

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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.

Applicant

**SUPPLEMENTARY NOTICE OF MOTION
(Returnable June 29, 2010)**

Terrace Bay Pulp Inc. (the "Applicant"), will make a motion to a Judge presiding over the Commercial List on Tuesday, June 29, 2010, at 10:00 a.m., or as soon after that time as the motion can be heard, at the Court House, 330 University Avenue, 8th Floor, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard

☐ in writing under subrule 37.12.1(1)

☐ in writing as an opposed motion under subrule 37.12.1(4);

☒ orally.

THE MOTION IS FOR an Order substantially in the form as attached hereto as
Schedule "A":

- (i) 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;

- (ii) approving the Fifteenth Report of the Monitor, Ernst & Young Inc., dated June 27, 2010 (the "Fifteenth Report") and the activities of the Monitor as described therein;
- (iii) 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 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);
- (iv) 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;
- (v) 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;
- (vi) 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;

- (vii) 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;
- (viii) 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;
- (ix) directing that the Township is entitled to vote in the amount of its Proven Township Claim (as defined in the Plan);
- (x) 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;
- (xi) 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);
- (xii) 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; and
- (xiii) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) the reasons described in the Fifteenth Report;
- (b) Section 11 of the CCAA; and
- (c) such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) The Fifteenth Report; and
- (b) such other materials as counsel may advise and this Honourable Court permit.

June 28, 2010

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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. 09-CV-8062-00CL

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SUPPLEMENTARY NOTICE OF MOTION
(RETURNABLE JUNE 29, 2010)**

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