Operator: Welcome to Cascade Inc. Conference Call for the 2014 Second Quarter Results. At this time, all participant are in a listen-only mode. Following today’s presentation there will be a formal question-and-answer session at which time you can select star then one on your touchtone phone to ask a question. Please note that this conference is being recorded.

I will now turn the call over to Riko Gaudreault, Director of Investor Relations. Mr. Gaudreault, you may begin.

Riko Gaudreault: Thank you, operator; and good morning, everyone. Welcome to our conference call for the second quarter of 2014. Members of our Management Team are joining me today and you will hear from: Mario Plourde, our President and CEO; Allan Hogg, our CFO; Marc-André Dépin, President and CEO of our Containerboard Group; Luc Langevin, President and COO of our Specialty Products Group; and Suzanne Blanchet, President and CEO of our Tissue Group. Mario will begin with his comments followed by Allan and the group’s representatives. The review of our operations in Europe will be covered by Mario and our CEO will also be back for the conclusion following the question period.

During this call, certain statements will discuss historical and forward-looking matters. Please note that the accuracy of these statements is subject to a number of risk factors. These factors, which are listed in our public filings, can have a material impact on our actual results. Also, the statements in our press release include data that are not measures of performance under IFRS. You can have access to or request a copy of these documents through our website.
You should also note that the quarterly results of Reno De Medici were released August 1st and can be reviewed on Reno’s website. If you have any questions, please feel free to call us after the session.

I will now turn the call over to Mr. Plourde.

Mario Plourde: Thank you, Riko; and good morning, everyone. We are pleased to release this morning improving results both from the sequential and year-over-year perspective. Our EBITDA improved by 18 percent or 14 million compared to the first quarter to reach 91 million. As a result, our EPS for the second quarter was 8 cents compared to 1 cents in Q1 excluding specific items. These figures have been adjusted to reflect the reclassification of some activities as discontinued operation.

If you followed us recently, you have noticed that we have been particularly active this summer on the continuation of our strategic plan. Our Djupafors mill in Sweden ceased its operation in June 2014. We sold our fine paper activities for $39 million plus future consideration related to the land we kept. We also announced the closure of our kraft paper mill in East Angus as we were not successful in finding viable investors. The operations are expected to cease in October 2014. Finally, we refinanced our 2016 and 2017 notes and reduced our coupons by 2.25 percent on more than $700 million of debt. This important strategic decision will allow us to focus on our core operation and improve our cash flow as we will save close to $15 million in interest expense and as most of the activity we parted with requires significant investment over the next year. The downside to this decision is the impact on reported EPS during the second quarter with a reported loss of 88 cents mostly related to the refinancing, our divestiture, and impairment charges.

Looking more specifically at our quarterly performance by sector, all of our North American Group have shown higher result following more difficult winter quarter. The Containerboard Group was the main contributor to this sequential growth. The Specialty Product Group generated improved result when excluding the impact of the discontinued operation. The Tissue Paper Group improved its result but did
not match the last year performance due to lower shipment in the retail market. The Boxboard Europe Group also performed well during the quarter despite the lack of energy credit. Finally, Greenpac continued to ramp up as planned with production averaging close to 1,200 short tons in June.

On the fiber front, brown grade prices were lower on average during the quarter while white grades were only slightly up. We don't foresee major move in the short-term on OCC prices, might even come down with a bit following the upcoming closure of a recycled boxboard mill. As for pulp, NBSK continued to be costlier, while NBHK pulp prices remain stable.

Looking at our KPI's, we have continued to improve on all fronts and our exit from fine paper and kraft paper segment will also help with these indicator going forward.

I will be back later to discuss other aspect of our outlook. I will now let my colleague give you more specific information starting with Allan. Allan.

Allan Hogg: Thank you Mario. Good morning, everyone. First, as Mario mentioned, you must be aware that all of our numbers have been restated for their reclassification at discontinued operations of our fine paper business and our boxboard mill in Sweden. We have provided some reconciliation on page 11 of the presentation. You can see the sale and EBITDA figures for the second quarter before the re-class of these activities.

Going to the volumes on sales compared to last year, sales were up 5 percent at 985 million due to favorable exchange rates and price increases in our containerboard activities, which were offset in part by lower volumes of tissue products. Sequentially, sales increased by 5 percent due to a 4 percent increase in shipments mainly coming from our containerboard and tissue operations.
EBITDA for the second quarter is up 12 percent or 10 million compared to last year. A lower Canadian dollar and price increases in containerboard combined with a stronger contribution from our European assets more than offset the lower volume impact in our Tissue segment and higher raw material costs. Better productivity in the second quarter and the impact of recent capital investments led to reduced production costs. Note that our European operations did not record any energy credits during the period.

Sequentially, after facing difficult weather conditions and the 14 day shutdown at the Trenton mill in the first quarter, our EBITDA is up 18 percent or 14 million. Volume was up 4 percent compared to the first three months, and our results were positively impacted by lower energy and production costs.

Slide 15 and 16 illustrates the impact of specific items that affected our results during the quarter. The main item consists of implement charges of 27 million to some assets of our packaging product activities. We also wrote down 16 million of notes receivable from Fusion Paperboard resulting from the sale of our U.S. boxboard assets in 2011. As you know, Fusion Paperboard recently announced closure of its activities. We also recorded a 44 million loss following the refinancing of our senior notes and a loss of 38 million related to our discontinued operations of fine paper and our boxboard mill in Sweden. The total impact on net earnings was 90 million in the second quarter.

On page 17, excluding the 20 million paid on the tender offer of our senior notes, cash flow from operations amounted to 52 million, 13 million higher than last year, but slightly lower than Q1 due to interest payment.

Net debt decreased by 63 million due to the higher Canadian dollar and the sale of our fine paper business. Capital investments for the first six months were mainly done in our Tissue segment for the new paper machine in Oregon and the addition and modernization of converting capacity in the U.S.
In terms of financial ratios, considering the reclassification of discontinued operations, our net debt-to-EBITDA ratio decreased from 4.7 at the end of March to 4.5 times at the end of June.

I thank you for your attention and will ask Marc-André to discuss the results of our Containerboard Group.

Marc-André Dépin: Good morning everyone, Thank you Allan. During the second quarter of 2014, the Containerboard Group shipments increased by 9 percent. In our manufacturing activities, external shipments sequentially increased by 14 percent for a positive impact of 19,000 short ton. The addition of volume is in consequence of a better operating rates in our medium mills and 13,000 short-tons that can be attribute to better production at our Trenton facility as Q1 was impacted by a 14-day shutdown. Consequently, the operating rate of our containerboard manufacturing activities averaged 93 percent during the quarter compared to 85 percent in Q1. At our boxboard mill in Jonquière, we took 17 days of downtime representing 7,000 short-ton compared to 14 days and 6,000 short-ton in the previous quarter. Despite stable volumes, the Jonquière mill negatively affected our EBITDA by $2 million in the quarter. Moving to our converting activities, shipments have sequentially increased by 6 percent in line with the corrugated product industry in Canada and the U.S. On the pricing front, average selling prices increased by $12 per short-ton average as a result of our price increase announced in May for corrugated product in Canada. Our performance improved during the second quarter. And (inaudible) to the first quarter of 2014, our result did not suffer from the combination of the interruption of operation at our Trenton mill and extremely cold weather condition, which negatively impacted our first quarter result by $8 million. Looking at our second quarter EBITDA, our result increased by 10 million compared to the previous quarter to reach 43 million. This represents a margin of 12 percent on sales. If we look at the margin of our containerboard activity separately, it reached 15 (inaudible) for third quarter. The combination of average OCC costs, which were $5 per short-ton higher and the change in the mix of paper rolls and recovered paper, had a negative impact of 8 million on raw material costs dominated in Canadian dollars. This negative impact was mainly offset by better volumes and the price increase in Corrugated Product segment. With regards to the short-term outlook, we should continue to benefit from the stable economic
environment in containerboard and the boxboard sector. On the volume front in the converting sector, we will continue to benefit of the normal seasonal pickup during the next quarter. We are continuing to ramp up the operation of the Greenpac mill. In Q2 we produced 104,000 short-ton of linerboard and we achieved breakeven net earning, which had no effect on the EPS of Cascade. You might have read in publication a story about interruption of production after an unexpected fire system malfunction, we had to stop the mill for 36 hours in the beginning of August. The machine is running really well now and we still expect to fully ramp up the machine within the next three months.

I thank you for your attention, I will now ask Mario to give you the overview of the Boxboard operation in Europe, Mario.

Mario Plourde: Thank you, Marc-André. During the second quarter shipments of our Boxboard Europe Group decreased by 2 percent compared to the first quarter. The month of June was weaker on the domestic market, but it is important to note that the year-to-date volume were stable compared to last year. When we look at the average selling price, they were slightly down in euros mostly due to the higher share of overseas shipments. In Canadian dollar, price decreased by 2 percent as the exchange rate was less favorable than in Q1. As a result of these lower shipment and prices, our sales were 5 percent lower than during the previous quarter. Our EBITDA stood at 20 million during Q2 compared to 24 million during the previous quarter with Djupafors reclassified at discontinued operation. In addition to lower sale, profitability was negatively impact by the lack of energy credit, which amounted to 5 million during the first quarter. Looking ahead, the next quarter is usually the slowest in Europe. In addition, we will undergo a major machinery build at our Santa Giustina mill in August, which will result in a three-way shutdown. Our production rate was very good during Q2 with a 10 percent increase in output compared to the same period last year. This placed us in a good position to prepare for the shutdown as our order inflow is decent for the upcoming quarter; and despite the challenge brought by recent increase in recover paper prices and limited potential for price increases for finished good, we feel our performance should be stable compared to the same period in 2013.
I thank you and I will ask Luc to follow-up with the overview and the performance of the Specialty Product Group. Luc.

**Luc Langevin:** Thank you, Mario; and good morning, everyone. On June 30th we concluded the sales of our fine paper business to Rolland Enterprises. Three units were included in this transaction, the Breakeyville de-linked pulp mill, the Saint-Jérôme paper mill, and the Saint-Jérôme converting facility. We indicated on page 11 of the Second Quarter Investor Presentation the resulting impact on our sale and EBITDA. Following this transaction, we also announced on July 7th that we will seize the operation of our kraft - - of our sole kraft paper mill in East Angus on October the 4th. The East Angus kraft paper mill has not managed to maintain the competitive edge in the market despite investment and turnaround metrics. Both actions are in line with our strategic disorientation emphasizing investments and growth in the Recovery, Consumer Product Packaging, and Industrial Packaging business segments. As a result, our financial information excludes the fine paper activity for the current and the previous quarters. During the second quarter, sales for the Specialty Products Group increased to 165 million compared to 160 in Q1 2014, representing a 3 percent sequential increase. Our top line also grew by 4 percent compared to the same quarter last year. We recorded higher volumes in our Consumer Product Packaging and Recovery business segment. EBITDA for the quarter was 10 million, representing a 10 percent sequential increase, better volume and lower energy cost more than offsetting the favorable exchange rate and the increase in raw materials versus Q1 2014. These factors explain why our Industrial Packaging segment delivered stable result versus Q1 2014. Looking more specifically at other factors that impacted the result of other segments, our Consumer Product Packaging segment benefited from higher selling prices and improved business seasonality that more than compensated from production inefficiencies, notably the ramp-up of new equipment in (inaudible). This resulted in a $1 million sequential EBITDA improvement. Our Specialty Paper segment was the only segment experiencing slightly lower volume, but increased its profitability by 0.5 million despite an unfavorable product mix. Finally, the EBITDA of our Recovery and Recycling segment decreased by 0.5 million compared to Q1, mostly due to the impact of the foreign
exchange rate from the spread realized on recovered paper. Looking forward to the next quarter, we anticipate improved profitability in our Industrial and Consumer Product Packaging segments. We remain prudent though as there was another increase in polystyrene resin prices in July. As usual, we will pass through these price increases in (inaudible). The Specialty Paper segment should continue to produce fair results despite the closing of the kraft paper mill primarily with stable results from our Recovery segment.

Thank you for your attention. I will now turn the conference to Suzanne for the result of the Tissue Paper group. Suzanne.

Suzanne Blanchet: Thank you, Luc. Good morning, everyone. Looking at our second quarter, the Tissue Group improved its performance compared to the last quarter as our EBITDA increased by 15 percent to 23 million compared to $20 million during the previous quarter. This performance is a result of increasing shipment in most of our segments. If we first look at our total shipments, they increased by 8 percent sequentially, more specifically shipments of converted product increased by 6 percent driven by market seasonality in the Away-from-Home segment as well as the difficult weather condition in the first quarter of 2014. As a result, our Away-From-Home activities both in Canada and in the U.S. increased their shipment by 18 and 10 percent respectively. In the Consumer Product segment shipment declined by 1 percent compared to the first quarter, more specifically the increase by 8 percent in Canada due to a new agreement with a major retailer. In the US, shipment decreased by four as this segment is still challenged by additional capacity in a very competitive market. For the parent role, we experienced a 10 percent sequential increase in shipment. Turning now to our average selling prices, excluding the strengthening of the Canadian Dollars, the slight price decrease it’s mainly due to unfavorable integration rate and the higher proportion of volume sold in the Away-From-Home segment where average selling prices are lower. In addition, average selling prices decreased in the consumer product in Canada. For parent roll, the average selling prices remain stable. As a result, our sales were 5 percent higher compared to the first quarter and reached 257 million. In term of profitability, our EBITDA reached 23 million for a 9 percent margin on sales. The sequential EBITDA increase was mainly driven by additional volume, lower
freight costs, and lower energy costs related to severe weather condition in Q1. These factors more than offset the low average selling prices discussed previously, the higher main maintenance fee as we conducted more maintenance in our mid (inaudible) and the unfavorable exchange rate variation. To conclude, entering the third quarter of 2014, we remain cautious about market condition giving the competitive environment (inaudible) in the state. Despite the above-mentioned factors, we expect our operation to perform well. The third quarter usually allows for a good level of shipment and the ramp up of our new contract with a major retailer in the Consumer Product segment would continue. Hence higher volume and slight decrease and slight increase in the average selling prices in our Away-From-Home segment should result in a better performance. Also, we’re making good progress on our pledge to increase our converting capacity in the south part of United States.

Finally, I would like to see the occasion to thank all of you. As you may have seen this morning, I have announced that I am leaving the Tissue Group to work at the corporate level of Cascade as Senior Vice President Corporate Development. I'm very proud of how far we have come since we began our activities in the Tissue sectors from one paper machine to be the fourth largest one in North America. I'm very confident in the future since we prepared this moment by appointing Jean Jobin as the Chief of Operating Officer in the spring of 2014. I am sure he would bring the Tissue Group even further.

Again, I thank you all, and I will now turn the - - I would now turn the call back to the operator for the question period.

**Operator:** Thank you. We will now begin the question-and-answer session. If you have a question, please press star then one on your touchtone phone. If you wish to be removed from the queue, please press the pound sign or the hash key. There will be a delay before the first question is announced. If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press star then one on your touchtone phone.
Our first question comes from Leon Agazarian from National Bank Financial.

Leon Agazarian: Hi. Good morning. My first question is regarding the comments you made regarding the outlook saying that 2014 results were expected to be similar to 2013. Are we talking about revenue here, EBITDA, EPS? Just a little bit off color regarding that, please.

Mario Plourde: Yes, Leon. We are talking about EBITDA and EPS. If you exclude the discontinued operations, we feel that we should do the same result as we did with these asset last year.

Leon Agazarian: Okay. And as we see on page 11, so that would be an EBITDA of 342, right, excluding the discontinued operations, so a similar level to that for 2014 then?

Mario Plourde: Yes.

Leon Agazarian: Okay great. Thanks for that. Regarding some of these non-core asset dispositions, are there any other assets that can be divested and then can you confirm that the use of proceeds will be going towards what exactly is it? Is debt reduction the primary focus or are there other projects?

Mario Plourde: Leon, we always are reviewing the quality of asset and obviously the one that not performing to our standard will obviously would be addressed. With the proceed, I guess will decide when the time comes depending of the opportunity we have where the money will go, so obviously we always are reviewing the assets so.

Leon Agazarian: Okay. And then regarding some of these non-core assets that were divested, if I understand correctly, I mean they are - - they were more capital intensive, CapEx intensive. I mean what is going to be the change regarding that going forward? Basically on an annualized rate,
what’s going to the CapEx looking like, and what will be the savings following the divestiture of these assets?

Mario Plourde: Leon, you can see on page 11, we have provided the free cash flow reconciliation. You can see the CapEx amount. But for sure that in the last 12 month and the last two quarters, there was not a lot of money put towards CapEx. But since these assets are nils, normally it takes a higher CapEx then converting, so maybe the number that are restated are not are lower than what normally would have been required for these mills, but it’s a minimum indication on page 11.

Leon Agazarian: Thank you. That’s very helpful, and a final one from me before I jump back in the queue. Regarding the Tissue segment, can you provide an update as to the competitive environment on the retail side perhaps national brands versus private label?

Suzanne Blanchet: First of sure what we seeing in the retail market, there is lot activities with the national brand to the detriment of their private label, but private label for some retailer is still a very important factors depends more retailer by retailer. But overall the Tissue continue - the Tissue domain continue to grow.

Leon Agazarian: Great, thank you.

Operator: Our next question comes from Amir Patel from RBC Capital Markets.

Amir Patel: Hi, Good Morning. I had a couple of questions. Just starting on the Containerboard side, we saw Pulp Paper Week reduce the benchmark price versus semi-chem by $10 per ton recently. Has that had any impact on your pricing realizations in the third quarter?
Marc-André Dépin: No, we had to move some customer, but it's just $10 on the medium and since then we believe the market is pretty strong. So it's probably more a reflection of what may be happened in the first quarter when the economy and the market was really - - the demand was really low, but where the impact was minimal to our results.

Amir Patel: Okay. And the second thing I was wondering on the Containerboard side is: How are the trials of the light weight grades at Greenpac progressing and when do you expect the shipment mix there to be fully transitioned into light weight product?

Marc-André Dépin: We have increased a lot our lower basis weight, which is for us 26 pound and below compared to the other quarter. So it's progressing really well our Greenpac XP, which is the super strong coated paper is progressing well. We're selling it internally to our partners and to our own box plant and making sure that before we sell it on the market that the paper meets our expectation. So, yes it's progressing really well, going light weight and also improving our Greenpac XP performance.

Amir Patel: Great. Thanks, Marc-Andre. Just the final question I had was for Suzanne. Did you see much pre-buying in the Away-From-Home business in June ahead of the price hike in July? And then I guess related to that, how many quarters do you expect it to take to fully realize the price hike in Away-From-Home?

Suzanne Blanchet: Now the pre buying, usually it’s all in the contract. The customer cannot really do pre buying because we're following that - - monitor that very closely and it's being implemented as far as we're going. Usually it take three to six month. It's always depending, it's really with the contract that we have.

Amir Patel: Great, that’s all I had. Thanks very much.
Operator: Our next question comes from Sean Stewart from TD Securities.

Sean Stewart: Thanks. Good Morning, everyone. Couple of questions, Marc-André, I wanted to talk a little bit more about the containerboard price guidance on slide 26 of the deck. You guys are indicating an expectation of raising average selling prices in containerboard near-term. What's going in to exactly? I mean you touched on the semi-chemical, what's happened there, but I wonder if you can talk a little bit about what's happening in recycled containerboard markets versus virgin and is that guidance really just a reflection of higher North American boxboard prices mid-term? What's going into that?

Marc-André Dépin: I don't want to predict going forward, but I think that today the market our supply and demand is I would say off balance where we have more demand than we can supply. So we feel that it's probably a recovery like I said before on the slower first quarter, so there's definitely a pickup in our demand as it usually does for Q3, Q3 also, so we're - - that's why we're putting a slight increase on average selling price. Is it going to be a price increase? I don't want to comment on this, but our mix of light weight and paper will probably indicates higher selling price also including in our Canadian corrugated product which we had, as I mentioned before, an increase related to the U.S. dollar. So that was mainly the reason why we had a increase in (inaudible) price.

Sean Stewart: Okay. And Allan or Mario, are you guys in a position yet where you can offer some guidance for 2015 CapEx and maybe some of the I guess focus segments that will be getting some of the discretionary capital next year?

Mario Plourde: No, Sean, not yet. We were going to have the budget session later on September, so probably right after that in October sometimes we be in a better position to talk about our guidance for the next year. But at this moment, we have not done the exercise so.
Sean Stewart: Okay. And just one last question with respect to Greenpac. It sounds like things are ramping up well there and your break even this quarter. Are things progressing a little bit quicker than you expected and, if is so, as you are thinking around timing of when you might start to pull dividends out of that investment changed at all?

Mario Plourde: We have. It's progressing well. We're right on the ramp up curve where we wanted to be. The profitability is lower than we expected for a lot of reason, but we're really happy with the way its progressing. We have a great team there. And there's no indication whatsoever today that we would pay dividends in the near-term, but nothing is planned. There's some... As you know, we have partners, so we have to agree with the partners of how we're going to pay dividend, but the first thing is to secure the mail financially to be able to meet all our covenants and so far we have met all of them. So it's like I'd be saying, we're happy with the progression.

Sean Stewart: Okay, that's all I had. Thanks very much, guys.

Operator: Our next question comes from Mr. Frank Duplak from Prudential.

Frank Duplak: Yeah, I just had two questions this morning. Can you confirm that you guys have receded the proceeds for the fine paper sale of those proceeds in the second quarter?

Allan Hogg: Yes, we have received 36 million out of the 39 in the second quarter. The other - - the remaining amount should be received in the third quarter.

Frank Duplak: And then I don't think I saw in the charts a talk about the revolver, how much is drawn and how much is available as of 6/30. Could you give us those numbers?
Allan Hogg: Well 6/30 is a bit awkward due to the fact that we were right in the middle of the tender offer of our bonds. We had over 500 available at the end of June. But after the call of our bonds on July 21st, today - - as of today we have 285 million available on our revolver facility.

Frank Duplak: Thank you very much.

Operator: Once again, if you have a question, please press star then one on your touchtone phone.

Our next question comes from Leon Agazarian from National Bank Financials.

Leon Agazarian: Yeah, just one quick follow-up for me. Regarding the down time in Europe, would you be able to tell us how many tons you expect to three week down time at your Italy mill to represent?

Mario Plourde: Over what we normally would expect because there's actually shut down during this period. We consider this being about 7,000 ton more than what we would normally have.

Marc-André Dépin: But the three week is higher than that, but the 10-day additional, as Mario mentioned, is 7,000 ton.

Mario Plourde: Yeah, it's 7,000 ton.

Leon Agazarian: Great, that's all I have.

Operator: We have no further questions at this time.

I will now turn the call over to Mr. Mario Plourde for closing remarks.
Mario Plourde: To conclude, after our first semester of 2014, we feel today that we - - that our overall performance would be similar to what we experienced in 2013 on a comparable basis. Although positive, our second quarter result were not sufficient to compensate for the difficult first quarter. The performance of our remainder of the year will be impacted by the competitive tissue market and the machinery build in Europe. Aside from Europe where the competitive environment might be challenging for recovered paper, input cost should remain manageable. On a positive side, our recent move in the debt front will result in significant interest saving in the future. Also, we do not foresee a strong appreciation of the Canadian dollar. Operationally, we will put the final touch on our tissue project in Oregon with an expected startup in Q4. The Tissue Group also continued to work on a project to increase its converting capacity in the U.S. We expect to improve our margin over the next quarter as we continue to work on improving our efficiency and focus our portfolio of assets on more profitable business.

Finally, I want to say thank you to Suzanne for the great job she has done as the Head of the Tissue Group. How delighted I’m that she is joining us at the corporate level. She will definitely strengthen our team. So Jean Jobin will be joining us for the next call. I am very confident that he is the right person to ensure the continuity, pursue growth, and face upcoming challenge.

I thank you for your support, and enjoy the rest of the summer. Thank you.

Operator: Thank you, ladies and gentlemen. This concludes today’s conference. Thank you for participating. You may now disconnect.