

HEARING DATE: WEDNESDAY, JUNE 27, 2007
HEARING TIME: 9:30 A.M.
RESPONSE DUE: TUESDAY, JUNE 26, 2007 at
12:00 NOON (PREVAILING PACIFIC TIME)
LOCATION: COURTROOM 8206

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re

PT HOLDINGS COMPANY, INC., *et al.*¹
100 PAPER MILL HILL ROAD
PORT TOWNSEND, WA 98368
Debtors' Tax ID No. 91-1872662,

Debtors.

No. 07-10340 [Lead Case]

**NOTICE OF HEARING ON
AMENDED MOTION BY THE
DEBTORS AND INFORMAL
COMMITTEE OF SENIOR SECURED
NOTEHOLDERS FOR ORDER (I)
APPROVING THE DISCLOSURE
STATEMENT; (II) FIXING THE
RECORD DATE; (III) APPROVING
THE NOTICE AND OBJECTION
PROCEDURES IN RESPECT OF
CONFIRMATION OF THE PLAN OF
REORGANIZATION;
(IV) APPROVING SOLICITATION
PACKAGES AND PROCEDURES FOR
DISTRIBUTION THEREOF; (V)
APPROVING THE FORMS OF
BALLOTS AND ESTABLISHING
PROCEDURES FOR VOTING ON THE
PLAN OF REORGANIZATION;
(VI) APPROVING THE FORMS OF
NOTICES TO NON-VOTING CLASSES
UNDER THE PLAN OF
REORGANIZATION; (VII)
APPROVING THE COMMITMENT
LETTER AND AUTHORIZING**

¹ The Debtors are PT Holdings Company, Inc., Port Townsend Paper Corporation and PTPC Packaging Co., Inc.

**PERFORMANCE THEREUNDER;
AND (VIII) APPROVING EXIT
FINANCING PARTICIPATION
PROCEDURES**

TO: THE CLERK OF THE COURT
AND TO: THE HONORABLE SAMUEL J. STEINER
AND TO: ALL PARTIES-IN-INTEREST
HEARING DATE: WEDNESDAY, JUNE 27, 2007
HEARING TIME: 9:30 A.M.
RESPONSE DUE: TUESDAY, JUNE 26, 2007 at 12:00 NOON (PREVAILING PACIFIC TIME)
LOCATION: UNITED STATES BANKRUPTCY COURT, 8206, SEATTLE, WA

PLEASE TAKE NOTICE that the above-captioned debtors-in-possession herein ("Debtors"), have filed with the Court an amended motion (the "Amended Motion") for an order (i) approving the Disclosure Statement;² (ii) fixing the record date for purposes of voting on the Plan; (iii) approving the notice and objection procedures in respect of confirmation of the Plan; (iv) approving the solicitation packages and procedures for distribution thereof; (v) approving the forms of ballots and establishment of procedures for voting on the Plan; (vi) approving the form of notices to non-voting classes under the Plan; (vii) approving the financing described in the Commitment Letter and authorizing performance thereunder; and (viii) approving the proposed Exit Financing Participation procedures. The Amended Motion is on file with the above-captioned Court, together with supporting documents. Any party desiring information as to the details may request same from the Clerk of the Court or from the undersigned counsel. IF YOU OPPOSE any of the motions, you must file your written response with the court clerk, together with proof of service; serve two copies on the Judge's chambers; and deliver copies to the undersigned, such that they are actually received by:

² Capitalized terms not defined herein shall have the meaning given to them in the Amended Motion.

1 (i) Bush Strout & Kornfeld, counsel for the Debtors, 601 Union Street, Seattle, WA, 98101-2373
2 (Attn: Gayle E. Bush, Esq.); (ii) (a) Akin Gump Strauss Hauer & Feld LLP, counsel for the Informal
3 Committee, 1333 New Hampshire Avenue, N.W., Washington DC 20036 (Attn: James R. Savin, Esq.)
4 and (b) Foster Pepper PLLC, counsel for the Informal Committee, 1111 3rd Avenue, Suite 3400,
5 Seattle, WA 98101 (Attn: Jack Cullen, Esq.); (iii) Graham & Dunn PC, counsel for the Creditors'
6 Committee, Pier 70, 2801 Alaskan Way, Suite 300, Seattle, WA 98121 (Attn: Mark D. Northrup,
7 Esq.); (iv) (a) Ropes & Gray, LLP, counsel for the DIP Lenders, 1211 Avenue of the Americas, New
8 York, NY 10036-8704 (Attn: Mark Somerstein, Esq.) and (b) Riddell Williams, P.S., counsel for the
9 DIP Lenders, 1001 Fourth Avenue, Suite 4500, Seattle, WA 98154 (Attn: Joseph E. Shickich, Jr.,
10 Esq.); and (v) the Office of the U.S. Trustee, 700 Stewart Street, Suite 5103, Seattle, WA 98101
11 (Attn: Martin L. Smith, Esq.), NO LATER THAN THE RESPONSE DATE, which is AT 12:00
12 NOON on Tuesday, June 26, 2007. IF NO RESPONSE IS TIMELY FILED AND SERVED, the
13 Court may, in its discretion, GRANT THE AMENDED MOTION PRIOR TO THE HEARING,
14 WITHOUT FURTHER NOTICE, and strike the hearing

15 DATED this 20th day of June, 2007.

16 BUSH STROUT & KORNFELD

17 By /s/ Katriana L. Samiljan
18 Katriana L. Samiljan, WSBA #28672
19 Gayle E. Bush, WSBA #07318
20 Attorneys for PT Holdings Company, Inc., Port Townsend
21 Paper Corporation, and PTPC Packaging Co., Inc., Debtors
22 and Debtors-in-Possession
23

HEARING DATE: JUNE 27, 2007
HEARING TIME: 9:30 A.M. (PREVAILING PACIFIC TIME)
LOCATION: COURTROOM 8206
RESPONSE DUE: JUNE 26, 2007 at 12:00 P.M.
(PREVAILING PACIFIC TIME)

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE**

In re: 07-10340 [Lead Case]
PT HOLDINGS COMPANY, INC., et al., Chapter 11

Debtors.

**AMENDED MOTION OF THE DEBTORS AND
INFORMAL COMMITTEE OF SENIOR SECURED
NOTEHOLDERS FOR ORDER (I) APPROVING
THE DISCLOSURE STATEMENT; (II) FIXING
THE RECORD DATE; (III) APPROVING THE
NOTICE AND OBJECTION PROCEDURES IN
RESPECT OF CONFIRMATION OF THE PLAN OF
REORGANIZATION; (IV) APPROVING
SOLICITATION PACKAGES AND PROCEDURES
FOR DISTRIBUTION THEREOF; (V) APPROVING
THE FORMS OF BALLOTS AND ESTABLISHING
PROCEDURES FOR VOTING ON THE PLAN OF
REORGANIZATION; (VI) APPROVING THE
FORMS OF NOTICES TO NON-VOTING CLASSES
UNDER THE PLAN OF REORGANIZATION; (VII)
APPROVING THE COMMITMENT LETTER AND
AUTHORIZING PERFORMANCE THEREUNDER;
AND (VIII) APPROVING EXIT FINANCING
PARTICIPATION PROCEDURES**

PT Holdings Company, Inc. ("PT Holdings"),¹ Port Townsend Paper Corporation
("PTPC"), and PTPC Packaging Co., Inc. ("Packaging"), debtors and debtors in possession in the
above-captioned cases (collectively, the "Debtors") and the Informal Committee of Senior Secured

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan (defined below).

**AMENDED MOTION OF THE PLAN PROPONENTS FOR ORDER APPROVING
DISCLOSURE STATEMENT AND SOLICITATION PROCEDURES**

BUSH STROUT & KORNFIELD
LAW OFFICES

5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

1 Noteholders (the “Informal Committee” and together with the Debtors, the “Plan Proponents”), by and
2 through this amended motion (the “Motion”), respectfully represent as follows:

3 JURISDICTION

4
5 1. This Court has jurisdiction to hear the Motion under 28 U.S.C. §§ 157 and 1334.
6 This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to
7 28 U.S.C. §§ 1408 and 1409. Sections 363(b), 1125, 1126, and 1128 of title 11 of the United States
8 Code (the “Bankruptcy Code”), Rules 2002, 3016, 3017, 3018, and 3020 of the Federal Rules of
9 Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 3017-1 and 3020-1 of the Local
10 Bankruptcy Rules for the United States Bankruptcy Court for the Western District of Washington at
11 Seattle (the “Local Rules”) authorize the relief requested in this Motion.
12

13 BACKGROUND

14 2. On January 29, 2007 (the “Petition Date”), the Debtors each commenced with
15 this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to
16 continue to operate their businesses and manage their properties as debtors in possession pursuant to
17 sections 1107(a) and 1108 of the Bankruptcy Code. By order dated January 31, 2007, the Debtors’
18 chapter 11 cases have been consolidated for procedural purposes only and are being jointly
19 administered pursuant to Bankruptcy Rule 1015(b).
20

21 3. Prior to the Petition Date, and as a result of the Debtors’ ongoing liquidity
22 difficulties, in September 2006 with the assistance of its legal and financial advisors, the Debtors began
23 analyzing and evaluating possible transactions for the principal purpose of restructuring the Debtors’
24 balance sheet. Since that time, certain holders of \$125.0 million in principal amount of 11% Senior
25 Secured Notes due 2011 (the “Secured Notes”), holding more than 66 2/3% of the Secured Notes,
26

1 formed the Informal Committee to discuss the terms of a proposed restructuring with the Debtors.
2 During the fourth calendar quarter of 2006, the Debtors participated in extensive discussions with both
3 the Informal Committee and Northwest Capital Appreciation Inc. ("Northwest Capital"), a private
4 equity firm which controls approximately 98% of PT Holdings' existing common stock, in an effort to
5 develop the terms of a consensual restructuring proposal. In connection with these negotiations, the
6 Debtors reached an agreement in principle with the members of the Informal Committee and
7 Northwest Capital regarding the terms of a proposal to restructure the Debtors' balance sheet. The
8 agreement is contained in the Restructuring Term Sheet, dated January 29, 2007 (the "Term Sheet"),
9 which is attached as Exhibit B to the Disclosure Statement.
10

11 4. On February 28, 2007, the Plan Proponents filed a Plan of Reorganization Under
12 Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of
13 Senior Secured Noteholders (the "Initial Plan"). The Initial Plan implemented the agreement
14 represented by the Term Sheet and was filed in accordance with the deadlines contained therein.
15

16 5. On June 20, 2007, the Plan Proponents filed the Amended Plan of
17 Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the
18 Informal Committee of Senior Secured Noteholders (as it may be modified or amended from time to
19 time, the "Plan") and an amended disclosure statement (as it may be modified or amended from time to
20 time, the "Disclosure Statement") with respect to the Plan. The Court has scheduled the hearing to
21 approve the Disclosure Statement for June 27, 2007 at 9:30 a.m. (prevailing Pacific Time).
22

23 6. In connection with the Plan, the Debtors have obtained a commitment letter (the
24 "Commitment Letter") from certain holders of the Secured Notes (the "Backstop Parties") to fully fund
25 certain exit financing facilities (the "Exit Facilities") in the form of (i) an initial \$35 million term loan
26

(the “Initial Term Loan Commitment”), (ii) an additional term loan up to \$10 million (the “Additional Term Loan Commitment” and together with the Initial Term Loan Commitment, the “Term Loan Commitment”), and (iii) a \$25 million preferred equity investment (the “Preferred Equity Commitment”) on a several, and not joint, basis. Additional terms and conditions of the Exit Facilities are set forth in a term sheet annexed to the Commitment Letter (the “Exit Financing Term Sheet”)². A copy of the Commitment Letter and the Exit Financing Term Sheet is attached hereto as Exhibit B. Holders of Secured Notes Claims who meet certain eligibility requirements (the “Eligible Holders”) will have the ability to participate in the Exit Facilities (the “Exit Financing Participation”). The proceeds of the Exit Facilities will be used to pay, among other things, obligations owed to the DIP Lenders, Allowed Loggers’ Lien Claims, Allowed 503(b)(9) Claims, Cure Amounts, and Allowed Administrative Expense and Priority Claims.

RELIEF REQUESTED

7. By this Motion and pursuant to sections 363(b), 1125, 1126, and 1128 of the Bankruptcy Code, Bankruptcy Rules 2002, 3016, 3017, 3018, and 3020, and Local Rules 3017-1 and 3020-1, the Debtors and, as applicable, the Informal Committee, seek entry of an order: (i) approving the Disclosure Statement; (ii) fixing the record date for purposes of voting on the Plan; (iii) approving the notice and objection procedures in respect of confirmation of the Plan; (iv) approving the Solicitation Packages (as defined below) and procedures for distribution thereof; (v) approving the forms of ballots and establishment of procedures for voting on the Plan; (vi) approving the form of notices to non-voting classes under the Plan; (vii) approving the Commitment Letter and authorizing

² All descriptions of the terms and provisions of the Commitment Letter and Exit Financing Term Sheet contained in this Motion are qualified in their entirety by reference to the Commitment Letter and Exit Financing Term Sheet. Any discrepancies between the descriptions contained in this Motion and the terms and conditions of the Commitment Letter

1 the Debtors to pay certain fees and expenses to the Backstop Parties and to incur indemnification
2 obligations as set forth therein; and (viii) approving the proposed Exit Financing Participation
3 procedures. A proposed order granting the foregoing relief is submitted concurrently herewith and is
4 annexed hereto as Exhibit A (the “Disclosure Statement Order”).

5
6 **I. THE DISCLOSURE STATEMENT CONTAINS**
7 **ADEQUATE INFORMATION AND SHOULD BE APPROVED**

8 8. Pursuant to section 1125 of the Bankruptcy Code, a plan proponent must provide
9 holders of impaired claims with “adequate information” regarding a debtor’s proposed plan of
10 reorganization. Specifically, section 1125(a)(1) of the Bankruptcy Code provides:

11 “[A]dequate information” means information of a kind, and in sufficient
12 detail, as far as is reasonably practicable in light of the nature and history
13 of the debtor and the condition of the debtor’s books and records,
14 including a discussion of the potential material Federal tax consequences
15 of the plan to the debtor, any successor to the debtor, and a hypothetical
investor typical of the holders of claims or interests in the case, that
would enable such a hypothetical investor of the relevant class to make
an informed judgment about the plan

16 11 U.S.C. § 1125(a)(1); *see also Knupfer v. Wolfberg (In re Wolfberg)*, 255 B.R. 879, 883 (9th Cir.
17 B.A.P. 2000) (citing § 1125(a)(1) and noting that “adequate information” is “information of a kind, and
18 in sufficient detail,... that would enable a hypothetical reasonable investor ... to make an informed
19 judgment about the plan[.]”). Thus, a debtor’s disclosure statement must, as a whole, provide
20 information that is “reasonably practicable” to permit an “informed judgment” by impaired creditors
21 entitled to vote on the plan. *See In re Dakota Rail, Inc.*, 104 B.R. 138, 142 (Bankr. D. Minn. 1989).
22 The bottom-line requirement of a disclosure statement is that it provides “all creditors a source of
23 information which allows them to make an informed choice regarding the approval or rejection of a
24

25
26 and/or Exit Financing Term Sheet shall be resolved in favor of the Commitment Letter and/or Exit Financing Term Sheet.

1 plan.” *Duff v. United States Trustee (In re California Fidelity, Inc.)*, 198 B.R. 567, 571 (9th Cir. B.A.P.
2 1996); *In re Ferretti*, 128 B.R. 16, 19 (Bankr. D.N.H. 1991) (noting that a disclosure statement “must
3 clearly and succinctly inform the average unsecured creditor what it is going to get, when it is going to
4 get it, and what contingencies there are to getting its distribution.”).³

5
6 9. The bankruptcy court has broad discretion to determine the adequacy of the
7 information contained in a disclosure statement – “the determination of what is adequate information is
8 subjective and made on a case by case basis. This determination is largely within the discretion of the
9 bankruptcy court.” *Computer Task Group Inc. v. Brotby (In re Brotby)*, 303 B.R. 177, 193 (9th Cir.
10 B.A.P. 2003) (citing *Texas Extrusion Corp. v. Lockheed Corp. (In re Texas Extrusion Corp.)*, 844 F.2d
11 1142, 1157 (5th Cir. 1988)); *In re Oxford Homes*, 204 B.R. 264 (Bankr. D. Me. 1997). Congress
12 granted discretion to bankruptcy courts to facilitate effective reorganization of a debtor in the broad
13 range of circumstances that accompany chapter 11 cases. *See* H.R. Rep. No. 595, 95th Cong., 1st Sess.
14 408-09 (1977); *see also In re Copy Crafters Quickprint Inc.*, 92 B.R. 973, 979 (Bankr. N.D.N.Y. 1988)
15 (adequacy of disclosure statement “is to be determined on a case-specific basis under a flexible
16 standard that can promote the policy of chapter 11 towards fair settlement through a negotiation
17 process between informed interested parties”). Accordingly, the determination of whether a disclosure
18 statement contains adequate information is to be made on a case-by-case basis, focusing on the unique
19 facts and circumstances of each case. *See Ringel Valuation Services, Inc. v. Shamrock Foods Co. (In re*
20 *Arizona Fast Foods, LLC*, 299 B.R. 589 (Bankr. D. Ariz. 2003) (“Adequate information will be
21 determined by the facts and circumstances of each case.”) (citing *Oneida Motor Freight, Inc. v. United*
22

23
24
25 ³ *Cf. Official Committee of Unsecured Creditors v. H.B. Michelson*, 141 B.R. 715, 718 (Bankr. E.D. Cal. 1992)
26 (“whether a disclosure statement required under [section 1125(b)] contains adequate information is a question of
bankruptcy law that is independent of non-bankruptcy law relating to disclosure”) (citing 11 U.S.C. § 1125(d)).

1 *Jersey Bank*, 848 F.2d 414, 417 (3rd Cir.1988)); *In re Phoenix Petroleum Co.*, 278 B.R. 385, 393
2 (Bankr. E.D. Pa. 2001).

3 10. In that regard, courts have provided lists of the type of information that should be
4 addressed in a disclosure statement in order to provide adequate information, including: (1) the events
5 which lead to the filing of the bankruptcy petition; (2) a description of the available assets and their
6 value; (3) the anticipated future of the company; (4) the source of information stated in the disclosure
7 statement; (5) a disclaimer; (6) the present condition of the debtor while in Chapter 11; (7) the
8 scheduled claims; (8) the estimated return to creditors under a Chapter 7 liquidation; (9) the accounting
9 method utilized to produce financial information and the name of the persons responsible for such
10 information; (10) the future management of the Debtors; (11) the Chapter 11 plan or a summary
11 thereof; (12) the estimated administrative expenses, including attorneys' and accountants' fees; (13) the
12 collectability of accounts receivable; (14) financial information, data, valuations, or projections
13 relevant to the creditors' decision to accept or reject the Chapter 11 plan; (15) information relevant to
14 the risks posed to creditors under the plan; (16) the actual or projected realizable value from recovery
15 of preferential or otherwise voidable transfers; (17) litigation likely to arise in a non-bankruptcy
16 context; (18) tax attributes of the debtor; and (19) the relationship of the Debtor with any affiliates.

17
18
19 *See In re United States Brass Corp.*, 194 B.R. 420 (Bankr. E.D. Tex. 1996); *In re Phoenix Petroleum*
20 *Co.*, 278 B.R. at 393; *In re Feretti*, 128 B.R. 16, 18-19 (Bankr. D.N.H. 1991); *In re Oxford Homes, Inc.*,
21 204 B.R. at 260; *In re Scioto Valley Mortgage Co.*, 88 B.R. 168, 170-71 (Bankr. S.D. Ohio 1988). This
22 list is not meant to be exhaustive; nor must a debtor provide all the information on the list. Rather, the
23 bankruptcy court must decide what is appropriate in each case. *See Phoenix Petroleum*, 278 B.R. at
24 393 (cautioning that "no one list of categories will apply in every case").
25

11. The Plan Proponents submit that the Disclosure Statement contains information with respect to the applicable subject matter identified above, including, but not limited to, a discussion of: (a) a summary of the treatment of creditors and stakeholders under the Plan; (b) the operation of the Debtors' businesses and reasons for the chapter 11 filings; (c) key events leading to the commencement of the Debtors' chapter 11 cases; (d) anticipated events during the chapter 11 cases; (e) financial projections and valuation analysis; (f) risk factors to be considered; (g) voting procedures and requirements; (h) confirmation of the Plan; (i) alternatives to confirmation and consummation of the Plan; and (j) tax consequences of the Plan.

12. Accordingly, the Plan Proponents submit that the Disclosure Statement contains all or substantially all of the information typically considered by bankruptcy courts and respectfully request that the Court approve the Disclosure Statement as having adequate information and meeting the requirements of section 1125 of the Bankruptcy Code.

II. FIXING THE RECORD DATE

13. Bankruptcy Rule 3017(d) provides that, for the purposes of soliciting votes in connection with the confirmation of a plan of reorganization, “creditors and equity security holders shall include holders of stock, bonds, debentures, notes and other securities of record on the date the order approving the disclosure statement is entered or another date fixed by the court, for cause, after notice and a hearing.” FED. R. BANKR. P. 3017(d). Bankruptcy Rule 3018(a) contains a similar provision regarding determination of the record date for voting purposes.

14. In accordance with these Rules, the Debtors request that this Court exercise its power under such Rules to set June 27, 2007 as the record date (the “Record Date”).

1 **III. ESTABLISHING NOTICE AND OBJECTION**
2 **PROCEDURES IN RESPECT OF CONFIRMATION OF THE PLAN**

3 **A. *Setting the Confirmation Hearing***

4 15. Bankruptcy Rule 3017(c) provides:

5 On or before approval of the disclosure statement, the court shall fix
6 a time within which the holders of claims and interests may accept
7 or reject the plan and may fix a date for the hearing on
8 confirmation.

9 FED. R. BANKR. P. 3017(c).

10 16. In addition, Bankruptcy Rules 2002(b) and (d) require not less than 25 days
11 notice by mail to all creditors and equity security holders of the time for filing objections to, and the
12 hearing to consider confirmation of, a chapter 11 plan of reorganization.

13 17. In accordance with Bankruptcy Rules 2002(b), (d), and 3017(c) and in view of
14 the Plan Proponents' proposed solicitation schedule outlined herein, the Plan Proponents request that a
15 hearing on confirmation of the Plan (the "Confirmation Hearing") be scheduled for August 15, 2007, at
16 9:30 a.m. (prevailing Pacific Time). The Confirmation Hearing may be adjourned or continued from
17 time to time by the Court or Plan Proponents without further notice. The proposed date for the
18 Confirmation Hearing is in compliance with the Bankruptcy Rules and the Local Rules and will enable
19 the Plan Proponents to pursue confirmation of the Plan in a timely fashion.

20 **B. *Establishing Procedures for Notice of the Confirmation Hearing***

21 18. As set forth above, Bankruptcy Rules 2002(b) and (d) require not less than 25
22 days notice to all creditors and equity security holders of the time fixed for filing objections and the
23 hearing to consider confirmation of a chapter 11 plan. In accordance with Bankruptcy Rules 2002 and
24 3017(d), the Plan Proponents propose to provide to all creditors and interest holders a copy of a notice
25

1 substantially in the form annexed to the Disclosure Statement Order as Exhibit H, and incorporated
2 herein by reference (the “Confirmation Hearing Notice”), setting forth (i) the Voting Deadline (as
3 defined below), (ii) the time fixed for filing objections to confirmation of the Plan (the “Plan Objection
4 Deadline”), and (iii) the time, date, and place for the Confirmation Hearing. Such notice will be sent
5 on or before the Solicitation Date (as defined below), which is at least 25 days prior to the Plan
6 Objection Deadline.
7

8 19. Further, as stated above, Bankruptcy Rule 2002(l) provides that the Court may
9 authorize notice by publication where it determines that notice by mail is impracticable or that it is
10 otherwise desirable to provide supplemental notice. *See* FED. R. BANKR. P. 2002(l). In addition to
11 mailing the Confirmation Hearing Notice, the Plan Proponents propose to publish a notice (the
12 “Publication Notice”), substantially in the form annexed to the Disclosure Statement Order as Exhibit
13 I, on one occasion, in (i) the Seattle Times or the Seattle Post-Intelligencer, (ii) the Puget Sound
14 Business Journal, and (iii) the Port Townsend & Jefferson County Leader on a date that is not less than
15 25 days prior to the Plan Objection Deadline. The Plan Proponents believe that publication of the
16 Publication Notice as described herein will provide sufficient notice of the Voting Deadline, the Plan
17 Objection Deadline, and the time, date, and place of the Confirmation Hearing to persons who do not
18 otherwise receive notice by mail as provided for in the Disclosure Statement Order.
19

20 20. The foregoing procedures will provide parties in interest with at least 25 days
21 notice of the Plan Objection Deadline and Confirmation Hearing, and accordingly, should be approved.
22

23 **C. *Establishing Procedures for the Filing of Objections to Confirmation of the Plan***

24 21. Pursuant to Bankruptcy Rule 3020(b)(1), objections to confirmation of a plan
25 must be filed and served “within a time fixed by the court.” FED. R. BANK. P. 3020(b)(1). Local Rule
26

1 3020-1(a) requires that objections to confirmation of a plan of reorganization be filed not later than
2 three (3) days prior to the hearing on confirmation of such plan of reorganization. Parties in interest,
3 however, are entitled to at least 25 days notice of such time fixed by the Court. The Confirmation
4 Hearing Notice provides, and the Plan Proponents request, that the Court direct that objections to
5 confirmation of the Plan or proposed modifications to the Plan, if any, must: (i) be in writing; (ii) state
6 the name and address of the objecting party and the amount and nature of the claim or interest of such
7 party; (iii) state with particularity the basis and nature of any objection or proposed modification; and
8 (iv) be filed, together with proof of service, with the Court, and be served so that they are actually
9 received by: (i) Bush Strout & Kornfeld, counsel for the Debtors; (ii) (a) Akin Gump Strauss Hauer &
10 Feld LLP, counsel for the Informal Committee and (b) Foster Pepper PLLC, counsel for the Informal
11 Committee; (iii) Graham & Dunn PC, counsel for the Creditors' Committee; (iv) (a) Ropes & Gray,
12 LLP, counsel for the DIP Lenders and (b) Riddell Williams, P.S., counsel for the DIP Lenders; and (v)
13 the Office of the U.S. Trustee, each at the addresses set forth in the Confirmation Hearing Notice, no
14 later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007. By setting August 6, 2007 as the
15 Plan Objection Deadline, this Court will be assured that parties in interest will have been provided with
16 at least the requisite 25 days notice of the Plan Objection Deadline and that the Plan Proponents will
17 have sufficient time to consider and reply, if necessary, to any objections and proposed modifications
18 to the Plan, while leaving this Court with sufficient time to consider any such objections and replies
19 before the Confirmation Hearing.
20
21
22

23 22. The Plan Proponents submit that, if there are objections to confirmation, it will
24 assist the Court and may expedite the Confirmation Hearing if the Debtors and the Informal
25 Committee are authorized to file replies to any such objections. Accordingly, the Plan Proponents
26

request that such parties be authorized to file and serve replies to any such objections by August 13, 2007. The Plan Proponents respectfully request that the Court approve these procedures for filing objections to the Plan and replies thereto pursuant to Bankruptcy Rule 3020.

**IV. APPROVING SOLICITATION PACKAGES
AND PROCEDURES FOR DISTRIBUTION THEREOF**

A. *Voting Classes*

23. Bankruptcy Rule 3017(d) sets forth the materials that must be provided to holders of claims and interests for the purpose of soliciting their votes and providing adequate notice of the hearing on confirmation of a plan of reorganization. Specifically, Bankruptcy Rule 3017(d) provides, in relevant part, as follows:

Upon approval of a disclosure statement, — except to the extent that the court orders otherwise with respect to one or more unimpaired classes of creditors or equity security holders — the debtor in possession, trustee, proponent of the plan, or clerk as the court orders shall mail to all creditors and equity security holders, and in a chapter 11 reorganization case shall transmit to the United States trustee,

- (a) the plan or a court-approved summary of the plan;
- (b) the disclosure statement approved by the court;
- (c) notice of the time within which acceptances and rejections of the plan may be filed; and
- (d) any other information as the court may direct, including any court opinion approving the disclosure statement or a court-approved summary of the opinion.

In addition, notice of the time fixed for filing objections and the hearing on confirmation shall be mailed to all creditors and equity security holders in accordance with Rule 2002(b), and a form of ballot conforming to the appropriate Official Form shall be mailed to creditors and equity security holders entitled to vote on the plan.

FED. R. BANKR. P. 3017(d).

24. Under the Plan, holders of Allowed Claims in Classes 3A-3C (Secured Notes Claims) and Classes 4A-4C (General Unsecured Claims) are impaired and entitled to vote to accept or reject the Plan (collectively, the “Voting Classes”).⁴ Once the Court approves the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code, the Plan Proponents propose to mail or cause to be mailed solicitation packages (the “Solicitation Packages”) on or before July 5, 2007 (the “Solicitation Date”). Solicitation Packages distributed to creditors in the Voting Classes will contain a copy of (i) the Disclosure Statement Order (excluding the exhibits thereto); (ii) the Confirmation Hearing Notice; (iii) the appropriate form of ballot to accept or reject the Plan, in substantially the forms annexed to the Disclosure Statement Order as Exhibits A, B, C, and D (each, a “Ballot,” and collectively, the “Ballots”) or master ballot (the “Master Ballot”), substantially in the form annexed to the Disclosure Statement Order as Exhibit E, with instructions and together with a return envelope; (iv) the Disclosure Statement, which includes the Plan as an exhibit; and (v) such other materials as the Court may direct.

B. *Non-Voting Classes*

Bankruptcy Rule 3017(d) provides, in relevant part, as follows:

If the court orders that the disclosure statement and the plan or a summary of the plan shall not be mailed to any unimpaired class, notice that class is designated in the plan as unimpaired and notice of the name and address of the person from whom the plan or summary of the plan and disclosure statement may be obtained upon request and at the plan proponent’s expense, shall be mailed to members of the unimpaired class together with the notice of the time fixed for filing objections to and the hearing on confirmation.

FED. R. BANKR. P. 3017(d).

⁴ The Ballots sent to holders of claims in Classes 3A-3C will permit such holders to vote their claims in Classes 3A-3C against each Debtor on one Ballot.

1 25. Class 1 (Other Secured Claims), Class 2 (Priority Claims), Class 5
2 (Intercompany Claims), Class 6 (Workers' Compensation Claims), Class 8B (PTPC Interests); and
3 Class 8C (Packaging Interests) (collectively, the "Unimpaired Classes") are unimpaired and, therefore,
4 the holders of claims in such classes are conclusively presumed to accept the Plan. *See* 11. U.S.C.
5 § 1126(f). Holders of claims in Class 7 (Subordinated Claims) and/or interests in Class 8A (PT
6 Holdings Interests) (the "Non-Voting Impaired Classes") do not receive or retain any property under
7 the Plan on account of such claims. Thus, such holders are deemed to reject the Plan pursuant to
8 section 1126(g) of the Bankruptcy Code. *See* 11 U.S.C. § 1126(g).
9

10 26. In an effort to conserve resources of these estates, the Debtors request that the
11 Court determine that they are not required to distribute copies of the Plan and Disclosure Statement to
12 (i) any holder of a claim or interest in the Unimpaired Classes or (ii) any holder of a claim or interest in
13 the Non-Voting Impaired Classes. Instead, the Debtors propose (a) to mail the Notice of Non-Voting
14 Status – Unimpaired Classes, which is annexed to the Disclosure Statement Order as Exhibit F, to the
15 holders of claims and interests in the Unimpaired Classes, and (b) to mail the Notice of Non-Voting
16 Status – Impaired Classes, which is annexed to the Disclosure Statement Order as Exhibit G, to holders
17 (if any) of claims and interests in the Non-Voting Impaired Classes. Each Notice of Non-Voting Status
18 identifies the classes that are presumed to accept, or deemed to reject, as applicable, the Plan, and sets
19 forth the manner in which a copy of the Plan and Disclosure Statement may be obtained by the
20 claimant or equity holder receiving such notice. The Debtors submit that such notices satisfy the
21 requirements of the Bankruptcy Code and the Bankruptcy Rules.
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27. In addition, the Plan Proponents propose to mail, or cause to be distributed on or before the Solicitation Date, the Disclosure Statement Order (excluding the exhibits thereto), the Confirmation Hearing Notice, the Disclosure Statement, and such other materials as this Court may direct to (i) the U.S. Trustee; (ii) counsel for the DIP Lenders; (iii) the Indenture Trustee; (iv) counsel for the Indenture Trustee; (v) counsel for the Creditors' Committee; (vi) the SEC; and (vii) all parties having filed requests for notices in these cases.

29. The Plan Proponents submit that they have shown good cause for implementing the proposed notice and service procedures.

1 **V. APPROVING FORMS OF BALLOTS AND MASTER BALLOTS**
2 **AND ESTABLISHING PROCEDURES FOR VOTING ON THE PLAN**

3 30. Bankruptcy Rule 3017(d) requires the Plan Proponents to mail a form of ballot,
4 which substantially conforms to Official Form No. 14, only to “creditors and equity security holders
5 entitled to vote on the plan.” FED. R. BANKR. P. 3017(d). The Plan Proponents propose to distribute to
6 creditors in the Voting Classes one or more Ballots. The forms for the Ballots are based on Official
7 Form No. 14, but have been modified to address the particular aspects of these chapter 11 cases and to
8 include certain additional information that the Plan Proponents believe is relevant and appropriate for
9 each class of claims entitled to vote. The appropriate Ballot forms will be distributed only to holders
10 of claims in the Voting Classes.
11

12 **A. *Amount and Classification of Claims for Voting Purposes***

13 31. The Plan Proponents request that the Court approve the following procedures for
14 determining the amount and classification of claims for purposes of voting on the Plan (other than for
15 Secured Notes Claims):
16

- 17 (a) If a proof of claim has not been timely filed (*i.e.*, was not filed by the applicable
18 Bar Date), the amount of a claim shall be equal to the amount, if any, listed in
19 respect of such claim in the Debtors’ bankruptcy schedules and/or statement of
20 financial affairs (as may be amended from time to time, the “Schedules”), to the
21 extent such claim is not listed as contingent, unliquidated, undetermined or
22 disputed (subject to any applicable limitations set forth below). Such claim shall
23 be placed in the appropriate class of the Plan based upon the Debtors’ records
24 and the classification scheme set forth in the Plan.
- 25 (b) If a proof of claim has been timely filed for a liquidated, non-contingent claim,
26 and has not been objected to by July 18, 2007, the amount and classification
shall be that specified in such proof of claim for voting purposes only and shall
not be binding for any other purpose, subject to any applicable limitations set
forth below.
- (c) A claim which is the subject of an objection filed by July 18, 2007 and not
resolved by the Voting Deadline shall be disallowed for voting purposes, except
to the extent and manner that: (i) may be set forth in the objection; and (ii) such

claim may be temporarily allowed for voting purposes in accordance with Bankruptcy Rule 3018 and the procedures set forth in Paragraph 42.

- (d) If a claim has been estimated or otherwise allowed for voting purposes by order of the Court, the amount and classification shall be that set by the Court.
- (e) Creditors shall not be entitled to vote claims to the extent such claims duplicate or have been superseded by other claims timely filed by or on behalf of such creditors. The Plan Proponents shall determine, in their discretion, whether a claim is duplicative or has been superseded for voting purposes only.
- (f) If a creditor's relevant proof of claim does not indicate the appropriate classification of a claim, and such classification cannot be determined from the Schedules, the holder of such claim may only vote as a General Unsecured Claim in Classes 4A, 4B or 4C, depending on the entity against whom such claim is asserted in accordance with the Plan, unless otherwise permitted by a Court order before commencement of the Confirmation Hearing, except that if such creditor is a Secured Notes Claim holder its vote will apply in Classes 3A, 3B and 3C.

B. *Tabulation of Master Ballots and Ballots for Voting Securities*

32. With respect to the Ballots that will be sent to holders of claims in Classes 3A-3C (Secured Notes Claims) (collectively, the "Voting Securities"), the Plan Proponents request authority to send Ballots to nominees and registered holders of such claims, including, without limitation, brokers, banks, dealers, or other agents or nominees (collectively, the "Voting Nominees"). Each Voting Nominee will be entitled to receive reasonably sufficient copies of Ballots and Solicitation Packages for distribution to the beneficial owners of the claims for whom such Voting Nominee holds such claims, and the Debtors will reimburse each Voting Nominee for its reasonable and customary out of pocket expenses associated with the distribution of copies of Ballots to the beneficial owners of such claims and tabulation of the Ballots.

33. A Voting Nominee has two options with respect to voting. Under the first option, the Voting Nominee will forward the Solicitation Package to each beneficial owner of the Secured Notes within three (3) days after the receipt by such Voting Nominee of the Solicitation

1 Package. The Voting Nominee will also include a pre-addressed, stamped envelope with the
2 Solicitation Package, so that the beneficial owner will return the completed Ballot directly to the
3 Voting Nominee. The Voting Nominee will then summarize the individual votes of its respective
4 beneficial owners from their individual Ballots on the appropriate Master Ballot and then return the
5 Master Ballot to the Balloting Agent. The Voting Nominee shall advise the beneficial owners to return
6 their individual Ballots to the Voting Nominee by a date calculated by the Voting Nominee to give
7 sufficient time to prepare and return the Master Ballot to the Balloting Agent so that the Master Ballot
8 is actually received by the Balloting Agent by the Voting Deadline.

10 34. Under the second option, the Voting Nominee elects to “prevalidate” the
11 individual Ballot contained in the Solicitation Package. The Voting Nominee then forwards the
12 Solicitation Package to the beneficial owner of the Voting Securities within five (5) days after the
13 receipt by such Voting Nominee of the Solicitation Package, with the beneficial owner then returning
14 the individual Ballot directly to the Balloting Agent in the return envelope to be provided in the
15 Solicitation Package. A Voting Nominee “prevalidates” a beneficial owner’s Ballot by indicating
16 thereon the name and address of the beneficial holder of the Voting Securities to be voted, the amount
17 of the Voting Securities held by the beneficial owner, and the appropriate account numbers through
18 which the beneficial owner’s holdings are derived. The beneficial owner is required to return the
19 “prevalidated” Ballot directly to the Balloting Agent by the Voting Deadline.

22 35. With respect to the tabulation of the Master Ballots and Ballots cast by
23 beneficial owners of Secured Notes, for purposes of voting, the amount of Secured Notes that will be
24 used to tabulate acceptance or rejection of the Plan shall be the principal amount held as of the Record
25 Date (the “Record Amount”).

1 36. The Plan Proponents request that the Court approve the following procedures for
2 tabulating the Master Ballots and Ballots cast by beneficial owners:

- 3 (a) Votes cast by beneficial owners through a Voting Nominee will be applied
4 against the positions held by such entities in the securities as of the Record Date,
5 as evidenced by the record and depository listings. Votes submitted by a Voting
6 Nominee, whether pursuant to Master Ballots or prevalidated Ballots, will not be
7 counted in excess of the Record Amount of such securities held by such Voting
8 Nominee;
- 9 (b) To the extent that conflicting votes or “overvotes” are submitted by a Voting
10 Nominee, whether pursuant to Master Ballots or prevalidated Ballots, the
11 Balloting Agent will attempt and is authorized to reconcile discrepancies
12 with the Voting Nominees; and
- 13 (c) To the extent that overvotes on Master Ballots or prevalidated Ballots are not
14 reconcilable prior to the preparation of the vote certification, the Balloting Agent
15 will apply the votes to accept and to reject the Plan in the same proportion as the
16 votes to accept and reject the Plan submitted on the Master Ballots or
17 prevalidated Ballots that contained the overvote, but only to the extent of the
18 Voting Nominee’s position in the security.
- 19 (d) A vote cast by a Voting Nominee or a beneficial owner shall be deemed to have
20 been cast in each of Class 3A, 3B and 3C.

21 37. These procedures adequately recognize the complex structure of the securities
22 industry, enable the Plan Proponents to transmit materials to the holders of the Debtors’ publicly traded
23 securities, and afford beneficial owners a fair and reasonable opportunity to vote.

24 **VI. ESTABLISHING VOTING DEADLINE FOR RECEIPT OF BALLOTS**

25 38. Bankruptcy Rule 3017(c) provides that, on or before approval of a disclosure
26 statement, the court shall fix a time within which the holders of claims or equity security interests may
27 accept or reject a plan. The Plan Proponents anticipate completing mailing of the Solicitation
28 Packages by the Solicitation Date. Based on such schedule, the Plan Proponents propose that, in order
to be counted as a vote to accept or reject the Plan, each Ballot must be properly executed, completed,
and delivered to the Balloting Agent (i) by first-class mail, in the return envelope provided with each

1 Ballot; (ii) by overnight courier; or (iii) by hand delivery, so that it is actually received by the Balloting
2 Agent no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007 (the “Voting Deadline”),
3 which is more than twenty-five (25) days after the Solicitation Date. The Plan Proponents submit that
4 such solicitation period provides sufficient time for creditors to make an informed decision whether to
5 accept or reject the Plan.
6

7 **VII. APPROVAL OF PROCEDURES FOR VOTE TABULATION**

8 39. Section 1126(c) of the Bankruptcy Code provides:

9 A class of claims has accepted a plan if such plan has been accepted by
10 creditors, other than any entity designated under subsection (e) of this
11 section, that hold at least two-thirds in amount and more than one-half in
12 number of the allowed claims of such class held by creditors, other than
any entity designated under subsection (e) of this section, that have
accepted or rejected such plan.

13 11 U.S.C. § 1126(c).

14 40. The Plan Proponents request that (i) whenever a creditor casts more than one
15 Ballot voting the same claim(s) before the Voting Deadline, the last properly executed Ballot received
16 before the Voting Deadline be deemed to reflect the voter’s intent and will supersede any prior Ballots;
17 and (ii) creditors must vote all of their claims within a particular class under the Plan either to accept or
18 reject the Plan and may not split their vote(s).
19

20 41. The Plan Proponents further propose that the following Ballots not be counted or
21 considered for any purpose in determining whether the Plan has been accepted or rejected: (i) any
22 Ballot that is properly completed, executed, and timely returned to the Balloting Agent, but does not
23 indicate an acceptance or rejection of the Plan, or that indicates both an acceptance and rejection of the
24 Plan; (ii) any Ballot received after the Voting Deadline unless the Plan Proponents shall have granted
25 an extension of the Voting Deadline in writing with respect to such Ballot; (iii) any Ballot that is
26

1 illegible or contains insufficient information to permit the identification of the claimant; (iv) any Ballot
2 cast by a person or entity that does not hold a claim in a class that is entitled to vote to accept or reject
3 the Plan; (v) any unsigned Ballot or any Ballot which does not contain an original signature or
4 authorized signature; (vi) any Ballot cast by a creditor whose claim either is not listed, or is listed as
5 “zero” or “unknown” amount (or similarly listed), or is listed as a disputed, contingent, or unliquidated
6 claim on the Schedules, for which no proof of claim was timely filed; (vii) any Ballot cast by a creditor
7 whose claim either is not listed, or is listed as “zero” or “unknown” amount (or similarly listed) or is
8 listed as a disputed, contingent, or unliquidated claim on the Schedules, for which a proof of claim was
9 timely filed but for which the holder did not obtain an order temporarily allowing its claim; and (viii)
10 any Ballot transmitted to the Balloting Agent by facsimile or other means not specifically approved
11 herein, unless this requirement is waived by the Plan Proponents.
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14 **VIII. APPROVAL OF PROCEDURES FOR**
15 **TEMPORARY ALLOWANCE OF CLAIMS FOR VOTING PURPOSES**

16 42. Bankruptcy Rule 3018 provides that, “notwithstanding an objection to a claim or
17 interest, the court, after notice and hearing may temporarily allow the claim or interest in an amount
18 which the court deems proper for the purpose of accepting or rejecting a plan.” FED. R. BANKR. P.
19 3018(a).
20

21 43. The Plan Proponents request that the Court enter an order approving the
22 following procedures for determining whether a claim or interest will be temporary allowed for voting
23 purposes. The Plan Proponents will file objections to claims for voting purposes and certain other
24 substantive purposes by July 18, 2007 (the “Claims Objection Deadline”). If an objection for voting
25 purposes is filed on or before the Claims Objection Deadline, the relevant claimant will not be entitled
26

1 to vote on the Plan, unless such claimant files a motion on or before July 25, 2007 (the “Temporary
2 Allowance Deadline”) seeking temporary allowance of its claim for voting purposes only and obtains
3 an order from the Court granting such motion, or such objection is withdrawn. The Court will conduct
4 a hearing beginning on August 1, 2007 (the “Temporary Allowance Motion Hearing Date”) to consider
5 all temporary allowance motions. A temporary allowance motion is required to set forth with
6 particularity the amount and classification at which such claimant believes its claim should be allowed
7 for voting purposes and the evidence in support of that belief, otherwise such motion shall be deemed
8 invalid.
9

10 44. The Plan Proponents further propose that if this Court has not temporarily
11 allowed all or a portion of such claim for voting purposes pursuant to Bankruptcy Rule 3018(a) on or
12 before the Temporary Allowance Motion Hearing Date, that such claim will not be counted for voting
13 purposes.
14

15 45. In addition, if a creditor reaches an agreement with the Plan Proponents as to the
16 amount and classification of its otherwise disputed claim, for voting purposes, the creditor and Plan
17 Proponents will file a stipulation setting forth that agreement which will be presented to the Court for
18 approval by notice of a proposed stipulation and order at or before the Confirmation Hearing. Subject
19 to the Court’s approval, such claim will be counted for purposes of accepting or rejecting the Plan in
20 the amount agreed to by the Plan Proponents and such creditor in the stipulation.
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1 **IX. EXIT FINANCING PROVISIONS**⁵

2 **A. *Approval of the Commitment Letter***

3 46. The Debtors intend to satisfy their exit financing requirements under the Plan
4 through proceeds of (i) the Exit Working Capital Facility, and (ii) the Exit Facilities to be provided
5 pursuant to the Commitment Letter. While all eligible holders of the Secured Notes will have the
6 ability to participate in the Exit Facilities, it is possible that all eligible holders of Secured Notes will
7 choose not to participate. To guard against this possibility, the Backstop Parties have agreed, subject to
8 and in accordance with the terms and conditions contained in the Commitment Letter, to fully fund the
9 Term Loan Commitment and Preferred Equity Commitment to the extent not funded by eligible
10 holders of the Secured Notes.

12 47. In order to secure the commitment of the Backstop Parties described in the
13 Commitment Letter, the Debtors have agreed to: (i) pay to the Backstop Parties 1.5% of the Initial
14 Term Loan Commitment and 1.5% of the Preferred Equity Commitment (together, the “Standby
15 Commitment Fee”) as a fee which shall be fully earned upon approval by the Court; (ii) reimburse the
16 Backstop Parties for their reasonable out of pocket fees and expenses (“Expense Reimbursement”);
17 and (iii) indemnify the Backstop Parties (the “Indemnification Obligations”) to the extent set forth in
18 the Commitment Letter. A summary of the aforementioned provisions is as follows:

- 19
- 20 • Standby Commitment Fee: In consideration for the undertakings promised by the
21 Backstop Parties in the Commitment Letter, the Debtors agree to pay the
22 Backstop Parties a Standby Commitment Fee equal to 1.5% of the of the Initial
23 Term Loan Commitment and 1.5% of the Preferred Equity Commitment which
24 shall be fully earned upon approval by the Court. The Standby Commitment Fee
shall be either (i) paid in cash as an allowed administrative expense claim upon
the termination of the Backstop Commitment, subject to the terms of the

25 ⁵ Any term not otherwise defined in this section IX shall have the meaning ascribed to them in the Commitment
26 Letter or Exit Financing Term Sheet, as applicable.

Commitment Letter, or (ii) applied as a discount to the securities acquired by the Backstop Parties under the Exit Facilities.

- Expense Reimbursement: The Debtors agree to pay, within ten (10) days of demand, the reasonable and documented fees, expenses, disbursements and charges of the Backstop Parties incurred previously or in the future relating to the exploration and discussion of alternative financing structures to the Backstop Commitment Fee or to the preparation and negotiation of the Commitment Letter, the Exit Financing Term Sheet and the proposed documentation and the transactions contemplated thereby, including, without limitation, the reasonable fees and expenses of counsel to the Backstop Parties. The Debtors' Expense Reimbursement obligations under the Commitment Letter survive termination of the Commitment Letter and shall remain in full force and effect regardless of whether the documentation for the Exit Facilities is executed and delivered.
- Indemnification Obligations: To indemnify and hold harmless the Backstop Parties and their respective general partners and the respective officers, employees, affiliates, advisors, agents, attorneys, accountants, consultants of each such entity and to hold the Backstop Parties and such other persons and entities (each an "Indemnified Person") harmless from and against any and all losses, claims, damages, liabilities and expenses, joint or several, which any such person or entity may incur, have asserted against it or be involved in as a result of or arising out of or in any way related to the Commitment Letter, the matters referred to therein, the Term Sheet, the proposed Backstop Commitment contemplated thereby, the use of proceeds thereunder or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any of such indemnified persons is a party thereto, and to reimburse each of such indemnified persons upon ten (10) days of demand for any legal or other expenses incurred in connection with any of the foregoing; provided, however, that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they have resulted from the bad faith, willful misconduct or gross negligence of such indemnified person. Notwithstanding any other provision of the Commitment Letter, no Indemnified Person will be liable for any special, indirect, consequential or punitive damages in connection with its activities related to the Backstop Commitment and the Exit Facilities. The Debtors' Indemnification Obligations under the Commitment Letter survive termination of the Commitment Letter and shall remain in full force and effect regardless of whether the documentation for the Exit Facilities is executed and delivered.

B. *Authority for Approval of the Commitment Letter*

48. Section 363(b) of the Bankruptcy Code provides, in relevant part, that "the trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." Under section 363 of the Bankruptcy Code, a debtor in possession may use, sell or lease property of the estate outside the ordinary course of business if: (i) it has an articulated

1 business justification; (ii) it provides adequate notice to all creditors, and (iii) a hearing is held. *In re*
2 *Delaware & Hudson Railway Co.*, 124 B.R. 169, 176 (D. Del. 1991) (setting forth standard for section
3 363 of the Bankruptcy Code). A court can authorize a debtor to use property of the estate pursuant to
4 section 363(c)(1) of the Bankruptcy Code when such use is an exercise of the debtor's sound business
5 judgment and when the use of the property is proposed in good faith. *See id.*

6
7 49. The debtor has the burden to establish that a valid business purpose exists for the
8 use of estate property in a manner that is not in the ordinary course of business. *See In re Lionel Corp.*,
9 722 F.2d 1063, 1070-71 (2d Cir. 1983). Once the debtor articulates a valid business justification, a
10 presumption arises that the debtor's decision was made on an informed basis, in good faith, and in the
11 honest belief that the action was in the best interest of the company. *See In re Integrated Resources,*
12 *Inc.*, 147 B.R. 650, 656 (S.D.N.Y. 1992). The business judgment rule has vitality in chapter 11 cases
13 and shields a debtor's management from judicial second-guessing. *Id.*; *see also In re Johns-Manville*
14 *Corp.*, 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) ("[T]he Code favors the continued operation of a
15 business by a debtor and a presumption of reasonableness attached to a Debtor's management
16 decisions.").

17
18 50. The Debtors' desire to enter into the Commitment Letter and provide the
19 Backstop Parties with the consideration required thereunder constitutes a valid exercise of their
20 business judgment because (i) the exit financing provided under the Commitment Letter is necessary to
21 ensure that the Debtors have sufficient liquidity to make all payments required under the Plan,
22 including without limitation, repayment of the DIP Facility, satisfaction of loggers' liens and other
23 senior liens, payment of administrative claims and priority claims; (ii) it was negotiated at arm's length
24
25

1 and in good faith by the Debtors and the Backstop Parties; and (iii) it represents the best and most
2 viable financing option for the Debtors considering their current circumstances.

3 51. The Debtors believe that they will need approximately \$80 million of exit
4 financing to implement the Plan and exit from chapter 11. The Debtors' anticipate that approximately
5 \$20 million of their financing needs will be obtained through a traditional asset based lender requiring
6 senior liens on current assets such as inventory and accounts receivable. The anticipated \$60 million
7 shortfall will be addressed through the Exit Facilities. The financing proposal from the Backstop
8 Parties is the best and most viable option currently available to the Debtors considering the Debtors'
9 limited financial options, and approval of the Commitment Letter is required to secure the commitment
10 obligations of the Backstop Parties. The Debtors believe that the Standby Commitment Fee, Expense
11 Reimbursement and Indemnification Obligations are customary under these circumstances and
12 consistent with amounts normally demanded in the marketplace. More importantly, the Debtors
13 believe the costs associated with the Commitment Letter are far outweighed by the benefits to be
14 realized through the financing commitment offered by the Backstop Parties. Based on the foregoing,
15 the Debtors believe that the Commitment Letter and the obligations thereunder are reasonable,
16 appropriate and warranted under the circumstances and are in the best interests of creditors and the
17 Debtors' estates.
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21 **X. APPROVAL OF EXIT FINANCING**
22 **PARTICIPATION PROCEDURES**

23 52. As indicated above, any holder of a Secured Notes Claim that is an Eligible
24 Holder will have the opportunity to participate in the Exit Facilities (the "Exit Financing
25 Participation") to the extent described in the form issued by the Participation Agent (the "Participation
26

Form”) to such Eligible Holders. To become an Exit Financing Participant each electing Eligible Holder must deliver, expressly in accordance with the instructions provided in the Participation Form and in a manner so as to be received by no later than the deadline to vote to accept or reject the Plan established in the Disclosure Statement Approval Order (the “Participation Deadline”): (i) an executed Participation Form; (ii) immediately available funds in an amount calculated in accordance with the Participation Form (the “Participation Amount”); and (iii) evidence reasonably satisfactory to the Participation Agent that the offer, purchase and sale of the Series A Preferred and New Senior Secured Notes is exempt from any securities law registration.

53. Holders of Secured Note Claims who are interested in participating in the Exit Facilities will be required to contact the Participation Agent for further information concerning the Exit Financing Participation. The Debtors, in consultation with the Informal Committee, will be able to adopt such additional detailed procedures consistent with the provisions of the Plan to more efficiently administer the Exit Financing Participation and to ensure that the transactions contemplated thereunder comply with federal and state securities law. The participation of an Eligible Holder in the Exit Facilities shall be limited to a percentage resulting from (x) the total principal allowed amount of Secured Notes held by such Eligible Holder (without duplication where more than one person is deemed to be the Holder thereof) as of the Record Date divided by (y) the aggregate principal amount of all Secured Notes outstanding as of the Record Date.

54. The Debtors submit that they have shown good cause for approval of the proposed Exit Financing Participation procedures described above.

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55. Authority for relief requested is set forth herein, therefore the Plan Proponents

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56. No trustee or examiner has been appointed in these chapter 11 cases. The Plan

57. No previous request for the relief sought herein has been made to this or any

1 WHEREFORE the Debtors and, as applicable, the Informal Committee, respectfully
2 request entry of an order, substantially in the form attached hereto as Exhibit A, granting the relief
3 requested herein and such other and further relief as the Court may deem just and proper.

4 Dated: June 20, 2007
5 Seattle, Washington

6 **BUSH STROUT & KORNFIELD**

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25 Counsel for the Informal Committee of Senior
26 Secured Noteholders

29

27 **AMENDED MOTION OF THE PLAN PROPONENTS FOR ORDER APPROVING
28 DISCLOSURE STATEMENT AND SOLICITATION PROCEDURES**

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EXHIBIT A

DISCLOSURE STATEMENT ORDER

**ORDER APPROVING PLAN PROPONENTS' AMENDED MOTION TO
APPROVE DISCLOSURE STATEMENT AND SOLICITATION
PROCEDURES**

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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:
PT HOLDINGS COMPANY, INC., et al.,

Debtors.

07-10340 [Lead Case]

Chapter 11

ORDER (I) APPROVING THE DISCLOSURE STATEMENT; (II) FIXING THE RECORD DATE; (III) APPROVING THE NOTICE AND OBJECTION PROCEDURES IN RESPECT OF CONFIRMATION OF THE PLAN OF REORGANIZATION; (IV) APPROVING SOLICITATION PACKAGES AND PROCEDURES FOR DISTRIBUTION THEREOF; (V) APPROVING THE FORMS OF BALLOTS AND ESTABLISHING PROCEDURES FOR VOTING ON THE PLAN OF REORGANIZATION; (VI) APPROVING THE FORMS OF NOTICES TO NON-VOTING CLASSES UNDER THE PLAN OF REORGANIZATION; (VII) APPROVING THE COMMITMENT LETTER AND AUTHORIZING PERFORMANCE THEREUNDER AND (VIII) APPROVING EXIT FINANCING PARTICIPATION PROCEDURES

Upon the Motion dated June 20, 2007 (the "Motion") of PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors") and the Informal Committee of Senior Secured Noteholders (the "Informal Committee" and together with the Debtors, the "Plan Proponents") pursuant to sections 363(b), 1125, 1126, and 1128 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 3016, 3017, 3018, and 3020 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rules 3017-1 and 3020-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Western District of Washington at Seattle (the "Local"),

ORDER APPROVING PLAN PROPONENTS' AMENDED MOTION TO APPROVE DISCLOSURE STATEMENT AND SOLICITATION PROCEDURES

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Rules”), seeking entry of an order: (i) approving the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”); (ii) fixing the record date for purposes of voting on the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”); (iii) approving the notice of the hearing and objection procedures in respect of confirmation of the Plan, and setting the date for the hearing on confirmation of the Plan; (iv) approving the solicitation packages (the “Solicitation Packages”) and procedures for distribution thereof; (v) approving the forms of ballots and establishing procedures for voting on the Plan; (vi) approving the forms of the notices to non-voting classes under the Plan and Publication Notice, all as more fully set forth in the Motion; (vii) approving the Commitment Letter and authorizing the Debtors to pay certain fees and expenses to the Backstop Parties and to incur indemnification obligations as set forth therein; and (viii) approving the proposed Exit Financing Participation procedures; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to (i) counsel for the DIP Lenders; (ii) counsel to the Backstop Parties; (iii) U.S. Bank National Association (the “Indenture Trustee”); (iv) counsel for the Indenture Trustee; (v) the Office of the United States Trustee; (vi) the United States Attorney’s Office; (vii) the Attorney General for the State of Washington; (viii) counsel for the Official Committee of

1 Unsecured Creditors (the “Creditors’ Committee”); and (ix) holders of claims or interests who filed
2 with the Court and served a copy on counsel for the Debtors a request for special notice ((i) through
3 (ix) above being collectively referred to as the “Noticed Parties”); and it appearing that no other or
4 further notice need be provided; and a hearing having been held before the Court with respect to the
5 Motion on June 27, 2007 (the “Hearing”); and the Plan Proponents having filed the original Disclosure
6 Statement on February 28, 2007 and the amended Disclosure Statement on June 20, 2007; and the
7 Court having determined that the legal and factual bases set forth in the Motion establish cause for the
8 relief granted herein; and upon the record at the Hearing and all of the proceedings had before the
9 Court; and after due deliberation and sufficient cause appearing, therefore, IT IS HEREBY FOUND
10 THAT:
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12 A. The Disclosure Statement contains adequate information within the meaning of section
13 1125 of the Bankruptcy Code.
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15 B. The Notice of the Hearing on Approval of Disclosure Statement and subsequent
16 amended notices (collectively, the “Disclosure Statement Notice”), and the deadline for filing
17 objections to the Disclosure Statement was provided to the Noticed Parties, and such notice constitutes
18 good and sufficient notice to all interested parties, including those parties required to receive notice
19 pursuant to the case management order dated February 14, 2007.
20

21 C. The form and manner of notice of the time set for filing objections to, and the time,
22 date, and place of, the Hearing to consider the approval of the Disclosure Statement was adequate and
23 comports with due process.

24 D. The forms of the ballots (the “Ballots”), substantially in the forms annexed hereto as
25 Exhibits A, B, C, and D and the master ballot (the “Master Ballot”), substantially in the form annexed
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1 hereto as Exhibit E, are sufficiently consistent with Official Form No. 14 and adequately address the
2 particular needs of these chapter 11 cases and are appropriate for each class of claims or interests
3 entitled to vote to accept or reject the Plan.

4 E. Holders of claims or interests in Class 1 (Other Secured Claims), Class 2 (Priority
5 Claims), Class 5 (Intercompany Claims), Class 6 (Workers' Compensation Claims), Class 8B (PTPC
6 Interests), and Class 8C (Packaging Interests) under the Plan (collectively, the "Unimpaired Classes")
7 are unimpaired and, thus, are conclusively presumed to accept the Plan. Accordingly, holders of claims
8 in the Unimpaired Classes will not be provided with a Ballot.

10 F. Holders of claims in Class 7 (Subordinated Claims) and/or interests in Class 8A (PT
11 Holding Interests) (the "Non-Voting Impaired Classes") will not receive or retain any property under
12 the Plan and, thus, are deemed to reject the Plan. Accordingly, holders of claims and/or interests in the
13 Non-Voting Impaired Classes shall not be provided with a Ballot.

15 G. The "Notice of Non-Voting Status – Unimpaired Classes", the "Notice of Non-Voting
16 Status – Impaired Classes" and the Publication Notice, substantially in the form annexed hereto as
17 Exhibit F, Exhibit G, and Exhibit I respectively (collectively, the "Notices"), each satisfy the
18 requirements of the Bankruptcy Code and the Bankruptcy Rules.

19 H. The period, set forth below, during which the Debtors may solicit acceptances to the
20 Plan is a reasonable period of time for entities entitled to vote on the Plan to make an informed
21 decision whether to accept or reject the Plan.

23 I. The procedures for the solicitation and tabulation of votes to accept or reject the Plan
24 (as set forth below) provide for a fair and equitable voting process and are consistent with section 1126
25 of the Bankruptcy Code.

1 J. The procedures set forth below regarding notice to all parties in interest of the time,
2 date, and place of the hearing to consider confirmation of the Plan (the “Confirmation Hearing”) and
3 the distribution and contents of the Solicitation Packages comply with Bankruptcy Rules 2002 and
4 3017 and constitute sufficient notice to all interested parties.

5 K. The Standby Commitment Fee, Expense Reimbursement and Indemnification
6 Obligations are (i) actual and necessary costs and expenses of preserving the Debtors’ estate within the
7 meaning of section 503(b) and 507(a)(2) of the Bankruptcy Code, (ii) commensurate to the real and
8 substantial benefits conferred upon the Debtors’ estates by the Backstop Parties, and (iii) reasonable,
9 appropriate, and necessary to induce the Backstop Parties to enter into the transactions contemplated in
10 the Commitment Letter.
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12 L. The Debtors have shown good cause for approval of the implementation of the
13 procedures described in the Motion.
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15 NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

- 16 1. The Motion is GRANTED in all respects.
17 2. The Disclosure Statement is APPROVED in all respects.
18 3. The Commitment Letter is APPROVED in all respects.
19 4. All objections to the Disclosure Statement that have not been otherwise resolved are
20 hereby overruled.
21 5. Capitalized terms used but not defined in this Order shall have the meaning ascribed to
22 them in the Motion.
23 6. The forms of Notices, Ballots and the Master Ballot are APPROVED.
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7. The record date for determining which holders of Claims or Interests are entitled to vote to accept or reject the Plan and receive distributions pursuant to the Plan is **June 27, 2007** (the “Record Date”). The Record Date will also be used to determine which creditors and interest holders in non-voting classes are entitled to receive a Non-Voting Notice.

8. The Plan Proponents shall file all exhibits to the Plan (the “Plan Supplement”) that are not otherwise attached to the Plan or the Disclosure Statement, as filed with the Court, no later than five (5) days prior to the last date for filing objections to confirmation of the Plan, *provided, however*, that the Plan Proponents shall file Schedule 5.1 with the Bankruptcy Court and serve Schedule 5.1 on the non-Debtor parties under the agreements no later than fifteen (15) days prior to the last date for filing objections to confirmation of the Plan.

9. The Confirmation Hearing will be held at 9:30 a.m. (prevailing Pacific Time) on August 15, 2007; *provided, however*, that the Confirmation Hearing may be adjourned or continued from time to time by the Court or the Plan Proponents without further notice.

10. The notice (the “Confirmation Hearing Notice”) of (i) the time fixed for filing objections to confirmation of the Plan (the “Plan Objection Deadline”) and (ii) the time, date, and place of the Confirmation Hearing, substantially in the form annexed hereto as Exhibit H is APPROVED.

11. The Plan Proponents shall publish a notice (the “Publication Notice”) on one occasion, at least twenty-five (25) days prior to the Plan Objection Deadline, in (i) the Seattle Times or the Seattle Post-Intelligencer, (ii) the Puget Sound Business Journal, and (iii) the Port Townsend & Jefferson County Leader. The Publication Notice, substantially in the form annexed hereto as Exhibit I is APPROVED and deemed adequate and sufficient publication notice of the Confirmation Hearing in accordance with Bankruptcy Rule 2002(l).

12. Any objections to confirmation of the Plan must (i) be in writing, (ii) state the name and address of the objecting party and the nature of the claim or interest of such party, (iii) state with particularity the basis and nature of any objection, and (iv) be filed, together with proof of service, with the Court, and be served so as to be actually filed and received no later than **4:00 p.m. (prevailing Pacific Time) on August 6, 2007** by (i) Bush Strout & Kornfeld, counsel for the Debtors, 601 Union Street, Seattle, WA, 98101-2373 (Attn: Gayle E. Bush, Esq.); (ii) (a) Akin Gump Strauss Hauer & Feld LLP, counsel for the Informal Committee, 1333 New Hampshire Avenue, N.W., Washington DC 20036 (Attn: James R. Savin, Esq.) and (b) Foster Pepper PLLC, counsel for the Informal Committee, 1111 3rd Avenue, Suite 3400, Seattle, WA 98101 (Attn: Jack Cullen, Esq.); (iii) Graham & Dunn PC, counsel for the Creditors' Committee, Pier 70, 2801 Alaskan Way, Suite 300, Seattle, WA 98121 (Attn: Mark D. Northrup, Esq.); (iv) (a) Ropes & Gray, LLP, counsel for the DIP Lenders, 1211 Avenue of the Americas, New York, NY 10036-8704 (Attn: Mark Somerstein, Esq.) and (b) Riddell Williams, P.S., counsel for the DIP Lenders, 1001 Fourth Avenue, Suite 4500, Seattle, WA 98154 (Attn: Joseph E. Shickich, Jr., Esq.); and (v) the Office of the U.S. Trustee, 700 Stewart Street, Suite 5103, Seattle, WA 98101 (Attn: Martin L. Smith, Esq.). Objections to confirmation of the Plan that are not timely filed, served, and actually received in the manner set forth above shall not be considered and shall be deemed overruled.

13. The Plan Proponents are authorized to file replies or responses to any objections by August 13, 2007.

14. The Plan Proponents shall complete the mailing of the Solicitation Packages on or before July 5, 2007 (the “Solicitation Date”).

15. The Solicitation Packages distributed to creditors in Classes 3A-3C (Secured Notes Claims) and Classes 4A-4C (General Unsecured Claims) (collectively, the “Voting Classes”) shall contain a copy of (i) this Order (excluding the exhibits annexed hereto), (ii) the Confirmation Hearing Notice, (iii) the appropriate Ballot(s) (with instructions), together with a return envelope, (iv) the Disclosure Statement (together with the Plan annexed thereto), and (v) such other materials as the Court may direct.

16. The Solicitation Packages distributed to holders of claims or interests in the Unimpaired Classes or Non-Voting Impaired Classes shall contain a copy of (i) the Confirmation Hearing Notice and (ii) the appropriate form of Non-Voting Notice, each of which is hereby APPROVED in all respects. The Plan Proponents are not required to distribute copies of the Plan or Disclosure Statement to holders of such claims or interests unless a party makes a specific request to the Plan Proponents in writing for the same.

17. The Plan Proponents shall distribute, or cause to be distributed by no later than the Solicitation Date, (i) the Disclosure Statement Order (excluding the exhibits thereto), (ii) the Confirmation Hearing Notice, (iii) the Disclosure Statement (together with the Plan annexed thereto), and (iv) such other materials as the Court may direct to (i) the U.S. Trustee, (ii) counsel for the DIP Lenders, (iii) the Indenture Trustee, (iv) counsel for the Indenture Trustee, (v) counsel for the Creditors' Committee, (vi) the SEC, and (vii) all parties having filed requests for notices in these cases.

18. With respect to addressees for which the Disclosure Statement Notice is returned as undeliverable by the United States Postal Service, the Plan Proponents are excused from mailing Solicitation Packages or any other materials related to voting or confirmation of the Plan to those entities unless the Plan Proponents are provided with an accurate address before the Solicitation Date.

1 and failure to mail Solicitation Packages or any other materials related to voting or confirmation of the
2 Plan to such entities will not constitute inadequate notice of the Confirmation Hearing or the Voting
3 Deadline (as defined below) and shall not constitute a violation of Bankruptcy Rule 3017(d).

4 19. With respect to the Solicitation Packages and Ballots to be distributed to holders of
5 claims in Classes 3A-3C (Secured Notes Claims) (collectively, the “Voting Securities”), the Plan
6 Proponents shall send Solicitation Packages and Ballots to the nominees and registered holders (as of
7 the Record Date) of the Voting Securities, including, without limitation, brokers, banks, dealers, or
8 other agents or nominees (collectively, the “Voting Nominees”), and the Voting Nominee shall be
9 entitled to receive reasonably sufficient copies of Solicitation Packages and Ballots to distribute to the
10 beneficial owners of the Voting Securities, and the Debtors shall reimburse the Voting Nominee for its
11 reasonable and customary out of pocket expenses associated with the distribution of copies of
12 Solicitation Packages and Ballots for distribution to the beneficial owners of such claims and
13 tabulation of the Ballots.
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16 20. Any Voting Nominee shall (i) forward the Solicitation Packages and appropriate Ballots
17 to each beneficial owner of the Voting Securities within three (3) days of the receipt by such Voting
18 Nominee of the Solicitation Packages and Ballots, and include a return envelope provided by and
19 addressed to the Voting Nominee, so that the beneficial owner may return the completed Ballot to the
20 Voting Nominee, (ii) summarize on the Master Ballot the individual votes of its respective beneficial
21 owners from the returned individual Ballots received by the Voting Nominee, and (iii) return the
22 Master Ballot to the Balloting Agent by the Voting Deadline.
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24 21. The Voting Nominee shall complete the Master Ballot according to the instructions set
25 forth in the Master Ballot. The Voting Nominee shall advise the beneficial owners to return their
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1 individual Ballots to the Voting Nominee by a date calculated by the Voting Nominee to allow it to
2 prepare and return the Master Ballot to the Balloting Agent so that the Master Ballot is actually
3 received by the Balloting Agent by the Voting Deadline.

4 22. In the event a Voting Nominee determines to “prevalidate” the Ballots sent to beneficial
5 owners of Voting Securities by indicating thereon the name and address of the beneficial owners of the
6 Voting Securities, the amount of the Voting Securities held by the beneficial owners, and the
7 appropriate account numbers through which the beneficial owner’s holdings are derived, the Voting
8 Nominee shall forward the Solicitation Package and appropriate Ballot to the beneficial owner of the
9 Voting Securities within five (5) days after the receipt by such Voting Nominee of the Solicitation
10 Package, with the beneficial owner then returning the “prevalidated” individual Ballot directly to the
11 Balloting Agent in the return envelope to be provided in the Solicitation Package.
12

13 23. All Ballots and Master Ballots must be properly executed, completed, and delivered to
14 the Balloting Agent by first-class mail, overnight courier, or personal delivery, so that they are actually
15 received by the Balloting Agent no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007
16 (the “Voting Deadline”).
17

18 24. Any entity that holds a claim in more than one class that is entitled to vote must use
19 separate Ballots for each such claim, except that each holder of a claim in Classes 3A-3C shall only
20 receive one Ballot on which to vote its Secured Notes Claims against each of the Debtors. Each
21 creditor that votes to accept or reject the Plan is deemed to have voted the full amount of its claim
22 therefor.
23

24 25. The amount and classification of a claim for purposes of voting on the Plan, other than
25 Secured Notes Claims, shall be determined as follows:
26

- (a) If a proof of claim has not been timely filed (i.e., was not filed by the applicable Bar Date), the amount of a claim shall be equal to the amount, if any, listed in respect of such claim in the Debtors' bankruptcy schedules and/or statement of financial affairs (as may be amended from time to time, the "Schedules"), to the extent such claim is not listed as contingent, unliquidated, undetermined or disputed (subject to any applicable limitations set forth below). Such claim shall be placed in the appropriate class of the Plan based upon the Debtors' records and the classification scheme set forth in the Plan.
- (b) If a proof of claim has been timely filed for a liquidated, non-contingent claim, and has not been objected to by July 18, 2007, the amount and classification shall be that specified in such proof of claim for voting purposes only and shall not be binding for any other purpose, subject to any applicable limitations set forth below.
- (c) A claim which is the subject of an objection filed by July 18, 2007 and not resolved by the Voting Deadline shall be disallowed for voting purposes, except to the extent and manner that: (i) may be set forth in the objection; and (ii) such claim may be temporarily allowed for voting purposes in accordance with Bankruptcy Rule 3018 and the procedures set forth in Paragraph 29.
- (d) If a claim has been estimated or otherwise allowed for voting purposes by order of the Court, the amount and classification shall be that set by the Court.
- (e) Creditors shall not be entitled to vote claims to the extent such claims duplicate or have been superseded by other claims timely filed by or on behalf of such creditors. The Plan Proponents shall determine, in their discretion, whether a claim is duplicative or has been superseded for voting purposes only.
- (f) If a creditor's relevant proof of claim does not indicate the appropriate classification of a claim, and such classification cannot be determined from the Schedules, the holder of such claim may only vote as a General Unsecured Claim in Classes 4A, 4B or 4C, depending on the entity against whom such claim is asserted in accordance with the Plan, unless otherwise permitted by a Court order before commencement of the Confirmation Hearing, except that if such creditor is a Secured Notes Claim holder its vote will apply in Class 3A, 3B and 3C.

26. Creditors must vote all of their claims within a particular class under the Plan either to accept or reject the Plan and may not split their vote(s) and, thus, a Ballot that partially rejects and partially accepts the Plan shall not be counted. This provision shall not apply to Master Ballots completed by Voting Nominees acting on behalf of multiple beneficial claims holders that reflect the votes of Beneficial Holders of such claims.

1 27. In the event a creditor casts more than one Ballot or Master Ballot voting the same
2 claim(s) before the Voting Deadline, the last Ballot or Master Ballot received before the Voting
3 Deadline is deemed to reflect the voter's intent, and thus, supersedes any prior Ballots or Master
4 Ballots.

5 28. With respect to voting, the Plan will be accepted or rejected based upon votes of
6 creditors in each class under such Plan.

7 29. The following types of Ballots will not be counted in determining whether the Plan has
8 been accepted or rejected: (i) any Ballot that is properly completed, executed, and timely returned to
9 the Balloting Agent, but does not indicate an acceptance or rejection of the Plan, or that indicates both
10 an acceptance and rejection of the Plan; (ii) any Ballot received after the Voting Deadline unless the
11 Plan Proponents shall have granted an extension of the Voting Deadline in writing with respect to such
12 Ballot; (iii) any Ballot that is illegible or contains insufficient information to permit the identification
13 of the claimant; (iv) any Ballot cast by a person or entity that does not hold a claim in a class that is
14 entitled to vote to accept or reject the Plan; (v) any unsigned Ballot or any Ballot which does not
15 contain an original signature; (vi) any Ballot cast by a creditor whose claim either is not listed, or is
16 listed as "zero" or "unknown" amount (or similarly listed), or is listed as a disputed, contingent, or
17 unliquidated claim on the Schedules, for which no proof of claim was timely filed; (vii) any Ballot cast
18 by a creditor whose claim either is not listed, or is listed as "zero" or "unknown" amount (or similarly
19 listed) or is listed as a disputed, contingent, or unliquidated claim on the Schedules, for which a proof
20 of claim was timely filed but for which the holder did not obtain an order temporarily allowing its
21 claim in accordance with Paragraph 29; and (viii) any Ballot transmitted to the Balloting Agent by
22 facsimile or other means not specifically approved herein.
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1 30. The following procedures shall apply for temporary allowance motions, pursuant to
2 Bankruptcy Rule 3018(a), with respect to voting on the Plan. The Plan Proponents will file objections
3 to claims for voting purposes and certain other substantive purposes by July 18, 2007 (the “Claims
4 Objection Deadline”). If an objection for voting purposes is filed on or before the Claims Objection
5 Deadline, the relevant claimant will not be entitled to vote on the Plan, unless such claimant files a
6 motion on or before July 25, 2007 (the “Temporary Allowance Deadline”) seeking temporary
7 allowance of its claim for voting purposes only and obtains an order from the Court granting such
8 motion, or such objection is withdrawn. The Court will conduct a hearing beginning on August 1,
9 2007 at _____ .m. (prevailing Pacific Time) (the “Temporary Allowance Motion Hearing Date”)
10 to consider all temporary allowance motions. A temporary allowance motion is required to set forth
11 with particularity the amount and classification at which such claimant believes its claim should be
12 allowed for voting purposes and the evidence in support of that belief, otherwise such motion shall be
13 deemed invalid.
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16 31. If this Court has not temporarily allowed all or a portion of such claim for voting
17 purposes pursuant to Bankruptcy Rule 3018(a) on or before the Temporary Allowance Motion Hearing
18 Date such claim shall not be counted for voting purposes.
19

20 32. If a creditor reaches an agreement with the Plan Proponents as to the amount and
21 classification of its otherwise disputed claim, for voting purposes, (i) a stipulation setting forth that
22 agreement may be presented to the Court for approval by notice of a proposed stipulation and order at
23 or before the Confirmation Hearing; and (ii) subject to the Court’s approval, such claim will be
24 counted for purposes of accepting or rejecting the Plan in the amount agreed to by the Plan Proponents
25 and such creditor in the stipulation.
26

33. Within two (2) business days of a creditor's filing of a motion for temporary allowance of its claim, the Balloting Agent shall transmit a Solicitation Package to such creditor. Any Ballot contained in such a Solicitation Package shall be provisional and shall only be effective if and to the extent the Court grants the creditor's motion for temporary allowance in accordance with the procedures set forth in this Order. The provision of a Solicitation Package to a creditor pursuant to this paragraph shall not affect the Voting Deadline as to such creditor (*i.e.*, any provisional Ballot provided to such a creditor is due to the Balloting Agent before the Voting Deadline as stated above) or otherwise affect the procedures for temporary allowance of and voting based upon such creditor's claim as established by this Order.

34. With respect to the tabulation of the Master Ballots and Ballots cast by beneficial owners of Secured Notes, for purposes of voting, the amount that will be used to tabulate acceptance or rejection of the Plan shall be the principal amount of Secured Notes held as of the Record Date (the "Record Amount"). The following additional rules shall apply to the tabulation of the Master Ballots and Ballots cast by beneficial owners:

- (a) Votes cast by beneficial owners through a Voting Nominee will be applied against the positions held by such entities in the securities as of the Record Date, as evidenced by the record and depository listings. Votes submitted by a Voting Nominee, whether pursuant to Master Ballots or prevalidated Ballots, will not be counted in excess of the Record Amount of such securities held by such Voting Nominee;
- (b) To the extent that conflicting votes or "overvotes" are submitted by a Voting Nominee, whether pursuant to Master Ballots or prevalidated Ballots, the Balloting Agent will attempt and is authorized to reconcile discrepancies with the Voting Nominees; and
- (c) To the extent that overvotes on Master Ballots or prevalidated Ballots are not reconcilable prior to the preparation of the vote certification, the Balloting Agent will apply the votes to accept and to reject the Plan in the same proportion as the votes to accept and reject the Plan submitted on the Master Ballots or prevalidated Ballots that contained the overvote, but only to the extent of the Voting Nominee's position in the security.

1 (d) A vote cast by a Voting Nominee or a beneficial owner shall be deemed to have
2 been cast in each of Class 3A, 3B and 3C.

3 35. The Plan Proponents are authorized to make non-substantive changes to the Disclosure
4 Statement, the Plan, and related documents without further order of the Court, including, without
5 limitation, changes to correct typographical and grammatical errors and to make conforming changes
6 among the Disclosure Statement, the Plan, and any other materials in the Solicitation Packages prior to
7 mailing.
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9 36. Without further action or order of this or any other Court, the Debtors are authorized
10 and directed to execute and deliver the Commitment Letter and to perform their obligations under the
11 Commitment Letter, including, without limitation, to pay the Standby Commitment Fee and Expense
12 Reimbursement in accordance with the terms and conditions of the Commitment Letter and this Order
13 and to incur the Indemnification Obligations.
14

15 37. The Backstop Parties are hereby deemed to participate in the Exit Facilities to the fullest
16 extent permissible, without the need for the Backstop Parties to comply with the procedures
17 concerning the Exit Financing Participation, based upon their respective holdings of Secured Notes as
18 of the date of the deadline for participation by the holders of Secured Notes in the Exit Financing.

19 38. The Debtors are authorized to compensate the Participation Agent and reimburse it for
20 all reasonable and necessary expenses it may incur.
21

22 39. The Debtors' Exit Financing Participation procedures are hereby APPROVED in all
23 respects. The Debtors, in consultation with the Informal Committee, are authorized to adopt such
24 additional detailed procedures consistent with the provisions of the Plan to more efficiently administer
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1 the Exit Financing Participation and to ensure that the transactions contemplated thereunder comply
2 with federal and state securities law.

3 40. The Plan Proponents are authorized to take or refrain from taking any action necessary
4 or appropriate to implement the terms of and the relief granted in this Order without seeking further
5 order of the Court.
6

7 41. All notices to be provided pursuant to the procedures set forth herein are good and
8 sufficient notice to all parties in interest of all matters pertinent hereto and of all matters pertinent to
9 the Confirmation Hearing and no other or further notice need be provided.

10 42. Notice of the Motion as provided therein shall be deemed good and sufficient notice of
11 the Motion.

12 43. The Court retains jurisdiction with respect to all matters arising from or related to the
13 implementation of this Order.
14

15 44. The requirement pursuant to Local Rule 9013-1(d) that the Plan Proponents file a
16 memorandum of law in support of the Motion is waived.
17

18 Dated: June __, 2007
19 Seattle, Washington

20

HONORABLE SAMUEL J. STEINER
UNITED STATES BANKRUPTCY JUDGE
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EXHIBIT A

**BALLOT FOR AMENDED PLAN OF REORGANIZATION –
CLASS 4A (PTPC GENERAL UNSECURED CLAIMS)**

**BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASS 4A
(PTPC GENERAL UNSECURED CLAIMS)**

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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:	07-10340 [Lead Case]
PT HOLDINGS COMPANY, INC., et al.,	Chapter 11
Debtors.	BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASS 4A (PTPC GENERAL UNSECURED CLAIMS)

VOTING DEADLINE: AUGUST 6, 2007 AT 4:00 P.M. PREVAILING PACIFIC TIME

PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”), are soliciting votes with respect to the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”), from the Holders of certain impaired claims against the Debtors. The United States Bankruptcy Court for the Western District of Washington at Seattle (the “Bankruptcy Court”) has approved the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote. All capitalized terms used but not defined herein or in the enclosed voting instructions have the meanings ascribed to such terms in the Plan. If you have any questions on how to properly complete this Ballot, please call BMC Group, Inc. (the “Balloting Agent”) at (888) 909-0100.

Class 4A (PTPC General Unsecured Claims) includes Allowed non-priority General Unsecured Claims against Port Townsend Paper Corporation (“PTPC”). PTPC General Unsecured Claims generally include the claims of vendors and other business creditors for goods and services provided to PTPC prior to January 29, 2007, the date the Debtors commenced these chapter 11 cases (the “Petition Date”), and Claims asserted against PTPC in lawsuits relating to events arising prior to the Petition Date.

In order for your vote to be counted, this Ballot must be properly completed, signed, and returned in the envelope provided. **The deadline for the receipt by the Balloting Agent of all Ballots is no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007 (the “Voting Deadline”), unless such time is extended in writing by the Plan Proponents.**

**BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASS 4A
(PTPC GENERAL UNSECURED CLAIMS)**

BUSH STROUT & KORNFIELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

PLEASE COMPLETE THE FOLLOWING:

ITEM 1. Principal Amount of PTPC General Unsecured Claim. The undersigned hereby certifies that as of the Petition Date the undersigned holds a PTPC General Unsecured Claim in the following aggregate unpaid principal amount (insert amount in box below).

Aggregate principal amount of
PTPC General Unsecured Claim:*

\$ _____

* In calculating this amount, the Holder should include the aggregate amount of all general unsecured claims held against PTPC. To the extent any claim against PTPC is partially secured, only vote the unsecured amount of such claim.

ITEM 2. Vote on the Plan. The Holder of the PTPC General Unsecured Claim identified in Item 1 hereby votes to either accept or reject the Plan with respect to such PTPC General Unsecured Claim as follows:

Class 4A (PTPC General Unsecured Claims)	<u>Check one box:</u> <input type="checkbox"/> Accept the Plan <input type="checkbox"/> Reject the Plan
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ITEM 3. Certification as to PTPC General Unsecured Claims held in Additional Accounts. By completing and returning this Ballot, the undersigned certifies that it has not submitted any other Ballots for other PTPC General Unsecured Claims held in other accounts or names.

ITEM 4. Acknowledgements and Certification. By returning this Ballot, the undersigned (i) acknowledges that it has been provided with a copy of the Disclosure Statement including all exhibits thereto; (ii) certifies that (a) it is the Holder of the PTPC General Unsecured Claim identified in Item 1 above and (b) it has full power and authority to vote to accept or reject the Plan; and (iii) further acknowledges that the Plan Proponents' solicitation of votes is subject to all terms and conditions set forth in the Disclosure Statement and the order of the Bankruptcy Court approving the Disclosure Statement and the procedures for the solicitation of votes to accept or reject the Plan contained therein.

1 The undersigned acknowledges that, subject to voting conditions in the Plan, if Class 4A votes to accept
2 the Plan, each Holder of an Allowed PTPC General Unsecured Claim shall receive, in full and final satisfaction
3 of such Holder's Allowed PTPC General Unsecured Claim, an aggregate Cash payment equal to the lesser of (i)
4 five percent (5%) of such Holder's Allowed PTPC General Unsecured Claim and (ii) such Holder's Pro Rata
5 share of the Maximum Class 3 Contribution, *provided, however*, that if Class 4A votes to reject the Plan,
6 Holders of PTPC General Unsecured Claims in Class 4A shall receive no distributions on account of their
7 respective Claims and all rights with respect thereto.

8 Print or Type Name of Claimant: _____

9 Social Security or Federal Tax I.D. No. of Claimant: _____

10 Signature: _____

11 Name of Signatory (if different than claimant): _____

12 If by Authorized Agent, Title of Agent: _____

13 Street Address: _____

14 City, State, and Zip Code: _____

15 Telephone Number: _____

16 Date Completed: _____

**VOTING INSTRUCTIONS FOR COMPLETING THE
BALLOT FOR HOLDERS OF PTPC GENERAL UNSECURED CLAIMS**

- A. This Ballot is submitted to you to solicit your vote to accept or reject the Plan. **PLEASE READ THE PLAN AND THE DISCLOSURE STATEMENT CAREFULLY BEFORE COMPLETING THIS BALLOT.**
- B. The Plan will be accepted by Class 4A if it is accepted by the Holders of two-thirds in amount and more than one-half in number of Claims in Class 4A voting on the Plan. If the Plan is confirmed by the Bankruptcy Court, all Holders of Claims against and Interests in the Debtors (including those Holders who abstain from voting on or reject the Plan, and those Holders who are not entitled to vote on the Plan) will be bound by the confirmed Plan and the transactions contemplated thereby.
- C. In order for your Class 4A vote to be counted, this Ballot must be properly completed, signed, and returned in the envelope provided. **The Voting Deadline for the receipt by the Balloting Agent of all Ballots is no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007, unless such time is extended in writing by the Plan Proponents.** The Balloting Agent is BMC Group, Inc. and can be contacted by telephone at (888) 909-0100. All Ballots must be timely sent to the Balloting Agent at BMC Group, Inc., Re: Port Townsend Paper Corporation, 720 Third Avenue, 23rd Floor, Seattle, Washington 98104.

Ballots will NOT be accepted by telecopy, facsimile, or other electronic means of transmission.

- D. To properly complete this Ballot, you must follow the procedures described below:
- (i) make sure that the information contained in Item 1 is correct;
 - (ii) if you have a Claim in Class 4A, cast one vote to accept or reject the Plan by checking the appropriate box in Item 2;
 - (iii) if you are completing this Ballot on behalf of another person or entity, indicate your relationship with such person or entity and the capacity in which you are signing and submit satisfactory evidence of your authority to so act (e.g., a power of attorney or a certified copy of board resolutions authorizing you to so act);
 - (iv) if you also hold a Claim in a Class other than Class 4A, you may receive more than one Ballot labeled for a different Class of Claims. Your vote will be counted in determining acceptance or rejection of the Plan by a particular Class of Claims only if you complete, sign, and return the Ballot labeled for that Class of Claims in accordance with the instructions on that Ballot;
 - (v) if you believe that you have received the wrong Ballot, please contact the Balloting Agent immediately;
 - (vi) provide your name and mailing address;
 - (vii) sign and date your Ballot; and
 - (viii) return your Ballot using the enclosed pre-addressed return envelope.

1 IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT, OR IF YOU DID NOT
2 RECEIVE A RETURN ENVELOPE WITH YOUR BALLOT, OR IF YOU DID NOT RECEIVE A
3 COPY OF THE DISCLOSURE STATEMENT OR PLAN, OR IF YOU NEED ADDITIONAL COPIES
4 OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE PLAN
5 PROPONENTS' BALLOTING AGENT, BMC GROUP, INC. at (888) 909-0100. COPIES OF THE
6 PLAN AND DISCLOSURE STATEMENT CAN BE ACCESSED ON THE BALLOTING AGENT'S
7 WEBSITE AT: WWW.BMCGROUP.COM/PTPC. PLEASE DO NOT DIRECT ANY INQUIRIES TO
8 THE BANKRUPTCY COURT.
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EXHIBIT B

**BALLOT FOR AMENDED PLAN OF REORGANIZATION –
CLASS 4B (PT HOLDINGS GENERAL UNSECURED CLAIMS)**

**BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASS 4B
(PT HOLDINGS GENERAL UNSECURED CLAIMS)**

BUSH STROUT & KORNFELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:

PT HOLDINGS COMPANY, INC., et al.,

Debtors.

07-10340 [Lead Case]

Chapter 11

**BALLOT FOR AMENDED PLAN OF
REORGANIZATION – CLASS 4B (PT
HOLDINGS GENERAL UNSECURED
CLAIMS)**

VOTING DEADLINE: AUGUST 6, 2007 AT 4:00 P.M. PREVAILING PACIFIC TIME

PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”), are soliciting votes with respect to the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”), from the Holders of certain impaired claims against the Debtors. The United States Bankruptcy Court for the Western District of Washington at Seattle (the “Bankruptcy Court”) has approved the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote. All capitalized terms used but not defined herein or in the enclosed voting instructions have the meanings ascribed to such terms in the Plan. If you have any questions on how to properly complete this Ballot, please call BMC Group, Inc. (the “Balloting Agent”) at (888) 909-0100.

Class 4B (PT Holdings General Unsecured Claims) includes Allowed non-priority General Unsecured Claims against PT Holdings Company, Inc. (“PT Holdings”). PT Holdings General Unsecured Claims generally include the claims of vendors and other business creditors for goods and services provided to PT Holdings prior to January 29, 2007, the date the Debtors commenced these chapter 11 cases (the “Petition Date”), and Claims asserted against PT Holdings in lawsuits relating to events arising prior to the Petition Date.

In order for your vote to be counted, this Ballot must be properly completed, signed, and returned in the envelope provided. **The deadline for the receipt by the Balloting Agent of all Ballots is no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007 (the “Voting Deadline”), unless such time is extended in writing by the Plan Proponents.**

**BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASS 4B
(PT HOLDINGS GENERAL UNSECURED CLAIMS)**

BUSH STROUT & KORNFIELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

PLEASE COMPLETE THE FOLLOWING:

ITEM 1. Principal Amount of PT Holdings General Unsecured Claim. The undersigned hereby certifies that as of the Petition Date the undersigned holds a PT Holdings General Unsecured Claim in the following aggregate unpaid principal amount (insert amount in box below).

Aggregate principal amount of
PT Holdings General Unsecured Claim:*

\$ _____

* In calculating this amount, the Holder should include the aggregate amount of all general unsecured claims held against PT Holdings. To the extent any claim against PT Holdings is partially secured, only vote the unsecured amount of such claim.

ITEM 2. Vote on the Plan. The Holder of the PT Holdings General Unsecured Claim identified in Item 1 hereby votes to either accept or reject the Plan with respect to such PT Holdings General Unsecured Claim as follows:

Class 4B
(PT Holdings General Unsecured Claims)

Check one box:

☐

Accept the Plan

☐

Reject the Plan

ITEM 3. Certification as to PT Holdings General Unsecured Claims held in Additional Accounts. By completing and returning this Ballot, the undersigned certifies that it has not submitted any other Ballots for other PT Holdings General Unsecured Claims held in other accounts or names.

ITEM 4. Acknowledgements and Certification. By returning this Ballot, the undersigned (i) acknowledges that it has been provided with a copy of the Disclosure Statement including all exhibits thereto; (ii) certifies that (a) it is the Holder of the PT Holdings General Unsecured Claim identified in Item 1 above and (b) it has full power and authority to vote to accept or reject the Plan; and (iii) further acknowledges that the Plan Proponents' solicitation of votes is subject to all terms and conditions set forth in the Disclosure Statement and the order of the Bankruptcy Court approving the Disclosure Statement and the procedures for the solicitation of votes to accept or reject the Plan contained therein.

1 The undersigned acknowledges that, subject to voting conditions in the Plan, if Class 4B votes to accept
2 the Plan, each Holder of an Allowed PT Holdings General Unsecured Claim shall receive, in full and final
3 satisfaction of such Holder's Allowed PT Holdings General Unsecured Claim, an aggregate Cash payment equal
4 to the lesser of (i) five percent (5%) of such Holder's Allowed PT Holdings General Unsecured Claim and (ii)
5 such Holder's Pro Rata share of the Maximum Class 3 Contribution, *provided, however*, that if Class 4B votes
6 to reject the Plan, Holders of PT Holdings General Unsecured Claims in Class 4B shall receive no distributions
7 on account of their respective Claims and all rights with respect thereto.

8 Print or Type Name of Claimant: _____

9 Social Security or Federal Tax I.D. No. of Claimant: _____

10 Signature: _____

11 Name of Signatory (if different than claimant): _____

12 If by Authorized Agent, Title of Agent: _____

13 Street Address: _____

14 City, State, and Zip Code: _____

15 Telephone Number: _____

16 Date Completed: _____

**VOTING INSTRUCTIONS FOR COMPLETING THE
BALLOT FOR HOLDERS OF PT HOLDINGS GENERAL UNSECURED CLAIMS**

- A. This Ballot is submitted to you to solicit your vote to accept or reject the Plan. **PLEASE READ THE PLAN AND THE DISCLOSURE STATEMENT CAREFULLY BEFORE COMPLETING THIS BALLOT.**
- B. The Plan will be accepted by Class 4B if it is accepted by the Holders of two-thirds in amount and more than one-half in number of Claims in Class 4B voting on the Plan. If the Plan is confirmed by the Bankruptcy Court, all Holders of Claims against and Interests in the Debtors (including those Holders who abstain from voting on or reject the Plan, and those Holders who are not entitled to vote on the Plan) will be bound by the confirmed Plan and the transactions contemplated thereby.
- C. In order for your Class 4B vote to be counted, this Ballot must be properly completed, signed, and returned in the envelope provided. **The Voting Deadline for the receipt by the Balloting Agent of all Ballots is no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007, unless such time is extended in writing by the Plan Proponents.** The Balloting Agent is BMC Group, Inc. and can be contacted by telephone at (888) 909-0100. All Ballots must be timely sent to the Balloting Agent at BMC Group, Inc., Re: Port Townsend Paper Corporation, 720 Third Avenue, 23rd Floor, Seattle, Washington 98104.

Ballots will NOT be accepted by telecopy, facsimile, or other electronic means of transmission.

- D. To properly complete this Ballot, you must follow the procedures described below:
- (i) make sure that the information contained in Item 1 is correct;
 - (ii) if you have a Claim in Class 4B, cast one vote to accept or reject the Plan by checking the appropriate box in Item 2;
 - (iii) if you are completing this Ballot on behalf of another person or entity, indicate your relationship with such person or entity and the capacity in which you are signing and submit satisfactory evidence of your authority to so act (e.g., a power of attorney or a certified copy of board resolutions authorizing you to so act);
 - (iv) if you also hold a Claim in a Class other than Class 4B, you may receive more than one Ballot labeled for a different Class of Claims. Your vote will be counted in determining acceptance or rejection of the Plan by a particular Class of Claims only if you complete, sign, and return the Ballot labeled for that Class of Claims in accordance with the instructions on that Ballot;
 - (v) if you believe that you have received the wrong Ballot, please contact the Balloting Agent immediately;
 - (vi) provide your name and mailing address;
 - (vii) sign and date your Ballot; and
 - (viii) return your Ballot using the enclosed pre-addressed return envelope.

1 IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT, OR IF YOU DID NOT
2 RECEIVE A RETURN ENVELOPE WITH YOUR BALLOT, OR IF YOU DID NOT RECEIVE A
3 COPY OF THE DISCLOSURE STATEMENT OR PLAN, OR IF YOU NEED ADDITIONAL COPIES
4 OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE PLAN
5 PROPONENTS' BALLOTING AGENT, BMC GROUP, INC. at (888) 909-0100. COPIES OF THE
6 PLAN AND DISCLOSURE STATEMENT CAN BE ACCESSED ON THE BALLOTING AGENT'S
7 WEBSITE AT: WWW.BMCGROUP.COM/PTPC. PLEASE DO NOT DIRECT ANY INQUIRIES TO
8 THE BANKRUPTCY COURT.
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EXHIBIT C

**BALLOT FOR AMENDED PLAN OF REORGANIZATION –
CLASS 4C (PACKAGING GENERAL UNSECURED CLAIMS)**

**BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASS 4C
(PACKAGING GENERAL UNSECURED CLAIMS)**

BUSH STROUT & KORNFIELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:	07-10340 [Lead Case]
PT HOLDINGS COMPANY, INC., et al.,	Chapter 11
Debtors.	BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASS 4C (PACKAGING GENERAL UNSECURED CLAIMS)

VOTING DEADLINE: AUGUST 6, 2007 AT 4:00 P.M. PREVAILING PACIFIC TIME

PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”), are soliciting votes with respect to the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”), from the Holders of certain impaired claims against the Debtors. The United States Bankruptcy Court for the Western District of Washington at Seattle (the “Bankruptcy Court”) has approved the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote. All capitalized terms used but not defined herein or in the enclosed voting instructions have the meanings ascribed to such terms in the Plan. If you have any questions on how to properly complete this Ballot, please call BMC Group, Inc. (the “Balloting Agent”) at (888) 909-0100.

Class 4C (Packaging General Unsecured Claims) includes Allowed non-priority General Unsecured Claims against PTPC Packaging Co., Inc. (“Packaging”). Packaging General Unsecured Claims generally include the claims of vendors and other business creditors for goods and services provided to Packaging prior to January 29, 2007, the date the Debtors commenced these chapter 11 cases (the “Petition Date”), and Claims asserted against Packaging in lawsuits relating to events arising prior to the Petition Date.

In order for your vote to be counted, this Ballot must be properly completed, signed, and returned in the envelope provided. **The deadline for the receipt by the Balloting Agent of all Ballots is no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007 (the “Voting Deadline”), unless such time is extended in writing by the Plan Proponents.**

**BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASS 4C
(PACKAGING GENERAL UNSECURED CLAIMS)**

BUSH STROUT & KORNFIELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

PLEASE COMPLETE THE FOLLOWING:

ITEM 1. Principal Amount of Packaging General Unsecured Claim. The undersigned hereby certifies that as of the Petition Date the undersigned holds a Packaging General Unsecured Claim in the following aggregate unpaid principal amount (insert amount in box below).

Aggregate principal amount of
Packaging General Unsecured Claim:*

\$ _____

* In calculating this amount, the Holder should include the aggregate amount of all general unsecured claims held against Packaging. To the extent any claim against Packaging is partially secured, only vote the unsecured amount of such claim.

ITEM 2. Vote on the Plan. The Holder of the Packaging General Unsecured Claim identified in Item 1 hereby votes to either accept or reject the Plan with respect to such Packaging General Unsecured Claims as follows:

Class 4C
(Packaging General Unsecured Claims)

Check one box:

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Accept the Plan
Reject the Plan

ITEM 3. Certification as to Packaging General Unsecured Claims held in Additional Accounts. By completing and returning this Ballot, the undersigned certifies that it has not submitted any other Ballots for other Packaging General Unsecured Claims held in other accounts or names.

ITEM 4. Acknowledgements and Certification. By returning this Ballot, the undersigned (i) acknowledges that it has been provided with a copy of the Disclosure Statement including all exhibits thereto; (ii) certifies that (a) it is the Holder of the Packaging General Unsecured Claim identified in Item 1 above and (b) it has full power and authority to vote to accept or reject the Plan; and (iii) further acknowledges that the Plan Proponents' solicitation of votes is subject to all terms and conditions set forth in the Disclosure Statement and the order of the Bankruptcy Court approving the Disclosure Statement and the procedures for the solicitation of votes to accept or reject the Plan contained therein.

1 The undersigned acknowledges that, subject to voting conditions in the Plan, if Class 4C votes to accept
2 the Plan, each Holder of an Allowed Packaging General Unsecured Claim shall receive, in full and final
3 satisfaction of such Holder's Allowed Packaging General Unsecured Claim, an aggregate Cash payment equal
4 to the lesser of (i) five percent (5%) of such Holder's Allowed Packaging General Unsecured Claim and (ii)
such Holder's Pro Rata share of the Maximum Class 3 Contribution, *provided, however*, that if Class 4C votes
to reject the Plan, Holders of Packaging General Unsecured Claims in Class 4C shall receive no distributions on
account of their respective Claims and all rights with respect thereto.

5
6 Print or Type Name of Claimant: _____

7 Social Security or Federal Tax I.D. No. of Claimant: _____

8 Signature: _____

9 Name of Signatory (if different than claimant): _____

10 If by Authorized Agent, Title of Agent: _____

11 Street Address: _____

12 City, State, and Zip Code: _____

13 Telephone Number: _____

14 Date Completed: _____

**VOTING INSTRUCTIONS FOR COMPLETING THE
BALLOT FOR HOLDERS OF PACKAGING GENERAL UNSECURED CLAIMS**

- A. This Ballot is submitted to you to solicit your vote to accept or reject the Plan. **PLEASE READ THE PLAN AND THE DISCLOSURE STATEMENT CAREFULLY BEFORE COMPLETING THIS BALLOT.**
- B. The Plan will be accepted by Class 4C if it is accepted by the Holders of two-thirds in amount and more than one-half in number of Claims in Class 4C voting on the Plan. If the Plan is confirmed by the Bankruptcy Court, all Holders of Claims against and Interests in the Debtors (including those Holders who abstain from voting on or reject the Plan, and those Holders who are not entitled to vote on the Plan) will be bound by the confirmed Plan and the transactions contemplated thereby.
- C. In order for your Class 4C vote to be counted, this Ballot must be properly completed, signed, and returned in the envelope provided. **The Voting Deadline for the receipt by the Balloting Agent of all Ballots is no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007, unless such time is extended in writing by the Plan Proponents.** The Balloting Agent is BMC Group, Inc. and can be contacted by telephone at (888) 909-0100. All Ballots must be timely sent to the Balloting Agent at BMC Group, Inc., Re: Port Townsend Paper Corporation, 720 Third Avenue, 23rd Floor, Seattle, Washington 98104.

Ballots will NOT be accepted by telecopy, facsimile, or other electronic means of transmission.

- D. To properly complete this Ballot, you must follow the procedures described below:

- (i) make sure that the information contained in Item 1 is correct;
- (ii) if you have a Claim in Class 4C, cast one vote to accept or reject the Plan by checking the appropriate box in Item 2;
- (iii) if you are completing this Ballot on behalf of another person or entity, indicate your relationship with such person or entity and the capacity in which you are signing and submit satisfactory evidence of your authority to so act (e.g., a power of attorney or a certified copy of board resolutions authorizing you to so act);
- (iv) if you also hold a Claim in a Class other than Class 4C, you may receive more than one Ballot labeled for a different Class of Claims. Your vote will be counted in determining acceptance or rejection of the Plan by a particular Class of Claims only if you complete, sign, and return the Ballot labeled for that Class of Claims in accordance with the instructions on that Ballot;
- (v) if you believe that you have received the wrong Ballot, please contact the Balloting Agent immediately;
- (vi) provide your name and mailing address;
- (vii) sign and date your Ballot; and
- (viii) return your Ballot using the enclosed pre-addressed return envelope.

1 IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT, OR IF YOU DID NOT
2 RECEIVE A RETURN ENVELOPE WITH YOUR BALLOT, OR IF YOU DID NOT RECEIVE A
3 COPY OF THE DISCLOSURE STATEMENT OR PLAN, OR IF YOU NEED ADDITIONAL COPIES
4 OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE PLAN
5 PROPONENTS' BALLOTING AGENT, BMC GROUP, INC. at (888) 909-0100. COPIES OF THE
6 PLAN AND DISCLOSURE STATEMENT CAN BE ACCESSED ON THE BALLOTING AGENT'S
7 WEBSITE AT: WWW.BMCGROUP.COM/PTPC. PLEASE DO NOT DIRECT ANY INQUIRIES TO
8 THE BANKRUPTCY COURT.
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EXHIBIT D

**BENEFICIAL OWNER BALLOT FOR AMENDED PLAN OF REORGANIZATION –
CLASSES 3A-3C (SECURED NOTES CLAIMS)**

**BENEFICIAL OWNER BALLOT FOR AMENDED PLAN OF
REORGANIZATION – CLASSES 3A-3C (SECURED NOTES CLAIMS)**

BUSH STROUT & KORNFIELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:

PT HOLDINGS COMPANY, INC., et al.,

Debtors.

07-10340 [Lead Case]

Chapter 11

**BENEFICIAL OWNER BALLOT FOR
AMENDED PLAN OF
REORGANIZATION – CLASSES 3A-3C
(SECURED NOTES CLAIMS)**

VOTING DEADLINE: AUGUST 6, 2007 AT 4:00 P.M. PREVAILING PACIFIC TIME

NOTE: AS STATED BELOW, YOU MUST RETURN THIS BALLOT TO YOUR NOMINEE WELL IN ADVANCE OF THE VOTING DEADLINE SO THAT YOUR NOMINEE MAY SUBMIT THE VOTING INFORMATION ON A MASTER BALLOT AND RETURN THE MASTER BALLOT TO THE BALLOTING AGENT BEFORE THE VOTING DEADLINE.

PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”), are soliciting votes with respect to the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”), from the Holders of certain impaired claims against the Debtors. The United States Bankruptcy Court for the Western District of Washington at Seattle (the “Bankruptcy Court”) has approved the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote. All capitalized terms used but not defined herein or in the enclosed voting instructions have the meanings ascribed to such terms in the Plan. If you have any questions on how to properly complete this Beneficial Owner Ballot, please call BMC Group, Inc. (the “Balloting Agent”) at (888) 909-0100.

This ballot is being sent to all beneficial owners (the “Beneficial Owners”) as of June 27, 2007 (the “Record Date”) of Claims under the 11% Senior Secured Notes due 2011 issued by Port Townsend Paper Corporation (“PTPC”) pursuant to the indenture, dated as of April 13, 2004 among PTPC and the Guarantors and U.S. Bank National Association, as indenture trustee (the “Secured Notes”), which are unconditionally guaranteed, jointly and severally, by PT Holdings Company, Inc., PTPC Packaging Co., Inc. and the Non-Debtor Affiliates¹ (the “Secured Notes Claims”). Secured Notes Claims against each of the Debtors are separately classified in Classes 3A-3C. **THIS BALLOT IS ONLY FOR THE BENEFICIAL OWNERS OF THE SECURED NOTES.**

¹ “Non-Debtor Affiliates” means PTPC Corrugated Company and Crown Properties Packaging, Ltd.

**BENEFICIAL OWNER BALLOT FOR AMENDED PLAN OF
REORGANIZATION – CLASSES 3A-3C (SECURED NOTES CLAIMS)**

BUSH STROUT & KORNFIELD
LAW OFFICES

5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

1 The Plan contains releases, exculpations, and injunctions, including the following release:

2 [E]ach Holder of a Secured Notes Claim and the Indenture Trustee shall be
3 deemed to have forever waived, released, and discharged the Non-Debtor
4 Affiliates of any Liens, Claims, claims, causes of action, rights, or liabilities
5 arising from the Guarantees granted to the Holders of the Secured Notes Claims
6 under the Indenture as well as any Secured Notes Deficiency Claims. In
7 addition, the Confirmation Order shall authorize and direct the Indenture
Trustee to take whatever action may be necessary or appropriate, in its
reasonable discretion, to effectuate the foregoing, including, without limitation,
providing a release of the Liens. (Section 10.3 of the Plan).

8 In order for your vote to be counted, this Beneficial Owner Ballot must be properly completed, signed,
9 and returned in the envelope provided. **The deadline for the receipt by the Balloting Agent of all Ballots**
10 **(including Beneficial Owner Ballots and Master Ballots cast on behalf of Beneficial Owners) is no later**
11 **than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007 (the “Voting Deadline”), unless such time is**
12 **extended in writing by the Plan Proponents. IF YOU RECEIVED A RETURN ENVELOPE**
13 **ADDRESSED TO YOUR BANK, BROKER, OR OTHER NOMINEE (EACH OF THE FOREGOING, A**
14 **“NOMINEE”), PLEASE ALLOW SUFFICIENT TIME FOR YOUR NOMINEE TO PROCESS YOUR**
15 **VOTE ON A MASTER BALLOT AND RETURN THE MASTER BALLOT TO THE BALLOTING**
16 **AGENT BEFORE THE VOTING DEADLINE.**

17 PLEASE COMPLETE THE FOLLOWING:

18 **ITEM 1. Principal Amount of Secured Notes Claim.** The undersigned hereby certifies that as
19 of June 27, 2007 the undersigned was the Beneficial Owner (or authorized signatory for a Beneficial Owner), or
20 the Nominee of a Beneficial Owner, of Secured Notes in the following aggregate unpaid principal amount
21 (insert amount in box below). If your Secured Notes are held by a Nominee on your behalf and you do not
22 know the amount of the Secured Notes held, please contact your Nominee immediately.

23 Aggregate principal amount of
24 Secured Notes: \$ _____
25 Account Number(s): _____
26

ITEM 2. Vote on the Plan. The Beneficial Owner of the Secured Notes identified in Item 1 hereby votes to either accept or reject the Plan with respect to such Secured Notes Claims against each Debtor as follows:

Classes 3A – 3C	<u>Check one box:</u> <input type="checkbox"/> Accept the Plan <input type="checkbox"/> Reject the Plan
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ITEM 3. Certification as to Secured Notes Claims held in Additional Accounts. By completing and returning this Beneficial Owner Ballot, the Beneficial Owner certifies that either (i) it has not submitted any other Beneficial Owner Ballots for other Secured Notes Claims held in other accounts or other record names or (ii) it has provided the information specified in the following table for all other Secured Notes Claims for which it has submitted additional Beneficial Owner Ballots, each of which indicates the same vote to accept or reject the Plan (please use additional sheets of paper if necessary):

ONLY COMPLETE THIS SECTION IF YOU HAVE VOTED BENEFICIAL OWNER BALLOTS OTHER THAN THIS BENEFICIAL OWNER BALLOT.

Account Number	Name of Owner ²	Amount of Other Class 3 Claims Voted

ITEM 4. Acknowledgements and Certification. By returning this Beneficial Owner Ballot, the Beneficial Owner of the Secured Notes identified in Item 1 above (i) acknowledges that it has been provided with a copy of the Disclosure Statement including all exhibits thereto; (ii) certifies that (a) it is the Holder of the Secured Notes identified in Item 1 above and (b) it has full power and authority to vote to accept or reject the Plan; and (iii) further acknowledges that the Plan Proponents' solicitation of votes is subject to all terms and conditions set forth in the Disclosure Statement and the order of the Bankruptcy Court approving the Disclosure Statement and the procedures for the solicitation of votes to accept or reject the Plan contained therein.

By signing this Beneficial Owner Ballot, the undersigned acknowledges that upon acceptance of the Plan by Classes 3A-3C, the Holders of all Allowed Secured Notes Claims will, upon the Effective Date, (i) contribute, out of the aggregate distribution Holders of Allowed Secured Notes Claims would otherwise be legally entitled to receive, the Class 3 Contribution to Holders of Allowed General Unsecured Claims in Classes 4A, 4B and 4C if Holders of General Unsecured Claims in such Class vote as a Classes to accept the Plan, and (ii) waive the Secured Notes Deficiency Claims.

² Insert your name if the Secured Notes are being held by you in record name or, if held in street name, insert the name of your broker or bank.

1 By signing this Beneficial Owner Ballot, the undersigned further acknowledges that the New Common
2 Stock to be issued pursuant to the Plan will be subject to a Shareholder Agreement the terms of which will be
3 disclosed no later than five (5) days prior to the Voting Deadline, and that the Shareholder Agreement will,
4 among other things, (i) impose restrictions with regard to the sale or transfer of the shares of New Common
5 Stock that will be issued in connection with the Plan, and (ii) govern matters pertaining to access to information
6 with regard to the Reorganized Debtors. By completing this Beneficial Owner Ballot and signing below, the
7 undersigned agrees that the Shareholder Agreement will be binding on and enforceable by the Beneficial Owner
8 to the same extent and with the same effect as if the Beneficial Owner had executed and delivered to the Debtors
9 a counterpart or joinder to the Shareholder Agreement. In addition, upon the request of the Debtors or
10 Reorganized Debtors, the undersigned will, or cause its Nominee to, execute and deliver to the Debtors or
11 Reorganized Debtors a counterpart or joinder to the Shareholder Agreement on behalf of such Beneficial Owner.

8 Print or Type Name of Claimant: _____

9 Social Security or Federal Tax I.D. No. of Claimant: _____

Signature: _____

10 Name of Signatory (if different than claimant): _____

11 If by Authorized Agent, Title of Agent: _____

12 Street Address: _____

13 City, State, and Zip Code: _____

14 Telephone Number: _____

Date Completed: _____

**VOTING INSTRUCTIONS FOR COMPLETING THE
BALLOT FOR HOLDERS OF SECURED NOTES CLAIMS**

- A. This Beneficial Owner Ballot is submitted to you to solicit your vote to accept or reject the Plan. **PLEASE READ THE PLAN AND THE DISCLOSURE STATEMENT CAREFULLY BEFORE COMPLETING THIS BENEFICIAL OWNER BALLOT.**
- B. The Plan will be accepted by Classes 3A-3C if it is accepted by the Holders of two-thirds in amount and more than one-half in number of Claims in Classes 3A-3C voting on the Plan. If the Plan is confirmed by the Bankruptcy Court, all Holders of Claims against and Interests in the Debtors (including those Holders who abstain from voting on or reject the Plan, and those Holders who are not entitled to vote on the Plan) will be bound by the confirmed Plan and the transactions contemplated thereby.
- C. In order for your Class 3A-3C vote to be counted, this Beneficial Owner Ballot must be properly completed, signed, and returned in the envelope provided. **The Voting Deadline for the receipt by the Balloting Agent of all Ballots (including Beneficial Owner Ballots and Master Ballots cast on behalf of Beneficial Owners) is no later than 4:00 p.m. (prevailing Pacific Time) on August 6, 2007, unless such time is extended in writing by the Plan Proponents. IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR BANK, BROKER, OR OTHER NOMINEE (EACH OF THE FOREGOING, A “NOMINEE”), PLEASE ALLOW SUFFICIENT TIME FOR YOUR NOMINEE TO PROCESS YOUR VOTE ON A MASTER BALLOT AND RETURN THE MASTER BALLOT TO THE BALLOTING AGENT BEFORE THE VOTING DEADLINE.** The Balloting Agent is BMC Group, Inc. and can be contacted at (888) 909-0100. All Ballots must be timely sent to the Balloting Agent at BMC Group, Inc., Re: Port Townsend Paper Corporation, 720 Third Avenue, 23rd Floor, Seattle, Washington 98104.
- Ballots will NOT be accepted by telecopy, facsimile, or other electronic means of transmission.**
- D. To properly complete this Ballot, you must follow the procedures described below:
- (i) make sure that the information contained in Item 1 is correct;
 - (ii) if you have a Claim in Classes 3A-3C, cast one vote to accept or reject the Plan by checking the appropriate box in Item 2;
 - (iii) provide the information required by Item 3, if applicable to you;
 - (iv) if you are completing this Beneficial Owner Ballot on behalf of another person or entity, indicate your relationship with such person or entity and the capacity in which you are signing and submit satisfactory evidence of your authority to so act (e.g., a power of attorney or a certified copy of board resolutions authorizing you to so act);
 - (v) if you also hold a Claim in a Class other than Classes 3A-3C, you may receive more than one Ballot, labeled for a different Class of Claims. Your vote will be counted in determining acceptance or rejection of the Plan by a particular Class of Claims only if you complete, sign and return the Ballot labeled for that Class of Claims in accordance with the instructions on that Ballot;

- 1 (vi) if you believe that you have received the wrong Ballot, please contact the Balloting
2 Agent immediately;
3 (vii) provide your name and mailing address;
4 (viii) sign and date your Beneficial Owner Ballot; and
5 (ix) return your Beneficial Owner Ballot using the enclosed pre-addressed return envelope.

6 IF YOU HAVE ANY QUESTIONS REGARDING THE BENEFICIAL OWNER BALLOT, OR
7 IF YOU DID NOT RECEIVE A RETURN ENVELOPE WITH YOUR BENEFICIAL OWNER
8 BALLOT, OR IF YOU DID NOT RECEIVE A COPY OF THE DISCLOSURE STATEMENT OR
9 PLAN, OR IF YOU NEED ADDITIONAL COPIES OF THE BENEFICIAL OWNER BALLOT OR
10 OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE PLAN PROPONENTS' BALLOTING
11 AGENT, BMC GROUP, INC. at (888) 909-0100. COPIES OF THE PLAN AND DISCLOSURE
12 STATEMENT CAN BE ACCESSED ON THE BALLOTING AGENT'S WEBSITE AT:
13 WWW.BMCGROUP.COM/PTPC. PLEASE DO NOT DIRECT ANY INQUIRIES TO THE
14 BANKRUPTCY COURT.
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EXHIBIT E

**MASTER BALLOT FOR AMENDED PLAN OF REORGANIZATION –
CLASSES 3A-3C (SECURED NOTES CLAIMS)**

**MASTER BALLOT FOR AMENDED PLAN OF REORGANIZATION –
CLASSES 3A-3C (SECURED NOTES CLAIMS)**

BUSH STROUT & KORNFIELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE**

In re:	07-10340 [Lead Case]
PT HOLDINGS COMPANY, INC., et al.,	Chapter 11
Debtors.	MASTER BALLOT FOR AMENDED PLAN OF REORGANIZATION – CLASSES 3A-3C (SECURED NOTES CLAIMS)

Security Description: **11% Senior Secured Notes due 2011**
CUSIP NUMBERS: 019049329
019049264
019051412
019051498

VOTING DEADLINE: AUGUST 6, 2007 AT 4:00 P.M. PREVAILING PACIFIC TIME

PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”), are soliciting votes with respect to the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”), from the Holders of certain impaired claims against the Debtors. The United States Bankruptcy Court for the Western District of Washington at Seattle (the “Bankruptcy Court”) has approved the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”). All capitalized terms used but not defined herein or in the enclosed voting instructions have the meanings ascribed to such terms in the Plan. If you have any questions on how to properly complete this Master Ballot, please call BMC Group, Inc. (the “Balloting Agent”) at (888) 909-0100.

This Master Ballot is to be used by you as a broker, bank, or other nominee; or as the agent of a broker, bank, or other nominee (each of the foregoing, a “Voting Nominee”); or as the proxy holder of a Voting Nominee for beneficial owners (“Beneficial Owners”) of Claims under the 11% Senior Secured Notes due 2011 issued by Port Townsend Paper Corporation (“PTPC”) pursuant to the indenture, dated as of April 13, 2004 among PTPC and the Guarantors and U.S. Bank National Association, as indenture trustee (the “Secured Notes”), which are unconditionally guaranteed, jointly and severally, by PT Holdings Company, Inc., PTPC Packaging Co., Inc. and the Non-Debtor Affiliates (the “Secured Notes Claims”). Secured Notes Claims against each of the Debtors are separately classified in Classes 3A-3C. This Master Ballot is being sent to Voting Nominees to use to cast votes to accept or reject the Plan on behalf of Beneficial Owners of the Secured Notes

**MASTER BALLOT FOR AMENDED PLAN OF REORGANIZATION –
CLASSES 3A-3C (SECURED NOTES CLAIMS)**

BUSH STROUT & KORNFIELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

1 Claims.

2 The Plan contains releases, exculpations, and injunctions, including the following release:

3 [E]ach Holder of a Secured Notes Claim and the Indenture Trustee shall be
4 deemed to have forever waived, released, and discharged the Non-Debtor
5 Affiliates¹ of any Liens, Claims, claims, causes of action, rights, or liabilities
6 arising from the Guarantees granted to the Holders of the Secured Notes
7 Claims under the Indenture as well as any Secured Notes Deficiency Claims.
8 In addition, the Confirmation Order shall authorize and direct the Indenture
9 Trustee to take whatever action may be necessary or appropriate, in its
10 reasonable discretion, to effectuate the foregoing, including, without
11 limitation, providing a release of the Liens. (Section 10.3 of the Plan).

12 PLEASE COMPLETE THE FOLLOWING:

13 **ITEM 1. Certification of Authority to Vote.** The undersigned certifies that as of June 27, 2007
14 (the "Record Date"), the undersigned (please check the appropriate box):

- 15 ☐ Is a broker, bank, or other nominee for the Beneficial Owners of the aggregate principal amount of the
16 Secured Notes listed in Item 2 below, and is the registered Holder of such securities, or
- 17 ☐ Is acting under a power of attorney and/or agency (a copy of which will be provided upon request)
18 granted by a broker, bank, or other nominee that is the registered Holder of the aggregate principal
19 amount of the Secured Notes listed in Item 2 below, or
- 20 ☐ Has been granted a proxy (a copy of which is attached hereto) from a broker, bank, or other nominee, or
21 a Beneficial Owner, that is the registered Holder of the aggregate principal amount of the Secured Notes
22 listed in Item 2 below, and accordingly, has full power and authority to vote to accept or reject the Plan,
23 on behalf of Secured Notes Claims held by the Beneficial Owners of the Secured Notes described in
24 Item 2 below.

25 _____
26 ¹ The term "Non-Debtor Affiliates" means PTPC Corrugated Company and Crown Properties Packaging, Ltd.

ITEM 2. Vote. The undersigned transmits the following votes of Beneficial Owners in respect of their Secured Notes Claims, and certifies that the following Beneficial Owners of the Secured Notes, as identified by their respective customer account numbers set forth below, are the Beneficial Owners of such securities as of June 27, 2007, the Record Date, and have delivered to the undersigned, as Voting Nominee, their ballots ("Beneficial Owner Ballots") casting such votes. Indicate in the appropriate column the aggregate principal amount voted for each account, or attach such information to this Master Ballot in the form of the following table. Please note that each Beneficial Owner must vote all of each of his, her, or its Secured Notes Claim to accept or to reject the Plan and may not split such vote.

Your Customer Account Number for Each Beneficial Owner of Voting Secured Notes	Aggregate Principal Amount of Secured Notes Voted to ACCEPT or REJECT Plan*		
	Claim	ACCEPT	REJECT
	Classes 3A – 3C	\$	\$

* In order to vote on the Plan, the Beneficial Owner must have checked a box in Item 2 to ACCEPT or REJECT the Plan with respect to Classes 3A-3C on its individual Beneficial Owner Ballot. By order of the United States Bankruptcy Court for the Western District of Washington at Seattle (the "Bankruptcy Court"), if the Beneficial Owner did not check a box in Item 2 on its individual Beneficial Owner Ballot with respect to Classes 3A-3C, its vote will not be counted for such Class.

ITEM 3. Certification as to Transcription of Information from Item 3 as to Secured Notes Claims Voted Through Other Beneficial Owner Ballots. The undersigned certifies that the undersigned has transcribed in the following table the information, if any, provided by Beneficial Owners in Item 3 of the Beneficial Owner's original Beneficial Owner Ballot, identifying any Secured Notes Claims for which such Beneficial Owners have submitted other Beneficial Owner Ballots other than to the undersigned:

YOUR Customer Account Number for Each Beneficial Owner Who Completed Item 3 of the beneficial Owner Ballots	TRANSCRIBE FROM ITEM 3 OF THE BENEFICIAL OWNER BALLOTS		
	Account Number	Name of Owner	Amount of Secured Notes Claims Voted
1.			\$
2.			\$
3.			\$
4.			\$
5.			\$
6.			\$
7.			\$
8.			\$
9.			\$
10.			\$

ITEM 4. Certification and Acknowledgement. By signing this Master Ballot, the undersigned certifies that each Beneficial Owner of the Secured Notes listed in Item 2 above has been provided with a copy of the Disclosure Statement, including the exhibits thereto, and acknowledges that the solicitation of votes for the Plan is subject to all of the terms and conditions set forth in the Disclosure Statement.

By signing this Master Ballot, the undersigned further acknowledges on behalf of itself and such Beneficial Owners that the New Common Stock to be issued pursuant to the Plan to or for the account of Beneficial Owners will be subject to a Shareholder Agreement the terms of which will be disclosed no later than five (5) days prior to the Voting Deadline, and that the Shareholder Agreement will, among other things, (i) impose restrictions with regard to the sale or transfer of the shares of New Common Stock that will be issued in connection with the Plan, and (ii) govern matters pertaining to access to information with regard to the Reorganized Debtors. As instructed by such Beneficial Owners, upon the request of the Debtors or Reorganized Debtors, the undersigned will execute and deliver to the Debtors or Reorganized Debtors a counterpart or joinder to the Shareholder Agreement on behalf of such Beneficial Owners.

Name of Voting Nominee:	
<u>(PRINT OR TYPE)</u>	
Participant Number:	
Name of Proxy Holder or Agent for Voting Nominee (if applicable):	
<u>(PRINT OR TYPE)</u>	
Social Security or Federal Tax I.D. No.:	
Signature:	
By:	
<u>(IF APPROPRIATE)</u>	
Title:	
<u>(IF APPROPRIATE)</u>	
Street Address:	
City, State, Zip Code:	
Telephone Number:	()
	(Including Area Code)
Date Completed:	

1 **INSTRUCTIONS FOR COMPLETING THE MASTER BALLOT**

2 **VOTING DEADLINE/BALLOTING AGENT:**

3 **The Voting Deadline is 4:00 p.m. (prevailing Pacific Time) on August 6, 2007, unless extended by**
4 **the Plan Proponents in writing.** To have the vote of the Beneficial Owner(s) for whom you act as Voting
5 Nominee count, you must complete, sign, and return the Master Ballot so that it is actually received by the
6 Balloting Agent before the Voting Deadline. The Balloting Agent is BMC Group, Inc. and can be contacted by
7 telephone at (888) 909-0100. All Ballots must be timely sent to the Balloting Agent at BMC Group, Inc., Re:
8 Port Townsend Paper Corporation, 720 Third Avenue, 23rd Floor, Seattle, Washington 98104.

9 The Master Ballot will not be accepted by telecopy, facsimile, or other electronic means of transmission.

10 **HOW TO VOTE:**

11 If you are both the registered owner and the Beneficial Owner of any principal amount of the Secured
12 Notes and you wish to vote any Secured Notes Claims held on account thereof, you may complete, execute, and
13 return to the Balloting Agent either an individual Beneficial Owner Ballot or a Master Ballot.

14 **If you are transmitting the votes of any Beneficial Owners of Secured Notes Claims other than**
15 **yourself, you may either:**

16 A. “Prevalidate” the individual Beneficial Owner Ballot contained in the materials sent out in
17 connection with the voting and solicitation of the Plan (collectively, the “Solicitation Package”)
18 and then forward the Solicitation Package to the Beneficial Owner of the Secured Notes Claims
19 for voting within five (5) days after the receipt by such Voting Nominee of the Solicitation
20 Package, with the Beneficial Owner then returning the individual Beneficial Owner Ballot
21 directly to the Balloting Agent in the return envelope to be provided in the Solicitation Package.
22 A Voting Nominee “prevalidates” a Beneficial Owner Ballot by indicating thereon the record
23 holder of the Secured Notes Claims voted, the amount of the Secured Notes held by the
24 Beneficial Owner, and the appropriate account numbers through which the Beneficial Owner’s
25 holdings are derived. The Beneficial Owner shall return the “prevalidated” Beneficial Owner
26 Ballot to the Balloting Agent;

27 OR

28 B. Within three (3) days after receipt of the Solicitation Package by the Voting Nominee, forward
the Solicitation Package to the Beneficial Owner of the Secured Notes Claims for voting
together with a return envelope provided by and addressed to the Voting Nominee, with the
Beneficial Owner then returning the individual Beneficial Owner Ballot to the Voting Nominee.
In such case, the Voting Nominee will tabulate the votes of its respective Beneficial Owners on
a Master Ballot that will be provided to the Voting Nominee separately by the Balloting Agent,
in accordance with any instructions set forth in the instructions to the Master Ballot, and then
return the Master Ballot to the Balloting Agent. The Voting Nominee should advise the
Beneficial Owners to return their individual Beneficial Owner Ballots to the Voting Nominee
by a date calculated by the Voting Nominee to allow it to prepare and return the Master Ballot
to the Balloting Agent so that the Master Ballot is **ACTUALLY RECEIVED** by the Balloting
Agent by the Voting Deadline.

1 With respect to all Beneficial Owner Ballots returned to you, you must properly complete the Master
2 Ballot as follows:

- 3 a. Check the appropriate box in Item 1 on the Master Ballot;
- 4 b. Indicate the votes to accept or reject the Plan in Item 2 of the Master Ballot, as
5 transmitted to you by the Beneficial Owners of the Secured Notes Claims. To identify
6 such Beneficial Owners without disclosing their names, please use the customer
7 account number assigned by you to each such Beneficial Owner, or if no such customer
8 account number exists, please assign a number to each account (making sure to retain a
9 separate list of each Beneficial Owner and the assigned number). **IMPORTANT:**
10 **EACH BENEFICIAL OWNER MUST VOTE ALL OF HIS, HER, OR ITS**
11 **SECURED NOTES CLAIMS EITHER TO ACCEPT OR REJECT THE PLAN,**
12 **AND MAY NOT SPLIT SUCH VOTE. IF ANY BENEFICIAL OWNER HAS**
13 **ATTEMPTED TO SPLIT SUCH VOTE, PLEASE CONTACT THE**
14 **BALLOTING AGENT IMMEDIATELY.** By order of the Bankruptcy Court, any
15 Beneficial Owner Ballot that is signed, dated, and timely received, but does not indicate
16 acceptance or rejection of the Plan will not be counted;
- 17 c. Please note that Item 3 of the Master Ballot requests that you transcribe the information
18 provided by each Beneficial Owner in Item 3 of each completed Beneficial Owner
19 Ballot relating to other Secured Notes Claims voted;
- 20 d. Review the certification in Item 4 of the Master Ballot;
- 21 e. Sign and date the Master Ballot, and provide the remaining information requested;
- 22 f. If additional space is required to respond to any item on the Master Ballot, please use
23 additional sheets of paper clearly marked to indicate the applicable Item of the Master
24 Ballot to which you are responding;
- 25 g. Contact the Balloting Agent if you need any additional information; and
- 26 h. Deliver the completed, executed Master Ballot so as to be received by the Balloting
27 Agent before the Voting Deadline. For each completed, executed Beneficial Owner
28 Ballot returned to you by a Beneficial Owner, either forward such Beneficial Owner
Ballot (along with your Master Ballot) to the Balloting Agent or retain such Beneficial
Owner Ballot in your files for one year from the Voting Deadline.

PLEASE NOTE:

**The Master Ballot is *not* a letter of transmittal and may *not* be used for any purpose other than to
cast votes to accept or reject the Plan.** Holders should not surrender, at this time, certificates representing
their securities. Neither the Plan Proponents nor the Balloting Agent will accept delivery of any such
certificates surrendered together with the Master Ballot.

No Beneficial Owner Ballot nor Master Ballot shall constitute or be deemed a proof of claim or equity
interest or an assertion of a claim or equity interest.

1 No fees, commissions, or other remuneration will be payable to any Voting Nominee for soliciting votes
2 on the Plan. We will, however, reimburse you for reasonable, documented, actual out of pocket expenses
3 incurred by you in forwarding the Beneficial Owner Ballots and other enclosed materials to the Beneficial
4 Owners of the Secured Notes held by you as a Voting Nominee or in a fiduciary capacity and in tabulating the
5 Beneficial Owner Ballots.

6 **NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER**
7 **YOU OR ANY OTHER PERSON THE AGENT OF THE PLAN PROPONENTS OR THE**
8 **BALLOTING AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY**
9 **DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT**
10 **TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE ENCLOSED**
11 **DOCUMENTS.**

12 IF YOU HAVE ANY QUESTIONS REGARDING THE MASTER BALLOT, OR IF YOU DID NOT
13 RECEIVE A RETURN ENVELOPE WITH YOUR MASTER BALLOT, OR IF YOU DID NOT RECEIVE A
14 COPY OF THE DISCLOSURE STATEMENT OR PLAN, OR IF YOU NEED ADDITIONAL COPIES OF
15 THE MASTER BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE PLAN
16 PROPONENTS' BALLOTING AGENT, BMC GROUP, INC. at (888) 909-0100. COPIES OF THE PLAN
17 AND DISCLOSURE STATEMENT CAN BE ACCESSED ON THE BALLOTING AGENT'S WEBSITE AT:
18 WWW.BMCGROUP.COM/PTPC. PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY
19 COURT.
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EXHIBIT F

NOTICE OF NON-VOTING STATUS – UNIMPAIRED CLASSES

NOTICE OF NON-VOTING STATUS – UNIMPAIRED CLASSES

BUSH STROUT & KORNFELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:	07-10340 [Lead Case]
PT HOLDINGS COMPANY, INC., et al.,	Chapter 11
Debtors.	NOTICE OF NON-VOTING STATUS – UNIMPAIRED CLASSES¹

PLEASE TAKE NOTICE THAT on June __, 2007, the United States Bankruptcy Court for the Western District of Washington at Seattle entered an order (the “Order”) approving the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”) filed by PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”). The Order also authorizes the Plan Proponents to solicit votes to accept or reject the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”), a copy of which is annexed as Exhibit A to the Disclosure Statement.

UNDER THE TERMS OF THE PLAN, YOUR CLAIM(S) AGAINST, OR INTERESTS IN, THE DEBTOR(S) IS/ARE NOT IMPAIRED, AND THEREFORE, PURSUANT TO SECTION 1126(F) OF THE BANKRUPTCY CODE, YOU ARE (I) DEEMED TO HAVE ACCEPTED THE PLAN AND (II) NOT ENTITLED TO VOTE ON THE PLAN. IF YOU HAVE ANY QUESTIONS ABOUT THE STATUS OF YOUR CLAIM(S) OR INTERESTS(S), OR YOU WANT TO REQUEST A COPY OF THE PLAN AND DISCLOSURE STATEMENT, YOU SHOULD (I) TELEPHONE THE PLAN PROPONENTS’ BALLOTING AGENT, BMC GROUP, INC. (THE “BALLOTING AGENT”), at (888) 909-0100, (II) WRITE TO SUCH BALLOTING AGENT AT: BMC GROUP, INC., RE: PORT TOWNSEND PAPER CORPORATION, 720 THIRD AVENUE, 23RD FLOOR, SEATTLE, WASHINGTON 98104, OR (III) VIEW SUCH DOCUMENTS BY ACCESSING THE COURT’S WEBSITE: [HTTP://WWW.WAWB.USCOURTS.GOV](http://www.wawb.uscourts.gov). A PACER PASSWORD AND LOGIN ARE NEEDED TO ACCESS DOCUMENTS ON THE COURT’S WEBSITE. A PACER PASSWORD CAN BE OBTAINED AT [HTTP://WWW.PACER.PSC.USCOURTS.GOV](http://www.pacer.psc.uscourts.gov). COPIES OF THE PLAN AND DISCLOSURE STATEMENT MAY ALSO BE ACCESSED ON THE BALLOTING AGENT’S WEBSITE AT [WWW.BMCGROUP.COM/PTPC](http://www.bmcgroup.com/ptpc).

¹ The Unimpaired Classes are as follows: Class 1 (Other Secured Claims), Class 2 (Priority Claims), Class 5 (Intercompany Claims), Class 6 (Workers’ Compensation Claims), Class 8B (PTPC Interests) and Class 8C (Packaging Interests).

NOTICE OF NON-VOTING STATUS – UNIMPAIRED CLASSES

BUSH STROUT & KORNFIELD
LAW OFFICES

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Telephone (206) 292-2110
Facsimile (206) 292-2104

1 DATED: _____, 2007
2 Seattle, Washington

3
4 **BUSH STROUT & KORNFELD**

5 Gayle E. Bush, Esq.
6 Katriana L. Samiljan, Esq.
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8 601 Union Street
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11 Counsel for the Debtors

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Telephone: 206.447.4400

Counsel for the Informal Committee of Senior Secured
Noteholders

EXHIBIT G

NOTICE OF NON-VOTING STATUS – IMPAIRED CLASSES

NOTICE OF NON-VOTING STATUS – IMPAIRED CLASS

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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:	07-10340 [Lead Case]
PT HOLDINGS COMPANY, INC., et al.,	Chapter 11
Debtors.	NOTICE OF NON-VOTING STATUS – IMPAIRED CLASSES¹

PLEASE TAKE NOTICE THAT on June __, 2007, the United States Bankruptcy Court for the Western District of Washington at Seattle entered an order (the “Order”) approving the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”) filed by PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”). The Order also authorizes the Plan Proponents to solicit votes to accept or reject the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”), a copy of which is annexed as Exhibit A to the Disclosure Statement.

UNDER THE TERMS OF THE PLAN, YOU ARE NOT ENTITLED TO RECEIVE OR RETAIN ANY PROPERTY ON ACCOUNT OF YOUR CLAIM(S) AND/OR INTEREST(S) AGAINST THE DEBTOR(S). THEREFORE, PURSUANT TO SECTION 1126(G) OF THE BANKRUPTCY CODE, YOU ARE (I) DEEMED TO HAVE REJECTED THE PLAN AND (II) NOT ENTITLED TO VOTE ON THE PLAN. IF YOU HAVE ANY QUESTIONS ABOUT THE STATUS OF YOUR CLAIM(S) AND/OR INTEREST(S), OR YOU WANT TO REQUEST A COPY OF THE PLAN AND DISCLOSURE STATEMENT, YOU SHOULD (I) TELEPHONE THE PLAN PROPONENTS’ BALLOTING AGENT, BMC GROUP, INC. (THE “BALLOTING AGENT”), at (888) 909-0100, (II) WRITE TO SUCH BALLOTING AGENT AT: BMC GROUP, INC., RE: PORT TOWNSEND PAPER CORPORATION, 720 THIRD AVENUE, 23RD FLOOR, SEATTLE, WASHINGTON 98104, OR (III) VIEW SUCH DOCUMENTS BY ACCESSING THE COURT’S WEBSITE: [HTTP://WWW.WAWB.USCOURTS.GOV](http://www.wawb.uscourts.gov). A PACER PASSWORD AND LOGIN ARE NEEDED TO ACCESS DOCUMENTS ON THE COURT’S WEBSITE. A PACER PASSWORD CAN BE OBTAINED AT [HTTP://WWW.PACER.PSC.USCOURTS.GOV](http://www.pacer.psc.uscourts.gov). COPIES OF THE PLAN AND DISCLOSURE STATEMENT MAY ALSO BE ACCESSED ON THE BALLOTING AGENT’S WEBSITE AT [WWW.BMCGROUP.COM/PTPC](http://www.bmcgroup.com/ptpc).

¹ The Impaired Classes are Class 7 (Subordinated Claims) and Class 8A (PT Holdings Interests).

NOTICE OF NON-VOTING STATUS – IMPAIRED CLASS

BUSH STROUT & KORNFIELD
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1 DATED: _____, 2007
2 Seattle, Washington
3

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6 Katriana L. Samiljan, Esq.
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11 Counsel for the Debtors
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11 and

12 **FOSTER PEPPER PLLC**

13 Jack Cullen, Esq.
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16 Telephone: 206.447.4400

17 Counsel for the Informal Committee of Senior Secured
18 Noteholders
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26

EXHIBIT H

CONFIRMATION HEARING NOTICE

**NOTICE OF (I) APPROVAL OF DISCLOSURE STATEMENT, (II)
DEADLINE FOR VOTING ON THE PLAN, (III) HEARING TO
CONSIDER CONFIRMATION OF THE PLAN, AND (IV) DEADLINE
AND PROCEDURES FOR FILING OBJECTIONS TO CONFIRMATION
OF THE PLAN**

BUSH STROUT & KORNFELD
LAW OFFICES
5500 Two Union Square
601 Union Street
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HEARING DATE: AUGUST 15, 2007
HEARING TIME: 9:30 A.M. (PREVAILING PACIFIC TIME)
LOCATION: COURTROOM 8206
RESPONSE DUE: AUGUST 6, 2007, 4:00 P.M.
(PREVAILING PACIFIC TIME)

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:	07-10340 [Lead Case]
PT HOLDINGS COMPANY, INC., et al.,	Chapter 11
Debtors.	

**NOTICE OF (I) APPROVAL OF DISCLOSURE
STATEMENT, (II) DEADLINE FOR VOTING ON
THE PLAN, (III) HEARING TO CONSIDER
CONFIRMATION OF THE PLAN, AND (IV)
DEADLINE AND PROCEDURES FOR FILING
OBJECTIONS TO CONFIRMATION OF THE
PLAN**

PLEASE TAKE NOTICE that:

A. Approval of Disclosure Statement. On June __, 2007, the United States Bankruptcy Court for the Western District of Washington at Seattle (the “Court”) entered an order (the “Disclosure Statement Order”) approving the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”) filed by PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”). The Disclosure Statement Order also authorizes the Plan Proponents to solicit votes with respect to the acceptance or rejection of the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Plan”), a copy of which is annexed as Exhibit A to the Disclosure Statement. Any capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

B. Confirmation Hearing. A hearing (the “Confirmation Hearing”) to consider confirmation of the Plan will be held at **9:30 a.m. (prevailing Pacific Time) on August 15, 2007**, before the Honorable Samuel J. Steiner, United States Bankruptcy Judge, in Room 8206 of the United States Bankruptcy Court for the Western District of Washington at Seattle, 700 Stewart Street, #6301, Seattle, WA 98101. The Confirmation

**NOTICE OF (I) APPROVAL OF DISCLOSURE STATEMENT, (II)
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OF THE PLAN**

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Facsimile (206) 292-2104

Hearing may be adjourned or continued from time to time without further notice. The Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing.

C. Record Date for Voting Purposes. Pursuant to the Disclosure Statement Order, **June 27, 2007 (the "Record Date")** shall be the record date for determining the holders of Claims and Interests entitled to vote to accept or reject the Plan.

D. Voting Deadline. All votes to accept or reject the Plan must be received by the Debtors' balloting agent, BMC Group, Inc. (the "Balloting Agent"), by no later than **4:00 p.m. (prevailing Pacific Time) on August 6, 2007**. Any failure to follow the voting instructions included with your Ballot may disqualify your Ballot and your vote.

E. Parties in Interest Not Entitled to Vote. Holders of unimpaired claims or interests and holders of claims or interests in a class that is not entitled to receive any distribution under the Plan are not entitled to vote on the Plan.

F. Objections to Confirmation. Any party in interest objecting to the Plan shall file objections on or before **August 6, 2007 at 4:00 p.m. (prevailing Pacific Time)**. Any objection to confirmation must: (i) be in writing; (ii) state the name and address of the objecting party and the nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection or proposed modification to the Plan; (iv) be filed with the Court; and (v) be served on (i) Bush Strout & Kornfeld, counsel for the Debtors, 601 Union Street, Seattle, WA, 98101-2373 (Attn: Gayle E. Bush, Esq.); (ii) (a) Akin Gump Strauss Hauer & Feld LLP, counsel for the Informal Committee, 1333 New Hampshire Avenue, N.W., Washington DC 20036 (Attn: James R. Savin, Esq.) and (b) Foster Pepper PLLC, counsel for the Informal Committee, 1111 3rd Avenue, Suite 3400, Seattle, WA 98101 (Attn: Jack Cullen, Esq.); (iii) Graham & Dunn PC, counsel for the Creditors' Committee, Pier 70, 2801 Alaskan Way, Suite 300, Seattle, WA 98121 (Attn: Mark D. Northrup, Esq.); (iv) (a) Ropes & Gray, LLP, counsel for the DIP Lenders, 1211 Avenue of the Americas, New York, NY 10036-8704 (Attn: Mark Somerstein, Esq.) and (b) Riddell Williams, P.S., counsel for the DIP Lenders, 1001 Fourth Avenue, Suite 4500, Seattle, WA 98154 (Attn: Joseph E. Shickich, Jr., Esq.); and (v) the Office of the U.S. Trustee, 700 Stewart Street, Suite 5103, Seattle, WA 98101 (Attn: Martin L. Smith, Esq.). **IF ANY OBJECTION TO CONFIRMATION OF THE PLAN IS NOT FILED AND SERVED STRICTLY AS PRESCRIBED HEREIN, THE OBJECTING PARTY MAY BE BARRED FROM OBJECTING TO CONFIRMATION OF THE PLAN AND MAY NOT BE HEARD AT THE HEARING.** The Debtors and the Informal Committee may serve replies to such responses or objections by August 13, 2007.

G. Temporary Allowance Motion Deadline. Pursuant to Federal Rule of Bankruptcy Procedure 3018(a), and except as otherwise noted in the Disclosure Statement Order, **July 25, 2007 at 4:00 p.m. (prevailing Pacific Time)** (the "Temporary Allowance Motion Deadline") is fixed as the last date and time for filing and serving motions pursuant to Fed. R. Bankr. P. 3018(a) ("Temporary Allowance Motions") seeking temporary allowance of claims for the purpose of voting to accept or reject the Plan. Temporary Allowance Motions must be filed and served so that they are RECEIVED no later than the Temporary Allowance Motion Deadline. Temporary Allowance Motions that are not timely filed and served shall not be considered and the claims referred to therein shall not be counted in determining whether any Plan has been accepted or rejected. The Court will conduct a hearing beginning on August 1, 2007 at _____.m. (prevailing Pacific Time) (the "Temporary Allowance Motion Hearing Date") to consider all temporary allowance motions.

H. Releases, Exculpations, and Injunctive Relief. The Disclosure Statement describes, and the Plan includes, the following releases, exculpations, and injunctive relief:

- *Each holder of a Secured Notes Claim and the Indenture Trustee shall be deemed to have forever waived, released, and discharged the Non-Debtor Affiliates of any Liens, Claims, claims, causes of action, rights, or liabilities arising from the Guarantees granted to the holders of the Secured Notes Claims under the Indenture as well as any Secured Notes Deficiency Claims. In addition, the Confirmation Order shall authorize and direct the Indenture Trustee to take whatever action may be necessary or appropriate, in its reasonable discretion, to effectuate the foregoing, including, without limitation, providing a release of the Liens. (Section 10.3 of the Plan).*
- *On the Effective Date, and to the greatest extent permissible by law, (i) the Debtors and Reorganized Debtors, on behalf of themselves and their estates, (ii) all of the Debtors' respective officers, directors, employees, legal and financial advisors, and other representatives of the Debtors who served in such capacity on or subsequent to the Filing Date, in their capacity as such, (iii) all shareholders of the Debtors as of the Filing Date, including, without limitation, Northwest Capital, in its capacity as such and (iv) the members of the Informal Committee including their legal and financial advisors, in their capacity as such (collectively clauses (i) through (iv) being the "Released Parties", and each a "Released Party"), shall be deemed to and hereby unconditionally and irrevocably release each other from any and all claims or Causes of Action, known or unknown, relating to any pre-Filing Date acts or omissions, except that no Released Party shall be released from any act or omission that constitutes willful misconduct or fraud. (Section 10.4 of the Plan).*
- *The Debtors, the Reorganized Debtors, the Non-Debtor Affiliates, Northwest Capital, in its capacity as a shareholder of PT Holdings, the Informal Committee, the members of the Informal Committee in their capacities as such, the Indenture Trustee, in its capacity as such, the DIP Lenders, the Backstop Parties, and the Exit Financing Participants, and any of such parties' respective current and/or post-Filing Date and pre-Effective Date members, officers, directors, employees, advisors, attorneys, representatives, financial advisors, investment bankers, or agents and any of such parties' successors and assigns, shall not have or incur, and are hereby released from, any claim, obligation, cause of action, or liability to one another or to any Holder of any Claim or Interest, or any other party-in-interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Bankruptcy Cases, the negotiation and filing of this Plan, the filing of the Bankruptcy Cases, the pursuit of confirmation of this Plan, the consummation of the Plan, or the administration of this Plan or the property to be distributed under this Plan, except for their willful misconduct or fraud, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under this Plan. (Section 10.6 of the Plan).*
- *Except as otherwise expressly provided herein or in the Confirmation Order, all Persons or entities who have held, hold, or may hold Claims against or Interests in the Debtors are permanently enjoined, from and after the Effective Date, from: (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Interest against any of the Reorganized Debtors or the Non-Debtor Affiliates on account of such Claims or Interests; (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against any Reorganized Debtor or Non-Debtor Affiliate with respect to such Claim or Interest; (iii) creating, perfecting, or enforcing*

any encumbrance of any kind against any Reorganized Debtor or Non-Debtor Affiliate or against the property or interests in property of any Reorganized Debtor or Non-Debtor Affiliate with respect to such Claim or Interest; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation owed to any Reorganized Debtor or Non-Debtor Affiliate or against the property or interest in property of any Reorganized Debtor or Non-Debtor Affiliate with respect to such Claim or Interest; and (v) pursuing any claim released pursuant to this section 11 of this Plan. (Section 10.7 of the Plan).

I. Additional Information. Any party in interest wishing to obtain information about the solicitation procedures or copies of the Disclosure Statement or the Plan should (i) telephone the Balloting Agent at (888) 909-0100, (ii) write to the Balloting Agent at BMC Group, Inc., Re: Port Townsend Paper Corporation, 720 Third Avenue, 23rd Floor, Seattle, Washington 98104, or (iii) view such documents by accessing the Court's website: <http://www.wawb.uscourts.gov>. A PACER password and login are needed to access documents on the Court's website. A PACER password can be obtained at <http://www.pacer.psc.uscourts.gov>. Copies of the Plan and Disclosure Statement may also be accessed on the Balloting Agent's website at www.bmcgroup.com/ptpc.

J. Names of Debtors. The names of each Debtor and their respective case numbers are as follows:

PT Holdings Company, Inc.	07-10340 (SJS)
PT Packaging Co., Inc.	07-10341 (SJS)
Port Townsend Paper Corporation	07-10342 (SJS)

DATED: _____, 2007
Seattle, Washington

BUSH STROUT & KORNFELD

Gayle E. Bush, Esq.
Katriana L. Samiljan, Esq.
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone: 206.292.2110

Counsel for the Debtors

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FOSTER PEPPER PLLC

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Counsel for the Informal Committee of Senior Secured Noteholders

NOTICE OF (I) APPROVAL OF DISCLOSURE STATEMENT, (II) DEADLINE FOR VOTING ON THE PLAN, (III) HEARING TO CONSIDER CONFIRMATION OF THE PLAN, AND (IV) DEADLINE AND PROCEDURES FOR FILING OBJECTIONS TO CONFIRMATION OF THE PLAN

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EXHIBIT I

PUBLICATION NOTICE

**NOTICE OF (I) APPROVAL OF DISCLOSURE STATEMENT, (II)
DEADLINE FOR VOTING ON THE PLAN, (III) HEARING TO
CONSIDER CONFIRMATION OF THE PLAN, AND (IV) DEADLINE
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FO THE PLAN**

BUSH STROUT & KORNFELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

HEARING DATE: AUGUST 15, 2007
HEARING TIME: 9:30 A.M. (PREVAILING PACIFIC TIME)
LOCATION: COURTROOM 8206
RESPONSE DUE: AUGUST 6, 2007 AT 4:00 P.M. (PREVAILING PACIFIC TIME)

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re: 07-10340 [Lead Case]
PT HOLDINGS COMPANY, INC., et al., Chapter 11
Debtors.

**NOTICE OF (I) APPROVAL OF DISCLOSURE
STATEMENT, (II) DEADLINE FOR VOTING ON THE
PLAN, (III) HEARING TO CONSIDER CONFIRMATION OF
THE PLAN, AND (IV) DEADLINE AND PROCEDURES FOR
FILING OBJECTIONS TO CONFIRMATION OF THE PLAN**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On June __, 2007, the United States Bankruptcy Court for the Western District of Washington at Seattle (the “Court”) entered an order (the “Disclosure Statement Order”) approving the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (as it may be modified or amended from time to time, the “Disclosure Statement”) filed by PT Holdings Company, Inc., Port Townsend Paper Corporation, and PTPC Packaging Co., Inc., debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), jointly with the Informal Committee of Senior Secured Noteholders (the “Informal Committee”, and together with the Debtors, the “Plan Proponents”).

2. The Court established **August 6, 2007 at 4:00 p.m. (prevailing Pacific Time)** as the deadline (the “Voting Deadline”) by which all ballots accepting or rejecting the Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated June 20, 2007 (including all exhibits thereto and as the same may be modified or amended from time to time, the “Plan”) must be received.

3. On **August 15, 2007 at 9:30 a.m. (prevailing Pacific Time)**, or as soon thereafter as counsel may be heard, a hearing will be held before the Honorable Samuel J. Steiner, United States Bankruptcy Judge, in Room 8206 of the United States Bankruptcy Court for the Western District of Washington at Seattle, 700 Stewart Street, #6301, Seattle, WA 98101 to consider confirmation of the Plan, and for such other and further relief as may be just (the “Confirmation Hearing”). The Confirmation Hearing may be adjourned or continued from time to time without further notice.

4. *Article X of the Plan contains certain releases, including releases by third parties of non-Debtor entities, exculpations and injunctive relief. You will be bound by the releases, exculpations, and injunctive relief under certain circumstances regardless of whether you vote to accept or reject the Plan.*

**NOTICE OF (I) APPROVAL OF DISCLOSURE STATEMENT, (II)
DEADLINE FOR VOTING ON THE PLAN, (III) HEARING TO
CONSIDER CONFIRMATION OF THE PLAN, AND (IV) DEADLINE
AND PROCEDURES FOR FILING OBJECTIONS TO CONFIRMATION
FO THE PLAN**

BUSH STROUT & KORNFIELD
LAW OFFICES
5500 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

5. Any party in interest objecting to the Plan shall file objections on or before **August 6, 2007 at 4:00 p.m. (prevailing Pacific Time)**. Any objection to confirmation must: (i) be in writing; (ii) state the name and address of the objecting party and the nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection or proposed modification to the Plan; (iv) be filed with the Court; and (v) be served on (i) Bush Strout & Kornfeld, counsel for the Debtors, 601 Union Street, Seattle, WA, 98101-2373 (Attn: Gayle E. Bush, Esq.); (ii) (a) Akin Gump Strauss Hauer & Feld LLP, counsel for the Informal Committee, 1333 New Hampshire Avenue, N.W., Washington DC 20036 (Attn: James R. Savin, Esq.) and (b) Foster Pepper PLLC, counsel for the Informal Committee, 1111 3rd Avenue, Suite 3400, Seattle, WA 98101 (Attn: Jack Cullen, Esq.); (iii) Graham & Dunn PC, counsel for the Creditors' Committee, Pier 70, 2801 Alaskan Way, Suite 300, Seattle, WA 98121 (Attn: Mark D. Northrup, Esq.); (iv) (a) Ropes & Gray, LLP, counsel for the DIP Lenders, 1211 Avenue of the Americas, New York, NY 10036-8704 (Attn: Mark Somerstein, Esq.) and (b) Riddell Williams, P.S., counsel for the DIP Lenders, 1001 Fourth Avenue, Suite 4500, Seattle, WA 98154 (Attn: Joseph E. Shickich, Jr., Esq.); and (v) the Office of the U.S. Trustee, 700 Stewart Street, Suite 5103, Seattle, WA 98101 (Attn: Martin L. Smith, Esq.).

6. Any party in interest wishing to obtain information about the solicitation procedures or copies of the Disclosure Statement or the Plan should (i) telephone the Balloting Agent at (888) 909-0100, (ii) write to the Balloting Agent at BMC Group, Inc., Re: Port Townsend Paper Corporation, 720 Third Avenue, 23rd Floor, Seattle, Washington 98104, or (iii) view such documents by accessing the Court's website: <http://www.wawb.uscourts.gov>. A PACER password and login are needed to access documents on the Court's website. A PACER password can be obtained at <http://www.pacer.psc.uscourts.gov>. Copies of the Plan and Disclosure Statement may also be accessed on the Balloting Agent's website at www.bmcgroup.com/ptpc.

DATED: _____, 2007
Seattle, Washington

BUSH STROUT & KORNFELD

Gayle E. Bush, Esq.
Katriana L. Samiljan, Esq.
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Telephone: 206.447.4400

Counsel for the Informal Committee of Senior Secured
Noteholders

EXHIBIT B

COMMITMENT LETTER FOR EXIT FACILITIES

EXECUTION COPY

THALES HOLDINGS, LTD.
GOLDENTREE ASSET MANAGEMENT, LP

June 20, 2007

PT Holdings Company, Inc.
100 Paper Mill Hill Road
Port Townsend, WA 98368

Re: Exit Financing

Ladies and Gentlemen:

Reference is made to the chapter 11 bankruptcy cases, lead case no. 07-10340 (the "Bankruptcy Cases"), currently pending before the United States Bankruptcy Court for the Western District of Washington (the "Bankruptcy Court"), in which PT Holdings Company, Inc. and certain of its affiliates are debtors and debtors in possession (collectively, the "Debtors"). Reference is further made to (i) the Disclosure Statement for the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders (the "Disclosure Statement") and (ii) the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of the Senior Secured Noteholders (as it may be modified or amended from time to time, the "Plan"). Capitalized terms used in this letter agreement (the "Commitment Letter") and not otherwise defined shall have the meanings provided in the Plan or the term sheet annexed hereto as Exhibit A (the "Term Sheet").

We understand that the Debtors propose to obtain exit financing required for the emergence of the Debtors from chapter 11 by offering (the "Offering") to eligible holders of Secured Note Claims (the "Offerees") a right to participate in a \$35 million term loan facility and a \$25 million preferred equity and warrant investment (together, the "Exit Facilities") as described in the Term Sheet. Pursuant to the Plan, each Offeree will receive an offer to participate in the Offering up to their respective *pro rata* holdings and will be required to accept such offer by the voting deadline to accept or reject the Plan in accordance with the procedures established in the Disclosure Statement (the "Offer Deadline"). For purposes of this Commitment Letter, the term "*pro rata*" means (x) the total principal amount of Secured Notes held by such Offeree divided by (y) the aggregate principal amount of Secured Notes outstanding.

To provide assurance that the Offering will be fully subscribed, the undersigned (collectively, the "Backstop Parties") hereby commit, severally and not jointly, to backstop the

Exit Facilities (the "Backstop Commitment") in the respective percentages set forth on Exhibit B, and on the terms described herein and the Term Sheet.

In consideration for the Backstop Commitment, the Company will pay to the Backstop Parties, an amount in cash equal to 1.5% of the Initial Term Loan Commitment and 1.5% of the Equity Commitment (together, the "Standby Commitment Fee"). Subject to the provisions below, the Standby Commitment Fee shall be deemed fully earned on the date of the entry of the Approval Order, regardless of whether the Offering is fully subscribed by eligible holders of the Senior Note Claims and regardless of whether the Exit Facilities are consummated. The Standby Commitment Fee shall be either (i) paid in cash as an allowed administrative expense claim upon the termination of this agreement; provided, that the Standby Commitment Fee shall not be payable in the event that this agreement is terminated by the Backstop Parties other than on account of a material breach by the Debtors of their obligations hereunder, or (ii) applied as a discount to the securities acquired by the Backstop Parties under the Exit Facilities. The Standby Commitment Fee shall be paid or applied as a discount to each Backstop Party in proportion to the percentages specified on Exhibit B annexed hereto. The Debtors agree that the Standby Commitment Fee shall be nonrefundable and that the Standby Commitment Fee and any other payments hereunder shall be paid without setoff or recoupment and shall not be subject to defense or offset on account of any claim, defense or counterclaim. All Standby Commitment Fee and other amounts payable hereunder shall be paid in immediately available funds.

Various terms essential to the Exit Facilities must still be developed and agreed upon, and we specifically reserve the right to approve all terms and conditions and to propose additional terms. In particular, the Term Sheet does not purport to include all of the conditions, covenants, closing conditions, representations, warranties, defaults, definitions and other terms that would be contained in the definitive documents for the Exit Facilities. This Backstop Commitment is subject to the negotiation, execution and delivery of definitive documentation satisfactory in form and substance to the Backstop Parties and their counsel. Furthermore, all matters relating to the confirmation and consummation of the Plan, including, without limitation, the form of the Plan as ultimately confirmed by the Bankruptcy Court and the terms of the Exit Facilities and of any guarantees and intercreditor arrangements relating to other indebtedness of Debtors must be in form and substance satisfactory to the Backstop Parties and their counsel.

The agreement of the Backstop Parties hereunder is conditioned upon the entry of an order of the Bankruptcy Court on or before June 28, 2007, in form and substance satisfactory to the Backstop Parties and their counsel, approving the Commitment Letter and Term Sheet, including the Standby Commitment Fee and the payment of expenses pursuant to the expense reimbursement provisions provided in this Commitment Letter, which order shall become a final order not subject to stay, appeal or modification on or before July 9, 2007 (the "Approval Order").

The obligation of the Backstop Parties hereunder is further conditioned on the terms and conditions set forth in the Term Sheet, as well as the entry by the Bankruptcy Court of an order (which has become final) confirming the Plan (with such changes as are satisfactory to the Backstop Parties and their counsel) (the Plan in the form confirmed by the Bankruptcy Court, the "Confirmed Plan"), and the effectiveness of such Confirmed Plan, on or before September 15, 2007.

The obligation of the Backstop Parties is further conditioned upon the absence, at Closing, of: (a) any material adverse change in the business, assets, financial condition, income or prospects of the Debtors and its subsidiaries, taken as a whole, since the Petition Date, excluding any such material adverse change of which the Backstop Parties have actual knowledge as of the date hereof (it being understood and agreed that the failure of the Debtors and their subsidiaries to operate, or the likelihood that the Debtors and their subsidiaries will fail to continue to operate, in accordance with the projections previously provided to the Backstop Parties and dated as of June 15, 2007, shall be deemed to be a material adverse change under this clause (a)), and (b) any material misstatements in or omissions from the materials that have previously been, or may hereafter be, furnished by the Debtors to the Backstop Parties for their review.

Whether or not (a) the transactions contemplated hereby are consummated or (b) the Standby Commitment Fee is payable, the Debtors agree to: (y) pay within 10 days of demand the reasonable and documented fees, expenses, disbursements and charges of the Backstop Parties incurred previously or in the future relating to the exploration and discussion of alternative financing structures to the Backstop Commitment or to the preparation and negotiation of this Commitment Letter, the Term Sheet and the proposed documentation and the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and expenses of counsel to the Backstop Parties, and (z) indemnify and hold harmless the Backstop Parties and their respective general partners and the respective officers, employees, affiliates, advisors, agents, attorneys, accountants, consultants of each such entity and to hold the Backstop Parties and such other persons and entities (each an "Indemnified Person") harmless from and against any and all losses, claims, damages, liabilities and expenses, joint or several, which any such person or entity may incur, have asserted against it or be involved in as a result of or arising out of or in any way related to this letter, the matters referred to herein, the Term Sheet, the proposed Backstop Commitment contemplated hereby, the use of proceeds thereunder or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any of such indemnified persons is a party thereto, and to reimburse each of such indemnified persons upon 10 days of demand for any legal or other expenses incurred in connection with any of the foregoing; provided, however, that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they have resulted from the bad faith, willful misconduct or gross negligence of such indemnified person. Notwithstanding any other provision of this letter, no Indemnified Person will be liable for any special, indirect, consequential or punitive damages in connection with its activities related to the Backstop Commitment and the Exit Facilities. The terms set forth in this paragraph survive termination of this Commitment Letter and shall remain in full force and effect regardless of whether the documentation for the Exit Facilities is executed and delivered.

This letter (a) is not assignable by the Debtors without the prior written consent of the Backstop Parties (and any purported assignment without such consent shall be null and void), and (b) is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto. Notwithstanding the foregoing, the Backstop Parties may assign all or any portion of their obligations hereunder to one or more financial institutions reasonably acceptable to the Debtors (provided, that no Debtors consent shall be required for such an assignment to a fund affiliated with the Backstop Parties). Upon any such assignment (other than an assignment without the

Debtors' consent), the obligations of the Backstop Parties in respect of the portion of their obligations so assigned shall terminate.

This Commitment Letter sets forth the agreement of the Backstop Parties to fund the Backstop Commitment on the terms described herein and shall be considered withdrawn if the Backstop Parties have not received from the Debtors a fully executed counterpart to this Commitment Letter on or before 5:00 p.m. on June 21, 2007.

This Commitment Letter will be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

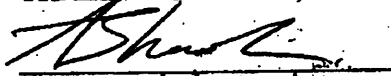
This Commitment Letter may not be amended or waived except in writing signed by the Debtors and the Backstop Parties. This Commitment Letter may be executed in any number of counterparts, each of which will be an original, and all of which, when taken together, will constitute one agreement. Delivery of an executed counterpart of this Commitment Letter by facsimile will be effective as delivery of a manually executed counterpart of this letter.

This Commitment Letter constitutes the entire understanding among the parties hereto with respect to the subject matter hereof and replaces and supersedes all prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof and shall become effective and binding upon (i) the mutual exchange of fully executed counterparts and (ii) the entry of the Approval Order.

If the foregoing is in accordance with your understanding of our agreement,
please sign this letter in the space indicated below and return it to us.

Very truly yours,

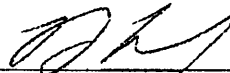
THALES HOLDINGS, LTD.



Name: Abdel Shaban
Title: Portfolio Manager

[Signatures continue on following pages]

GOLDENTREE ASSET MANAGEMENT, LP
not in its individual and principal capacity, but as
Investment Advisor on behalf of one or more managed
clients



Name: Barry R. Holz
Title: General Counsel

[Signatures continue on following page]

The foregoing is hereby
agreed to and accepted:

PORT TOWNSEND PAPER CORPORATION

By: _____
Name:
Title:

PT HOLDINGS COMPANY, INC.

By: _____
Name:
Title:

PTPC PACKAGING CO., INC.

By: _____
Name:
Title:

Dated: June __, 2007

EXHIBIT A

PORT TOWNSEND PAPER CORPORATION

EXIT FINANCING TERM SHEET

JUNE 20, 2007

The Exit Financing Term Sheet (the "Term Sheet") is not a binding agreement. The contemplated financing, including all terms and conditions related thereto, described in the Term Sheet is subject to, among other things, definitive documentation. Accordingly, the terms and conditions set forth herein may change.

Exit Financing Proposal Overview

- Borrower:** Reorganized Port Townsend Paper Corporation, Reorganized PT Holdings Company, Inc. and all of their direct and indirect domestic subsidiaries (each a "Borrower" and collectively, the "Borrowers") on a joint and several basis.
- Facilities:** (i) an initial \$35 million term loan (the "Initial Term Loan"), (ii) an additional term loan up to \$10 million (the "Additional Term Loan" together with the Initial Term Loan, the "Term Loans"), and (iii) a \$25 million preferred equity investment (the "Preferred Equity Investment" and together with the Term Loans, the "Facilities").
- Use of Proceeds:** Proceeds from the Initial Term Loan and the Preferred Equity Investment shall be used to (i) refinance the Company's debtor-in-possession credit facility, (ii) provide funding for payments required under and in connection with the Plan (defined below), and (iii) provide working capital and for other general corporate purposes. Proceeds from the Additional Term Loan shall be used to redeem the Series A Preferred as described more fully herein.
- Backstop Parties:** Certain holders identified in Appendix A (each a "Backstop Party" and collectively, the "Backstop Parties") of the 11% Senior Notes due 2011 issued by Port Townsend Paper Corporation and guaranteed by all of its affiliates and subsidiaries (collectively, the "Secured Notes").
- Backstop Commitment:** The Backstop Parties commit to fully fund (i) the \$35 million Initial Term Loan (the "Initial Term Loan Commitment"), (ii) the \$10 million Additional Term Loan (the "Additional Term Loan Commitment" and together with the Initial Term Loan Commitment, the "Term Loan Commitment"), and (iii) the \$25 million Preferred Equity Investment (the "Preferred Equity Commitment") on a several, and not joint, basis.

Standby Commitment Fee:	1.5% on the Initial Term Loan Commitment and 1.5% on the Preferred Equity Commitment (together, the " <u>Standby Commitment Fee</u> ") which shall be fully earned upon approval by the U.S. Bankruptcy Court for the Western District of Washington (the " <u>Bankruptcy Court</u> "). The Standby Commitment Fee shall be either (i) paid in cash as an allowed administrative expense claim upon the termination of the Backstop Commitment, subject to the terms of the Commitment Letter, or (ii) applied as a discount to the securities acquired by the Backstop Parties under the Facilities.
Closing Date:	The Effective Date of the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders, dated February 28, 2007 (as it may be modified or amended from time to time, the " <u>Plan</u> ").
Participation:	Any eligible holder of the Senior Notes may elect to participate, up to its respective pro rata holdings, in the Facilities (the " <u>Financing Participants</u> "). Such right will be subject to appropriate investor representations to establish the availability of an exemption from any securities law registration requirements and will be exercisable until the voting deadline to accept or reject the Plan.
Conditions Precedent:	<p>On the Closing Date, the following conditions precedent, without limitation, shall have been satisfied or waived in writing by the Financing Participants:</p> <ul style="list-style-type: none"> • the Debtors shall have amended the Plan and Disclosure Statement in a manner consistent with this Term Sheet, which Plan and Disclosure Statement, as amended, shall be in form and substance satisfactory to the Backstop Parties in their sole discretion; • all documentation relating to the Facilities including, without limitation, a loan and security agreement, stock purchase agreement, and any otherwise customary or appropriate agreement or document shall be executed and delivered in form and substance satisfactory to the Backstop Parties in their sole discretion; • the Bankruptcy Court shall have entered an order, in form and substance satisfactory to the Backstop Parties in their sole discretion (the "<u>Approval Order</u>"), authorizing the Company to execute the Commitment Letter and approving, without limitation, the Standby Commitment Fee, the fees and expenses of the Backstop Parties, and the indemnification provisions set forth therein and authorizing and approving this Term Sheet and the transactions contemplated herein, including, without limitation, the granting of the security interests and liens and the payment of all consideration and fees referred to herein, which order shall be in full force and effect and shall not have been reversed, vacated or stayed and shall not have been amended, supplemented or otherwise modified without the prior written consent of the Backstop Parties (which consent may be withheld in their sole discretion);

- all motions and other documents to be filed with and submitted to the Bankruptcy Court in connection with the Facilities (including, without limitation, the Approval Order) shall be in form and substance satisfactory to the Backstop Parties in their sole discretion;
- except for the filing of the Cases, there shall have occurred no material adverse effect on any of (i) business, assets, financial condition, income or prospects of the Debtors and its subsidiaries, taken as a whole, since the Petition Date, excluding any such material adverse effect of which the Backstop Parties have actual knowledge of as of the date hereof (it being understood and agreed that the failure of the Debtors and their subsidiaries to operate, or the likelihood that the Debtors and their subsidiaries will fail to continue to operate, in accordance with the projections previously provided to the Backstop Parties and dated as of June 15, 2007, shall be deemed to be a material adverse change under this clause (i)), (ii) the ability of any Debtors to perform its obligations under the operative documents, or (iii) the ability of the Agent and the Financing Participants to enforce the operative documents (any of the foregoing being a "Material Adverse Change");
- governmental and third party consents and approvals necessary in connection with the Facilities and the transactions contemplated thereby shall have been obtained and shall remain in effect;
- all fees and expenses (including, without limitation, reasonable fees and expenses of counsel) of the Agent and/or the Financing Participants shall have been paid; and
- the making of the Term Loans and Preferred Equity Investment shall not violate any requirement of applicable law and shall not be enjoined, temporarily, preliminarily or permanently.

Termination of Commitments:

The Term Loan Commitment and Preferred Equity Commitment shall terminate and all of the obligations of the parties thereto (other than the obligations of the Debtors to pay the reimbursable expenses and to satisfy its indemnification obligations) shall be of no further force or effect, upon the giving of written notice of termination by the Financing Participants, in the event that any of the following occurs, each of which may be waived in writing by the Financing Participants:

- the Bankruptcy Court fails to enter the Approval Order on or before June 28, 2007;
- the Approval Order does not become final on or before July 9, 2007;
- the Debtors and the Financing Participants shall fail to agree upon the form of definitive documentation on or before September 5, 2007;
- the Plan shall not have become effective on or before September 15, 2007;

- there is a modification to any provision of the Plan or the Disclosure Statement that is inconsistent with the terms and conditions set forth in the Term Sheet, without the prior written consent of the Financing Participants, or the Debtors shall withdraw, or file a motion to withdraw, the Plan, on terms not acceptable to the Financing Participants;
- the conversion of one or more of the chapter 11 cases to a case under chapter 7 of the Bankruptcy Code;
- the appointment of a trustee, receiver, examiner with expanded powers, or similar fiduciary in one or more of the chapter 11 cases;
- one or more of the Conditions Precedent is not satisfied (unless waived by the Financing Participants) or becomes impossible to satisfy on or before the Effective Date;
- 10 days after the receipt of written notice of termination by the Debtors from the Financing Participants, if the Debtors fail to perform in any material respect any obligations hereunder and such failure remains uncured at the conclusion of such ten-day period; and
- at any time after the occurrence of a Material Adverse Change.

Term Loan Facility

Borrower:	Reorganized Port Townsend Paper Corporation, Reorganized PT Holdings Company, Inc. and all of their direct and indirect domestic subsidiaries, on a joint and several basis.
Lenders:	The Financing Participants.
Administrative Agent:	Wells Fargo, N.A.
Collateral Agent:	Wells Fargo, N.A.
Term Loan Commitment:	(i) \$35 million on the Closing Date and (ii) an additional amount of up to \$10 million in connection with the partial redemption of the Series A Preferred as set forth below.
Interest:	Cash interest of L+700 bps, paid quarterly in arrears, calculated on an actual/360 day basis.
Default Interest:	Cash interest at an additional 2.0% per annum, calculated on an actual/360 day basis.
Funding Discount:	The Financing Participants shall acquire the notes under the Term Loan facility at a discount equal to 1.0% of the Term Loan Commitment.
Standby Commitment Fee:	As consideration for the Backstop Commitment, the Backstop Parties shall receive, in their respective pro rata shares, 1.5% of the Initial Term Loan Commitment which shall be either (i) paid in cash as an allowed administrative expense claim upon the termination of the Backstop Commitment, subject to the terms of

the Commitment Letter, or (ii) applied as a further discount to the notes acquired by the Backstop Parties under the Term Loans. The Standby Commitment Fee, once paid or applied, shall not be refundable.

Prepayment Premium: 2.0% of the Term Loan Commitment (the “Prepayment Premium”) upon acceleration or prepayment (optional or mandatory).

Optional Prepayment: At any time in increments of \$500,000.

Mandatory Prepayment: Customary and appropriate mandatory prepayment events, including in the event of a “Change of Control” (to be defined) and, out of net proceeds of debt and equity issuances (with mutually agreed upon exceptions), asset sales and casualty events (subject to mutually agreed reinvestment rights).

In addition, the Company shall use the net proceeds from any sale-leaseback transaction of the Richmond Facility that are not used to redeem the Series A Preferred to prepay the Initial Term Loan; including the Prepayment Premium; provided, that such net proceeds shall be applied first to the redemption of the Series A Preferred (rather than the prepayment of the Initial Term Loan) unless there is a default or event of default pending at the time of the receipt of such net proceeds, including after giving pro forma effect to such receipt and application, except to the extent the majority holders of the Initial Term Loan consent to such application. In the event that the proceeds of such sale leaseback transaction are applied to redeem Series A Preferred and the net proceeds from such sale-leaseback transaction is not sufficient to fully redeem the Series A Preferred, subject to the consent of the majority holders of the Initial Term Loan, the Company may draw the Additional Term Loan to the extent required to fully redeem the Series A Preferred.

Guarantees: All foreign subsidiaries of the Borrowers.¹

Term: 5 Years.

Security: The Term Loans will be secured by (i) a fully perfected, first priority lien on the PP&E of the Borrowers and (ii) a fully perfected, second priority lien on the working capital assets of the Borrowers; provided, however, the Richmond Facility lease will be specifically excluded from the collateral package.

Covenants: The definitive documentation shall contain covenants customarily included in agreements for similar financings.

Representations and Warranties: The definitive documentation shall contain representations and warranties customarily included in agreements for similar financings.

¹ The Debtors and the Backstop Parties may agree to eliminate the guarantees and may amend the Term Sheet to provide for a stock pledge of the foreign subsidiaries.

Transferability: The Term Loans will be freely assignable, in whole or in part, subject only to compliance with applicable law.

New Preferred Equity Investment

Issuer: Reorganized PT Holdings, Inc.

Type of Security: Series A Preferred Stock ("Series A Preferred"). Series A Preferred will, with respect to dividend rights and rights on liquidation, rank senior to the common stock of the Issuer.

Issue Amount: \$25 million.

Purchasers: The Financing Participants.

Accruals: PIK accruals of 20.0%, compounding semi-annually, commencing December 31, 2007.

Liquidation Preference: Upon any liquidation, dissolution or winding up of the Issuer, whether voluntary or involuntary (a "Liquidation Event"), the holder of Series A Preferred shall be entitled to receive, on a preferred basis prior to any distribution to the holders of common stock of the Issuer, an amount of cash per share equal to the original issue price, plus accruals.

Unless the holders of a majority of the shares of Series A Preferred determine otherwise, a Change of Control (to be defined) shall be deemed a Liquidation Event.

Funding Discount: The Financing Participants shall acquire the Series A Preferred at a discount equal to 1.0% of the Preferred Equity Commitment.

Standby Commitment Fee: As consideration for the Backstop Commitment, the Backstop Parties shall receive, in their respective pro rata shares, 1.5% of the Preferred Equity Commitment which shall be either (i) paid in cash as an allowed administrative expense claim upon the termination of the Backstop Commitment, subject to the terms of the Commitment Letter, or (ii) applied as a further discount to the Series A Preferred acquired by the Backstop Parties pursuant to the Preferred Equity Commitment. The Standby Commitment Fee, once paid or applied, shall not be refundable.

Term: 5 years.

Mandatory Redemption: On the fifth anniversary of the Closing Date, the Issuer shall redeem for cash all the then outstanding shares of the Series A Preferred in an amount of cash per share equal to the original issue price, plus accruals.

In addition, subject to the restrictions imposed under the Term Loan documentation described above, the Company shall use the net proceeds from any sale-leaseback transaction of the Richmond Facility and, to the extent available, simultaneously with such application, the proceeds of any Additional Term Loan, to redeem Series A Preferred at the Redemption Price.

Optional Redemption:

At any time, the Issuer may redeem the Series A Preferred for cash in an amount equal to 104% of the original issue price, plus accruals (the "Redemption Price"); provided, however, no optional redemption shall be permitted unless the Initial Term Loan is paid in full on or before the date of such optional redemption.

Board Representation:

The Issuer's board of directors shall consist of five directors. The holders of a majority of the Series A Preferred shall be entitled to elect one representative to the Issuer's board of directors.

Protective Covenants:

The Series A Preferred will have consent rights over fundamental transactions and other non-ordinary course events, including without limitation:

- creation or issuance (by reclassification, merger, consolidation, reorganization or otherwise) of equity securities;
- any alteration, amendment or waiver of the Issuer's charter or by-laws (including an amendment effected by merger, consolidation or other reorganization) that alters or changes the rights, preferences or privileges of the Series A Preferred or otherwise adversely affects the holders of Series A Preferred as a class;
- any increase or decrease in the number of authorized shares of Series A Preferred;
- the declaration or payment of any dividends on common stock;
- issuance of debt securities;
- merger or consolidation;
- acquisition or investment;
- sale, transfer or other disposition of a material asset;
- affiliate transaction; and
- any change in board size.

In addition, pursuant to the organizational documents for the Issuer and the shareholders agreement, if the Series A Preferred remain outstanding on the fifth anniversary of the Closing, the holders of the Series A Preferred will have the right to appoint a number of directors to the Board, in an amount to be determined, which directors shall serve as the sole members of a special committee with the power to conduct a sale of the Company. At such time, the Series A Preferred shall have, pursuant to the charter, sufficient votes to approve any sale of the Company without the consent of any other class of capital stock of the Company and, pursuant to the shareholders agreement, each other holder of common stock of the Company shall be requested to vote in favor of, and to consent to, any such sale approved by such special committee and by the Series A Preferred.

Transferability:

Each holder of Series A Preferred will have the right to transfer shares to any of its affiliates or funds managed by it or its affiliates so long as such persons are bound by the same restrictions as the transferring holder. Transfers to third parties will be subject to a right of first offer by each non-transferring holder.

Closing Conditions:

Customary closing conditions for transactions of this type.

Warrants:

On the Closing Date, the Company shall issue warrants (the "Warrants") to holders of Series A Preferred. The Warrants will entitle their holders, in the event that the Series A Preferred remains outstanding, to purchase, at a strike price equivalent to a \$40 million common equity value of the Company:

- 5% of the Company's common stock on the 6-month anniversary of the Closing;
- an additional 5% of the Company's common stock on the 18-month anniversary of the Closing; and
- an additional 5% of the Company's common stock on the 30-month anniversary of the Closing.

Such warrants shall be subject to customary anti-dilution protections.

Appendix A

<u>Backstop Party</u>	<u>Commitment</u>
Thales Holdings, Ltd.	16.67%
GoldenTree Asset Management, LP (not in its individual and principal capacity, but as Investment Advisor on behalf of one or more managed clients)	83.33%

EXHIBIT B

<u>Backstop Party</u>	<u>Standby Commitment Fee</u>
Thales Holdings, Ltd.	16.67%
GoldenTree Asset Management, LP (not in its individual and principal capacity, but as Investment Advisor on behalf of one or more managed clients)	83.33%

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re

PT HOLDINGS COMPANY, INC., *et al.*¹
100 PAPER MILL HILL ROAD
PORT TOWNSEND, WA 98368
Debtors' Tax ID No. 91-1872662,

Debtors.

No. 07-10340 [Lead Case]

DECLARATION OF EMMETT
BERGMAN IN SUPPORT OF AMENDED
MOTION OF THE DEBTORS AND
INFORMAL COMMITTEE OF SENIOR
SECURED NOTEHOLDERS FOR
ORDER (I) APPROVING THE
DISCLOSURE STATEMENT; (II)
FIXING THE RECORD DATE; (III)
APPROVING THE NOTICE AND
OBJECTION PROCEDURES IN
RESPECT OF CONFIRMATION OF THE
PLAN OF REORGANIZATION;
(IV) APPROVING SOLICITATION
PACKAGES AND PROCEDURES FOR
DISTRIBUTION THEREOF; (V)
APPROVING THE FORMS OF BALLOTS
AND ESTABLISHING PROCEDURES
FOR VOTING ON THE PLAN OF
REORGANIZATION; (VI) APPROVING
THE FORMS OF NOTICES TO NON-
VOTING CLASSES UNDER THE PLAN
OF REORGANIZATION; (VII)

¹ The Debtors are PT Holdings Company, Inc., Port Townsend Paper Corporation and PTPC Packaging Co., Inc.

APPROVING THE COMMITMENT
LETTER AND AUTHORIZING
PERFORMANCE THEREUNDER; AND
(VIII) APPROVING EXIT FINANCING
PARTICIPATION PROCEDURES

EMMETT BERGMAN declares the following:

1. I am a Senior Director with the firm of Alvarez & Marsal, North America, LLC and serve as the chief restructuring officer in the above-captioned case. In that capacity I have overseen and directed a substantial and in-depth analysis of the financial operations of the Debtors, have directed the preparation of cash flow forecasts, and have been involved in negotiations involving the Plan² and the exit financing related thereto. I have personal knowledge of the facts set forth herein, and am competent to testify to same.
2. Confirmation of the Plan in this case requires payment of administrative claims, including but not limited to payments to trade creditors who hold first-priority claims pursuant to 11 U.S.C. § 503(b)(9). I estimate the section 503(b)(9) claim payments alone to be approximately \$4,000,000. I also expect there will be some professional fees that will have to be paid on or about the Effective Date.
3. In addition to the administrative claims described above, I expect there to be approximately \$2,000,000 in executory contract cure payments. These also will have to be paid on or about the Effective Date. As of the date of this Declaration, the Debtors' believe there are approximately \$760,000 in lumber and logger's lien claims that will have to be paid as well. Finally, we project an estimated payment of \$780,000 to unsecured creditors.

² Capitalized terms not defined in this declaration have the meaning ascribed to them in the Amended Disclosure Statement for Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Jointly Proposed by the Debtors and the Informal Committee of Senior Secured Noteholders filed on June 20, 2007.

1 4. The source for payment of the foregoing amounts will come primarily from exit
2 financing. At this time the Debtors have a DIP facility which, if fully drawn, would have an
3 obligation of \$50,000,000. To make the required payments at confirmation and to provide the
4 necessary liquidity for contingencies, it is expected that the Debtors will need approximately
5 \$60,000,000 to pay: (i) the existing DIP Facility; and (ii) the administrative, lien and other claims
6 required to be paid, most of which are described above; and will need a \$20,000,000 operating line to
7 provide the Reorganized Debtors with necessary working capital and liquidity for contingencies.

8 5. The Debtors have obtained a Commitment Letter from the Backstop Parties to fully
9 fund certain exit financing facilities (the “Exit Facilities”). They have agreed to provide exit financing
10 totaling \$60,000,000, subject to the rights being offered to other senior secured lenders to participate
11 in providing that financing on a pro rata basis on the same terms. The proceeds of the proposed Exit
12 Facilities and operating line will be sufficient to meet the Debtors’ cash requirements on the Effective
13 Date, and will allow the Debtors to pay approximately \$7,600,000 to creditors holding, among other
14 things, Allowed Loggers’ Lien Claims, Allowed 503(b)(9) Claims, Cure Amounts, and remaining
15 Allowed Administrative Expense and Priority Claims.

16 6. In order to secure the commitment of the Backstop Parties described in the
17 Commitment Letter, the Debtors have agreed to: (i) pay to the Backstop Parties 1.5% of the Initial
18 Term Loan Commitment and 1.5% of the Preferred Equity Commitment (together, the “Standby
19 Commitment Fee”) as a fee which shall be fully earned upon approval by the Court; (ii) reimburse the
20 Backstop Parties for their reasonable out of pocket fees and expenses (“Expense Reimbursement”);
21 and (iii) indemnify the Backstop Parties (the “Indemnification Obligations”) to the extent set forth in
22 the Commitment Letter.
23

1 7. I believe that Debtors' desire to enter into the Commitment Letter is supported by
2 sound business justifications because: (i) the exit financing provided under the Commitment Letter is
3 necessary to ensure that the Debtors have sufficient liquidity to make all payments required under the
4 Plan, including without limitation, satisfaction of logger's liens and other senior liens, payment of
5 administrative claims and priority claims and repayment of the DIP Facility; (ii) it was negotiated at
6 arm's length and in good faith by the Debtors and the Backstop Parties; and (iii) it represents the best
7 and most viable financing option for the Debtors considering their current circumstances.

8 8. I believe the Debtors will need approximately \$80,000,000 of exit financing to
9 implement the Plan and exit from chapter 11. Approximately \$20,000,000 of their financing needs
10 will be obtained through a traditional asset based lender requiring senior liens on current assets such as
11 inventory and accounts receivable. The anticipated \$60,000,000 shortfall will be addressed through
12 the Exit Facilities. The financing proposal from the Backstop Parties is the best and most viable
13 option currently available to the Debtors considering the Debtors' limited financial options.

14 9. I believe that the Standby Commitment Fee, Expense Reimbursement and
15 Indemnification Obligations are customary for a financing transaction of this type and consistent with
16 amounts normally demanded in the marketplace. The Standby Commitment Fee is akin to a standby
17 underwriter's fee which lenders or underwriters charge for the making of a commitment to fund a loan
18 in the future. I believe it is an appropriate exercise of the Debtor's business judgment to agree to have
19 that obligation accrued as a cost of administration. The cost of the Standby Commitment Fee is
20 \$900,000, but it will not be paid in cash (if at all) until closing of the exit financing on or about the
21 Effective Date. Also, if the Backstop Parties exercise their contractual right to terminate their
22 commitment for any reason other than a material breach by the Debtors, the Standby Commitment Fee
23 will not be paid. Accordingly, I believe that that the Commitment Letter and the obligations

1 thereunder are reasonable, appropriate and warranted under the circumstances and are in the best
2 interests of creditors and the Debtors' estates.

3 10. Finally, I do not believe that canvassing the market for alternative exit financing is a
4 worthwhile expenditure of time and estate resources for a number of reasons. The exit financing
5 facility at the amount projected is unlikely to be met because in addition to the \$60,000,000 referred to
6 above, it will be necessary to have an additional operating line of approximately \$20,000,000. This
7 operating line will be available for purposes of liquidity, capital expenditures, contingencies against
8 shortfalls, and cash flow needs. The \$60,000,000 will be subordinate in priority as to receivables and
9 inventory to that \$20,000,000 operating line. The drawn amount of the operating line is expected to
10 fluctuate between \$0 and \$20,000,000. I believe it will be very difficult, if not impossible, to find an
11 acceptable lender that would loan the \$60,000,000 on more favorable terms than the senior secured
12 debt-holders in this case and that would have a strong financial motive to see the company succeed.
13 This loan will allow the company to continue on in business with an opportunity to succeed. The
14 Debtors have obtained an appraisal of its equipment at all domestic and Canadian locations and the
15 orderly liquidation value of that equipment is approximately \$12,750,000. This gap between
16 equipment values and amount of debt makes it highly improbable that other lenders would be willing
17 to fund the loan on similar terms.

18 11. In the unlikely event a third party were located to provide this financing on a basis
19 acceptable to all parties, I believe the fee structure would be similar or even less advantageous to the
20 Debtors and their creditors. A third party would require a substantial time period to conduct due
21 diligence and also substantial fees to make a similar commitment. I believe a third party would
22 require an up-front fee as opposed to a deferred fee which is offered in this particular case.
23

1 12. I believe the term obligation of \$35,000,000 which is charged at the interest rate of
2 LIBOR plus 7% is a reasonable rate in the marketplace for a loan of this type, particularly given the
3 existence of a more senior asset-based revolver which fluctuates in amounts as high as \$20,000,000.
4 Also, the orderly liquidation value of the collateral materially increases the risk to the lender which in
5 turn is entitled to be compensated for that risk.

6 13. While there are no publicly available and directly comparable market indices for an
7 investment of this type, I believe the \$25,000,000 PIK (payment in kind and non-cash interest
8 bearing) preferred equity investment is in the best interests of the estates and their creditors because it
9 (i) provides the Debtors with necessary exit financing proceeds, (ii) diminishes potential liquidity
10 issues that would flow from an larger or additional cash interest bearing debt instrument, and (iii) does
11 not negatively impact pre-petition trade creditors or other suppliers to these Debtors.

12 14. I declare under penalty of perjury under the laws of the State of Washington that the
13 foregoing is true and correct.

14 DATED at Seattle, Washington, this 20th day of June, 2007.

15
16 /s/ Emmett Bergman
 EMMETT BERGMAN