



Court File No. CV-09-8062-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

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TUESDAY, THE 29TH

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MR. JUSTICE MORAWETZ

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DAY OF JUNE, 2010

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TERRACE BAY PULP INC.

ORDER

THIS MOTION, made by Terrace Bay Pulp Inc. ("Terrace Bay" or the "Applicant"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order:

- (a) abridging the time for service of the Notice of Motion and Motion Record, if necessary, and declaring that the motion is properly returnable on Tuesday, June 29, 2010;
- (b) approving the Fifteenth Report of the Monitor dated June 27, 2010 (the "Fifteenth Report") and the activities of the Monitor as described therein;
- (c) amending paragraph 36 of the Creditors' Meeting Order dated May 31, 2010 (the "Creditors' Meeting Order") such that the Monitor shall file its report to this Court by no later than five (5) Business Days (as defined in the Plan) after the date of the creditors' meeting of the Unsecured Class (as defined in the Second

Amended and Restated Plan dated June 25, 2010 (the "Plan") scheduled to be held on Monday June 28, 2010 as may be adjourned (the "Creditors' Meeting") with respect to the results of the votes cast at the Creditors' Meeting and the Township Meeting (as defined below);

- (d) amending paragraph 46 of the Creditors' Meeting Order such that any party who wishes to oppose the motion for approval of the Sanction Order (as defined in the Plan) shall serve upon the lawyers for both the Applicant and the Monitor, and upon all other parties on the Service List (as defined in the Creditors' Meeting Order), by not later than 5:00 p.m. (Eastern Daylight Time) on the day that is seven (7) Business Days after the Creditors' Meeting, a copy of the materials to be used to oppose the motion for approval of the Sanction Order, setting out the basis for such opposition;
- (e) amending paragraph 8 of the Creditors' Meeting Order, *nunc pro tunc*, such that for the purposes of considering and voting on the Plan and receiving distributions thereunder, the holders of Unsecured Claims shall be grouped into a single class, being the Unsecured Class;
- (f) directing that the Corporation of the Township of Terrace Bay (the "Township") be included in a single class of creditors, being the "Township Class" for the purposes of considering and voting on the Plan;
- (g) authorizing a representative of the Monitor to preside as the chair of the Township Meeting (the "Chair") and to decide all matters relating to the rules and procedures at, and the conduct of, the Township Meeting;
- (h) authorizing the Applicant to call, hold and conduct the Township Meeting on Wednesday, June 30, 2010 at 2:00 p.m. (Eastern Daylight Time) at the offices of Ernst & Young Inc., Ernst & Young Tower, 222 Bay Street, Toronto, Ontario or as may be adjourned, for the purposes of considering and voting on the Plan;
- (i) directing that the Township is entitled to vote in the amount of its Proven Township Claim (as defined in the Plan);

- (j) directing that the Township may vote by proxy and may deliver such proxy to the Monitor by email or facsimile transmission or courier at the address indicated on the proxy form at any time prior to the commencement of the Township Meeting;
- (k) amending the Creditors' Meeting Order, *nunc pro tunc*, so that any and all references to "Affected Creditor" contained therein (other than paragraphs 5-7) shall not include the Township and any reference to "Creditors' Meeting" shall not include the Township Meeting (other than paragraph 7, which shall include the Township Meeting); and
- (l) amending paragraph 43 of the Creditors' Meeting Order such that if the Plan is approved by (i) the Required Majorities of Eligible Voting Creditors (as such terms are defined in the Creditors' Meeting Order) at the Creditors' Meeting, and (ii) the Township, the Applicant shall seek Court approval of the Plan at a motion for approval of an Order sanctioning the Plan, which motion shall be returnable before this Court at 10:00 a.m. (Eastern Daylight Time) on July 13, 2010 or such other date as may be fixed by the Commercial List,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fifteenth Report of the Monitor, Ernst & Young Inc., dated June 27, 2010 (the "Fifteenth Report"), and the affidavit of Russell York sworn June 28, 2010, and on hearing the submissions of counsel for the Applicant and counsel for the Monitor,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is properly returnable today and that any requirement for service of the Notice of Motion and the Motion Record on any parties other than the parties actually served with the Notice of Motion and the Motion Record is hereby dispensed with and that service in the manner effected by the Applicant is validated in all respects.
2. **THIS COURT ORDERS** that the Fifteenth Report and the activities of the Monitor as described therein are hereby approved.

3. **THIS COURT ORDERS** that paragraph 36 of the Creditors Meeting Order is hereby amended to read:

36. THIS COURT ORDERS that the Monitor shall file its report to this Court by no later than five (5) Business Days after the date of the Creditors' Meeting with respect to the results of the votes cast, including, without limitation, whether:

- (a) the Plan has been accepted by the Required Majorities of Affected Creditors;
- (b) the Plan has been accepted by the Township; and
- (c) the votes cast by Eligible Voting Creditors with Disputed Claims at the Creditors' Meeting, if any, would affect the result of the vote.

4. **THIS COURT ORDERS** that paragraph 46 of the Creditors' Meeting Order is hereby amended to read:

46. THIS COURT ORDERS that any party who wishes to oppose the motion for approval of the Sanction Order shall serve upon the lawyers for both the Applicant and the Monitor, and upon all other parties on the Service List, by not later than 5:00 p.m. (Eastern Daylight Time) on the day that is seven (7) Business Days after the Creditors' Meeting, a copy of the materials to be used to oppose the motion for approval of the Sanction Order, setting out the basis for such opposition.

5. **THIS COURT ORDERS** that paragraph 8 of the Creditors' Meeting Order shall be amended, *nunc pro tunc*, to read:

8. THIS COURT ORDERS that for the purposes of considering and voting on the Plan and receiving distributions

thereunder, the holders of Unsecured Claims shall be grouped into a single class, being the Unsecured Class.

6. **THIS COURT ORDERS AND DIRECTS** that for the purposes of considering and voting on the Plan, the Township shall be included in a single class of creditors, being the Township Class.
7. **THIS COURT ORDERS** that a representative of the Monitor is hereby authorized to preside as the Chair of the Township Meeting and to decide all matters relating to the rules and procedures at, and the conduct of, the Township Meeting. The Chair or the Monitor may adjourn the Township Meeting at their discretion.
8. **THIS COURT ORDERS** that the Applicant is hereby authorized to call, hold and conduct a meeting of the Township Class (the "Township Meeting") on Wednesday, June 30, 2010 at 2:00 p.m. (Eastern Daylight Time) at the offices of Ernst & Young Inc., Ernst & Young Tower, 222 Bay Street, Toronto, Ontario or as may be adjourned to such places and times as the Chair may determine at the Township Meeting, or as the Monitor may determine prior to the Township Meeting, for the purposes of considering and voting on the Plan.
9. **THIS COURT ORDERS** that the Township is entitled to vote in the amount of its Proven Township Claim.
10. **THIS COURT ORDERS** that the Township may vote by proxy (in the form attached to the Creditors' Meeting Order or such other form of proxy that the Monitor or the Chair may in either of their discretion accept) and may deliver such proxy to the Monitor by email or facsimile transmission or courier at the address indicated on the proxy form at any time prior to the commencement of the Township Meeting.
11. **THIS COURT ORDERS** that notwithstanding paragraph 3 of the Creditors' Meeting Order, the Creditors' Meeting Order is hereby amended, *nunc pro tunc*, so that any and all references to "Affected Creditor" contained therein (other than paragraphs 5-7) shall not include the Township and any reference to "Creditors' Meeting" shall not include the Township Meeting (other than paragraph 7, which shall include the Township Meeting).

12. **THIS COURT ORDERS** that paragraph 43 of the Creditors' Meeting Order shall be amended to read:

43. THIS COURT ORDERS that if the Plan is approved by (i) the Required Majorities of Eligible Voting Creditors at the Creditors' Meeting, and (ii) the Township, the Applicant shall seek Court approval of the Plan at a motion for approval of an Order sanctioning the Plan (the "Sanction Order"), which motion shall be returnable before this Court at 10:00 a.m. (Eastern Daylight Time) on July 13, 2010 or such other date as may be fixed by the Commercial List (the "Sanction Hearing").



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ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 29 2010

PER / PAR: 

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 c. C-36
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TERRACE BAY PULP INC.

Court File No. CV-09-8062-00CL

Applicant

ONTARIO

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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