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June 27, 2007

**To: All Creditors Holding Class 4A, 4B, 4C, and 4D Claims in the Port
Townsend Paper Corporation Bankruptcy**

From: The Official Unsecured Creditors' Committee

Re: Voting on Confirmation of Chapter 11 Plan of Reorganization

Dear Class 4 Creditor:

This law firm represents the official Unsecured Creditors' Committee (the "Committee") appointed by the bankruptcy court in the Port Townsend Paper Corporation bankruptcy case. Port Townsend Paper Corporation (the "Debtor") and the Informal Committee of Senior Secured Noteholders (the "Noteholders", referred to with the Debtor as the "Plan Proponents") have filed an Amended Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated June 26, 2007 (the "Plan"). A copy of the Plan is included in this mailing. Also included in this mailing is a Disclosure Statement that provides information on the Plan, the Debtor's history, and current status. **THE COMMITTEE URGES ALL UNSECURED CREDITORS TO COMPLETE THE ENCLOSED BALLOT AND VOTE TO ACCEPT THE PLAN, AND TO RETURN COMPLETED BALLOTS IN THE ENCLOSED, POSTAGE PRE-PAID, SELF-ADDRESSED ENVELOPE PRIOR TO AUGUST 6, 2007.**

The Committee consists of representatives of five companies that hold unsecured claims against Port Townsend: Allen Logging, Hermann Brothers, Merrill & Ring, Metro Waste, and Mary's River. The Plan incorporates provisions benefiting holders of unsecured claims which are the result of arm's-length negotiations between the Committee and the Plan Proponents, and the Committee believes that confirmation of the Plan is in the best interests of unsecured creditors.

The holder of an unsecured claim is a creditor who does not hold any collateral provided by the Debtor as security for repayment of the claim. Under the terms of the Plan, holders of unsecured claims are placed in four creditor classes: Class 4A (holders of claims against Port Townsend Paper Corporation); Class 4B (holders of claims against PT Holdings, Inc.); Class 4C (holders of claims against PTPC Packaging Co., Inc.), and Class 4D (holders of "Convenience Claims," as that term is defined in the Plan, essentially creditors holding claims of less than \$2,000 or creditors who elect to be treated in the Convenience Class, even though their claims are higher than \$2,000).

Section 3.4 of the Plan (p. 26) describes how Class 4A-4D claims will be treated. If Classes 4A and 4D each vote the accept the Plan, additional value will be made available to fund the creation of a "convenience class" for holders of general unsecured claims in the allowed amount of \$2,000 or less, and for holders of general unsecured claims asserted in an aggregate principal amount greater than \$2,000 and less than \$40,000 who affirmatively make a ballot election to reduce their claim to the amount of \$2,000.

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Subject to certain conditions, holders of Convenience Claims will receive the lesser of \$2,000 or the allowed amount of their claim. If you do not hold a Convenience Claim, or if Classes 4A or 4D vote to reject the Plan, you will receive your pro rata share of a cash fund established pursuant to the Plan.

The Committee believes that the Plan will produce the following results:

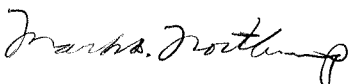
- The Plan provides that payments to creditors on their allowed unsecured claims will be issued in cash shortly after the confirmation date (in August).
- There are approximately 724 unsecured claims in this case. The creation of the Convenience Class means that a substantial number of smaller claims (approximately 285 of the 724) will be paid in full and an additional 80 or more will receive a payment of at least 50% of their claim amount.
- In its bankruptcy schedules, the Debtor identified total unsecured claims of \$21,962,802. The Committee believes that the Plan, if confirmed, will pay approximately 37% of these claims. The Committee recognizes that the 37% dividend in this case **will not** be paid across the board to all unsecured creditors and that some unsecured creditors (for example, those in the Convenience Class and those having certain priority rights to payment) will receive a greater percentage payment than others. A 37% cash dividend nevertheless constitutes a very respectable total recovery for unsecured creditors out of a Chapter 11.

NOTE: THE PLAN PROVIDES THAT THE DEBTOR WILL MAKE UP TO \$1,350,000 AVAILABLE FOR PAYMENT TO CLASS 4A-4D CREDITORS. THE FULL \$1,350,000, HOWEVER, WILL ONLY BE AVAILABLE IF CLASS 4A AND 4D CREDITORS VOTE AFFIRMATIVELY TO ACCEPT THE PLAN. ACCORDINGLY, IT IS VERY IMPORTANT FOR ALL CLASS 4A, 4B, 4C AND 4D CREDITORS TO RETURN THEIR PLAN BALLOTS TIMELY VOTING IN FAVOR OF CONFIRMATION.

****THE COMMITTEE URGES ALL UNSECURED CREDITORS IN CLASSES 4A, 4B, 4C AND 4D TO COMPLETE AND RETURN BALLOTS VOTING TO ACCEPT THE PLAN****

Yours truly,

GRAHAM & DUNN PC



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