner investors in Wellspring include pension and retirement plans, representing the interests of over 2,000,000 members in North America (including more than 250,000 Canadian public workers).

Charlestown Investments is an investment holding company registered in Zug, Switzerland, and controlled by a group of private European investors. Charlestown has other investments in software, real estate, biotechnology and business services providers.

For more information on Neucel Specialty Cellulose, visit the company newsroom at <http://www.neucel.com/>.