CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: C.S.M. 500-11-038474-108
C.A.: 500-09

COURT OF APPEAL

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

WHITE BIRCH PAPER HOLDING COMPANY, ITS SUBSIDIARIES AND AFFILIATED COMPANIES

Debtors

-and-

BLUEMOUNTAIN LONG/SHORT CREDIT MASTER FUND L.P.

-and-

BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.

-and-

BLUEMOUNTAIN TIMBERLINE LTD.

-and-

BLUEMOUNTAIN DISTRESSED MASTER FUND LP.

-and-

LOMBARD GENERAL INSURANCE COMPANY OF CANADA

-and-

MACQUARIE AMERICAS CORP.

-and-

MFP PARTNERS, L.P.

-and-

STEELHEAD NAVIGATOR MASTER, L.P.

Intervenors – **APPELLANTS**

vs.

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 – **RESPONDENTS**

-and-

ERNST & YOUNG INC.

Monitor, **MISE EN CAUSE**

-and-

STADACONA LIMITED PARTNERSHIP

-and-

F.F. SOUCY LIMITED PARTNERSHIP

-and-

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

Mises en cause – **MISES EN CAUSE**

-and-

SIXTH AVE. INVESTMENT CO., LLC.

Intervenor – **MISE EN CAUSE**

-and-

BD WHITE BIRCH INVESTMENT LLC

Intervenor – **MISES EN CAUSE**

PETITION FOR LEAVE TO APPEAL
(Art. 13 of the "*Companies Creditors Arrangement Act*"
L.R.C. (1985) ch. C-36(the "CCAA"))

TO ONE OF THE JUDGES OF THE COURT OF APPEAL SITTING IN AND FOR THE DISTRICT OF MONTREAL, THE APPELLANTS RESPECTFULLY SUBMIT AS FOLLOWS:

A. INTRODUCTION

1. The Appellants seek leave to appeal from the judgment rendered from the bench by the Honourable Robert Mongeon, J.C.S. on September 24, 2010, authorizing the sale of all of the moveable and immovable, tangible and intangible, assets of the Debtors, concurrently with those of Bear Island Paper Company, LLC, an American company affiliated with the Debtors (jointly the "**White Birch Group**") to the Mise en cause, BD White Birch Investment LLC;

2. The judgment was rendered pursuant to the motion of the Debtors entitled *Motion to Approve the Sale of Substantially all the WB Group's Assets,* which motion had not been served on the interested parties, including the Appellants, until 13:58PM on September 23, 2010, the afternoon before its presentation, as same appears from the copy of said motion with the electronic transmission message thereof filed in support of the present motion under Exhibit **RA-1**;

3. As well, the report of the Mise en cause Monitor on the proposed sale was not sent to the Appellants until 6:53 PM on September 23, 2010, the evening before the hearing, as same appears from the copy of said report with the electronic transmission message thereof filed in support of the present motion under Exhibit **RA-2**;

4. The Appellants and the Mise en cause, Sixth Ave. Investment Co., LLC, were therefore not able to transmit their contestation of said motion to the lawyers of the Debtors, the Monitor and the other intervenors until 10:45PM in the evening of September 23, 2010, as same appears from the copy of said contestation with the electronic transmission message thereof filed in support of the present motion under Exhibit **RA-3**;

5. The trial and hearing of the motion in first instance lasted all of Friday, September 24, and the judge gave his judgment orally about forty-five minutes after the end of the hearing: he reminded the lawyers present on more than one occasion that he had only that day to decide the motion;

6. The judgment was rendered orally and, while an order was issued by the Court on September 28, as of the date hereof, the Appellants have not succeeded in obtaining a transcript of the reasons for judgement;

B. THE PARTIES

7. The Debtors operate, directly and indirectly, three pulp and paper plants in Quebec City, Rivière-du-Loup and Masson-Angers, in the Province of Quebec. They took advantage of the *Companies Creditors Arrangement Act* (the "**CCAA**") to restructure and more recently to liquidate themselves;

8. Bear Island Paper Company is a subsidiary of White Birch Paper Holding Company, which operates a pulp and paper plant in the State of Virginia, United States of America: it is subject to restructuring and then liquidation proceedings under Chapter 11 of the *U.S. Bankruptcy Code*;

9. The Appellants are creditors of White Birch Group: they hold approximately 10% of the loan secured by first ranking security on the fixed assets of the White Birch Group (the "**First Lien Loan**"): their cumulative claim is in the order of US$48 million dollars. The Appellants and the other lenders of the First Lien Loan are hereinafter called the "**First Lien Lenders**";

10. The Appellants are also unsecured creditors of the Debtors due to the expected material deficiency in the realization of their security interest: like all unsecured creditors of the White Birch Group, they should benefit from the proceeds of the realization of White Birch Group's current assets, which are free from any security interest other than in favour of the interim financing authorized by the court under the CCAA that benefits from a first ranking security on all the fixed assets and current assets of the White Birch Group;

11. The Appellants incorporated the Mise en cause, Sixth Ave. Investment Co., LLC ("**Sixth Ave.**") to participate in the sale by auction of all or substantially all of the assets of the White Birch Group. The auction took place in New York City, on Tuesday, September 21, 2010, in furtherance of the Bidding Procedures approved by a previous judgment of the court, a copy of which is filed in support of the present motion under Exhibit **RA-4;**

12. The Mise en cause, BD White Birch Investment LLC was incorporated to participate in the auction by the lenders representing approximately 65% of the First Lien Loan, being Black Diamond Capital Management LLC, Credit Suisse Loan Funding LLC, Caspian Capital Advisors LLC and their respective affiliated companies (jointly "**Black Diamond**");

13. Under the terms of the Bidding Procedures, the agent of the First Lien Lenders could credit bid up to the full amount of the First Lien Loan. Black Diamond relied upon its position as Majority Lender under the First Lien Loan and purported to direct the agent of the First Lien Lenders to appoint Black Diamond as sub-agent for the purpose of bidding up to the full amount of the First Lien Loan at the auction of September 21**;**

14. Consequently, at the September 21st auction, Black Diamond bid on the one hand on their own behalf and on the other hand on behalf of all the First Lien Lenders, including the Appellants;

15. Black Diamond and Sixth Ave. were the only two bidders to participate in the auction;

C. AUCTION OF THE ASSETS OF WHITE BIRCH GROUP

16. As evidenced from the report of the Monitor, Exhibit **RA-2**, at the closing of the auction in New York on September 21:

    (a) in its best offer, Black Diamond bid US$90 million in cash allocated to the current assets, US$4.5 million in cash allocated to the fixed assets and US$78 million of the First Lien Loan allocated only to the fixed assets located in Canada;

    (b) in its best offer, Sixth Ave. bid US$175 million, in cash, and of that amount, it allocated to current assets US$136.7 million and, as to the remainder, US$35.3 million, to fixed assets. The balance of US$3 million would serve to reimburse the expenditures and legal fees of Black Diamond;

17. As provided for in the Bidding Procedures, Exhibit **RA-4**, the Debtors were required to submit for the consideration of the Court the two best bids received at the auction (the winning bid and the alternative bid), in this instance those of Black Diamond and Sixth Ave.;

D. THE JUDGMENT APPEALED FROM

18. The judge of first instance limits himself essentially to note that the nominal value of the offer of Black Diamond is superior to that of Sixth Ave. by $500,000 and that the bidding had been held in accordance with the previous judgment of the Court;

19. In his judgment, the judge of first instance repeatedly refers to the Appellants as being "bitter bidders", and ignores entirely the fact that they are, above all, secured and unsecured creditors of the Debtors for an aggregate amount in the tens of millions of dollars;

20. Within any restructuring process governed by the CCAA, it is the Court's prerogative to authorize or not the sale of the assets of a debtor outside the ordinary course of business as stated in Section 36 CCAA:

> "**36.** (1) **[Restriction on disposition of business assets]** A debtor company in respect of which an order has been made under this Act may not sell or otherwise dispose of assets outside the ordinary course of business unless authorized to do so by a court. ….
>
> …
>
> (3) [**Factors to be considered**] In deciding whether to grant the authorization, the court is to consider, among other things,
>
> (*a*) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
>
> (*b*) whether the monitor approved the process leading to the proposed sale or disposition;

> (*c*) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
>
> (*d*) the extent to which the creditors were consulted;
>
> (*e*) the effects of the proposed sale or disposition on the creditors and other interested parties; and
>
> (*f*) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.
>
> …"

21. While paying lip service to Subsection 36(3) CCAA, the judgment appealed from entirely ignores these factors and the evidence introduced in support thereof;

22. More particularly, the judge of first instance has erred in law in omitting to take into account:

    (a) the effect of the proposed sale or disposition on the creditors and other interested parties;

    (b) whether the consideration to be received for the assets was reasonable and fair, taking into account their market value, and

    (c) whether the sale or disposition of the assets would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

23. In this judgment, the Honourable Robert Mongeon, J.S.C.,

    (a) has totally ignored the Contestation submitted by the Appellants by failing to rule, notably, on the ability of Black Diamond, as holders of a majority of the First Lien Loan to "credit bid" such loan in order to purchase not only the secured property but the other assets of the Debtors as well, thus depriving all of the other Creditors of the realizable value of such other assets;

    (b) by so doing, the judgment allows the First Lien Lenders to widen the scope of their security to all of the assets of the Debtors and to grab hold, without consideration, of the inventory and accounts receivable of the Debtors although their security interest initially bore on the fixed assets only;

    (c) did not rule on the blatant conflict of interest of Black Diamond that, after manoeuvring to be designated as agent for all of the First Lien Lenders at the auction, acted both in its selfish interest and as agent for all of the other First Lien Lenders.

    (d) ignores the fact that at the auction, Black Diamond, acting as bidder for its own account and as agent for the other First Lien Lenders, deliberately chose, as agent, to exclude from its credit bid some of the assets secured by the security, namely the U.S. fixed assets. In so doing, Black Diamond kept for their sole benefit the value of the U.S. fixed assets and deprived the other First Lien Lenders from the realizable value of the secured property so diverted;

(e) has totally ignored the evidence showing that the offer of Black Diamond offers less to the ordinary creditors than what they could expect to receive by way of a dividend in the event of a bankruptcy;

(f) has ignored the fact that the Monitor, in paragraph 45 of its report dated August 10, 2010, filed in support hereof as Exhibit **RA-5,** had properly stated the principles applicable to the allocation of the purchase price between the current assets (such as accounts receivable and inventories) and the fixed assets (such as the buildings and machinery), and that the only offer complying with such an allocation is the alternative bid of Sixth Ave.;

(g) has ignored the fact that the offer of Black Diamond obliges the other First Lien Lenders not only to lose the realizable value of their security situated in the United States, but to receive only a minority interest in assets impossible to value;

E. CREDIT BIDDING

24. The Bidding Procedures previously approved by the Court, Exhibit **RA-4**, allowed the applicable agent under the interim financing of the Debtors and the applicable agent under the First Lien Credit Agreement to credit bid pursuant to Section 363(k) of the U.S. Bankruptcy Code "and other applicable law";

25. Credit bidding allows a secured creditor to bid up to the full amount of its secured debt for the purchase of property secured in its favour, irrespective of its market value. By being allowed to credit bid, a secured creditor has the choice between (i) keeping the secured property without disbursing the purchase price that would in any event be payable to him or (ii) allowing the secured property to be sold to a third party and receive the sale proceeds applicable to his security interest;

26. The judge of first instance erred in considering that the sole means of comparing two competing and asymmetrical bids is by looking at the nominal aggregate price indicated in each when in fact it is evident that a cash only bid cannot be compared on a parity basis with a bid consisting of cash and a credit bid;

27. Of the two bids that were presented to the judge of first instance, Black Diamond's bid attributed a value in cash of US$90 million to current assets and US$78 million by way of credit bid to the fixed assets in Canada, such allocation having the effect of benefitting Black Diamond exclusively to the detriment of the rest of the creditors of the White Birch Group;

28. The other bid that was presented to the judge of first instance being the bid of Sixth Avenue, attributed a value in cash of US$136 million to the current assets and the balance being attributed to the fixed assets, such allocation having the effect of benefitting all of the creditors of the White Birch Group;

29. It is precisely the Sixth Avenue bid that best avoids the admonition of Monitor articulated in paragraph 44 of his August 10th report:

> "…a strategic allocation of value to benefit the First Term Loan lenders at the expense of the ordinary unsecured creditors, in view of the fact that the sponsor of BDWBI (Black Diamond) purport to hold 65.5% of the First Term Loan debt."

30. Where there are before the Court two competing and asymmetrical bids which benefit different classes of creditors the Court must consider what is fair and reasonable and take into account the market value of the assets as required by Subsection 36(3)(f) of the CCAA;

31. The judge of first instance erred in law, and failed to exercise his discretion appropriately, by ignoring the fact that the only reason that the Black Diamond bid for the total package of assets to be sold appeared to be US$500,000 higher than the Sixth Ave. bid was that the Black Diamond offer included a non-cash credit bid for the fixed assets of $78 million, whereas Sixth Ave. offered all cash for the same package of assets;

32. Black Diamond took care to profess that the credit bid was allocated only to a portion of the fixed assets, but by acceding to that allocation, the judge of first instance confused form with substance, and in effect allowed Black Diamond to employ and arbitrary an unilateral allocation by itself to impose a result that favours Black Diamond to the detriment of all other creditors;

33. The effect of looking only at the nominal amount of the Black Diamond bid, without considering the impact of the fact that US$78 million of it was a non-cash credit bid, would be to allow Black Diamond to use a worthless claim (as there is no evidence that the fixed assets are worth anything remotely approaching US$78 million) as "currency" to acquire the current assets on a going-concern basis for a price that is, at best, their liquidation value – all to the detriment of creditors other than Black Diamond;

34. The Appellants do not object to a secured creditor bidding the debt secured by its collateral to acquire that collateral and accept, for the sake of argument, that when a secured creditor bids the debt secured by its collateral to acquire that property the bid should be valued on the basis that $1.00 of debt bid is equivalent to $1.00 of cash bid for the same property, since that cash would go back to the secured creditor. The erroneous decisions of the judge of first instance involves more than that;

35. The error committed by the judge of first instance, rather, was to treat the package of assets for sale in the same manner as if it was a homogeneous mass in which none of the bidders had a security interest and to compare the two bids as if they both were all cash. In so doing the judge misapprehended what Section 36 of the CCAA required him to consider and failed to assess which of the two bids put before him was the "best", not merely (on a nominal basis that equates a bid of worthless debt with cash) which was the "highest";

36. In fact, not only does the amount allocated to the fixed assets by way of a credit bid not reflect the market value of such assets but the credit bid itself was used as a tool to

deprive the unsecured creditors of the value of the current assets which is precisely what Subsection 36(3)(f) of the CCAA intends to prevent;

37. To permit the use of credit bidding in a manner that does not reflect the market value of the underlying assets is to indirectly permit a secured creditor with security on certain assets to use such limited security and extend it over unencumbered assets that are for the benefit of all of the creditors;

38. Thus, the error of law of the judge of first instance is causing irreparable prejudice to the ordinary creditors of the Debtors, including the Appellants, by depriving them of at least US$23 million of realizable value of the current assets of the Debtors on which Black Diamond and the other First Lien Lenders do not hold security, as appears notably from the chart introduced in evidence by Mr. Jean Robillard, CA., CIRP, the expert witness for the Appellants, copy of which is being filed in support of this motion as Exhibit **RA-6**;

39. Furthermore, the judge in first instance also erred in law in the course of the inquiry by stating that he had not to take into account the alternative bid of Sixth Ave. and ultimately would only allow the introduction of Exhibit **RA-6** under reserve and with the outmost reticence;

F. BLACK DIAMOND'S BREACH OF THEIR FIDUCIARY DUTIES

40. The judge of first instance also erred in law and failed to exercise his discretion properly by failing to take into account the fact that Black Diamond abused their mandate as agent for all the First Lien Lenders by bidding their claim only on certain secured assets, leaving aside certain secured assets for their exclusive benefit for a "nominal" consideration;

41. As evidenced by the transcription of the auction filed in support of this motion as Exhibit **RA-7**, Black Diamond first meant to bid the First Lien Loan on the Leduc sawmill only and would probably have continued to do so up to the total amount of the First Lien Loan had not the Debtors and the Monitor considered such conduct as being totally abusive to the point that they could not take such a bid into account;

42. Oddly enough, the Debtors and the Monitor allowed Black Diamond to act in such a fashion as long as the credit bid of the First Lien Loan extended to the whole of the Canadian fixed assets and only diverted the U.S. fixed assets for the sole benefit of Black Diamond;

43. The judge of first instance erred in law in the application of Subsection 36(3)(e) CCAA and he failed to exercise his discretion properly by ignoring the fact that by receiving the U.S. fixed assets for their exclusive benefit to the prejudice of the other First Lien Lenders, Black Diamond have blatantly placed themselves in a position to prefer their own interest to those of the other First Lien Lenders of which they were the mandataries, in breach of their fiduciary duties as sub-agent for the agent of all the First Lien Lenders;

44. This error of law and fact is causing an immediate and irreparable prejudice to the Appellants by depriving them of their rightful participation in the realizable value of the U.S. fixed assets of the White Birch Group;

G. A SALE THAT IS NOT MORE BENEFICIAL TO THE CREDITORS

45. The judge of first instance also ruled contrary to the evidence by failing to take into account the evidence introduced to the effect that a sale under a bankruptcy would have been more beneficial to the unsecured creditors than the proposed sale to Black Diamond;

46. As appears from the Monitor's Report dated August 10, 2010, Exhibit **RA-5**, the dividend that would be available to the unsecured creditors in the event of a bankruptcy was estimated at US$19 million while the Black Diamond offer leaves only US$4 million for the unsecured creditors;

47. Except for Black Diamond themselves, none of the other creditors of the White Birch Group derives a benefit from Black Diamond's bid as compared to Sixth Ave.'s bid;

48. If the judge of first instance had not failed to take into account the factors stated in Subsection 36(3) CCAA, he would have refused to approve the sale of the assets of the White Birch Group to Black Diamond;

H. CRITERION TO BE APPLIED IN AN APPLICATION FOR LEAVE TO APPEAL

49. In considering whether leave to appeal should be granted, the court must consider four factors:

    (1) whether the point on appeal is of significance to the practice;

    (2) whether the point raised is of significance to the action itself;

    (3) whether the appeal is *prima facie* meritorious or, on the other hand, whether it is frivolous; and

    (4) whether the appeal will unduly hinder the progress of the action.

50. Section 36 CCAA being recent law, the present case is a precedent in considering the role of the tribunal in authorizing or not the liquidation of the assets of a debtor under the protection of the CCAA especially the factors mentioned at Subsections 36(3)(c), (e) and (f);

51. The present case is also a precedent in Canada, and even in the United States of America, with respect to the use of credit bidding to purchase assets that are not subject to the security being bid. The decision rendered sets a dangerous precedent as it could allow secured creditors with security on specific assets to expand their security on unencumbered assets;

52. It is in the interest of all the creditors of the Debtors, other than Black Diamond, that permission to appeal be granted;

53. For the reasons explained at length in paragraphs 18 to 49, the appeal is well founded;

54. The summary hearing of the present appeal will not cause significant harm to the process of liquidating the assets of the Debtors, given that the envisaged sale need not take place

prior to November 19, as it appears from the pertinent extracts of the draft sale agreement between White Birch and Black Diamond produced in support of the present Motion as Exhibit **RA-8;**

WHEREFORE, MAY IT PLEASE THE COURT TO:

GRANT the present motion;

AUTHORIZE the Appellant to appeal from the judgment issued by the Honourable Robert Mongeon, j.c.s. on September 24, 2010, granting the Motion to Approve the Sale of Substantially All the WB Group's Assets;

SET the hearing of the appeal at the earliest available date;

ORDER the Petitioners to serve the Respondents and the Mises en cause and to file with the Clerk of the Court not later than 10 days after granting permission to appeal, four copies of an argument not exceeding 15 pages, exhibits that would have normally constituted Schedules I, II and III of their factum, and their sources;

ORDER the Respondents and the Mises en cause to serve the other parties and to file with the Clerk of the Court not later than 10 days after service of the Appellant's argument and its schedules, four copies of an argument not exceeding 15 pages, their additional documentation and their sources;

ORDER the Parties to prepare their presentations in accordance with the standards set forth at Articles 9, 53 and paragraphs 68 (b), (c), (d) and (g) of the *Rules of the Court of Appeal of Québec in Civil Matters*;

AT THE APPROPRIATE TIME AND PLACE, MAY IT PLEASE THE COURT OF APPEAL TO:

GRANT the appeal of the Appellants, with costs;

QUASH the judgment appealed from, and, proceeding to render the judgment that should have been rendered;

DISMISS the Respondents' *Motion to Approve the Sale of Substantially All the WB Group's Assets* with costs;

REFER the matter to the Commercial Division of the Superior Court for the district of Montreal to consider whether it should authorize the sale of the assets of the Debtors pursuant to the Alternative Bid of the Mise en cause Sixth Ave. Investment Co, LLC, as contemplated by the Bidding Procedures, Exhibit **RA-4**.

Montréal, October 15, 2010

Fasken Martineau DuMoulin

Fasken Martineau DuMoulin S.E.N.C.R.L., s.r.l.
Attorneys for the Appellants

AFFIDAVIT

I, the undersigned, Alain Riendeau, lawyer, having my professional address at 800 Place Victoria, Suite 3700, in the city and district of Montreal, Province of Quebec, H4Z 1E9, do solemnly declare:

1. I am one of the attorneys acting on behalf of the Appellants in the present case;
2. The veracity of the facts alleged in the Motion appears from the Court record.

AND I HAVE SIGNED:

ALAIN RIENDEAU

Solemnly affirmed before me, in
Montreal, on October 15, 2010

Commissioner of Oaths

COMMISSAIRE À L'ASSERMENTATION
LUCIE BRUNET
#86 084
TOUS LES DISTRICTS JUDICIAIRES DU QUÉBEC

NOTICE OF PRESENTATION

TO: SEE ATTACHED SERVICE LIST

TAKE NOTICE that the present *Motion for Leave to Appeal* be presented for adjudication before one of the honourable judges of the Court of Appeal, sitting in and for the district of Montreal on **October 25, 2010** at 9:30 a.m. or so soon thereafter as counsel may be heard, in Room RC-18 of the Édifice Ernest-Cormier, located at 100 Notre-Dame Street East, Montreal, Quebec, H2Y 4B6.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, this October 15, 2010

Fasken Martineau DuMoulin

Fasken Martineau DuMoulin LLP
Attorneys for Appellants

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: C.S.M. 500-11-038474-108
C.A.: 500-09

COURT OF APPEAL

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

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-and-

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-and-

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SIXTH AVE. INVESTMENT CO., LLC.

Intervenor – **MISE EN CAUSE**

-and-

BD WHITE BIRCH INVESTMENT LLC

Intervenor – **MISE EN CAUSE**

LIST OF EXHIBITS

PIÈCE RA-1 :	Motion of the Debtors entitled *Motion to Approve the Sale of Substantially all the WB's Group's Assets* with the electronic transmission message;
PIÈCE RA-2 :	Report of the Mise en cause Monitor with the electronic transmission message;
PIÈCE RA-3 :	Contestation of the Appellants and the Mise en cause, Sixth Ave. Investment Co., LLC,
PIÈCE RA-4 :	Amended Bidding Procedure;
PIÈCE RA-5 :	Monitor's Report dated August 10, 2010;
PIÈCE RA-6 :	Table prepared by Mr. Jean Robillard, expert witness for the Appellants;
PIÈCE RA-7 :	Transcription of the auction;
PIÈCE RA-8 :	Assets sale agreement between White Birch and Black Diamond.

Montréal, this October 15, 2010

Fasken Martineau DuMoulin

Fasken Martineau DuMoulin LLP
Attorneys for Appellants

Service list as of October 14, 2010, as provided by the attorney representing the debtor companies. The Monitor does not make any representation whatsoever regarding the completeness or accuracy of this list. For any modification to the list after the above-mentioned date, the reader is invited to contact the attorney for the debtor, to obtain an updated version of the service list.

La liste pour fins de signification en date du 14 octobre 2010 a été fournie par l'avocat représentant les sociétés débitrices. Le contrôleur ne fait aucune représentation quelle qu'elle soit quant à l'exactitude de cette liste. Pour toute modification à la liste après la date susmentionnée, le lecteur est invité à communiquer avec l'avocat du débiteur, pour obtenir une version à jour de la liste

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

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ARRIMAGE DE GROS CACOUNA INC.

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-and-

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

Mises en Cause

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(Updated as of October 14, 2010)

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