

CANADA

SUPERIOR COURT
(Commercial division)
The Companies' Creditors Arrangement Act

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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 -

LAZARD FRÈRES & CO. LLC

Petitioner

- and -

F.F. SOUCY LIMITED PARTNERSHIP

- and -

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

Mises en Cause

MOTION FOR THE PAYMENT OF POST-FILING AMOUNTS AND *DE BENE ESSE* FOR THE LIFTING OF THE STAY OF PROCEEDINGS

TO THE HONOURABLE ROBERT MONGEON J.C.S., THE PETITIONER RESPECTFULLY SUBMITS AS FOLLOWS :

INTRODUCTION

1. On February 24, 2010, this Honourable Court issued an order (the "**Initial Order**") granting the protection of the *Companies' Creditors Arrangement Act* ("**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, and a stay of proceedings (the "**Stay of Proceedings**") was granted until March 26, 2010;
3. The Stay of Proceedings has been extended on several occasions by this Honourable Court, and most recently until November 30, 2012;
4. By this motion, Petitioner Lazard Frères & Co. LLC ("**Lazard**") seeks a judgment ordering (i) the Debtors to pay to it the sum of USD \$4,564,812.56 (CAD \$4,572,116.26) representing the sale transaction fee payable in connection with the sale of substantially all of the assets of the WB Group, which amount constitutes a post-filing obligation of the Debtors and (ii) *de bene esse*, the lifting of the Stay of Proceedings;

SALE TRANSACTION FEE PAYABLE TO LAZARD IN CONNECTION WITH THE SALE OF ALL OF THE WB GROUP'S ASSETS

5. Pursuant to a Letter of Agreement dated June 3, 2009, as amended on December 4, 2009 and February 23, 2010 (collectively, the "**Agreement**"), the Debtor White Birch Paper Holding Company, on behalf of itself and its controlled subsidiaries, retained Lazard as their sole investment banker in order to *inter alia* advise and assist in the restructuring as well as in evaluating candidates for a potential sale transaction. A copy of the Agreement is filed in support hereof as **Exhibit R-1**;
6. Pursuant to clause 2(g)(i) of the Agreement (R-1), Lazard is entitled to the payment of the following fee in the event of the consummation of a restructuring or sale transaction with respect to the WB Group:

"(i) If, whether in connection with the consummation of a Restructuring [defined in the Agreement as any restructuring, reorganization, whether or not pursuant to Chapter 11 of the United States Bankruptcy Code or bankruptcy or insolvency proceedings in Canada...]¹ or otherwise, the Company consummates a Sale Transaction incorporating all or a majority of the assets or all or a majority or controlling interest in the equity securities of the Company, Lazard shall be paid a

¹ The text in brackets has been added by the undersigned in order to incorporate the definition of the term "Restructuring" as set forth in the Agreement (R-1).

fee (the "Sale Transaction Fee") equal to the greater of (A) the fee calculated based on the Aggregate Consideration as set forth in the Schedule I hereto or (B) the Restructuring Fee.

(hereinafter the "**Sale Transaction Fee**";

7. As set forth on Schedule I of the Agreement (R-1), the Sale Transaction Fee payable to Lazard and based on the Aggregate Consideration is calculated as follows:

<u>Aggregate Consideration</u> (\$ in millions)	<u>Incremental Fee %</u>
\$0 - \$25	2.50%
\$25 - \$50	2.20%
\$50 - \$100	1.75%
\$100 - \$200	1.30%
\$200 +	1.00%

whereas, if established at an amount equal to the Restructuring Fee (as set forth in section 2(b) of the Agreement), the Sale Transaction Fee would be in the amount of USD \$2,500,000;

8. As more fully set forth below, the Sale Transaction Fee based on the Aggregate Consideration is greater than the Restructuring Fee;
9. The Agreement defines the term "Aggregate Consideration" to include, among other, the pension liabilities assumed directly or indirectly by the purchaser of the WB Group's assets:

"For purposes hereof, the term "Aggregate Consideration" means (x) the total amount of cash and the fair market value (on the date of payment) of all of the property paid or payable (including amounts paid into escrow) in connection with the Sale Transaction (or any related transaction), including amounts paid or payable in respect of convertible securities, preferred equity securities, warrants, stock appreciation rights, option or similar rights, whether or not vested, plus (y) the principal amount of all indebtedness for borrowed money or other liabilities of the Company or relevant Company entity, as applicable, as set forth on the most recent balance sheet, or, in case of the sale of assets, all indebtedness for borrowed money or other liabilities assumed by the third party. Aggregate Consideration shall also include the aggregate amount of any dividends or other distributions declared by or related to the Company or relevant Company entity, as applicable, after the date hereof other than normal quarterly cash dividends, and, in the case of the sale of assets, the net value of any current assets not sold by the Company or relevant Company entity, as applicable. For purposes of calculating Aggregate Consideration, (i) all shares will be deemed transferred where a Sale Transaction is effected by the transfer of shares, (a) constituting more than 30% of the then outstanding equity securities of or equity interest in the Company or relevant Company entity, as applicable, or (b) possessing more than 30% of the then outstanding voting power of the outstanding equity securities of or equity interest in the Company or relevant Company entity, as applicable, and (ii) the value of securities (whether debt or equity) that are freely tradable in an established public market will be determined on the basis of the average closing

price in such market for the 10 trading days prior to the closing of the Sale Transaction (the "Valuation Date"); and the value of securities that have no established public market or other property will be the fair market value of such securities or other property on such Valuation Date and any restricted stock (i.e., stock in a public company not freely tradable) received shall be valued at 85% of the public market price of such stock. Aggregate Consideration shall also be deemed to include pension liabilities and guarantees of monies borrowed assumed directly or indirectly by the third party. For the avoidance of any doubt, Aggregate Consideration shall include the full value of all amounts credit bid in connection with any Sale Transaction. If the Aggregate Consideration is subject to increase by contingent payments related to future events, the portion of our fee relating thereto shall be calculated by the Company and Lazard in good faith, shall be based upon the net present value of such payments and shall be paid to us upon consummation of the Sale Transaction."

10. On April 29, 2010, this Honourable Court issued an order approving Sale and Investor Solicitation Process procedures with respect to the sale of substantially all of the WB Group's assets by the Debtors, in conjunction with its advisors, including Lazard;
11. On September 28, 2010, this Honourable Court issued an order approving the sale of substantially all of the WB Group's assets (the "**Sale Order**") to BD White Birch Investment LLC;
12. The Sale Order approved the sale of the WB Group's assets pursuant to the terms of an Asset Sale Agreement dated August 10, 2010, as amended on August 23, August 31 and September 23, 2012;
13. The closing of the aforesaid sale transaction (the "**Transaction**") occurred on or about September 13, 2012;
14. Prior to and following the closing of the Transaction, Lazard made several requests to the Debtors in order to obtain information relevant to the calculation of the Sale Transaction Fee payable to Lazard, including without limitation the aggregate amount of the assumed liabilities forming part of the Aggregate Consideration for the Transaction;
15. Despite the fact that certain information was provided to Lazard by the Debtors and their advisors, the Debtors neglected and/or refused to provide certain other information requested by Lazard, more particularly information related to the assumed liabilities, including the status of the Debtors' post-Transaction pension liabilities;
16. On September 11, 2012, on the basis of the best information available to it, Lazard issued an invoice for services rendered pursuant to the Agreement (R-1), wherein it estimated the amount of the Sale Transaction Fee to USD \$4,564,812.56. Copies of Lazard's letter and invoice dated September 11, 2012 are filed in support hereof *en liasse* as **Exhibit R-2**;
17. The Sale Transaction Fee claimed in the invoice (R-2) remained subject to adjustments as the amount of the assumed liabilities forming part of the Aggregate Consideration had not been confirmed by the Debtors;

18. Following receipt of the invoice (R-2), and despite numerous requests, the Debtors have neglected and/or refused to provide any of the additional information requested by Lazard that might impact the calculation of Sale Transaction Fee;
19. The Debtors further refused to pay to Lazard the Sale Transaction Fee claimed in the invoice (R-2); ;
20. In light of the foregoing, the Debtors and Lazard agreed that the sum of US\$4,564,812.56 claimed in the invoice (R-2) be held in trust by the Monitor in a distinct account until such time as the amount of the Sale Transaction Fee is agreed upon by the parties or determined by final judgment of this Honourable Court;
21. Lazard is justified in claiming the immediate payment of the sum of USD \$4,564,812.56 *sauf à parfaire*, plus interests and costs, including without limitation any legal costs and other expenses, as set forth in the Agreement and the related indemnification agreement (R-1), from the Debtors, as well as in seeking, *de bene esse*, the lifting of the Stay of Proceedings in order to allow the payment and enforcement of the judgment to be rendered herein;
22. As of the date hereof, the aforesaid amount of US\$4,564,812.56 totals CAD \$4,572,116.26. A copy of the Bank of Canada currency conversion report is filed in support hereof as **Exhibit R-3**;

WHEREFORE, MAY IT PLEASE THE COURT TO:

GRANT the present Motion for the payment of post-filing amounts and for the lifting of the stay of proceedings;

ORDER the lifting of the stay of proceedings;

ORDER the Debtors to pay to Petitioner, Lazard Frères & Co LLC, the sum of CAD \$4,572,116.26 *sauf à parfaire*, plus interest at the legal rate, the additional indemnity provided by section 1619 of the *Civil Code of Quebec* since September 11, 2012, and costs, including without limitation legal costs and other expenses;

THE WHOLE, with costs.

MONTREAL, November 16, 2012


GOWLING LAFLEUR HENDERSON LLP
 Attorneys for Petitioner

AFFIDAVIT

I, the undersigned, Matthew J. Hart, Director, exercising my profession at Lazard Frères & Co. located at 30 Rockefeller Plaza, 61st Floor, New York, NY, solemnly declare as follows:

1. I am a duly authorized representative of Petitioner Lazard Frères & Co. LLC;
2. The facts alleged in the present *Motion for the payment of post-filing amounts and de bene esse for the lifting the stay of proceedings* are true to the best of my knowledge.

AND I HAVE SIGNED



MATTHEW J. HART

SWORN TO before me in New York
this 16th day of november 2012



Notary Public

LORIA A. DOWE
Notary Public, State of New York
No. 4868323
Qualified in New York County
Commission Expires Aug. 10, 2014

NOTICE OF PRESENTATION

TO: Service list

TAKE NOTICE that the present *Motion for the payment of post-filing amounts and de bene esse for the lifting the stay of proceedings* is presentable *pro forma* before one of the honourable judges of the Superior Court, sitting in Commercial Division, in and for the judicial district of Montreal, on **December 13, 2012**, at the Montreal Courthouse, located at 1, Notre-Dame East, in **Room 16.12** at **9:15 a.m.** or so soon thereafter as counsel may be heard.

MONTREAL, November 16, 2012


GOWLING-LAPLEUR HENDERSON LLP
Attorneys for Petitioner

N° 500-11-038474-108
SUPERIOR COURT PROVINCE OF QUEBEC DISTRICT OF MONTREAL
WHITE BIRCH PAPER HOLDING COMPANY ET ALS.
Debtors
vs.
ERNST & YOUNG INC.
Monitor
-and-
LAZARD FRÈRES & CO. LLC
- and –
F.F. SOUCY LIMITED PARTNERSHIP ET ALS.
Mises en cause
BL0052
MOTION FOR THE PAYMENT OF POST- FILING AMOUNTS AND DE BENE ESSE FOR THE LIFTING OF THE STAY OF PROCEEDINGS
ORIGINAL
Geneviève Cloutier Gowling Lafleur Henderson LLP 1 Place Ville Marie, 37 th Floor Montreal, Québec Canada H3B 3P4 Tel.: (514) 392-9448/ Fax: (514) 878-1450 Genevieve.cloutier@gowlings.com File No.: T979847 INIT.: GC/cj
c/o 4743

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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 -

LAZARD FRÈRES & CO. LLC

Petitioner

- and -

F.F. SOUCY LIMITED PARTNERSHIP

- and -

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

Mises en Cause

LIST OF PETITIONER'S EXHIBITS
(Motion for the payment of post-filing amounts and
***de bene esse* for the lifting of the stay of proceedings)**

- Exhibit R-1: Agreement dated June 3, 2009;
- Exhibit R-2: Letter from Lazard Frères & Co. LLC and invoice dated September 11, 2012;
- Exhibit R-3: Bank of Canada's currency conversion report.

MONTREAL, November 16, 2012


GOWLING LAFLÉUR HENDERSON LLP
Attorneys for Petitioner

EXHIBIT R-1

LAZARD

LAZARD FRÈRES & CO. LLC
30 ROCKEFELLER PLAZA
NEW YORK, NY 10020
PHONE 212-632-6000
www.lazard.com

June 3, 2009

White Birch Paper Holdings Company
80 Field Point Road
Greenwich, CT 06830

Attention: Christopher M. Brant
President & Chief Operating Officer

Dear Ladies and Gentlemen:

This letter agreement (the "Agreement") confirms the understanding and agreement between Lazard Frères & Co. LLC ("Lazard") and White Birch Paper Holdings Company and its controlled subsidiaries (collectively with any entity formed or used for the purposes set forth herein, the "Company").

Assignment Scope:

The Company hereby retains Lazard as its sole investment banker to provide the Company with general restructuring advice and to advise it in connection with any Restructuring (as defined below) on the terms and conditions set forth herein. As used in this Agreement, the term "Restructuring" shall mean, collectively, any restructuring, reorganization (whether or not pursuant to Chapter 11 of the United States Bankruptcy Code or bankruptcy or insolvency proceedings in Canada) and/or recapitalization, in each case, of all or a substantial portion of the Company's outstanding indebtedness or other liabilities (collectively, the "Existing Obligations") that is achieved, without limitation, through a solicitation of waivers and consents from the holders of Existing Obligations (collectively, the "Stakeholders"); rescheduling of the maturities of Existing Obligations; a change in interest rates, repurchase, settlement or forgiveness of Existing Obligations; conversion of Existing Obligations into equity; an exchange offer involving the issuance of new securities in exchange for Existing Obligations; the issuance of new securities, sale or disposition of assets, sale of debt or equity securities or other interests; merger or combination with an affiliate or related party or other similar transaction or series of transactions. For the avoidance of doubt, a paydown of Existing Obligations by the current equity holders of the Company shall not in and of itself constitute a Restructuring. By signing this Agreement, we hereby accept our appointment as your sole investment banker under the terms hereof.

PARIS	LONDON	NEW YORK	AMSTERDAM	ATLANTA	BEIJING	BORDEAUX	BOSTON	BRISBANE	CHICAGO	FRANKFURT
HAMBURG	HONG KONG	HOUSTON	LOS ANGELES	LYON	MADRID	MELBOURNE	MILAN	MINNEAPOLIS	MONTREAL	MUMBAI
ROME	SAN FRANCISCO	SÃO PAULO	SEOUL	SHANGHAI	SINGAPORE	STOCKHOLM	SYDNEY	TOKYO	TORONTO	ZURICH

LAZARD

White Birch Paper Holdings Company
June 3, 2009

- (a) A monthly fee of \$100,000 (the "Monthly Fee"), payable on execution of this Agreement and on the same day of each month thereafter until the earlier of the completion of the Restructuring or the termination of Lazard's engagement pursuant to Section 10. All Monthly Fees paid in respect of any months following the sixth month of this engagement shall be credited (without duplication) against any Restructuring Fee payable; provided, that, in the event of a Chapter 11 filing, such credit shall only apply to the extent that such fees are approved in entirety by the Bankruptcy Court, if applicable.
- (b) A fee (the "Restructuring Fee") equal to \$2,500,000 payable with respect to any Restructuring; provided, however, that if the Restructuring involves only an extension of maturities of the Existing Obligations for a period of one year or less, the fee shall be \$1,250,000. The Restructuring Fee shall be payable upon consummation of the Restructuring, except that if a Restructuring is to be completed through a "pre-packaged" or "pre-arranged" plan of reorganization, the Restructuring Fee shall be earned and shall be payable upon the earlier of (i) execution of definitive agreements with respect to such plan and (ii) delivery of binding consents to such plan by a sufficient number of creditors and/or bondholders, as the case may be, to bind the creditors or bondholders, as the case may be to the plan; provided, further, that in the event that Lazard is paid a fee in connection with a "pre-packaged" or "pre-arranged" plan and such plan is not consummated, Lazard shall return such fee to the Company within three business days of receiving written notice from that Company that it has determined (such determination being reasonable) that such plan will not be consummated.
- (c) In addition to any fees that may be payable to Lazard and, regardless of whether any transaction occurs, the Company shall promptly reimburse Lazard for all: (A) reasonable expenses (including travel and lodging, data processing and communications charges, courier services and other appropriate expenditures) and (B) other reasonable fees and expenses, including expenses of counsel; provided, however, that expenses in excess of \$50,000 in the aggregate shall not be reimbursed without the Company's prior approval (which shall not be unreasonably withheld).
- (d) As part of the compensation payable to Lazard hereunder, the Company agrees to the indemnification, contribution and related provisions (the "Indemnification Letter") attached to this Agreement as Addendum A and incorporated herein in their entirety, which provisions shall not be limited by clause (c) above;
- (e) All amounts referenced hereunder reflect United States currency and shall be paid promptly in cash after such amounts accrue hereunder.

LAZARD

White Birch Paper Holdings Company
June 3, 2009

Retention in Chapter 11 Proceedings:

3. In the event of the commencement of chapter 11 proceedings or insolvency or bankruptcy proceedings in Canada, the Company agrees that it will use best efforts to obtain prompt authorization from the applicable court to retain Lazard on the terms and conditions set forth in this Agreement under the provisions of Section 328(a) of the US Bankruptcy Code, in the event of a filing in the US, and with the benefit of a court-ordered charge with appropriate priority to secure amounts payable to Lazard, in the event of any Canadian proceedings. Subject to being so retained, Lazard agrees that during the pendency of any such proceedings, it shall continue to perform its obligations under this Agreement and that it shall file interim and final applications for allowance of the fees and expenses payable to it under the terms of this Agreement pursuant to the applicable Federal Rules of Bankruptcy Procedure, and the local rules and order of the Bankruptcy Court. The Company shall supply Lazard with a draft of the application and proposed retention order authorizing Lazard's retention sufficiently in advance of the filing of such application and proposed order to enable Lazard and its counsel to review and comment thereon. Lazard shall be under no obligation to provide any services under this agreement in the event that the Company becomes involved in bankruptcy or insolvency proceedings in the United States, Canada or both, unless Lazard's retention under the terms of this Agreement is approved under section 328(a) of the Bankruptcy Code by final order of the relevant US bankruptcy court, in the event of US proceedings, and unless Lazard has the benefit of a court-ordered charge with appropriate priority to secure any amounts payable, in the event of any Canadian proceedings, which order is acceptable to Lazard. The application shall note that in so agreeing to seek Lazard's retention, the Company acknowledges that it believes that Lazard's general restructuring experience and expertise, its knowledge of the capital markets and its merger and acquisition capabilities will inure to the benefit of the Company in pursuing any Restructuring, that the value to the Company of Lazard's services hereunder derives in substantial part from that expertise and experience and that, accordingly, the structure and amount of the deferred fees, including the Restructuring Fee is reasonable regardless of the number of hours to be expended by Lazard's professionals in the performance of the services to be provided hereunder, and that the deferred Restructuring Fee shall not be considered to be a "bonus" or fee enhancement under applicable law.

Other:

4. No fee payable to any other person, by you or any other party, shall reduce or otherwise affect any fee payable hereunder to us.

5. The Company will furnish or cause to be furnished to Lazard such current and historical financial information and other information regarding the business of the Company as Lazard may reasonably request in connection with this engagement to the extent such information is available. The Company represents and warrants to Lazard that all of the foregoing information will be accurate and complete in all material respects at the time it is furnished, and agrees to keep Lazard advised of all developments materially affecting the Company or its financial position. In performing its services pursuant to this Agreement,

LAZARD

White Birch Paper Holdings Company
June 3, 2009

including in connection with any valuation of the Company, Lazard shall be entitled to rely upon information furnished to it by the Company or that is publicly available, may assume the accuracy and completeness of such information and shall not assume any responsibility for independent verification of any such information. Lazard will not, as part of its engagement, undertake any independent valuation or appraisal of any of the assets or liabilities of the Company or of any third party, or opine or give advice to the Board of Directors, the Company or management or shareholders with respect thereto.

6. In performing its services pursuant to this Agreement, Lazard is not assuming any responsibility for the decision of the Company or any other party to pursue (or not to pursue) any business strategy or to effect (or not to effect) any Restructuring or other transaction. Lazard shall not have any obligation or responsibility to provide "crisis management" for or business consultant services to the Company, and shall have no responsibility for designing or implementing operating, organizational, administrative, cash management or liquidity improvements; nor shall Lazard be responsible for providing any tax, legal or other specialist advice.

7. It is understood and agreed that nothing contained in this Agreement shall constitute an express or implied commitment by Lazard or Lazard Capital Markets LLC or any of their respective affiliates to underwrite, place or purchase any securities in a financing or otherwise, which commitment shall only be set forth in a separate underwriting, placement agency or purchase agreement, as applicable, relating to the financing.

8. Simultaneously herewith, the parties hereto are entering into the Indemnification Letter. The Indemnification Letter shall survive any termination or expiration of this Agreement.

9. In order to coordinate our efforts on behalf of the Company during the period of our engagement hereunder, the Company will promptly inform Lazard of any discussions, negotiations, or inquiries regarding a potential Restructuring. In the event that Lazard receives an inquiry concerning any Restructuring, we will promptly inform the Company of such inquiry.

10. Our engagement hereunder will automatically expire upon consummation of a Restructuring and may be earlier terminated by you or us at any time without liability or continuing obligation to you or us, except that following such termination and any expiration of this Agreement (a) we shall remain entitled to any fees accrued pursuant to Section 2 but not yet paid prior to such termination or expiration, as the case may be, and to reimbursement of expenses incurred prior to such termination or expiration, as the case may be, and (b) in the case of termination by the Company and any expiration of this Agreement, we shall remain entitled to full payment of all fees contemplated by Section 2 hereof in respect to any Restructuring announced or for which a definitive agreement is executed during the period from the date hereof until nine months following such termination or expiration, as the case may be. For the avoidance of doubt, Lazard shall not be entitled to payment of a Restructuring Fee pursuant to clause (b) of the preceding sentence if Lazard terminates this engagement.

LAZARD

White Birch Paper Holdings Company
June 3, 2009

11. The Company recognizes that Lazard has been engaged only by the Company and that the Company's engagement of Lazard is not deemed to be on behalf of and is not intended to confer rights upon any shareholder, partner or other owner of the Company, any creditor, lender or any other person not a party hereto as against Lazard or any of its affiliates or any of their respective directors, officers, members, agents, employees or representatives. Unless otherwise expressly agreed, no one, other than senior management or the Board of Directors of the Company is authorized to rely upon the Company's engagement of Lazard or any statements, advice, opinions or conduct by Lazard. Without limiting the foregoing, any advice, written or oral, rendered to the Company's Board of Directors or senior management in the course of the Company's engagement of Lazard are solely for the purpose of assisting senior management or the Board of Directors of the Company, as the case may be, in evaluating the Restructuring and does not constitute a recommendation to any stakeholder of the Company that such stakeholder might or should take in connection with the Restructuring. Any advice, written or oral, rendered by Lazard may not be disclosed publicly or made available to third parties without the prior written consent of Lazard. Notwithstanding the foregoing, nothing herein shall prohibit you from disclosing to any and all persons the tax treatment and tax structure of any transaction and the portions of any materials that relate to such tax treatment or tax structure. Lazard's role herein is that of an independent contractor; nothing herein is intended to create or shall be construed as creating a fiduciary relationship between Lazard and the Company or its Board of Directors.

12. In connection with the services to be provided hereunder, Lazard may employ the services of its affiliates and Lazard Capital Markets LLC and may share with any such entity any information concerning the Company, provided that Lazard and such entities shall hold any non-public information confidential. Any such entity so employed shall be entitled to all of the benefits afforded to Lazard hereunder and under the Indemnification Letter and shall be entitled to be reimbursed for its costs and expenses on the same basis as Lazard.

13. The provisions hereof shall inure to the benefits of and be binding upon the successors and assigns of the Company, Lazard and any other person entitled to indemnity under the Indemnification Letter. You agree that the Company's obligations pursuant to this Agreement shall be joint and several. This Agreement and the related Indemnification Letter embody the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements, arrangements, and understandings, related to the matters provided for herein.

14. This Agreement and any claim related directly or indirectly to this Agreement (including any claim concerning advice provided pursuant to this Agreement) shall be governed by and construed in accordance with the laws of the State of New York without regard to the principle of conflicts of law. No such claim shall be commenced, prosecuted or continued in any forum other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, and each of the parties hereby submits to the jurisdiction of such courts; provided, however, that if the Company commences bankruptcy or insolvency proceedings, during such proceedings each of

LAZARD

**White Birch Paper Holdings Company
June 3, 2009**

the parties will submit to the jurisdiction of the court presiding over such proceeding. The Company hereby waives on behalf of itself and its successors and assigns any and all right to argue that the choice of forum provision is or has become unreasonable in any legal proceeding. The Company waives all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to or arising out of the engagement of Lazard pursuant to, or the performance by Lazard of the services contemplated by, this Agreement.

15. As you know, we are also being retained to act as financial advisor to SP Newsprint Holdings LLC and its controlled subsidiaries ("SP"). To the extent that our engagement with SP constitutes a conflict of interests with our engagement hereunder, you hereby waive such conflict. Without limiting the foregoing, Lazard agrees that it will not represent any holder of Existing Obligations in connection with a Restructuring.

LAZARD

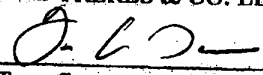
White Birch Paper Holdings Company
June 3, 2009

If the foregoing Agreement is in accordance with your understanding of the terms of our engagement, please sign and return to us the enclosed duplicate hereof.

Very truly yours,

LAZARD FRERES & CO. LLC

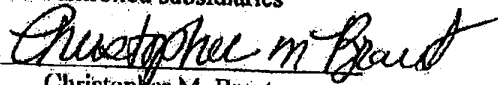
By:


Terry Savage
Managing Director

Accepted and Agreed to as of the date first written above.

WHITE BIRCH PAPER HOLDINGS COMPANY, on behalf of itself
and its controlled subsidiaries

By:


Christopher M. Brant
President & Chief Operating Officer

LAZARD

LAZARD FRÈRES & Co. LLC
30 ROCKEFELLER PLAZA
NEW YORK, NY 10080
PHONE 212-632-6000
www.lazard.com

June 3, 2009

White Birch Paper Holdings Company
80 Field Point Road
Greenwich, CT 06830

Attention: Christopher M. Brant
President & Chief Operating Officer

Gentlemen:

In connection with our engagement to advise and assist White Birch Paper Holdings Company and its controlled subsidiaries (collectively, "you") with the matters set forth in the engagement letter of even date herewith (the "Engagement Letter"), you and we are entering into this letter agreement. It is understood and agreed that in the event that Lazard Frères & Co. LLC or any of our affiliates, or any of our or their respective directors, officers, members, employees, agents or controlling persons, if any (each of the foregoing, including Lazard Frères & Co. LLC, being an "Indemnified Person"), become involved in any capacity in any action, claim, proceeding or investigation brought or threatened by or against any person, including your securityholders, related to, arising out of or in connection with our engagement, subject to the exception in the next sentence, you will promptly reimburse each such Indemnified Person for its legal and other expenses (including the cost of any investigation and preparation) as and when they are incurred in connection therewith. You will indemnify and hold harmless each Indemnified Person from and against any losses, claims, damages, liabilities or expenses to which any Indemnified Person may become subject under any applicable federal or state law, or otherwise, related to, arising out of or in connection with our engagement, whether or not any pending or threatened action, claim, proceeding or investigation giving rise to such losses, claims, damages, liabilities or expenses is initiated or brought by you or on your behalf and whether or not in connection with any action, claim, proceeding or investigation in which you or any such Indemnified Person are a party, except to the extent that any such loss, claim, damage, liability or expense is found by a court of competent jurisdiction in a judgment which has become final in that it is no longer subject to appeal or review to have resulted primarily from such Indemnified Person's willful misconduct, bad faith or gross negligence. You also agree that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to you or your securityholders or creditors related to, arising out of or in connection with our engagement except to the extent that any loss, claim, damage or liability is found by a court of competent jurisdiction in a judgment which has become final in that it is no longer subject to appeal or review to have resulted primarily from such Indemnified Person's willful

PARIS	LONDON	NEW YORK	AMSTERDAM	ATLANTA	BEIJING	BORDEAUX	BOSTON	BRISBANE	CHICAGO	FRANKFURT
HAMBURG	HONG KONG	HOUSTON	LOS ANGELES	LYON	MADRID	MELBOURNE	MILAN	MINNEAPOLIS	MONTREAL	MUMBAI
ROME	SAN FRANCISCO	SÃO PAULO	SEOUL	SHANGHAI	SINGAPORE	STOCKHOLM	SYDNEY	TOKYO	TORONTO	ZURICH

LAZARD

White Birch Paper Holdings Company
Indemnification Letter
June 3, 2009

misconduct, bad faith or gross negligence. If multiple claims are brought against any Indemnified Person in an arbitration related to, arising out of or in connection with our engagement, and indemnification is permitted under applicable law with respect to at least one such claim, you agree that any arbitration award shall be conclusively deemed to be based on claims as to which indemnification is permitted and provided for hereunder, except to the extent the arbitration award expressly states that the award, or any portion thereof, is based solely on a claim as to which indemnification is not available.

If for any reason the foregoing indemnification is held unenforceable (other than due to a failure to meet the standard of care set forth above), then you shall contribute to the loss, claim, damage, liability or expense for which such indemnification is held unenforceable in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by you and your securityholders and creditors on the one hand and the Indemnified Persons on the other hand in the matters contemplated by our engagement as well as the relative fault of yourselves and such persons with respect to such loss, claim, damage, liability or expense and any other relevant equitable considerations. You agree that for the purposes hereof the relative benefits received, or sought to be received, by you and your securityholders and creditors and the Indemnified Persons shall be deemed to be in the same proportion as (i) the total value paid or proposed to be paid by or to you and your securityholders and creditors, as the case may be, pursuant to any transaction (whether or not consummated) for which we have been engaged to perform investment banking services bears to (ii) the fees paid or proposed to be paid to us in connection with such engagement; provided, however, that, to the extent permitted by applicable law, in no event shall we or any other Indemnified Person be required to contribute an aggregate amount in excess of the aggregate fees actually paid to us for such investment banking services. Your reimbursement, indemnity and contribution obligations under this agreement shall be joint and several, shall be in addition to any liability which you may otherwise have, shall not be limited by any rights we or any other Indemnified Person may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of yourselves, ourselves, and any other Indemnified Persons.

You agree that, without our prior written consent (which will not be unreasonably withheld), you will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action, proceeding or investigation in respect of which indemnification or contribution could be sought hereunder (whether or not we or any other Indemnified Persons are an actual or potential party to such claim, action, proceeding or investigation), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Person from all liability arising out of such claim, action, proceeding or investigation. No waiver, amendment or other modification of this agreement shall be effective unless in writing and signed by each party to be bound thereby. This agreement and any claim related directly or indirectly to this agreement shall be governed and construed in accordance with the laws of the State of New York (without giving regard to the conflicts of law provisions thereof). No such claim shall be commenced, prosecuted or continued in any forum other than the courts of the State of New York located in the City and County of New York or the United

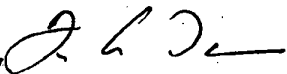
LAZARD

White Birch Paper Holdings Company
Indemnification Letter
June 3, 2009

States District Court for the Southern District of New York, and each of us hereby submits to the jurisdiction of such courts; provided, however, that if you commence bankruptcy or insolvency proceedings, during such proceedings each of the parties will submit to the jurisdiction of the court presiding over such proceeding. You hereby waive on behalf of yourself and your successors and assigns any and all right to argue that the choice of forum provision is or has become unreasonable. You (on your own behalf and, to the extent permitted by applicable law, on behalf of your securityholders and creditors) waive all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to, arising out of or in connection with our engagement. This agreement shall remain in effect indefinitely, notwithstanding any termination or expiration of our engagement.

Very truly yours,

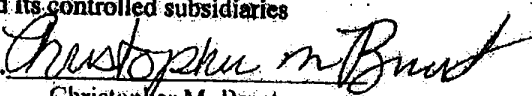
LAZARD FRERES & CO. LLC

By 

Terry Savage
Managing Director

AGREED TO AND ACCEPTED
as of the date first
above written:

WHITE BIRCH PAPER HOLDINGS COMPANY, on behalf of itself
and its controlled subsidiaries

By 

Christopher M. Brant
President & Chief Operating Officer

LAZARD

LAZARD FRÈRES & Co. LLC
30 ROCKEFELLER PLAZA
NEW YORK, NY 10020
PHONE 212-632-6000
www.lazard.com

December 4, 2009

White Birch Paper Holdings Company
80 Field Point Road
Greenwich, CT 06830

Attention: Christopher M. Brant
President & Chief Operating Officer

Dear Ladies and Gentlemen:

Reference is made to the engagement letter between Lazard Frères & Co. LLC ("Lazard") and White Birch Paper Holdings Company and its controlled subsidiaries (collectively with any entity formed or used for the purposes set forth therein, the "Company") dated as of June 3, 2009 (the "Engagement Letter"), pursuant to which Lazard was engaged as investment banker to the Company in connection with any Restructuring. We hereby confirm the understanding between us that the assignment scope of the Engagement Letter has been expanded such that the Company has retained Lazard to act as its sole investment banker in connection with any Financing (as defined hereafter). We further confirm the following additional amendments to the Engagement Letter:

(i) The following shall be added as clause 1(l) of the Engagement Letter:

"(l) Advising and assisting the Company in evaluating any potential transaction or series of transactions involving the public or private issuance, sale, or placement of equity, equity-linked, or debt securities, instruments, or obligations of the Company, including any debtor-in-possession financing or exit financing in connection with a case under the Bankruptcy Code (each a "Financing") transactions by the Company, and, subject to Lazard's agreement so to act and, if requested by Lazard, to execution of appropriate agreements, on behalf of the Company, contacting potential sources of capital as the Company may designate and assisting the Company in implementing any such a Financing."

(ii) The following shall be added a clause 2(f) of the Engagement Letter:

"(f) A fee, payable upon consummation of each Financing, equal to the applicable fee percentage set forth below multiplied by the total gross proceeds (including available but undrawn amounts) raised in such Financing.

PARIS	LONDON	NEW YORK	AMSTERDAM	ATLANTA	BAHRAIN	BEIJING	BORDEAUX	BOSTON	BRISBANE	BUENOS AIRES
CHARLOTTE	CHICAGO	DUBAI	FRANKFURT	HAMBURG	HONG KONG	HOUSTON	LOS ANGELES	LYON	MADRID	MELBOURNE
MILAN	MINNEAPOLIS	MONTEVIDEO	MONTRÉAL	MUMBAI	PANAMA CITY	SAN DIEGO	SAN FRANCISCO	SANTIAGO	SÃO PAULO	
SEOUL	SINGAPORE	STOCKHOLM	SYDNEY	TOKYO	TORONTO	WASHINGTON DC	ZURICH			

LAZARD

<u>Funds Raised</u>	<u>Fee %</u>
Senior Secured Debt	1.50%
Senior Debt	3.00%
Subordinated Debt	3.50%
Convertible Debt	3.75%
Convertible Preferred Stock	5.00%
Common Stock	6.00%

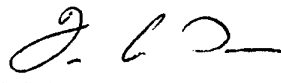
Notwithstanding the foregoing, (i) for a Financing entailing debtor in possession financing, the Financing Fee shall be equal to 1% of total gross proceeds raised in such debtor in possession financing (provided, that, for the avoidance of doubt "total proceeds raised" shall exclude any portion of the debtor in possession financing used to repay or otherwise refinance amounts outstanding under a lending facility currently in place) and (ii) no Financing Fees shall be payable in respect of any Financing provided by any current equityholder of White Birch Holdings Company or their respective affiliates. One-half of any Financing Fee(s) paid shall be credited against any Restructuring Fee subsequently payable."

- (ii) The words "or Financing" shall be inserted after each reference to the term "Restructuring" in paragraphs 3, 6, 9, 10 and 11 the Engagement Letter, except that the words "and any Financing" shall be added after the phrase "any Restructuring" in paragraph 10 of the Engagement Letter.

Except to the extent provided above, the Engagement Letter and related indemnification letter remain in full force and effect. If the foregoing correctly sets forth the understanding between us, please so indicate on the enclosed signed copy of this letter in the space provided therefor and return it to us, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

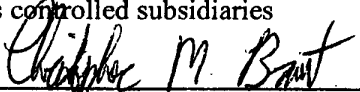
LAZARD FRERES & CO. LLC

By: 

Terry Savage
Managing Director

Accepted and Agreed to as of the date first written above.

WHITE BIRCH PAPER HOLDINGS COMPANY, on behalf of itself
and its controlled subsidiaries

By: 

Christopher M. Brant
President & Chief Operating Officer

LAZARD

LAZARD FRÈRES & Co. LLC
30 ROCKEFELLER PLAZA
NEW YORK, NY 10020
PHONE 212-632-6000
www.lazard.com

February 23, 2010

White Birch Paper Holdings Company
80 Field Point Road
Greenwich, CT 06830

Attention: Edward D. Sherrick
Senior Vice President & Chief Financial Officer

Dear Ladies and Gentlemen:

Reference is made to the engagement letter between Lazard Frères & Co. LLC ("Lazard") and White Birch Paper Holdings Company and its controlled subsidiaries (collectively with any entity formed or used for the purposes set forth therein, the "Company") dated as of June 3, 2009, as amended on December 4, 2009 (the "Engagement Letter"), pursuant to which Lazard was engaged as investment banker to the Company in connection with any Restructuring and/or Financing. We hereby confirm the understanding between us that the assignment scope of the Engagement Letter has been expanded such that the Company has retained Lazard to act as its sole investment banker in connection with any Sale Transaction (as defined hereafter). We further confirm the following additional amendments to the Engagement Letter:

- (i) The following shall be added as clause 1(m) of the Engagement Letter:
- "(m) Assisting the Company in identifying and evaluating candidates for a potential Sale Transaction¹, advising the Company in connection with negotiations and aiding in the consummation of a Sale Transaction.
- (ii) The following shall be added as clause 2(g) of the Engagement Letter:

¹ As used in this Agreement, the term "Sale Transaction" means any transaction or series of transactions involving (a) an acquisition, merger, consolidation, or other business combination pursuant to which the business or assets of the Company are, directly or indirectly, combined with another company; (b) the acquisition, directly or indirectly, by a buyer or buyers (which term shall include a "group" of persons as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended), of equity interests or options, or any combination thereof constituting a majority of the then outstanding stock of the Company or possessing a majority of the then outstanding voting power of the Company (except as may occur with current Stakeholders as a result of a Restructuring); (c) any other purchase or acquisition, directly or indirectly, by a buyer or buyers of significant assets, securities or other interests of the Company or (d) the formation of a joint venture or partnership with the Company or direct investment in the Company for the purpose of effecting a transfer of an interest in the Company to a third party. For purposes hereof, any sale of newly issued securities (including securities held in treasury) shall be a Financing and not a Sale.

LONDON NEW YORK PARIS AMSTERDAM ATLANTA BEIJING BORDEAUX BOSTON BRISBANE BUENOS AIRES CHICAGO DUBAI
FRANKFURT HAMBURG HONG KONG HOUSTON LOS ANGELES LYON MADRID MELBOURNE MILAN MINNEAPOLIS MONTEVIDEO MUMBAI
PANAMA CITY ROME SAN FRANCISCO SANTIAGO SAO PAULO SEOUL SINGAPORE STOCKHOLM SYDNEY TOKYO WASHINGTON DC ZURICH

LAZARD

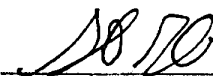
- "(g) (i) If, whether in connection with the consummation of a Restructuring or otherwise, the Company consummates a Sale Transaction incorporating all or a majority of the assets or all or a majority or controlling interest in the equity securities of the Company, Lazard shall be paid a fee (the "Sale Transaction Fee") equal to the greater of (A) the fee calculated based on the Aggregate Consideration as set forth in Schedule I hereto or (B) the Restructuring Fee.
- (ii) If, whether in connection with the consummation of a Restructuring or otherwise, the Company consummates any Sale Transaction not covered by clause (i) above, the Company shall pay Lazard a fee (the "Minority Sale Transaction Fee") based on the Aggregate Consideration calculated as set forth in Schedule I hereto. One-half of any fee paid under this Section 2(g)(ii) shall be credited against any Restructuring Fee or Sale Transaction Fee subsequently payable.
- (iii) Any Sale Transaction Fee or Minority Sale Transaction Fee shall be payable upon consummation of the applicable Sale Transaction."
- (iii) The words "or Sale Transaction" shall be inserted after each reference to the term "Restructuring or Financing" in paragraphs 3, 6, 9, and 11 the Engagement Letter, and the words "or Financing" following the words "consummation of a Restructuring" shall be deleted from the first sentence of paragraph 10 of the Engagement Letter, and the words "and any Sale Transaction" shall be added after the phrase "any Restructuring and any Financing" in paragraph 10 of the Engagement Letter.
- (iv) The attached Schedule I shall be Schedule I to the Engagement Letter.

LAZARD

Except to the extent provided above, the Engagement Letter and related indemnification letter remain in full force and effect. If the foregoing correctly sets forth the understanding between us, please so indicate on the enclosed signed copy of this letter in the space provided therefor and return it to us, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

LAZARD FRERES & CO. LLC

By: 
~~Tony Savage~~ Stephen Goldstein
Managing Director

Accepted and Agreed to as of the date first written above.

WHITE BIRCH PAPER HOLDINGS COMPANY, on behalf of itself
and its controlled subsidiaries

By: 
Edward D. Sherrick
Senior Vice President & Chief Financial Officer

LAZARD

SCHEDULE I

Fees for Sale Transaction

The total fee is calculated by breaking down the Aggregate Consideration and multiplying each increment by the corresponding incremental fee. For example, for a transaction in which the Aggregate Consideration paid is \$60 million, the fee would be \$625,000 + \$550,000 + \$175,000 which totals \$1.35 million.

<u>Aggregate Consideration</u> <i>(\$ in millions)</i>	<u>Incremental Fee %</u>
\$0 - \$25	2.50%
\$25 - \$50	2.20%
\$50 - \$100	1.75%
\$100 - \$200	1.30%
\$200 +	1.00%

For purposes hereof, the term "Aggregate Consideration" means (x) the total amount of cash and the fair market value (on the date of payment) of all of the property paid or payable (including amounts paid into escrow) in connection with the Sale Transaction (or any related transaction), including amounts paid or payable in respect of convertible securities, preferred equity securities, warrants, stock appreciation rights, option or similar rights, whether or not vested, plus (y) the principal amount of all indebtedness for borrowed money or other liabilities of the Company or relevant Company entity, as applicable, as set forth on the most recent balance sheet, or, in case of the sale of assets, all indebtedness for borrowed money or other liabilities assumed by the third party. Aggregate Consideration shall also include the aggregate amount of any dividends or other distributions declared by or related to the Company or relevant Company entity, as applicable, after the date hereof other than normal quarterly cash dividends, and, in the case of the sale of assets, the net value of any current assets not sold by the Company or relevant Company entity, as applicable. For purposes of calculating Aggregate Consideration, (i) all shares will be deemed transferred where a Sale Transaction is effected by the transfer of shares, (a) constituting more than 30% of the then outstanding equity securities of or equity interest in the Company or relevant Company entity, as applicable, or (b) possessing more than 30% of the then outstanding voting power of the outstanding equity securities of or equity interest in the Company or relevant Company entity, as applicable, and (ii) the value of securities (whether debt or equity) that are freely tradable in an established public market will be determined on the basis of the average closing price in such market for the 10 trading days prior to the closing of the Sale Transaction (the "Valuation Date"); and the value of securities that have no established public market or other property will be the fair market value of such securities or other property on such Valuation Date and any restricted stock (i.e., stock in a public company not freely tradeable) received shall be valued at 85% of the public market price of such stock. Aggregate Consideration shall also be deemed to include pension liabilities and guarantees of monies borrowed assumed directly or indirectly by the third party. For the avoidance of any doubt, Aggregate Consideration shall include the full value of all amounts credit bid in connection with any Sale Transaction. If the Aggregate Consideration is subject to increase by contingent

LAZARD

payments related to future events, the portion of our fee relating thereto shall be calculated by the Company and Lazard in good faith, shall be based upon the net present value of such payments and shall be paid to us upon consummation of the Sale Transaction.

EXHIBIT R-2

R-2

LAZARD

LAZARD FRÈRES & CO. LLC
30 ROCKEFELLER PLAZA
NEW YORK, NY 10020
PHONE 212-632-6000
www.lazard.com

VIA ELECTRONIC MAIL

September 11, 2012

Mr. Ed Sherrick
Chief Financial Officer
White Birch Paper Holdings Company
80 Field Point Road
Greenwich, CT 06830

Mr. Martin Rosenthal, CPA, CA, CIRP
Managing Partner, Québec
Ernst & Young, Inc.
800 boul Rene-Levesque Ouest
Bureau 1900
Montreal, QC
H3B 1X9
Canada

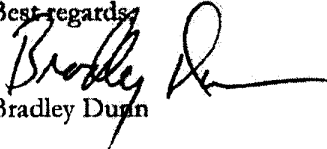
Dear Sirs,

Pursuant to the letter Agreements dated as of June 3, 2009, as amended on December 4, 2009 and further amended February 23, 2010, please find enclosed Lazard's invoice in the total amount of \$4,564,812.56 USD representing the Sale Transaction Fee payable to Lazard. We have enclosed for your reference a worksheet setting forth the details of the Sale Transaction Fee calculation, including the Assumed Liabilities used by Lazard for purposes of such calculation.

Please note that the Sale Transaction Fee claimed herein remains subject to adjustments as the amount of Assumed Liabilities forming part of the Aggregate Consideration has been established based upon information made available to Lazard by third parties, such as the Monitor and AlixPartners. The amount of the Assumed Liabilities has not yet been confirmed by White Birch Paper Holdings Company. Consequently, Lazard reserves all of its rights to amend the Sale Transaction Fee claimed herein, including to increase its claim as the case may be.

Please arrange payment at your earliest convenience. Wire instructions are included on the invoice for your reference. If you have any questions, please do not hesitate to call me at (212) 632-1993. Thank you very much.

Best regards,


Bradley Dunn

PARIS LONDON NEW YORK AMSTERDAM ATLANTA BERLIN BOMBAY CHICAGO FRANKFURT HAMBURG HONG KONG HOUSTON
LOS ANGELES MADRID MILAN MONTREAL NEW DELHI ROME SAN FRANCISCO SEOUL SINGAPORE STOCKHOLM SYDNEY TOKYO TORONTO

LAZARD

Enclosure

cc: Alan Holtz – AlixPartners
Gary Quinn – AlixPartners
Chris Marcus – Kirkland & Ellis
Jean Fontaine – Stikeman & Elliott
Terry Savage – Lazard Freres & Co. LLC
Andrew Yearley – Lazard Freres & Co. LLC
Matthew Hart – Lazard Freres & Co. LLC
Geneviève Cloutier – Gowling Lafleur Henderson LLP

LAZARD FRÈRES & Co. LLC

30 ROCKEFELLER PLAZA
NEW YORK, N.Y. 10020

INVOICE

SEPTEMBER 11, 2012

WHITE BIRCH PAPER HOLDING COMPANY
80 FIELD POINT ROAD
GREENWICH, CT 06830

ATTN: MR. ED SHERRICK, CHIEF FINANCIAL OFFICER

ERNST & YOUNG, INC.
800 BOUL RENE-LEVESQUE OUEST
BUREAU 1900
MONTRÉAL, QC
H3B 1X9
CANADA

ATTN: MR. MARTIN ROSENTHAL, CPA, CA, CIRP

FEE FOR SERVICES RENDERED PURSUANT TO
THE AGREEMENT DATED JUNE 3, 2009 AS
AMENDED ON DECEMBER 4, 2009 AND FURTHER
AMENDED FEBRUARY 23, 2010 AS FOLLOWS:

SALE TRANSACTION FEE \$4,564,812.56 USD

Wiring Instructions:
JP Morgan Chase, New York
ABA: # 021000021
FBO: Lazard Freres & Co. LLC
A/C #: 066297109
Attention: Chris Wanfried

YOURS TRULY,
PER PRO, LAZARD FRÈRES & Co. LLC

Kurt M. Lanza John Caglin

ESTIMATED AGGREGATE CONSIDERATION OF SALE TRANSACTION

(\$ in USD)

	Total	USD	CAD	Comments
Cash Consideration	\$90,000,000.00			
Assumed Liabilities				Section 2.2.1 of Asset Sale Agreement ("ASA"). Allocation still to be decided.
Post-Petition AP	33,507,000.00	7,737,000.00	25,770,000.00	Section 2.1.3(a)(i) of ASA. Post-petition AP and Accrued Liabilities per AlixPartners from 7/31/12 balance sheet.
Assigned Contracts & Cure Costs	11,403,256.00	6,505,484.00	4,897,772.00	Section 2.1.3(a)(ii) of ASA. Est. amount per AlixPartners.
Transfer Tax	1,600,000.00	400,000.00	1,200,000.00	Section 2.1.3(a)(iii) of ASA. Est. amount per AlixPartners. Assumed allocation based on properties.
Capital Leases	0.00	0.00	0.00	Section 2.1.3(a)(iv) of ASA. Per AlixPartners from 7/31/12 balance sheet (\$1.6mm cap per ASA).
Pension	194,100,000.00	184,100,000.00	0.00	Section 2.1.3(a)(v) of ASA. Per 7/31/12 balance sheet as reported by AlixPartners in August 2012. Monitor's Report dated 5/29/12 reports unfunded pension liability of \$300-\$400 million had been asserted by Canadian unions and pension authorities.
Bear Island 502(b)(9) Claims	871,000.00	0.00	871,000.00	Section 2.1.3(a)(vi) of ASA. Per AlixPartners from 7/31/12 balance sheet
Total	\$321,481,256.00			

ESTIMATED LAZARD SALE TRANSACTION FEE CALCULATION

(\$ in millions)

Aggregate Consideration	%	Estimated Fee
\$0 - 25 million	2.50%	\$625,000.00
\$25 - 50 million	2.20%	550,000.00
\$50 - 100 million	1.75%	875,000.00
\$100 - 200 million	1.30%	1,300,000.00
\$200 + million	1.00%	1,214,812.56
Total Sale Transaction Fee		\$4,564,812.56

Note: The Sale Transaction Fee remains subject to adjustment as the amount of Assumed Liabilities forming part of the Aggregate Consideration has been established based upon the information made available to Lazard by third parties, such as the monitor and AlixPartners. The amount of the Assumed Liabilities has not yet been confirmed by the White Birch Paper Holdings Company. Consequently, Lazard reserves all of its rights to amend the Sale Transaction Fee claimed herein, including to increase its claim as the case may be.

Cloutier, Genevieve

From: Matthew.Hart@lazard.com
Sent: September-10-12 9:28 PM
To: Ed Sherrick
Cc: Martin Rosenthal; JFontaine@stikeman.com; christopher.marcus@kirkland.com; Alan Holtz; gquinn@alixpartners.com; Terry.Savage@Lazard.com; Andrew.Yearley@Lazard.com; Benjamin.Tisdell@lazard.com; Bradley.Dunn@Lazard.com; Naomi.Wiesen@lazard.com; Cloutier, Genevieve
Subject: Lazard White Birch sale transaction fee
Attachments: White Birch Paper_Sale_Fee_091112.pdf

Ed,

As requested, attached is an invoice for our sale transaction fee. Hard copies will follow to you and Martin, as I understand we were directed to do under the sale agreement. If you have any questions please let us know.

Thanks,

Matt

Matthew J. Hart
Lazard Frères & Co.
30 Rockefeller Plaza, 61st Floor
New York, NY, 10020
Office: (212) 632-8225
Mobile: (917) 902-0867
Fax: (212) 830-3328
matthew.hart@lazard.com

EXHIBIT R-3

[Home](#) > [Rates & Statistics](#) > [Exchange Rates](#) > Daily currency converter

Daily currency converter

Convert to and from Canadian dollars, using the latest noon rates.

Currency Converter

Amount: **cash rate:** ☐

From:

To:



Convert

Answer:

Exchange Rate:

Summary: On November 13, 2012, 4,564,812.56 U.S. dollar(s) = 4,572,116.26 Canadian Dollar (s), at an exchange rate of 1.0016 (using nominal rate).

N° 500-11-038474-108

SUPERIOR COURT
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

WHITE BIRCH PAPER HOLDING COMPANY
ET ALS.

Debtors

VS.

ERNST & YOUNG INC.

Monitor

-and-

LAZARD FRÈRES & CO. LLC

- and -

F.F. SOUCY LIMITED PARTNERSHIP ET
ALS.

Mises en cause

BL0052

LIST OF EXHIBITS AND EXHIBITS
R-1 TO R-3
(Motion for the payment of post-filing
amounts and *de bene esse* for the
lifting of the stay of proceedings)

ORIGINAL

Geneviève Cloutier
Gowling Lafleur Henderson LLP
1 Place Ville Marie, 37th Floor
Montreal, Québec
Canada H3B 3P4
Tel.: (514) 392-9448/ Fax: (514) 878-1450
Genevieve.cloutier@gowlings.com
File No.: T979847
INIT.: GC/cl c/o 4743