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

MOTION TO RECTIFY THE APPROVAL AND VESTING ORDER

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

INTRODUCTION

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 October 15th, 2010, and again until December 17th, 2010;

5. Concurrently with the present Motion, the WB Group is seeking to extend the Stay Period until February 25 th, 2011;

THE SALE OF SUBSTANTIALLY ALL OF THE WB GROUP'S ASSETS

6. On September 28th, 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 ("**BD**");

7. The Sale Order approved the sale of the WB Group's assets pursuant to the terms of the Asset Sale Agreement dated August 10th, 2010, as amended on August 23rd, August 31st and September 23rd, 2010 (the **"Sale Agreement"**);

8. The Sale Order provides for the conveyance of certain immoveable property to BD, free and clear of liens and other security;

9. Reference is made in the Sale Order to immoveables listed at various schedules, and notably those listed at Schedule C, referred to as the *"Quebec City Properties"*;

THE ADDITIONAL LOT NUMBER

10. Stadacona General Partner Inc. and Stadacona Limited Partnership (collectively "**Stadacona**") also respectively own and occupy an additional parcel (the "**Additional Parcel**") of land in Québec City, which is not listed at Schedule C of the Sale Order;

11. The Additional Parcel consists of lot number 4 378 820 of the Cadastre du Québec, which is adjacent to lot 4 378 821 and proximate to lot 2 347 223, referred to at Section 1 of Schedule C of the Sale Order;

12. It is owned by Stadacona General Partner Inc. and is the subject of certain registered rights, the whole as appears from the attached excerpt from the Index des Immeubles, attached herewith as **Exhibit RM-1**;

13. It is also the subject of an Expropriation Notice filed with the Tribunal Adminitratif du Québec by the City of Québec in File Number SAI – Q – 155389-0905, the whole as appears from a copy of the said Expropriation Notice, and associated exhibits, attached herewith *en liasse* as **Exhibit RM-2**;

14. The WB Group expected the expropriation of the Additional Parcel to be completed prior to the closing of the transaction contemplated in the Sale Agreement;

15. As a result, the Additional Parcel was not included in Schedule C and is therefore not affected by the Sale Order;

16. However, it has now become clear that the expropriation will not be completed prior to the closing of the said transaction, and may be modified or proceed as a voluntary sale;

17. The WB Group must therefore apply to this Court in order to have the Sale Order rectified;

RELIEF SOUGHT

18. The WB Group therefore requests that this Court rectify the Sale Order by adding the Additional Parcel to Section 1 of Schedule C of the Sale Order

19. In addition, in order to ensure that the said rectification does not affect the expropriation notice issued by the City of Québec, the WB Group requests that the definition of "Claims" contained at Paragraph 6 of the Sale Order be modified in order to explicitly exclude notices of expropriation;

20. It is submitted that the requested rectifications shall not adversely affect any party;

21. Moreover, such rectifications are necessary in order to ensure that the Sale Order properly and completely reflects the transaction contemplated in the Sale Agreement;

EXECUTION NOTWITHSTANDING APPEAL

22. Indeed, it is submitted that the rectifications should be granted and should be rendered executory notwithstanding any forthcoming appeal, in order to ensure that the WB Group is in a position to close the transaction contemplated in the Sale Agreement;

23. It appears that the closing of the said transaction may occur as early as December 30th, 2010;

24. In order to complete the transaction, the WB Group must be in a position to convey title in the Additional Parcel to BD, and BD will require that the entire Sale Order (as rectified) be executory notwithstanding appeal in order to proceed;

WHEREFORE MAY IT PLEASE THE COURT TO:

GRANT the present *"Motion to Rectify the Approval and Vesting Order"*;

RECTIFY the Sale Order granted on September 28th, 2010 by modifying the definition of "Claims" at paragraph 6 of the Sale Order, as attached, and by substituting the attached Amended Schedule C for version of Schedule C as previously formulated;

ORDER that the rectified Sale Order be executory notwithstanding appeal.

THE WHOLE WITHOUT COSTS, save in case of contestation.

Montreal, this 7th day of December, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Debtors

#10624925 v1

NOTICE OF PRESENTATION

TO: SERVICE LIST

TAKE NOTICE of the foregoing *"Fourth Motion for an Extension of the Stay Period"* and that same will be presented for adjudication before the Honourable Robert Mongeon, J.S.C., on **Thursday, December 9th, 2010,** at the **Saint-Jérôme Court House,** located at 25 de Martigny Street West, Saint-Jérôme, Quebec, J7Y 4Z1, at a time and place to be determined by Justice Mongeon.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 7th day of December, 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 of 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:

J A Ep

JAY A. EPSTEIN

SOLEMNLY DECLARED before me on this 7 day of December, 2010

Jacqueline C. Beffa

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 December 7th, 2010, at 4:58 p.m. Eastern time (EST), I received the Affidavit of Jay A. Epstein, dated December 7th, 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 7th day of December, 2010

Marie-Chantal Carey
172,390
COMMISSAIRE À L'ASSERMENTATION POUR TOUS LES DISTRICTS JUDICIAIRES DU QUÉBEC

Commissioner of Oaths for the all judicial district(s) of the Province of Quebec

AND I HAVE SIGNED

MATTHEW LIBEN

N°.: 500-11-038474-108

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

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

WHITE BIRCH PAPER HOLDING COMPANY ET ALS.

Debtors

and

ERNST & YOUNG INC.

Monitor

and

STADACONA LIMITED PARTNERSHIP ET ALS.

Mises en Cause

BS0350 Our File: 118326-1015

MOTION TO RECTIFY THE APPROVAL AND VESTING ORDER

ORIGINAL

Me Jean Fontaine (514) 397-3337
Fax: (514) 397-3487

STIKEMAN ELLIOTT LLP
1155 René-Lévesque Boulevard West, 40th floor
Montreal, Quebec, H3B 3V2

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

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F.F. SOUCY GENERAL PARTNER INC.

-and-

3120772 NOVA SCOTIA COMPANY

-and-

ARRIMAGE DE GROS CACOUNA INC.

-and-

PAPIER MASSON LTÉE

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

Mises en Cause

LIST OF EXHIBITS

EXHIBIT RM-1: Excerpt from the Index des Immeubles

EXHIBIT RM-2 A copy of an Expropriation Notice and associated exhibits

Montreal, this 7th day of December, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Debtors

N°.: 500-11-038474-108

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

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

WHITE BIRCH PAPER HOLDING COMPANY ET ALS.

Debtors

and

ERNST & YOUNG INC.

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and

STADACONA LIMITED PARTNERSHIP ET ALS.

Mises en Cause

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LIST OF EXHIBITS

ORIGINAL

Me Jean Fontaine (514) 397-3337
Fax: (514) 397-3487

STIKEMAN ELLIOTT LLP
1155 René-Lévesque Boulevard West, 40th floor
Montreal, Quebec, H3B 3V2

AMENDED SCHEDULE "C"

THE QUEBEC CITY PROPERTIES

SPECIFICALLY DESCRIBED IMMOVABLES

1. Property located at 10 des Capucins Boulevard (Borough of Limoilou), Quebec City

Immovables known and designated as being composed of lots TWO MILLION THREE HUNDRED AND FORTY-SEVEN THOUSAND TWO HUNDRED AND TWENTY-THREE, FOUR MILLION THREE HUNDRED AND SEVENTY-EIGHT THOUSAND EIGHT HUNDRED AND TWENTY and FOUR MILLION THREE HUNDRED AND SEVENTY-EIGHT THOUSAND EIGHT HUNDRED AND TWENTY-ONE (2 347 223, 4 378 820 and 4 378 821), all of the Cadastre du Québec, Registration Division of Québec.

With all buildings, installations, structures, equipments and facilities erected and located in, under, on and over the said immovables including, without limitation, the buildings bearing civic number 10, des Capucins Boulevard (Borough of Limoilou), Québec City, Province of Québec, G1K 7H9.

As the said immovables now subsist with their respective rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes and other rights, continuous or discontinuous, apparent or unapparent, attached thereto.

2. Property located at 1200 Lapierre Street (Borough of La Haute-Saint-Charles), Québec City

Immovables known and designated as being composed of lots ONE MILLION ONE HUNDRED AND SIXTEEN THOUSAND SEVEN HUNDRED AND THIRTY-SIX, ONE MILLION ONE HUNDRED AND SIXTEEN THOUSAND EIGHT HUNDRED AND SIXTY-SIX, ONE MILLION ONE HUNDRED AND SEVENTEEN THOUSAND AND FORTY-FOUR, ONE MILLION ONE HUNDRED AND SEVENTEEN THOUSAND AND SEVENTY-ONE, ONE MILLION ONE

HUNDRED AND SEVENTEEN THOUSAND THREE HUNDRED AND THIRTY-FOUR and ONE MILLION ONE HUNDRED AND NINETEEN THOUSAND TWO HUNDRED AND EIGHTY-FIVE (1 116 736, 1 116 866, 1 117 044, 1 117 071, 1 117 334 and 1 119 285), all of the Cadastre of Québec, Registration Division of Québec.

With all buildings, installations, structures, equipments and facilities erected and located in, under, on and over the said immovables including, without limitation, the buildings bearing civic number 1200, Lapierre Street (Borough of La Haute-Saint-Charles), Québec City, Province of Québec, G3E 1H8.

As the said immovables now subsist with their respective rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes and other rights, continuous or discontinuous, apparent or unapparent, attached thereto.

CANADA	**SUPERIOR COURT** **(Commercial Division)** **The *Companies' Creditors Arrangement Act***
PROVINCE OF QUÉBEC **DISTRICT OF MONTRÉAL** **No.: 500-11-038474-108**	**MONTRÉAL, this ______ day of DECEMBER, 2010**

IN THE PRESENCE OF:
THE HONOURABLE ROBERT MONGEON, J.S.C.

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-

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ARRIMAGE DE GROS CACOUNA INC.

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STADACONA LIMITED PARTNERSHIP

-and-

F.F. SOUCY LIMITED PARTNERSHIP

-and-

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

Mises en Cause

RECTIFIED APPROVAL AND VESTING ORDER

CONSIDERING the Debtors' "*Motion to Approve the Sale of Substantially All the WB Group's Assets"* (the "**Motion**") in respect of a sale transaction contemplated by an 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"**), and the Report dated September 23, 2010 (the **"Report"**) of Ernst & Young Inc. in its capacity as the monitor (the **"Monitor"**) of the Debtors and the Mises en Cause;

CONSIDERING the representations made by counsel; and

GIVEN the provisions of the CCAA and, in particular, Section 36 thereof;

WHEREFORE, THE COURT:

[1] **GRANTS** the Motion;

[2] **DECLARES** sufficient the service and notice of the Motion and hereby dispenses with further service thereof;

[3] **ORDERS** that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Sale Agreement;

[4] **ORDERS AND DECLARES** 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;

[5] **ORDERS** 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;

[6] **ORDERS AND DECLARES** that, subject to paragraph 16 of this Order, 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**"), which Claims <u>shall not include</u> the Expropriation Notice filed with the Tribunal Adminitratif du Québec by the City of Québec in File Number SAI – Q – 155389-0905, but <u>shall include</u>, 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;

[7] **ORDERS** 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;

[8] **ORDERS** 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;

[9] **ORDERS** 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;

[10] **ORDERS** 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;

[11] **ORDERS** 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 or a Designated Purchaser (as the case may be) 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;

[12] **ORDERS** 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 or a Designated Purchaser (as the case may be) 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;

[13] **ORDERS** 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 or a Designated Purchaser (as the case may be) 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;

[14] **ORDERS** 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 or a Designated Purchaser (as the case may be) of the Assets free and clear of any and all Encumbrances created by those hypothecs;

[15] **ORDERS** 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.

[16] **ORDERS** that, pursuant to section 11.3 of the CCAA, and subject to paragraph 17 of this Order, the Debtors and the Mises en Cause are authorized and directed to assign the Debtors' and the Mises en Cause's respective rights and obligations under 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);

[17] **ORDERS** 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;

[18] **ORDERS** 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 Designated Seller 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 Designated Seller Contracts shall be deemed to have been rescinded and shall be of no further force or effect;

[19] **ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof;

[20] **ORDERS** 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 in relation to any Designated Seller Contracts assigned pursuant to this Order and 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);

[21] **ORDERS** 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;

[22] **ORDERS** 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;

[23] **ORDERS** that the Sale Agreement and any related or ancillary agreements shall not be repudiated, disclaimed or otherwise compromised in these proceedings;

[24] **ORDERS** 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;

[25] **ORDERS** 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;

[26] **ORDERS** 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;

[27] **THIS COURT HEREBY REQUESTS** 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;

[28] **ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada;

THE WHOLE ________________ COSTS.

MONTRÉAL, this ______ day of DECEMBER, 2010

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THE HONOURABLE ROBERT MONGEON, J.S.C.