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## Mercer International, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions). Your first question is from the line of Peter Arot (ph) with Invesco.

**Peter Ehret - Invesco**

Hi good morning. A couple of questions here. The BC hydro deal. Can you just walk U.S. through from right now, from the quarter end I guess, how much more cash has to be outlaid and when does EBITDA start to flow from that project, and maybe just a guess about how much EBITDA that would be contributing?

**David Gandossi**

Yeah, so the capital spending will trickle through in the second quarter and then the bigger amounts would be the third and fourth quarter, and there's about 35 to 40 million to go. And EBITDA for that quarter, for that project, will really start to hit in 2010, sometime in the first quarter when we start up the turbine.

**Peter Ehret - Invesco**

Okay, and can you put an amount on that expected EBITDA?

**David Gandossi**

Well, we've been pretty careful, and I think the number on the last conference call that Jimmy Lee used was 20 million Canadian annually.

**Peter Ehret - Invesco**

20 million annual EBITDA from that project?

**David Gandossi**

Yeah.

**Peter Ehret - Invesco**

Okay. And the 35, 40 million that you have yet to spend, can you just remind U.S. where that's coming from?

**David Gandossi**

Well, our plan is to raise a 45 million Canadian project finance loan for the CapEx. And if on previous calls we had announced that we had a lender, we were fairly far along, and with the turmoil in the financial markets, the lender we selected backed off. And we reinitiated a process just as soon as we got back from New Year's. And we've got about 14 lenders competing. We're expecting term sheets by next Wednesday, and we'll see what the pricing is from there.

**Peter Ehret - Invesco**

Okay. Great, and the additional capital contribution to Stendal, did you get, you don't own 100% of that, right? It's 70%? Did your safe go up?

**David Gandossi**

That's still under negotiation with the minority interest.

**Peter Ehret - Invesco**

Okay, but at least at this point that asset isn't going to burn cash for you?

**David Gandossi**

No, that's right.

**Peter Ehret - Invesco**

Okay, and now that your stocks are \$1.00 share, I would imagine you would do your optimistic for raising additional capital as being largely foreclosed at this point?

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