

# INSTITUTIONAL DISTRESSED DEBT RESEARCH

Performance Plus Advisors, Inc.

Distressed Debt Research

10/6/2012

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## NEWPAGE GROUP INC.

Time To Move On

### 1<sup>st</sup> Lien Notes

In our June 4<sup>th</sup> and July 5<sup>th</sup> 2011 research reports on NewPage Group debt, we rated these securities as Neutral, expecting a more attractive entry price for investors. In our October 5<sup>th</sup>, December and March 2012 research reports we changed our rating to a Buy with prices ranging between 60 and 70 cents on the dollar.

On October 6, 2012 NewPage filed its amended Disclosure Statement. NewPage agreed to give first lien note holders all of the stock in the reorganized company. Second lien note holders and some unsecured creditors will split the first \$50 million that may be obtained from lawsuits.

Although we like the idea of owning this paper company's common stock we are changing our rating to **Neutral**, approximate price 63 cents on the dollar.

### Second Lien Notes

In the past we had rated the second lien debt as a **Sell**. In our December 2011 research report we changed our rating to a **Buy** at price between 5 and 8 cents on the dollar. We now rate these securities as **Neutral**, approximate price 5 to 6 cents on the dollar.

**SEE IMPORTANT DISCLOSURES**

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## RATING SYSTEM EXPLANATION

Buy: We generally expect “**BUY**” rated investment returns to be greater than or equal to plus + 20% from date of the original recommendation.

Neutral: We generally expect “**Neutral**” rated investment returns to deviate plus or minus + or – 20% from the date of the original recommendation.

Sell: We generally expect “**Sell**” rated investment returns to be equal to or greater than minus – 20% from the date of the original recommendation.

## ANALYST RATING DISTRIBUTION AS OF 10/6/2012

	Number of Companies	Percent of Total
Buy	1	9%
Neutral	8	73%
Sell	2	18%
Total	11	100%