CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No.: 500-11-038474-108

SUPERIOR COURT
(Commercial Division)
The *Companies' Creditors Arrangement Act*

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF:

WHITE BIRCH PAPER HOLDING COMPANY

-and-

WHITE BIRCH PAPER COMPANY

-and-

STADACONA GENERAL PARTNER INC.

-and-

BLACK SPRUCE PAPER INC.

-and-

F.F. SOUCY GENERAL PARTNER INC.

-and-

3120772 NOVA SCOTIA COMPANY

-and-

ARRIMAGE DE GROS CACOUNA INC.

-and-

PAPIER MASSON LTÉE

Debtors

-and-

ERNST & YOUNG INC.

Monitor

-and-

STADACONA LIMITED PARTNERSHIP

-and-

F.F. SOUCY LIMITED PARTNERSHIP

-and-

F.F. SOUCY, INC. & PARTNERS, LIMITED PARTNERSHIP

Mises en Cause

MOTION TO APPROVE THE SALE OF SUBSTANTIALLY ALL THE WB GROUP'S ASSETS

TO THE HONOURABLE ROBERT MONGEON, J.S.C., THE DEBTORS SUBMIT AS FOLLOWS:

1. On February 24th, 2010, this Honourable Court issued an order (the **"Initial Order"**) extending the protection of the *Companies' Creditors Arrangement Act* (the "CCAA") to the Debtors and the Mises en Cause (collectively the **"WB Group"**);

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as Monitor of the WB Group (the **"Monitor"**), and a stay of proceedings (the **"Stay of Proceedings"**) was granted until March 26th, 2010 (the **"Stay Period"**);

3. On March 26th, 2010, this Honourable Court issued an Order extending the stay period until July 12th, 2010;

4. The Stay Period was subsequently extended until October 15th, 2010, by an Order dated July 12th, 2010;

THE SALE AND INVESTOR SOLICITATION PROCESS

5. As appears from the Court record and from the Monitor's report dated August 10th, 2010, the WB Group conducted a sale and marketing process, in accordance with the Sale and Investor Solicitation Process Order (the **"SISP Order"**) issued by this Honourable Court;

6. The SISP Order set out the manner in which bids were to be submitted and evaluated, as well as deadlines for the various phases of the process;

7. In addition, the SISP Order explicitly permitted "credit-bidding" of amounts due under both the Interim Financing Credit Agreement and the First Lien Term Loan Agreement, by way of the following provision:

> *"24. Notwithstanding anything herein to the contrary, including without limitation, the bidding requirements herein, the agent under the White Birch DIP Facility (the "DIP Agent") and the agent to the WB Group's first lien term loan lenders (the "First Lien Term Agent"), on behalf of the lenders under White Birch DIP Facility and the WB Group's first lien term loan lenders, respectively, shall be deemed Qualified Bidders and any bid submitted by such agents on behalf of the respective lenders in respect of all or a portion of the Assets shall be deemed both Phase 1 Qualified Bids and Phase 2 Qualified Bids. The DIP Agent and First Lien Term Agent, on behalf of the lenders under the White Birch DIP Facility and the WB Group's first lien term loan lenders, respectively, shall be permitted, in their sole discretion, to credit bid up to the full amount of any allowed secured claims under the White Birch DIP Facility and the first lien term loan agreement, respectively, to the extent permitted under section 363(k) of the Bankruptcy Code and other applicable law."*

8. Further to the above sale and investor solicitation process, BD White Birch Investment LLC (**"BD"**) was identified as the stalking horse bidder, and an Asset Sale Agreement was negotiated and signed between BD and the WB Group;

9. On August 10th, 2010, the WB Group filed a "*Motion to Approve a Stalking Horse Bidder, to Approve an Asset Sale Agreement, to Approve Bidding Procedures for the Sale of Substantially All the WB Group's Assets and to Schedule an Auction and Sale Hearing*";

10. The said motion was heard by this Honourable Court on September 7th, 2010, and an order was issued on September 10th, 2010, granting the relief sought, subject to certain modifications (the **"Stalking Horse Order"**);

11. By virtue of the Stalking Horse Order, this Honourable Court approved the Asset Sale Agreement, dated August 10th, 2010, as amended on August 23rd and August 31st, 2010;

12. The Court also approved bidding procedures for the sale of the assets of the WB Group (the "**Bidding Procedures**"), and authorized and ordered the WB Group, its advisors and the Monitor to conduct the competitive bidding process set out therein;

13. Once again, the Bidding Procedures explicitly permitted the "credit-bidding" of amounts due under the Interim Financing Credit Agreement and the First Lien Term Loan Agreement:

> *"Notwithstanding anything herein to the contrary, the applicable agent under the DIP Credit Agreement and the applicable agent under the First Lien Credit Agreement shall each be entitled to credit bid pursuant to section 363(k) of the Bankruptcy Code and other applicable law."*

14. The Stalking Horse Order also ordered the WB Group and its advisors to carry out an auction of the WB Group's assets pursuant to the terms set out in the Bidding Procedures;

15. In addition, the Stalking Horse Order declared that a hearing should take place on or prior to September 24th, 2010, in order to authorize and approve the sale of the WB Group's assets;

16. By way of the present motion, the WB Group seeks the said order authorizing and approving the sale of its assets;

THE COMPETITIVE BIDDING PROCESS

17. Pursuant to the terms of the Stalking Horse Order, qualified bids for the acquisition of the assets of the WB Group were to be transmitted by no later than September 17th, 2010 at 5:00 pm Eastern time;

18. Such qualified bids were to be made pursuant to the terms of the Bidding Procedures and of the Asset Sale Agreement;

19. In the event that one or more qualified bids, other than the Stalking Horse Bid made by BD, were received on or prior to said deadline, an auction for the assets of the WB Group was to be held at 10:00 am on September 21st, 2010;

20. On September 17th, 2010, a qualified bid was indeed received (the **"Sixth Ave. Qualified Bid"**), which bid was made by BlueMountain Capital Management, LLC and its affiliates, Steelhead Partners, LLC, Lombard General Insurance Company of Canada, and its affiliates, Macquarie Bank Limited, and its affiliates, and MFP Partners, L.P., and its affiliates (collectively "the **Sixth Ave. Bidders"**);

21. It was determined that the Sixth Ave. Qualified Bid constituted the then best offer for the assets of the WB Group;

THE AUCTION

22. BD and the Sixth Ave. Bidders were therefore invited to take part in an auction of the WB Group's assets, which was held on September 21st, 2010 commencing at 10:00 am Eastern time at the offices of Kirkland & Ellis in New York, New York, the whole as set out in the Bidding Procedures and in the Stalking Horse Order;

23. The auction proceeded at the scheduled time and was presided over by legal counsel of the WB Group;

24. Bids were exchanged at the auction, and each was analyzed and considered by the WB Group, its financial advisors and by the Monitor;

25. At the completion of the auction, the WB Group determined that the highest or otherwise best bid received was made by BD, and featured the following key elements:

    (i) a sum of US$90,000,000 in cash, allocated to the current assets;

    (ii) an additional amount of US$4,500,000 in cash, allocated first to the fixed assets, for payment on a priority basis of the claims of holders of legal hypothecs (to the extent they are accepted or judged to be valid), with the balance, if any, being retained by the estate;

    (iii) further consideration of US$78,000,000 was added by way of a "credit bid" allocated to the Canadian fixed assets;

26. Following the auction, BD and the WB Group executed an additional amendment (the "**Final Amendment**") to the Asset Sale Agreement which integrates the modifications made at the auction, a copy of which is attached herewith as **Exhibit SA-1**;

27. The WB Group proposes to proceed with the sale of its assets (the "**Transaction**") pursuant to the terms of the Asset Sale Agreement as amended by the Final Amendment (referred to herein as the "**Winning Bid**");

28. The sale process has been carried out fairly, transparently, and in a diligent manner, at all times pursuant to the terms of the SISP Order and the Bidding Procedures approved by this Honourable Court;

29. The sale process has been transparent and has yielded the Winning Bid, which represents the highest or otherwise best bid for the WB Group's assets;

30. It is submitted that the WB Group should proceed with the sale of its assets to BD pursuant to the terms of the Asset Sale Agreement, as amended by the Final Amendment;

31. Acceptance and approval of the Winning Bid, and consummation of the transaction as set out above, also permits sufficient funds to be made available for payment of the legal hypothec holders (upon acceptance and quantification of their claims), due to the allocation of US $4.5 million in cash to the fixed assets;

32. As the amounts allocated to the current assets will be sufficient to fully reimburse all sums due under the Interim Financing Credit Agreement, amounts allocated to the fixed assets will be available in priority, as intended, to the holders of such prior ranking legal hypothecs;

33. As will appear from the Monitor's Report to be filed prior to the hearing of the present Motion, the Monitor concurs with the Debtors' assessment that the offer from BD represents the highest and best offer and that the overall consideration to be received for the assets of the WB Group is more beneficial to the WB Group's creditors than a disposition in a bankruptcy context;

VESTING ORDER

34. The Transaction contemplated in the Asset Sale Agreement, as amended by the Final Amendment, involves the transfer of the WB Group's assets free and clear of all liens and encumbrances

35. The WB Group therefore seeks an order vesting such assets in BD free and clear of such encumbrances upon closing of the Transaction;

36. It is submitted that such an order is in the best interests of all stakeholders and is essential to the completion of the transaction, and thus to the maximization of amounts available to the WB Group's creditors;

ASSIGNMENT OF CONTRACTS

37. The Transaction also involves the assignment to BD by the WB Group of certain contracts;

38. The final list of contracts to be assigned shall be determined by BD prior to the consummation of the Transaction, pursuant to the terms of the Asset Sale Agreement;

39. To the extent cure costs are payable in order to permit the assignment of such contracts, pursuant to the terms of Section 11.3 of the CCAA, such cure costs shall be paid at or prior to closing of the Transaction;

40. The WB Group is therefore seeking approval of the assignment of contracts selected by BD as set out above, upon payment of any cure costs payable;

WHEREFORE, MAY IT PLEASE THE COURT TO:

GRANT the Motion;

DECLARE sufficient the service and notice of the Motion and hereby dispenses with further service thereof;

ORDER that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the asset sale agreement (the "**Sale Agreement**") dated August 10, 2010 and amended on August 23, August 31, 2010 and September 23, 2010, amongst White Birch Paper Company and the other entities identified therein as sellers (collectively, the "**Sellers**"), as sellers, and BD White Birch Investment LLC (the "**Purchaser**") and such other Person(s) as it may designate (each, a "**Designated Purchaser**"), as purchaser, for the sale of substantially all of the Assets of the Sellers, and all of its terms, conditions, schedules, exhibits and related and ancillary agreements (collectively, the "**Transaction**");

ORDER AND DECLARE that the Sale Agreement and all of its terms and conditions (including all schedules and exhibits thereto and related and ancillary agreements and all schedules and exhibits thereto) and the Transaction are hereby fully and finally approved. The execution, delivery and performance of the Sale Agreement and the Transaction (with any such amendments as the parties thereto may agree to in accordance with the terms thereof) by the Debtors and the Mises en Cause party thereto is hereby authorized and approved, and the Debtors and the Mises en Cause and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Debtors' and the Mises en Cause's right, title and interest in and to the Assets to the Purchaser or a Designated Purchaser;

ORDER that the Debtors and the Mises en Cause are authorized and directed to perform their obligations under the Sale Agreement and in respect of the Transaction;

ORDER AND DECLARE that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of the Debtors' and the Mises en Cause's right, title, benefit and interest in and to the Assets shall vest absolutely in the Purchaser or a Designated Purchaser, free and clear of and from any and all right, title, interest, security interests (whether contractual, statutory, or otherwise), hypothecs (legal or contractual), prior claims, mortgages, pledges, deeds of trust, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens (statutory or otherwise), executions, levies, charges, or other financial or monetary claims, options, rights of first offer or first refusal, real property licenses, encumbrances, conditional sale arrangements, leasing agreements or other similar restrictions of any kind, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, possessory or otherwise (collectively, the "**Claims**"), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Robert Mongeon, J.S.C. dated February 24, 2010 or any other Order of this Honourable Court in these proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the Registre des droits personnels et réels mobiliers (Québec), the Personal Property Security Act (Nova Scotia), the *Bank Act (Canada)* or any other personal property registry system, or recorded with the Canadian Intellectual Property Office pursuant to the Trade-marks Act (Canada); and (iii) all Excluded Liabilities (all of which are collectively referred to as the "**Encumbrances**", but excluding Permitted Encumbrances (other than those Permitted Encumbrances specified in clause (i) of the definition of Permitted Encumbrances in the Sale Agreement and any other Permitted Encumbrances specifically contemplated to be discharged by this Order)). For greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Assets shall, upon delivery of the Monitor's Certificate, be and are hereby expunged and discharged as against the Assets. Counsel for the Purchaser and any agents appointed by such counsel may, immediately following the Closing of the Transaction, proceed with the discharge of such Claims and Encumbrances including, without limitation, the electronic discharge of any financing statements, UCC registrations, mortgages or other registrations in respect thereof;

ORDER that for the purposes of determining the nature and priority of Claims and Encumbrances, the proceeds from the sale of the Debtors' and the Mises en Cause's right, title and interest in and to the Assets (other than the Wind-Down Amount and the Reserve Payment Amount) shall stand in the place and stead of the Assets, and that from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances (other than the D & O Charge and the Administrative Charge) shall attach to the proceeds from the sale of the Debtors' and the Mises en Cause's right, title and interest in and to the Assets (other than the Wind-Down Amount and the Reserve Payment Amount) with the same priority as they had with respect to the Assets immediately prior to the sale, as if the Debtors' and the Mises en Cause's right, title and interest in and to the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale;

ORDER that the Monitor shall administer the Wind-Down Amount in accordance with the provisions of the Sale Agreement including, without limitation, Section 5.18 thereof;

ORDER that: (i) all right, title and interest in and to any portion of the Wind-Down Amount that is not used to pay costs associated with winding-down the Sellers' estate in accordance with Section 5.18 of the Sale Agreement shall vest absolutely in the Purchaser as at the Closing Date and shall promptly be distributed to the Purchaser; and (ii) the Wind-Down Amount shall not be considered to be proceeds of sale of the Assets and the Claims and Encumbrances shall not attach to the Wind-Down Amount;

ORDER that upon the delivery of the Monitor's Certificate to the Purchaser: (i) the Administration Charge provided for in the Initial Order be and is hereby released, expunged and discharged; and (ii) the D&O Charge provided for in the Initial Order be and is hereby released, expunged and discharged;

ORDER the Land Registrar of the Land Registry Office for the Registry Division of Témiscouata, upon presentation of the Monitor's Certificate, in the form appended as Schedule "A" hereto, and a certified copy of this Order accompanied by the required application for registration and upon payment of the prescribed fees, to publish this Order and (i) to proceed with an entry on the index of immovables showing the Purchaser as the absolute owner in regards to the immovable listed in Schedule "B" hereto which are located in Rivière-du-Loup, in the Province of Québec (being hereinafter described as the "**Rivière-du-**

Loup Property"); and (ii) proceed with the reduction and cancellation of any and all Encumbrances but only insofar as concerns the Rivière-du-Loup Property as described in Schedule "B", including, without limitation, the following registrations published at the said Land Registry Office for the Registration Division of Témiscouata:

(i) a hypothec charging buildings only granted in favour of White Birch Paper Company by F.F. Soucy General Partner Inc./Commandité F.F. Soucy Inc. for an amount of $250,000,000 and registered at the office of the Registration Division of Témiscouata on April 7, 2005 under number 12 195 029;

(ii) a hypothec granted for an amount of $250,000,000 in favour of White Birch Paper Company by F.F. Soucy, Inc. & Partners, Limited Partnership/F.F. Soucy, inc. & associés, Société en commandite and registered at the office of the Registration Division of Témiscouata on April 7, 2005 under number 12 195 030;

(iii) a first hypothec granted for an amount of $550,000,000 and a second hypothec granted pursuant to the same deed for an amount of $250,000,000 granted in favour of Credit Suisse First Boston, Toronto Branch, by White Birch Paper Company and registered at the office of the Registration Division of Témiscouata on April 7, 2005 under number 12 195 031;

(iv) a legal hypothec (construction) granted for an amount of $2,692,455.81 registered by Service d'impartition Industriel Inc. against F.F. Soucy S.E.C., as owner, and registered at the office of the Registration Division of Témiscouata on November 18, 2009 under number 16 731 954;

(v) a legal hypothec (construction) granted for an amount of $2,692,455.81 registered by Service d'impartition Industriel Inc. against F.F. Soucy S.E.C., as owner, and registered at the office of the Registration Division of Témiscouata on November 27, 2009 under number 16 758 360;

(vi) a hypothec on a universality of immovables granted for an amount of $200,000,000 in favour of Crédit Suisse AG, Toronto Branch, by White Birch Paper Company registered at the office of the Registration Division of Témiscouata on March 4, 2010 under number 16 979 262;

(vii) a hypothec on the universality of immovables granted for an amount of $200,000,000 in favour of Crédit Suisse AG, Toronto Branch, by F.F. Soucy L.P./F.F. Soucy S.E.C. and registered at the office of the Registration Division of Témiscouata on March 4, 2010 under number 16 979 263; and

(viii) a prior notice of the exercise of a sale under judicial authority registered by Service d'impartition Industriel Inc. against F.F. Soucy S.E.C., as owner, registered at the office of the Registration Division of Témiscouata on April 21, 2010 under number 17 095 095 and on June 15, 2010 under number 17 281 485, which registrations refer to the legal hypothecs registered under numbers 16 731 954 and 16 758 360 referred to above;

ORDER the Land Registrar of the Land Registry Office for the Registry Division of Québec, upon presentation of the Monitor's Certificate, in the form appended as Schedule "A" hereto, and a certified copy of this Order accompanied by the required application for registration and upon payment of the prescribed fees, to publish this Order and (i) to proceed with an entry on the index of immovables showing the Purchaser as the absolute owner in regards to the immovables listed in Schedule "C" hereto which are located in Québec City, in the Province of Québec (being hereinafter described as the **"Quebec City Properties"**); and (ii) proceed with the reduction and cancellation of any and all Encumbrances but only insofar as concerns the Québec City Properties as described in Schedule "C", including, without limitation, the following registrations published at the said Land Registry Office for the Registration Division of Quebec:

(i) a hypothec on a universality of immovables granted for an amount of $550,000,000 in favour of Credit Suisse First Boston Toronto Branch by Stadacona L.P./Stadacona S.E.C. and Stadacona General Partner Inc./Commandité Stadacona Inc. pursuant to a deed registered at the office of the Registration Division on April 7, 2005 under number 12 195 317;

(ii) a hypothec on a universality of immovables granted for an amount of $250,000,000 in favour of Credit Suisse First Boston Toronto Branch by Stadacona L.P./Stadacona S.E.C. and Stadacona General Partner Inc./Commandité Stadacona Inc. pursuant to a deed registered at the office of the Registration Division on April 7, 2005 under number 12 195 318;

(iii) a legal hypothec (construction) for an amount of $2,067,704.24 in favour of KSH Solutions Inc. against Stadacona S.E.C. and Commandité Stadacona Inc. and registered at the office of the Registration Division on May 19, 2006 under number 13 298 021;

(iv) a prior notice of the exercise of a sale by judicial authority in favour of OSLO Construction Inc. against Stadacona S.E.C., owner, and Commandité Stadacona Inc., owner, registered on August 2, 2006 under number 13 534 837, this prior notice being in reference to a legal hypothec that was registered at the office of the Registration Division under number 13 126 592 which has been totally discharged;

(v) a prior notice of the exercise of a sale by judicial authority in favour of KSH Solutions Inc. against Stadacona S.E.C. and Commandité Stadacona Inc. registered at the office of the Registration Division on October 20, 2006 under number 13 742 043, this prior notice being in reference of the legal hypothec registered under number 13 298 021 referred to in Section (iii) above;

(vi) a hypothec on a universality of property granted for an amount of $200,000,000 in favour of Crédit Suisse AG, Toronto Branch by Stadacona General Partner Inc./Commandité Stadacona inc. pursuant to a deed registered at the office of the Registration Division on March 4, 2010 under number 16 977 835; and

(vii) a hypothec on a universality of property granted for an amount of $200,000,000 in favour of Crédit Suisse AG, Toronto Branch by Stadacona L.P./Stadacona S.E.C. pursuant to a deed registered at the office of the Registration Division on March 4, 2010 under number 16 977 836;

ORDER the Land Registrar of the Land Registry Office for the Registry Division of Papineau, upon presentation of the Monitor's Certificate, in the form appended as Schedule "A" hereto, and a certified copy of this Order accompanied by the required application for registration and upon payment of the prescribed fees, to publish this Order and (i) to proceed with an entry on the index of immovables showing the Purchaser as the absolute owner in regards to the immovables listed in Schedule "D" hereto which are located in Gatineau, in the Province of Québec (being hereinafter described as the **"Gatineau Property"**); and (ii) proceed with the reduction and cancellation of any and all Encumbrances but only insofar as concerns the Gatineau Property as described in Schedule "D", including, without limitation, the following registrations published at the said Land Registry Office for the Registration Division of Papineau:

(i) a hypothec in the amount of $550,000,000 by Papier Masson Ltée in favour of Crédit Suisse, Toronto Branch, in its quality of *"fondé de pouvoir"*, registered on January 25, 2006 under number 13 011 629;

(ii) a hypothec in the amount of $250,000,000 by Papier Masson Ltée in favour of Crédit Suisse, Toronto Branch, in its quality of *"fondé de pouvoir"*, registered on January 25, 2006 under number 13 011 630;

(iii) a legal hypothec in the amount of $1,808,000 in favour of Hydro-Québec, registered on September 2, 2009 under number 16 512 303 against the part of the Property known as lot 2 469 374 and located at the civic address 2 Montreal Road West, City of Gatineau;

(iv) a legal hypothec in the amount of $3,205,539.79 in favour of Hydro-Québec, registered on November 20, 2009 under number 16 737 683 against the part of the Property known as lot 2 469 374 and located at the civic address 2 Montreal Road West, City of Gatineau; and

(v) a hypothec in the amount of $200,000,000 by Papier Masson Ltée in favour of Crédit Suisse AG, Toronto Branch, registered on March 4, 2010 under number 16 977 911;

ORDER the Québec Personal and Movable Real Rights Registrar, upon presentation of the required form with a certified copy of this Order and the Monitor's Certificate, to reduce the scope of the hypothecs listed in Schedule "E" hereto in connection with the Assets and to cancel, release and discharge all of the Encumbrances from the Assets in order to allow the transfer to the Purchaser of the Assets free and clear of any and all Encumbrances created by those hypothecs;

ORDER the officer responsible for the register of timber supply and forest management agreements according to article 38 of the Forest Act (Quebec), upon presentation of a true copy of this vesting order, to proceed with the cancellation and discharge of all the Encumbrances from the timber supply and forest management agreements of the Sellers, including, without limitation, the following registrations:

(i) a hypothec on the CAAF #00205081602 granted by Stadacona S.E.C. in favour of Credit Suisse First Boston Toronto Branch dated 2005-04-06 and registered on November 18, 2005 under number 002 05 11 18 01;

(ii) a hypothec on the CAAF #00205081602 granted by Stadacona S.E.C. in favour of Credit Suisse First Boston Toronto Branch dated 2005-04-06 and registered on November 18, 2005 under number 002 05 11 18 02.

ORDER that, pursuant to section 11.3 of the CCAA, the Debtors and the Mises en Cause are authorized and directed to assign the contracts, leases and agreements and other arrangements of which the Purchaser, or a Designated Purchaser takes an assignment on Closing pursuant to and in accordance with the terms of the Sale Agreement (the **"Designated Seller Contracts"**, as defined in and pursuant to the terms of the Sale Agreement) and that such assignments are hereby approved and are valid and binding upon the counterparties to the Designated Seller Contracts (the **"Counterparties"**) notwithstanding any restriction or prohibition on assignment contained in any such Designated Seller Contract; provided, however, that, the effectiveness of the assignment of any such Designated Seller Contract pursuant to this Order and the Sale Agreement shall be conditioned upon payment in full of the Cure Cost, if any, payable in respect of any such Designated Seller Contract (as determined by agreement among the parties or order of this Court);

ORDER that the Cure Cost payable in respect of any Designated Seller Contract shall be as agreed between the Purchaser and the Counterparty, failing which the Purchaser or the Counterparty shall be entitled to apply to this Court for an order determining the amount of such Cure Cost and, if such application is made, the assignment of such Designated Seller Contract shall not become effective until (i) such Cure Cost shall have been determined by a final, non-appealable order of this Court and (ii) such Cure Cost shall have been paid in full to the Counterparty; provided, however, that, nothing in this Order shall affect or limit the Purchaser's right under the Sale Agreement to elect in its sole discretion, at any time at least five (5) business days prior to Closing, to exclude any contract, lease, agreement or other arrangement from being a Designated Seller Contract under the terms of the Sale Agreement;

ORDER that, from and after the Closing Date, all Persons shall be deemed to have waived all defaults then existing or previously committed by the Debtors or the Mises en Cause under, or caused by the Debtors or the Mises en Cause under, and the non-compliance of the Debtors or the Mises en Cause with, any of the Contracts arising solely by reason of the insolvency of the Debtors or the Mises en Cause or as a result of any actions taken by the Debtors or the Mises en Cause pursuant to the Sale Agreement or in these proceedings, and all notices of default and demands given in connection with any such defaults under, or non-compliance with, any of the Contracts shall be deemed to have been rescinded and shall be of no further force or effect;

ORDER AND DIRECT the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof;

ORDER that neither the Purchaser nor any Designated Purchaser nor any affiliate thereof shall assume or be deemed to assume any liabilities or obligations whatsoever of any of the Debtors or the Mises en Cause (other than as expressly assumed under the terms of the Sale Agreement), including without limitation, any liabilities or obligations in respect of, in connection with or in relation to: (i) any Seller Employee Plans (other than a Transferred Employee Plan); (ii) any and all termination, severance or related amounts which any current or former employee of the Debtors or the Mises en Cause (other than the Transferred Employees who become employees of the Purchaser or a Designated Purchaser on Closing as provided for in the Sale Agreement) could at any time assert against any of the Debtors or the Mises en Cause; or (iii) any and all former, current or future employees of the Debtors or the Mises en Cause (other than the Transferred Employees who become employees of the Purchaser or a Designated Purchaser on Closing as provided for in the Sale Agreement);

ORDER that the Purchaser and any Designated Purchasers, and their respective affiliates and officers, directors, employees, delegates, agents and representatives shall, effective immediately upon Closing of the Transaction, be and be deemed to be irrevocably and unconditionally fully and finally released of and from any and all claims, obligations or liabilities whatsoever arising from any event, fact, matter or circumstance occurring or existing on or before the Closing Date in relation to or in connection with the Debtors or the Mises en Cause or their respective present or past businesses, properties or assets, including, without limitation, any and all claims, obligations or liabilities whatsoever, whether known, anticipated or unknown, in relation to or in connection with the Seller Employee Plans (other than any Transferred Employee Plans) and the former, current or future employees of the Debtors and the Mises en Cause (other than any Transferred Employees who become employees of the Purchaser or a Designated Purchasers on Closing in accordance with the terms and conditions of the Sale Agreement) and provided that the foregoing shall not operate to release the Purchaser or any Designated Purchaser from any liabilities or obligations expressly assumed under the terms of the Sale Agreement;

ORDER that, notwithstanding:

(i) the pendency of these proceedings;

(ii) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Debtors or the Mises en Cause and any bankruptcy order issued pursuant to any such applications; and

(iii) any assignment in bankruptcy made in respect of any of the Debtors or the Mises en Cause;

the provisions of the Sale Agreement and the Transaction, and the vesting of the Debtors' and the Mises en Cause's right, title and interest in and to the Assets in the Purchaser or a Designated Purchaser pursuant to this Order and all other transactions contemplated thereby shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Debtors or the Mises en Cause and shall not be void or voidable by creditors of any of the Debtors or the Mises en Cause, nor shall they constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other challengeable, voidable or reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation;

ORDER that the Sale Agreement and any related or ancillary agreements shall not be repudiated, disclaimed or otherwise compromised in these proceedings;

ORDER that, pursuant to clause 7(3)(c) of the Personal Information Protection and Electronic Documents Act (Canada) and any substantially similar legislation, the Debtors and the Mises en Cause are authorized and permitted to disclose and transfer to the Purchaser or any Designated Purchaser all Employee Records. The Purchaser or any Designated Purchaser shall maintain and protect the privacy of any personal information contained in the Employee Records and shall be entitled to collect and use the personal information provided to it for the same purpose(s) as such information was used by the Debtors and the Mises en Cause;

ORDER that forthwith upon receipt of the proceeds from the sale of the Debtors' and the Mises en Cause's right, title and interest in and to the Assets, and prior to payment or repayment of any other claims, interests or obligations of or against the Debtors or the Mises en Cause, all outstanding Obligations (as defined in the Interim Financing Credit Agreement (as defined in the Initial Order of this Court dated February 24, 2010)) owed by the Debtors or the Mises en Cause under the Interim Financing Credit Agreement will be repaid in full and in cash from the proceeds of the sale of the Assets (other than the Wind-Down Amount and the Reserve Payment Amount) pursuant to the Sale Agreement;

ORDER that all Persons shall co-operate fully with the Debtors and the Mises en Cause, the Purchaser, any Designated Purchaser, their respective Affiliates and the Monitor and do all such things that are necessary or desirable for purposes of giving effect to and in furtherance of this Order, the Sale Agreement and the Transaction;

THIS COURT HEREBY REQUEST the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, including the United States Bankruptcy Court for the Eastern District of Virginia, to give effect to this Order and to assist the Debtors, the Mises en Cause and the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors, the Mises en Cause and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Debtors, the Mises en Cause and the Monitor and their respective agents in carrying out the terms of this Order;

ORDER that this Order shall have full force and effect in all provinces and territories in Canada;

THE WHOLE WITHOUT COSTS EXCEPT IN CASE OF CONTESTATION.

Montreal, this 23rd day of September, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Debtors

AFFIDAVIT

I, the undersigned, JAY A. EPSTEIN, Vice President – Finance, Treasurer and Secretary of White Birch Paper Company, doing business at 80 Field Point Road, Suite 3, in the city Greenwich, Connecticut, U.S.A, do solemnly declare as follows:

1. I am a duly authorized representative of the Debtors;

2. All the facts alleged in the present motion are true.

AND I HAVE SIGNED:

JAY A. EPSTEIN

SOLEMNLY DECLARED before me on this 23rd day of September, 2010

Notary Public

Notary Public
Commission Expires
July 31, 2014
Lic.# 70193

ATTESTATION OF AUTHENTICITY

I, the undersigned, **MATTHEW LIBEN**, attorney, practicing my profession at Stikeman Elliott LL.P., located at 1155 René-Lévesque Boulevard West, Suite 4000, in the City and District of Montreal, Province of Quebec, H3B 3V2, do hereby solemnly affirm as follows:

1. I am an attorney at the law firm of Stikeman Elliott LL.P.;

2. On September 23rd, 2010, at 1:27 p.m. Eastern time (EDT), I received the Affidavit of Jay A. Epstein, dated September 23rd, 2010, by email received from Mr. Epstein himself;

3. The copy of the Affidavit attached hereto is a true copy of the said Affidavit of Jay A. Epstein received by email today;

4. The facts alleged herein are true.

Solemnly declared before me, at Montreal, Quebec, this 23rd day of September, 2010	**AND I HAVE SIGNED**
Marie-Chantal Casey 172,390	
Commissioner of Oaths for the all judicial district(s) of the Province of Quebec	**MATTHEW LIBEN**

NOTICE OF PRESENTATION

TO: SERVICE LIST

TAKE NOTICE of the foregoing *"Motion to Approve the Sale of Substantially All the WB Group's Assets"*; and that same will be presented for adjudication before the Honourable Robert Mongeon, J.S.C., on **September 24th, at 9 30 a.m.**, or at a time deemed more convenient, at the **Montreal Courthouse**, located at 1 Notre-Dame Street East, Montreal, Québec,H2Y 1B6, in **Room 17.09**.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 23rd day of September, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Debtors

CANADA	SUPERIOR COURT (Commercial Division) The *Companies' Creditors Arrangement Act*
PROVINCE OF QUÉBEC DISTRICT OF MONTRÉAL No.: 500-11-038474-108	IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF:

WHITE BIRCH PAPER HOLDING COMPANY

-and-

WHITE BIRCH PAPER COMPANY

-and-

STADACONA GENERAL PARTNER INC.

-and-

BLACK SPRUCE PAPER INC.

-and-

F.F. SOUCY GENERAL PARTNER INC.

-and-

3120772 NOVA SCOTIA COMPANY

-and-

ARRIMAGE DE GROS CACOUNA INC.

-and-

PAPIER MASSON LTÉE

Debtors

-and-

ERNST & YOUNG INC.

Monitor

-and-

STADACONA LIMITED PARTNERSHIP

-and-

F.F. SOUCY LIMITED PARTNERSHIP

-and-

F.F. SOUCY, INC. & PARTNERS, LIMITED PARTNERSHIP

Mises en Cause

LIST OF EXHIBITS

EXHIBIT SA-1: Copy of final amendment to the Asset Sale Agreement, dated September 23rd, 2010

Montreal, this 23rd day of September, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Debtors