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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)	Chapter 15
)	
WHITE BIRCH PAPER COMPANY, <u>et al.</u> , ¹)	Case No. 10- _____ ()
)	
Debtors in a Foreign Proceeding.)	Joint Administration Requested

**EX PARTE APPLICATION FOR ENTRY OF AN ORDER (A) GRANTING
PROVISIONAL RELIEF AND INJUNCTION AND (B) SCHEDULING A HEARING**

White Birch Paper Company ("White Birch Company"), in its capacity as foreign representative (the "Foreign Representative") of the above-captioned debtors (collectively, the "Debtors") in a foreign proceeding (the "Canadian Proceeding") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pending before the Superior Court for the Province of Quebec, Commercial Division, Judicial District of Montreal, Canada (the "Canadian Court"), respectfully submits this application (the "Application"), pursuant to sections 105(a) and 1519(a) of title 11 of the United States Code (the "Bankruptcy Code"), seeking: (a) immediate entry of a temporary restraining order (the "TRO"), substantially in the form attached hereto as **Exhibit A**, enforcing the initial order of the

¹ The Debtors in these cases are: White Birch Paper Company ("White Birch Company"), Papier Masson Ltee ("Papier Masson"), Stadacona General Partner, Inc. ("Stadacona GP"), Stadacona Limited Partnership ("Stadacona LP"), F.F. Soucy Limited Partnership ("FF Soucy LP") and F.F. Soucy Inc. & Partners, Limited Partnership ("FF Soucy & Partners LP"). The Debtors' U.S. service address is 80 Field Point Road, Greenwich, Connecticut 06830.

Canadian Court dated February 24, 2010 (the “Initial CCAA Order”) on an interim basis pending this Court’s entry of a preliminary injunction order; (b) after seven days’ notice and a hearing on the Application (with such hearing to be held only to the extent unresolved objections exist), a preliminary injunction order (the “Provisional Order”), substantially in the form attached hereto as **Exhibit B**, pending this Court’s entry of an order recognizing the Canadian Proceeding as a “foreign main proceeding”; (c) the scheduling of a hearing on the Application; and (d) such other relief as may be just and proper. In support of this Application, the Foreign Representative relies upon the *Declaration of Edward D. Sherrick in Support of (A) Chapter 15 Petitions for Recognition of Foreign Proceeding and (B) Ex Parte Application for Provisional Relief Pursuant to Sections 105(a), 1519, 1520 and 1521 of the Bankruptcy Code* (the “Sherrick Declaration”) filed contemporaneously herewith and incorporated herein by reference and respectfully states as follows:

Jurisdiction

1. The Court has jurisdiction to consider this Petition pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. These cases were properly commenced pursuant to 11 U.S.C. § 1504 by the filing of a petition for recognition of the Canadian Proceeding under 11 U.S.C. § 1515.
3. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1410(3).
4. The statutory bases for relief are sections 105(a), 1504, 1515, 1517, 1519, 1520 and 1521 of the Bankruptcy Code.

Background

I. The Company’s Business

5. White Birch Paper Holding Company is a Nova Scotia limited liability company (“WB Holding”), which directly or indirectly owns 100% of its 17 subsidiaries, including White

Birch Company and the other five Debtors (collectively, the “WB Group” or the “Company”). The WB Group operates four pulp and paper mills in North America. Three of the WB Group’s four mills are located in the province of Quebec, Canada, respectively situated in Quebec City (the “Stadacona Mill”), Riviere-du-Loup (the “Soucy Mill”) and Masson-Angers, Quebec (the “Papier Masson Mill”). The Bear Island Mill, located in Ashland, Virginia, is owned by Bear Island Paper Company, L.L.C. (“Bear Island”), which has commenced a chapter 11 case in the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”). The WB Group is the second-largest newsprint producer in North America. As of December 31, 2009, the WB Group held a 12% share of the North American newsprint market and employed approximately 1,300 individuals (the majority of which reside in Canada). Additionally, for the twelve months ended December 31, 2009, the WB Group maintained an annual production capacity of approximately 1.3 million metric tons of newsprint and directory paper, up to 50% of which consists of recycled content, and achieved net sales of approximately \$667 million.

6. The Debtors are all Canadian companies or partnership entities with their primary assets and operations based in Canada.

7. Papier Masson, a Canadian company, is a wholly-owned indirect subsidiary of White Birch Company. Papier Masson owns and operates the Papier Masson Mill, which was acquired by the WB Group in 2006. The Papier Masson Mill has one newsprint machine capable of producing 245,000 metric tons of newsprint per year.

8. Stadacona LP, a limited partnership created under the laws of Quebec, is also a wholly-owned indirect subsidiary of White Birch Company. Stadacona LP owns and operates the Stadacona Mill, which was acquired by the WB Group in 2004, and owns the Leduc Sawmill, which is located in Quebec and holds certain cutting rights on wood lots in Quebec.

The Stadacona Mill is capable of producing roughly 410,000 metric tons of newsprint per year, 95,000 metric tons of directory paper per year, and 45,000 metric tons of paperboard per year. Stadacona GP, a company incorporated under the laws of Nova Scotia is a general partner in Stadacona LP.

9. FF Soucy LP and FF Soucy & Partners LP, both limited partnerships created under the laws of Quebec, are wholly-owned indirect subsidiaries of White Birch Company. Together, FF Soucy LP and FF Soucy & Partners LP own and operate the Soucy Mill, which was acquired by the WB Group in 1973. The Soucy Mill features two newsprint machines with the collective capacity to produce 265,000 metric tons of newsprint per year. The Soucy Mill also produces uncoated groundwood specialty paper.

II. The Company's Capital Structure

10. WB Group's principal debt obligations consist of three major credit agreements, each of which is more fully described below: (a) the First Lien Term Loan Agreement; (b) the Second Lien Term Loan Agreement; and (c) the Revolving ABL Agreement (each as defined herein). In addition, White Birch Company is a party to three interest rate swap agreements (collectively, the "Swap Agreements"), which, as of February 24, 2010 (the "Petition Date"), were accelerated and out of the money by approximately \$51.5 million in the aggregate. White Birch Company's obligations under the Swap Agreements are collateralized by the same assets pledged under the First and Second Lien Term Loan Agreements, and the Swap Agreement lenders' liens rank *pari passu* with the lenders under the First Lien Term Loan Agreement.

A. First Lien Term Loan Agreement

11. On or about April 8, 2005, White Birch Company and WB Holding, as borrowers, entered into that certain First Lien Term Loan Credit Agreement (as amended and restated on January 27, 2006 and May 8, 2007, the "First Lien Term Loan Agreement"), with Credit Suisse

First Boston, as sole lead arranger, sole bookrunner, syndication agent and documentation agent, Credit Suisse First Boston Toronto Branch, as Canadian collateral agent and administrative agent, TD Securities (USA) LLC, as co-arranger and the lender parties thereto.

12. As of the Petition Date, approximately \$428 million in principal and \$9.8 million in interest remains outstanding under the First Lien Term Loan Agreement. Bear Island, among others, guarantees the borrowers' obligations under the First Lien Term Loan Agreement. To secure their obligations under the First Lien Term Loan Agreement, the WB Group granted first priority liens and security interests in substantially all of their assets other than assets that are pledged to the lenders under the Revolving ABL Agreement (the "Term Loan Collateral").

B. Second Lien Term Loan Agreement

13. On or about April 8, 2005, White Birch Company and WB Holding, as borrowers, entered into that certain Second Lien Term Loan Credit Agreement (as amended and restated on January 27, 2006 and May 8, 2007, the "Second Lien Term Loan Agreement"), with Credit Suisse First Boston, as sole lead arranger, sole bookrunner, syndication agent and documentation agent, Credit Suisse First Boston Toronto Branch, as Canadian collateral agent and administrative agent, TD Securities (USA) LLC, as co-arranger and the lender parties thereto.

14. As of the Petition Date, approximately \$100 million in principal and \$4 million in interest remains outstanding under the Second Lien Term Loan Agreement. To secure their obligations under the Second Lien Term Loan Agreement, the WB Group granted second priority liens and security interests in the Term Loan Collateral.

C. Revolving ABL Agreement

15. On or about March 29, 2005, WB Holding, Bear Island, and chapter 15 debtors White Birch Company, Stadacona LP, FF Soucy LP, and Papier Masson (collectively, the "ABL

Borrowers”) entered into that certain Revolving Credit Agreement (as amended and restated on January 27, 2006 and February 26, 2008, the “Revolving ABL Agreement”), with GE Capital Markets Inc., as lead arranger and syndication agent, General Electric Capital Corporation, as administrative agent, U.S. collateral agent and documentation agent, GE Canada Finance Holding Company, as Canadian agent and Canadian collateral agent, and the lender parties thereto.

16. As of the Petition Date, approximately \$50 million remains outstanding under the Revolving ABL Agreement, including undrawn letters of credit. To secure their obligations under the Revolving ABL Agreement, the WB Group granted first priority liens and security interests on, among other things, their inventory, accounts receivable and cash (the “Revolving ABL Collateral”).²

D. The Swap Agreements

17. Prior to the Petition Date, White Birch Company entered into certain transactions pursuant to the following Swap Agreements: (a) an ISDA 2002 Master Agreement, dated as of May 16, 2005, between White Birch Company and The Toronto-Dominion-Bank (the “TD Swap Agreement”); (b) an ISDA Master Agreement, dated as of April 13, 2005, between White Birch Company and Credit Suisse First Boston International (the “CS Swap Agreement”); and (c) an ISDA Master Agreement, dated as of May 8, 2007, between White Birch Company and Merrill Lynch Capital Services, Inc. (the “ML Swap Agreement”).

18. As of the Petition Date, the interest rate swap transactions under the Swap Agreements have been terminated and accelerated payments of approximately \$51.5 million remain outstanding under the Swap Agreements. The Swap Agreements are secured by the

² The summary descriptions of the Term Loan Collateral and the Revolving ABL Collateral are qualified entirely by reference to the collateral descriptions in the respective loan and collateral agreements.

Term Loan Collateral and the Swap Agreement lenders' liens in such collateral rank *pari passu* with the lenders under the First Lien Term Loan Agreement.

III. Events Leading to the Commencement of the Chapter 15 Cases

19. For more than a year, the WB Group has been confronted with an unprecedented combination of negative economic circumstances, including: (a) the overall decline in the world economy and its impact on demand for, and price and inventories of, newsprint; (b) the fundamental decline in demand for newsprint as consumers establish greater reliance on electronic alternatives; (c) the increased strength of the Canadian dollar and corresponding weakness of the U.S. dollar; (d) the WB Group's significant debt service obligations; and (e) the detrimental effect of low floating interest rates on the WB Group's position in certain major interest rate swap transactions.

20. Specifically, the worldwide economic downturn has caused newsprint prices to drop nearly \$330 per metric ton since the fourth quarter of 2008, resulting in the WB Group losing approximately \$380 million in revenue. Moreover, because most of the WB Group's clients are located in the U.S. and remit payment in U.S. currency, yet most of the WB Group's expenses are payable in Canadian currency, the increased strength of the Canadian dollar and the weakness of the U.S. dollar have contributed to the WB Group's financial decline.

21. In response to the impact of these factors on the WB Group's finances, and in an effort to maximize value and efficiency during this difficult time, the WB Group, beginning in 2009, significantly increased its cost-cutting efforts and reduced output at all of the WB Group's mills. As part of these cost-cutting efforts, the WB Group shutdown production at each of its mills for the following extended periods of time: (a) Stadacona Mill -- 107,000 metric tons (75 days); (b) Papier Masson Mill -- 452,000 metric tons (76 days); (c) Bear Island Mill -- 30,000 metric tons (46 days); and (d) Soucy Mill -- 20,000 metric tons (28 days).

22. In addition to the reductions in output, the WB Group took various other cost-cutting measures, including reducing capital expenditures to the bare minimum required to continue operating the WB Group's mills. Unfortunately, these cost-cutting measures were not sufficient to combat the increasing severity of the WB Group's liquidity crisis.

23. As a result of these negative impacts on liquidity, on September 30, 2009, the WB Group did not make certain payments pursuant to its First and Second Lien Term Loan and Swap Agreements, including: (a) an interest payment of approximately \$3.7 million under the First Lien Term Loan Agreement; (b) an interest payment of approximately \$1.4 million under the Second Lien Term Loan Agreement; and (c) accelerated payments of approximately \$51.5 million under the Swap Agreements.

24. In light of the WB Group's financial difficulties, in September 2009, management approached the lenders under the First Lien Term Loan Agreement and counterparties to the Swap Agreements in an effort to seek a comprehensive waiver and forbearance that would provide the WB Group with an opportunity to negotiate a consensual restructuring. To that end, on or about September 30, 2009, the WB Group executed forbearance agreements with the agent and lenders under the First Lien Term Loan Agreement and the CS Swap Agreement, respectively, pursuant to which the agent and lenders agreed to forbear from exercising their rights and remedies through and including October 30, 2009. Such forbearance agreements were amended on three separate occasions, extending these forbearance periods through and including February 26, 2010.

25. In addition, on or about October 5, 2009, the WB Group entered into forbearance agreements with the lenders under the Revolving ABL Agreement and the counterparty under the ML Swap Agreement, pursuant to which such lenders and counterparty agreed to forbear

from exercising their rights and remedies through and including October 30, 2009. Such forbearance agreements were similarly amended on three separate occasions, extending these forbearance periods through and including February 26, 2010.

26. Then, on or about October 30, 2009, the WB Group entered into a forbearance agreement with the counterparty under the TD Swap Agreement, pursuant to which The Toronto-Dominion Bank agreed to forbear from exercising its rights and remedies through and including November 30, 2009. Such forbearance agreement was similarly amended on two separate occasions, extending this forbearance period through and including February 26, 2010.

27. Finally, the WB Group engaged in discussions with certain lenders under the Second Lien Term Loan Agreement regarding entry into a forbearance agreement. Unfortunately, however, the WB Group and such lenders were unable to agree upon the terms of such forbearance. Notwithstanding this result, the lenders under the Second Lien Term Loan Agreement were subject to a 180-day standstill pursuant to that certain Second Amended and Restated Intercreditor Agreement, dated as of May 8, 2007, and thus, were precluded from exercising their rights or remedies through and including the end of March 2010.

28. During the forbearance periods described above, the WB Group participated in arms-length and good faith negotiations to reach an out-of-court arrangement with certain of its stakeholders. Unfortunately, no out-of-court restructuring could be reached. Accordingly, the WB Group determined that commencing the Canadian Proceeding, these related Chapter 15 cases, and Bear Island's chapter 11 case is in the best interests of its stakeholders and will, among other things, preserve and maximize the going-concern value of its businesses while continuing to explore its restructuring and asset sale options.

29. Accordingly, on the Petition Date, WB Holding, White Birch Company, and nine of their direct and indirect Canadian subsidiaries (collectively, the “CCAA Applicants”) sought relief under the CCAA in the Canadian Court (the “CCAA Cases”).³ Simultaneously therewith, Bear Island filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. On the same date, the Canadian Court entered an order the Initial CCAA Order granting certain relief to the Debtors and non-debtor CCAA Applicants.

IV. The Chapter 15 Cases

30. Shortly after the Canadian Court’s entry of the Initial CCAA Order, White Birch Company filed a petition on behalf of each of the Debtors (collectively, the “Chapter 15 Petitions”) under chapter 15 of the Bankruptcy Code and commenced these chapter 15 cases (the “Chapter 15 Cases”) seeking recognition of its status as the Debtors’ “foreign representative,” as defined under section 101(24) of the Bankruptcy Code, and recognition of the Canadian Proceeding as a “foreign main proceeding” under section 1515 of the Bankruptcy Code. Specifically, the Debtors need the Court’s recognition and enforcement in the United States of the relief granted by the Canadian Court in the Initial CCAA Order that, among other things, grants a stay of all proceedings against the Debtors and their assets, including any of the Debtors’ assets located in the United States. The Debtors request this relief to facilitate the WB Group’s comprehensive cross-border restructuring by protecting the Debtors from actions in the U.S., whether against their U.S. assets or otherwise.

31. Congress enacted chapter 15 to ensure that a U.S. bankruptcy court can recognize and enforce actions and orders of a foreign court in a restructuring proceeding undertaken in a

³ The CCAA Applicants include (a) WB Holding, (b) White Birch Company, (c) Stadacona General Partner Inc., (d) Black Spruce Paper Inc., (e) F.F. Soucy General Partner Inc., (f) 3120772 Nova Scotia Company, (g) Arrimage De Gros Cacouna Inc., (h) Papier Masson Ltee, (i) Stadacona Limited Partnership, (j) F.F. Soucy Limited Partnership and (k) F.F. Soucy Inc. & Partners, Limited Partnership.

jurisdiction where the debtor has its center of main interests or an “establishment.” Chapter 15 provides for both the granting of provisional relief during the pendency of the foreign proceeding, such as the application of section 362 of the Bankruptcy Code to U.S. assets, and recognition and enforcement in the U.S. of any orders entered in the foreign proceeding.

32. Here, although the WB Group’s assets are primarily located in Canada (other than Bear Island’s assets, which are almost exclusively located in the U.S.), the Debtors either own U.S. assets critical to the WB Group’s operations or have creditors or other interested parties in the U.S. Each of the Debtors is also a borrower and/or guarantor under one or more of the following, the First Lien Term Loan Agreement, the Second Lien Term Loan Agreement and the ABL Revolving Agreement. These facts expose the Debtors to harmful creditor or other actions in the U.S. resulting from the commencement of the Canadian Proceeding, which could impact the Company’s operations and jeopardize the restructuring.

Relief Requested

33. By this Application, the Foreign Representative respectfully requests that this Court, pursuant to sections 105(a) and 1519(a) of the Bankruptcy Code, enter: (a) immediately, a temporary restraining order, substantially in the form attached hereto as **Exhibit A**, ordering the application of sections 361 and 362 of the Bankruptcy Code, to the extent requested herein, to these Chapter 15 Cases; and (b) after seven days’ notice and a hearing on the Application (with such hearing to the extent unresolved objections exist), an order granting a preliminary injunction pending this Court’s entry of an order recognizing the Canadian Proceeding as a “foreign main proceeding,” substantially in the form attached hereto as **Exhibit B**. In addition, the Foreign Representative requests, to the extent there are unresolved objections to the Provisional Order, the Court hold a hearing within seven days of the Petition Date. The Foreign

Representative further requests that, pending the Court's decision on the recognition petition, the temporary restraining order and preliminary injunction:

A. establish the Foreign Representative as the representative of the Debtors with full authority to protect the Debtors' assets and affairs in the U.S.;

B. pending entry of a further order of this Court, provide that the protections of sections 361 and 362 of the Bankruptcy Code shall apply to the Debtors and their assets in the U.S. as follows:

i. no right, legal or otherwise, may be exercised and no proceeding, at law or under a contract, by reason of or as a result of the Debtors having commenced the Canadian Proceeding or the Chapter 15 Cases, the Debtors being a party to the Canadian Proceeding or the Chapter 15 Cases, or any of the steps, transactions, or proceedings contemplated thereby or relating thereto, however and wherever taken (collectively the "Proceedings"), may be commenced or proceeded against the Debtors or any of the present or future property, assets, rights, and undertakings of the WB Group, of any nature and in any location, whether held directly or indirectly by the WB Group, in any capacity whatsoever, or held by others for the WB Group (collectively, the "Property"); and

ii. all persons having agreements, contracts, or arrangements with any of the Debtors or in connection with any of the Property whether written or oral, for any subject or purpose, are restrained from accelerating, terminating, cancelling, suspending, or declaring in default any such agreements, contracts, or arrangements to which any of the Debtors is a party as a result of the Proceedings without further order of the Court.

C. entrust the administration and realization of all of the Debtors' assets in the U.S. to the Foreign Representative, including all of the Debtors' assets located in the U.S. or which may have been transferred to third parties in the U.S.; and,

D. provide that the Foreign Representative is authorized to examine witnesses, take evidence, and deliver information concerning the Debtors' assets, affairs, rights, obligations or liabilities.

Basis for Relief

34. Upon this Court's final recognition of the Canadian Proceeding as a "foreign main proceeding," the automatic stay will immediately and without exception apply with respect to all of the Debtors' assets within the territorial jurisdiction of the U.S. See 11 U.S.C. § 1520(a)(1). However, unlike in a typical corporate reorganization case under chapter 11 of the Bankruptcy Code, the automatic stay will not protect the Debtors in the U.S. during the period between the Petition Date and the entry of an order recognizing the Canadian Proceeding.

35. Despite having obtained a stay in Canada pursuant to the Initial CCAA Order, the Debtors need immediate, interim protection staying the continuation or commencement of any proceedings against the Debtors or their U.S. assets, and preventing suppliers, creditors and other stakeholders from taking steps that would disrupt the Debtors' businesses prior to the Canadian Proceeding being recognized. Thus, pursuant to section 1519(a) of the Bankruptcy Code, the Foreign Representative seeks immediate entry of a temporary restraining order, as well as entry of a preliminary injunction after sufficient notice (and, if necessary, a hearing) on the Application to preserve the Debtors' U. S. interests, during the period between the Petition Date and the entry of the order recognizing the Canadian Proceeding.

I. The Chapter 15 Debtors Need Relief Under Section 1519(a) to Protect Their U.S. Assets

36. Section 1519(a) of the Bankruptcy Code conditions provisional application of a stay on the ability of the Foreign Representative to demonstrate that such relief is “urgently needed” to protect the Debtors’ assets. See 11 U.S.C. § 1519(a). In addition to the stay, provisional relief may also extend to any other Bankruptcy Code provisions except those listed in section 1521(a)(7) of the Bankruptcy Code. See In re Pro-Fit Holdings Ltd., 391 B.R. 850, 866 (Bankr. C.D. Cal. 2008) (granting interim stay relief to foreign debtor and noting that “a number of other provisions of the bankruptcy code may be applied provisionally under § 1519 while an application for recognition is pending”); see also In re Abitibi-Consolidated Inc., No. 09-11348 (Bankr. D. Del. Apr. 21, 2009) (granting interim stay relief to foreign debtor and providing that “no person shall discontinue, fail to honor, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favor of or held by the Debtors, except without written consent of the Debtors and the Monitor, or leave of the Canadian Court.”).

37. Section 105 of the Bankruptcy Code, which allows the Court to “issue any order . . . necessary or appropriate to carry out the provisions of [title 11],” provides an additional basis upon which this Court may grant the relief sought by the Debtors. 11 U.S.C. § 105(a). Section 105(a) of the Bankruptcy Code grants “the bankruptcy courts’ power to take whatever action is appropriate and necessary in aid of the exercise of their jurisdiction.” 2 Collier on Bankruptcy ¶105.01 (15th ed. 2008).

38. Enforcing the terms of the Initial CCAA Order on a provisional basis, and providing the injunctive relief sought, is also fully consistent with the relief granted in past cases in which bankruptcy courts have cooperated with foreign proceedings, albeit under former

section 304, the statutory predecessor to chapter 15. See, e.g., In re YMB Magnex Int'l Inc., 249 B.R. 402, 407 (Bankr. E.D. Pa. 2000) (“Pursuant to § 304(b), the Court has the power to enjoin the commencement or continuation of any action against a debtor in a foreign proceeding or any property involved in that proceeding. The injunctive relief available under § 304(b) is not unlike the injunction which is automatic in a chapter 7 or 11 case pursuant to Section 362 of the Code.”).

39. The Foreign Representative respectfully submits that the facts more than justify provisional relief through entry of the TRO and the Provisional Order. As discussed above, and as more fully set forth in the Petition, the Debtors have significant assets and collateral, including significant accounts receivables, bank accounts, and equity interests in the U.S. that are essential to the WB Group’s financial viability. Any action by the WB Group’s existing U.S. lenders, customers, contract counterparties or other parties in reaction to the Canadian Proceeding or Chapter 15 Cases could derail the Canadian Proceeding or negatively impact the Company’s business at this critical time. Actions by such creditors could also cause other parties to take unnecessary and harmful actions, such as nullifying contracts, refusing to perform under trade agreements or placing unwarranted burdens on the WB Group’s operations. Such a proverbial “run on the bank” could undermine the “business as usual message” the WB Group seeks to convey to customers and suppliers during the pendency of its cross-border restructuring, thereby damaging the goodwill the WB Group has worked so hard to maintain at this critical juncture.

40. Furthermore, the Debtors all are borrowers and guarantors under the First Lien Term Loan Agreement, the Second Lien Term Loan Agreement, the Revolving ABL Agreement and the Swap Agreements. The Canadian Court, and with respect to Bear Island’s chapter 11 case, the Court, currently provides a forum for any aggrieved lenders under any of the

aforementioned agreements. Permitting such creditors to unilaterally circumvent the Canadian Proceeding and pursue the Debtors' U.S. assets would be contrary to the spirit of chapter 15, and frustrate its very purpose, i.e., to "protect the interests of the parties in interest pursuant to fair and efficient procedures that maximize value." In re SPhinX, Ltd., 351 B.R. 103, 114 (Bankr. S.D.N.Y. 2006); In re Banco Nacional de Obras v. Servicios Publico, S.N.C., 91 B.R. 661, 664 (Bankr. S.D.N.Y. 1998) (injunctive relief necessary "to prevent individual American creditors from arrogating to themselves property belonging to the creditors as a group."); see also In re Bird, 222 B.R. 229, 233 (Bankr. S.D.N.Y. 1998) (section 304 is meant to prevent local creditors from dismembering assets of a foreign debtor located in the United States). Such actions could critically jeopardize the viability of the Canadian Proceeding, and, consequently, severely impact the value of the WB Group and its efforts to return to profitability for the benefit of its many stakeholders.

II. The Debtors Satisfy the Injunction Standards Under § 1519(e)

41. The standards for granting provisional relief under chapter 15 mirror the general test for an injunction. See 11 U.S.C. § 1519(e); see also In re Innua Canada Ltd., 2009 WL 1025088, *3 (Bankr. D.N.J. Mar. 25, 2009) (holding that "provisional relief under § 1519 of the Bankruptcy Code requires satisfaction of the injunctive relief standard by the foreign representative."); In re SPhinX, Ltd., 351 B.R. 103, 111 n.8 (Bankr. S.D.N.Y. 2006) (holding that section 1519 "provides that the bankruptcy court may grant provisional relief, under the standards, procedures and limitations applicable to an injunction.").

42. Courts generally evaluate the following four factors in the context of requests for either temporary restraining orders or preliminary injunctions: "(1) whether the movant has shown a reasonable probability of success on the merits; (2) whether the movant will be

irreparably injured by denial of the relief; (3) whether granting preliminary relief will result in even greater harm to the nonmoving party; and (4) whether granting the preliminary relief will be in the public interest.” U.S. v. Bell, 414 F.3d 474, 478 n.4 (3d Cir. 2005); see also In re Broadstripe, LLC, 402 B.R. 646, 655 (Bankr. D. Del. 2009) (citing Kos Pharmaceuticals, Inc. v. Andrx Corp., 369 F.3d 700, 708 (3d Cir. 2004)).

43. Along similar lines, pursuant to Rule 65(b) of the Federal Rules of Civil Procedure (as applied under Rule 7065 of the Federal Rules of Bankruptcy Procedure), to obtain an *ex parte* temporary restraining order, an applicant must show that “immediate and irreparable injury, loss, or damage will result to the applicant before the adverse party or that party’s attorney can be heard in opposition.” See, e.g., TKR Cable v. Cable City Corp., 267 F.3d 196, 198 (3d Cir. 2001) (granting *ex parte* temporary restraining order to prohibit sale, consummation of which would have prejudiced parties in interest); Gorman v. Coogan, 273 F. Supp. 2d 131, 134 (D. Me. 2003) (issuing *ex parte* temporary restraining order to prevent corporation from indemnifying directors’ expenses because company faced imminent bankruptcy if order was not entered).

A. The Debtors Have a Reasonable Likelihood of Success on the Merits

44. The Foreign Representative has a reasonable likelihood of success in obtaining recognition of the Canadian Proceeding. In this context, “[t]o establish a likelihood of success on the merits, the Debtor[s] must show that [they] would be entitled to relief under the law on which the claims are based.” In re Unsex, Inc., 319 B.R. 101, 104 (Bankr. D. Del. 2000). Indeed, as set forth in the Verified Petition, the Sherrick Declaration, and the Initial CCAA Order, the Foreign Representative has adequately demonstrated that the Canadian Proceeding is a “foreign main proceeding,” as defined in section 1502(4) of the Bankruptcy Code and that

White Birch Company is the “foreign representative” of the Debtors, as defined in section 101(24) of the Bankruptcy Code.

45. First, the Canadian Proceeding is a “foreign proceeding,” as defined in section 101(23) of the Bankruptcy Code. Through the CCAA and the Canadian judicial process, the Debtors will restructure their debts for the purpose of reorganization. Courts have routinely recognized Canadian proceedings under the CCAA as foreign proceedings under chapter 15. See, e.g., In re Nortel Networks Corp., No. 09-10164 (Bankr. D. Del. Feb. 27, 2009); In re Pope & Talbot, Inc., No. 08-11933 (Bankr. D. Del. Sept. 8, 2008); In re Destinator Techs. Inc., No. 08-11003 (Bankr. D. Del. June 6, 2008); In re Mount Real Corp., No. 0641636 (Bankr. D. Minn. Sept. 6, 2006); In re Quebec, Inc., No. 06-07875 (Bankr. N.D. Ill. Aug. 8, 2006); In re Norshield Asset Mgmt., No. 06-40997 (Bankr. D. Minn. June 28, 2006); In re MuscleTech Research & Dev., No. 06-10992 (Bankr. S.D.N.Y. Mar. 3, 2006). Similarly, under former section 304 of the Bankruptcy Code, the statutory predecessor to chapter 15, courts regularly granted Canadian proceedings, including insolvency proceedings, comity. See Smith v. Dominion Bridge Corp., 1999 WL 111465, at *3 (E.D. Pa. Mar. 2, 1999) (“As a sister common law jurisdiction, courts have consistently extended comity to Canadian Bankruptcy proceedings.”); In re Davis, 191 B.R. 577, 587 (Bankr. S.D.N.Y. 1996) (“Courts in the United States uniformly grant comity to Canadian proceedings.”).

46. Second, the Debtors’ center of main interest is in Canada. Each Debtor is a company, corporation or partnership established under Canadian (or provincial) law. The WB Group is headquartered in Canada, and almost three quarters of its employees reside in Canada. Moreover, all of the Debtors’ mills (except for White Birch Company, which indirectly owns Bear Island) are located in Canada. With the exception of White Birch Company, all of the

Debtors' bank accounts are located in Canada as well. In short, Canada is the epicenter of the Debtors' businesses, and, therefore, Canada is the Debtors' center of main interest.

47. Finally, the Foreign Representative satisfies the requirements of section 101(24) of the Bankruptcy Code because, pursuant to the Initial CCAA Order, the Canadian Court appointed White Birch Company to act on behalf of the CCAA Applicants in commencing these Chapter 15 Cases. In light of the foregoing, the likelihood of success on the underlying merits here is high.

B. The Debtors Face Irreparable Harm Absent Immediate Provisional Relief

48. Courts have recognized in foreign proceedings brought under former section 304 of the Bankruptcy Code, the predecessor to chapter 15, that dissipation of the finite resources of a debtor's estate constitutes irreparable injury, justifying a court to intervene on behalf of the debtor. See In re Netia Holdings S.A., 278 B.R. 344, 352 (Bankr. S.D.N.Y. 2002). The premature attachment or realization against property involved in a foreign proceeding also constitutes irreparable injury. See, e.g., In re Caldas, 274 B.R. 583, 598 (Bankr. S.D.N.Y. 2002); In re MMG, LLC, 256 B.R. 544, 555 (Bankr. S.D.N.Y. 2000) ("irreparable harm exists whenever local creditors of the foreign debtor seek to collect their claims or obtain preferred positions to the detriment of the other creditors"); In re Lines, 81 B.R. 267, 270 (Bankr. S.D.N.Y. 1988) (noting that "the premature piecing out of property involving a foreign . . . proceeding constitutes irreparable injury"). Indeed, the very purpose of the automatic stay is to protect the debtor "from the pressure and harassment of creditors seeking to collect their claims . . . [and to] provide breathing space to permit the debtor to focus on its rehabilitation or reorganization." 3 Collier on Bankr. ¶362.03; see also H.R. Rep. No. 595, 95th Cong., 1st Sess. 340 (1977) (noting that the stay "gives the debtor a breaching spell from his creditors"). Importantly, courts have

recognized that irreparable harm exists where the assets of a foreign estate are threatened. See In re Gercke, 122 B.R. 621, 626 (Bankr. D.D.C. 1991); In re Manning, 236 B.R. 14, 24 (9th Cir. BAP 1999) (same).

49. If the relief sought herein is not granted, suppliers, creditors and other stakeholders may take steps that will disrupt the Debtors' businesses and derail their ability to reorganize. Specifically, creditors in the United States may seek a tactical advantage through unilateral action, including acceleration of efforts to commence litigation, attachment or other legal process in whatever United States jurisdiction a creditor may choose. Such acts may include an effort to freeze or exercise control over the Debtors' United States bank accounts, receivables and other assets. Given the Debtors' interconnected cross-border operations, any such actions -- in particular, any action that would interfere with the Debtors' cash flow -- would immediately and severely disrupt their operations. Through litigation in the United States, creditors may also seek to avoid participating in the Canadian Proceeding, the success of which depends on the CCAA Applicants' ability to adopt a unified plan covering the claims of all stakeholders. The threat of disruption of the reorganization process, as well as the legal cost of defending such actions, would severely and adversely impact any chance of the CCAA Applicants' successful reorganization in the Canadian Proceeding, causing irreparable harm to the Debtors and other stakeholders.

50. An immediate stay would maintain the status quo and keep creditors from racing to attach or exercise control over the Debtors' U.S. assets. The injunctive relief the Debtors seek herein would prevent such an outcome and preserve the WB Group's ability to reorganize and maximize value for the benefit of all its creditors and stakeholders. The Foreign Representative

therefore submits that the Debtors face irreparable harm if provisional relief in the form of a temporary injunction is denied.

C. The Balance of Hardships Weighs in Favor of the Debtors

51. The Foreign Representative submits that the harm to the Debtors if the provisional relief is denied significantly outweighs any harm to the Debtors' creditors that would result if such relief is granted. By granting the relief requested herein, the Court will not be fashioning a form of relief that would otherwise not be available. The Court will simply be providing essentially the same relief that (a) will be granted upon recognition of the foreign proceeding pursuant to section 1520(a)(1) of the Bankruptcy Code, albeit provisionally and weeks in advance and (b) the Canadian Court has already granted in the Canadian Proceeding. Creditors and other affected parties can freely seek any relief from the Canadian Court in connection with the Canadian Proceeding or seek relief from this Court at any time to modify any provisional relief that is granted. As a result, no nonmoving party will be irreparably harmed by granting the relief requested herein.

D. Granting Preliminary Relief Is in the Public Interest

52. Public policy weighs heavily in favor of the Court granting a preliminary injunction. In enacting chapter 15, Congress intended for U.S. courts to recognize and give effect to restructuring proceedings in foreign jurisdictions where a debtor has its center of main interests or an establishment. Comity is important to cross-border restructurings, and just as U.S. courts want foreign courts to respect their orders, this Court should defer to the Canadian Proceeding. *See* 11 U.S.C. § 1501. *See, e.g., Smith v. Dominion Bridge Corp.*, 1999 WL 111465, at *3 (E.D. Pa. Mar. 2, 1999) ("As a sister common law jurisdiction, courts have consistently extended comity to Canadian Bankruptcy proceedings."); *In re Davis*, 191 B.R. 577,

587 (Bankr. S.D.N.Y. 1996) (“Courts in the United States uniformly grant comity to Canadian proceedings”); In re Board of Directors of Hopewell Int’l Ins. Ltd., 238 B.R. 25, 66 (Bankr. S.D.N.Y. 1999) (“[W]hen the foreign proceeding is in a sister common law jurisdiction with procedures akin to our own, comity should be extended with less hesitation, there being fewer concerns over the procedural safeguards employed in those foreign proceedings.”) On the contrary, the “firm policy of American courts is the staying of actions against a corporation which is the subject of a bankruptcy proceeding in another jurisdiction.” Cornfeld v. Inv. Overseas Servs., Ltd., 471 F.Supp. 1255, 1259 (S.D.N.Y. 1979). For all of these reasons, the public interest weighs in favor of the Court granting provisional relief and preliminary injunction under section 1519(e) of the Bankruptcy Code.

IV. The Debtors Satisfy the Requirements for a Temporary Restraining Order

53. In addition to seeking provisional application of the stay and other relief pending this Court’s recognition of the Canadian Proceeding as a “foreign main proceeding,” the Foreign Representative also seeks immediate entry of a TRO to protect the Debtors’ businesses from disruption prior to an initial hearing on the Application.

54. Importantly, it is uncertain whether all of the WB Group’s secured prepetition creditors in the U.S. would abide by or respect the stay issued by the Canadian Court pursuant to the Initial CCAA Order. Given this uncertainty, and because of the consequences of the Debtors continuing to operate without the benefit of a chapter 15 stay protecting the Debtors’ U.S. assets, it is imperative that the Debtors -- and their customers and suppliers -- have assurances through immediate imposition of the stay and other relief provided under section 1519 of the Bankruptcy Code that the WB Group’s creditors and other parties cannot take actions detrimental to the Debtors’ interests. Otherwise, as discussed above, actions against the Chapter 15 Debtors during

the pendency of the Canadian Proceeding could cause immediate and irreparable injury to the Canadian process, as well as to the comprehensive cross-border restructuring efforts.

55. For example, attempts by one of the WB Group's secured lenders to exercise control over the Debtors' U.S. cash or receivables could jeopardize the WB Group's liquidity and ability to restructure by reducing their postpetition borrowing base under the proposed debtor in possession financing facility. Such measures, standing alone or in combination with other creditor actions, could have an immediate and permanent impact on the Debtors' suppliers and customer good will and undermine the WB Group's ability to continue as a going concern.

56. Indeed, based on these and similar concerns regarding harm to debtors' estates, courts in this and other districts have recognized the propriety of provisional injunctive and related relief in comparable circumstances, including a temporary restraining order, in chapter 15 cases.⁴

⁴ See, e.g., In re Saad Investments Fin. Co. (No. 5) Ltd., No. 09-13985 (Bankr. D. Del. Nov. 12, 2009) (order granting temporary restraining to further the expeditious and economical administration of the foreign estates in a Canadian proceeding and because the relief would not cause undue hardship to any party) [Docket No. 26]; In re SkyPower Corp., No. 09-12914 (Bankr. D. Del Aug. 21, 2009) (order granting provisional relief based on the finding that without such order the debtor "would suffer immediate and irreparably injury, loss, and damage for which there is no adequate remedy at law") [Docket No. 14]; In re Fraser Paper, No. 09-12123 (Bankr. D. Del. June 19, 2009) (order granting temporary restraining order to prevent attacks by U.S. creditors thereby "causing harm, to the Debtor's efforts to administer the Debtor's estates in the Canadian Proceeding) [Docket No. 18]; In re Spansion Japan Ltd., No. 09-11480 (Bankr. D. Del. May 1, 2009) (order granting temporary restraining order based on finding that without such order, "the Foreign Debtor's assets located in the United States could be subject to efforts by creditors to control, possess, or execute upon," causing irreparable harm) [Docket No. 14]; In re Abitibi-Consolidated, Inc., No. 09-11348 (Bankr. D. Del. Apr. 21, 2009) (order granting temporary restraining order to prevent material risk that U.S. creditors would attempt to control foreign debtor's assets, interfering with mandate of chapter 15 and "[undermining] the foreign representative's efforts to achieve equitable result for all creditors") [Docket No. 18]; In re MAAX Corp., No. 08-11443 (Bankr. D. Del. July 14, 2008) (order granting temporary restraining order based on material risk that lease counterparties would terminate the foreign debtor's U.S. leases upon commencement of the bankruptcy proceeding, causing irreparable damage to the estate) [Docket No. 22]; In re Destinator Technologies, Inc., No. 08-11003 (Bankr. D. Del. May 20, 2008) (order granting temporary restraining order upon finding "material risk that one or more parties in interest will take action against the Foreign Applicants or their assets," thwarting the foreign representative's ability to maximize the value of the estate) [Docket No. 19]; In re Hollinger, Inc., No. 07-11029 (Bankr. D. Del. Aug. 1, 2007) (order granting temporary restraining order to prevent debtor's U.S. assets from being "subject to attack by creditors" thereby causing harm to efforts to administer the Canadian proceeding for which debtors have no adequate remedy at law) [Docket No. 12]. These cases have not been attached hereto but can be supplied to the Court upon request.

57. Finally, the Foreign Representative has provided notice of the Application and the commencement of these Chapter 15 Cases as best as possible under the circumstances to the appropriate parties to provide such parties with the opportunity to be heard. Specifically, the Foreign Representative provided notice via electronic mail and facsimile to the parties listed in paragraph 62 immediately upon commencement of these Chapter 15 Cases.

58. Based on the foregoing and on the facts described in the Sherrick Declaration, the Foreign Representative respectfully requests that this Court grant the relief requested herein and enter the TRO pending the Court's entry of the Provisional Order.

V. The Foreign Representative Requests Scheduling of a Hearing for Preliminary Injunctive Relief

59. The Foreign Representative respectfully requests that this Court set a date for the hearing on its request for a preliminary injunction within seven days of the Petition Date, as well as a date by which objections must be filed (the "Objection Deadline"). In addition, to the extent that no objections were filed by the Objection Deadline, or any objections filed were resolved, the Debtors request that the Court enter the Provisional Order without a hearing.

Waiver of Federal Rule of Civil Procedure 65(c)

60. Bankruptcy Rule 7065 expressly provides that "a temporary restraining order or preliminary injunction may be issued on application of a debtor, trustee, or debtor in possession without compliance with Rule 65(c)." Fed. R. Bankr. P. 7065. To the extent Rule 65 of the Federal Rules of Civil Procedure applies, the Foreign Representative believes that the security requirements imposed by Rule 65(c) are unwarranted under the circumstances and, accordingly, respectfully requests a waiver of such requirements pursuant to Bankruptcy Rule 7065.

Waiver of Memorandum of Points and Authorities

61. The Foreign Representative respectfully requests that this Court treat this Application as a written memorandum of points and authorities or waive any requirement that this Application be accompanied by a written memorandum of points and authorities as described in Local Bankruptcy Rule 9013-1(G).

Notice

62. The Foreign Representative further proposes to serve copies of the temporary restraining order and all related documents, by mailing as soon as practicable via overnight mail directed to: (a) the Office of the United States Trustee for the Eastern District of Virginia; (b) counsel to the agent under the Debtors' proposed postpetition financing agreement; (c) counsel to the agent under the First Lien Term Loan Agreement; (d) counsel to the agent under the Second Lien Term Loan Agreement; (e) counsel to the agent under the Revolving ABL Agreement; (f) counsel to counterparties under the Swap Agreements; (g) the monitor appointed in the CCAA Cases; (h) all parties to litigation currently pending in the United States to which any Debtor is a party; (i) SunTrust Bank; (j) HSBC Bank USA, N.A.; (k) vendors and suppliers of the Debtors located in the United States; and (l) any party-in-interest that becomes known to the Foreign Representative by U.S. Mail within two (2) business days following the time any such party is identified by the Foreign Representative. In light of the nature of the relief requested, the Foreign Representative respectfully submits that no further notice is necessary. The Foreign Representative believes that such notice and service is reasonable and proper under the circumstances and complied with Bankruptcy Rules 1011(b) and 2002(q).

No Prior Request

63. No previous request for the relief requested herein has been made to this or any other court.

WHEREFORE, the Foreign Representative respectfully requests (a) immediate entry of a temporary restraining order, substantially in the form attached hereto as **Exhibit A**; (b) entry of an order, substantially in the form attached hereto as **Exhibit B**, granting a preliminary injunction order pending this Court's entry of an order recognizing the Canadian Proceeding as a "foreign main proceeding"; (c) scheduling of a hearing on the Application; and (d) such other and further relief as is just and proper.

Dated: February 24, 2010
Richmond, Virginia

WHITE BIRCH PAPER COMPANY, L.L.C.

By: /s/ Jonathan L. Hauser
Of Counsel

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Exhibit A

Proposed TRO

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)	Chapter 15
WHITE BIRCH PAPER COMPANY, <u>et al.</u> , ¹)	Case No. 10-_____ ()
Debtors in a Foreign Proceeding.)	Joint Administration Requested

**TEMPORARY RESTRAINING ORDER GRANTING PROVISIONAL
RELIEF PURSUANT TO CHAPTER 15 OF THE BANKRUPTCY CODE**

Upon the Application² of White Birch Paper Company (“White Birch Company”), in its capacity as foreign representative (the “Foreign Representative”) of the above-captioned debtors (collectively, the “Debtors”) in a foreign proceeding (the “Canadian Proceeding”) under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) pending before the Superior Court for the Province of Quebec, Commercial Division, Judicial District of Montreal, Canada (the “Canadian Court”), the Foreign Representative, pursuant to sections 105(a), 1519, 1520 and 1521 of the Bankruptcy Code, requests: (a) entry of a temporary restraining order (the “TRO”) enforcing the Petition for the Issuance of an Initial

¹ The Debtors in these cases are: White Birch Paper Company (“White Birch Company”); Papier Masson Ltee (“Papier Masson”); Stadacona General Partner, Inc. (“Stadacona GP”); Stadacona Limited Partnership (“Stadacona LP”); F.F. Soucy Limited Partnership (“FF Soucy LP”); and F.F. Soucy Inc. & Partners, Limited Partnership (“FF Soucy & Partners LP”). The Debtors’ U.S. service address is 80 Field Point Road, Greenwich, Connecticut 06830.

² Capitalized terms used and not defined herein shall have the meaning ascribed to them in the Application.

Order (the “Initial CCAA Order”) and related relief; (b) after seven days’ notice and a hearing on the Application (with such hearing to be held only to the extent unresolved objections exist), a preliminary injunction order pending entry of an order recognizing the Canadian Proceeding as a “foreign main proceeding” on a permanent basis; (c) the scheduling of a hearing on the Application; and (d) such other relief as may be just and proper; and upon consideration of the Application and the Sherrick Declaration and all documents attached thereto; and it appearing that the Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these cases and the Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1410(3); and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that notice of the Application has been given as set forth therein and that such notice is adequate and no other or further notice need be given; and a Hearing having been held to consider the relief requested in the Application (the “Hearing”) and upon the record of the Hearing and all of the proceedings held before the Court; and the Court having found and determined that the relief sought in the Application is consistent with the purpose of chapter 15 of the Bankruptcy Code and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore, the Court finds and concludes as follows:³

1. There is a substantial likelihood that the Foreign Representative will be able to demonstrate that the Canadian Proceeding is a “foreign main proceeding” as defined in section 1502(4) of the Bankruptcy Code.

³ The findings and conclusions set forth herein and in the record of the hearing on the Application constitute this Court’s findings of facts and conclusions of law pursuant to Fed. R. Civ. P. 52, as made applicable herein by Bankruptcy Rules 7052 and 9014. To the extent any of the findings of fact herein constitute conclusions of law, they are adopted as such. To the extent any of the conclusions of law herein constitute findings of fact, they are adopted as such.

2. The commencement or continuation of any action or proceeding in the United States against the Debtors or any of the Debtors' assets or proceeds thereof should be enjoined pursuant to sections 105(a) and 1519 of the Bankruptcy Code to permit the expeditious and economical administration of the Debtors' estates in the Canadian Proceeding, and the relief requested either (a) will not cause any undue hardship to other parties in interest or (b) any hardship to parties in interest is outweighed by the benefits of the relief requested.

3. Unless a temporary restraining order is issued, there is a material risk that the Debtors' assets could be subject to efforts by creditors or other parties in interest in the United States to control or possess the Debtors' assets located in the United States or take other detrimental business acts against such assets of the Debtors.

4. Such acts could: (a) interfere with and cause harm to the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code; (b) interfere with and cause harm to the Debtors' efforts to administer their estates pursuant to the Canadian Proceeding; and (c) undermine the Foreign Representative's efforts to achieve an equitable result for the benefit of all of the Debtors' creditors. Accordingly, there is a material risk that the Debtors may suffer immediate and irreparable injury for which they will have no adequate remedy at law, and therefore, it is necessary that the Court enter the TRO.

5. The interest of the public will be served by this Court's entry of the TRO.

6. The Debtors and the Foreign Representative are entitled to the full protections and rights available pursuant to section 1519(a) of the Bankruptcy Code.

NOW THEREFORE, IT IS HEREBY ORDERED, THAT:

1. The Application is granted as set forth herein.

2. To the extent unresolved objections to the preliminary injunction requested in the Application exist, all parties in interest must come before the Honorable _____, United

States Bankruptcy Judge for the Eastern District of Virginia, for the hearing (the “Hearing”) at ____: ____ .m on _____, 2010, at the United States Bankruptcy Court, Room ____, 701 East Broad Street, Richmond, Virginia 23219, or as soon thereafter as counsel may be heard, to show why a preliminary injunction should not be granted, pending the issuance of an order recognizing the Canadian Proceeding as a “foreign main proceeding” as defined in section 1502(4) of the Bankruptcy Code:

- (a) the protections of sections 361 and 362 of the Bankruptcy Code apply to the Debtors and their assets in the United States;
- (b) the Foreign Representative is established as the representative of the Debtors with full authority to administer the Debtors’ assets and affairs in the United States, including, without limitation, making payments on account of the Debtors’ prepetition and postpetition obligations;
- (c) the Foreign Representative is entrusted with the administration or realization of all or part of the Debtors’ assets in the United States, including, without limitation, all of the Debtors’ assets that may have been transferred to parties in the United States;
- (d) all persons and entities are enjoined from seizing, attaching and/or enforcing or executing liens or judgments against the Debtors’ property in the United States or from transferring, encumbering or otherwise disposing of or interfering with the Debtors’ assets or agreements in the United States without the express consent of the Foreign Representative;
- (e) all persons and entities are enjoined from commencing or continuing, including the issuance or employment of process of, any judicial, administrative or any other action or proceeding involving or against the Debtors or their assets or proceeds thereof, or to recover a claim or enforce any judicial, quasi-judicial, regulatory, administrative or other judgment, assessment, order, lien or arbitration award against the Debtors or their assets or proceeds thereof; and
- (f) the Foreign Representative has the right and power to examine witnesses, take evidence or deliver information concerning the Debtors’ assets, affairs, rights, obligations or liabilities.

3. Nothing herein shall enjoin a police or regulatory act of a governmental unit, including a criminal action or proceeding.

4. Nothing herein shall provide the Debtors with any greater protection for their U.S. assets than that provided under the Initial CCAA Order with respect to the Debtors' Canadian assets vis-à-vis the postpetition lenders' rights and remedies under the interim DIP authorizations contained in the Initial CCAA Order and the DIP credit documents.

5. Beginning on the date of the TRO and continuing until the date of the entry of a further order of this Court, the protections of sections 361 and 362 of the Bankruptcy Code, to the extent applicable, apply to the Debtors and their assets located in the U.S.;

6. Beginning on the date of the TRO and continuing until the date of the entry of further order of this Court, all persons and entities are, except as permitted by the Initial CCAA Order or by leave of the Canadian Court, enjoined from: (a) commencing or continuing any legal proceeding (including, arbitration or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever), including any discovery, or taking any other action (each, an "Action") against the Debtors, or against their assets, or proceeds thereof, located in the United States, or any of the Debtors' rights, obligations, or liabilities; (b) the enforcement of any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award against the Debtors or against their assets, or proceed thereof, located in the United States; (c) the commencement or continuation of any action to create, perfect or enforce any lien, setoff or other claim against the Debtors or against any of their assets, or the proceeds thereof, located in the United States; and (d) possessing or exercising control over the Debtors' assets located in the United States, except for the Debtors and as authorized in writing by the Foreign Representative.

7. No person shall discontinue, fail to honor, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in

favor of or held by the Debtors, except with the written consent of the Debtors and the Monitor in the Canadian Proceeding, or leave of the Canadian Court, including as permitted by the Initial CCAA Order.

8. Except as permitted by the Initial CCAA Order or by leave of the Canadian Court, no Action may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Debtors, if one is filed, is sanctioned by the Canadian Court, or is refused by the creditors of the Debtors or the Canadian Court.

9. Until further order of this Court, the Foreign Representative is hereby established as the exclusive representative of the Debtors in the United States.

10. The Debtors, and White Birch Company in connection with its appointment as the Foreign Representative, are entitled to the full protections and rights available pursuant to section 1519(a) of the Bankruptcy Code, including:

- (a) The right and power to administer and/or realize all or part of the Debtors' assets located in the United States in order to protect and preserve the value of such assets;
- (b) The right and power to prohibit the transfer, encumbrance or otherwise disposition of any assets of the Debtors, except by the Foreign Representative and the Debtors as provided in the TRO;
- (c) The right and power to examine witnesses, take evidence or deliver information concerning the Debtors' assets, affairs, rights, obligations or liabilities; and
- (d) The right and power to seek additional relief that is available to a trustee under the Bankruptcy Code, except for relief available under

sections 522, 544, 545, 547, 548, 550 and 724(a) of the Bankruptcy Code.

11. Pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, made applicable to these proceedings pursuant to Bankruptcy Rule 7065, no notice to any person is required prior to entry and issuance of the TRO.

12. The security provisions of Rule 65(c) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7065, are waived.

13. Any party in interest: (a) may make a motion seeking relief from, or modification of, the TRO, by filing a motion on not less than five (5) business days notice to United States Counsel (defined below), seeking an order for such relief, and any such request shall be the subject of a hearing to be scheduled by the Court and (b) may file objections and be heard by the Court in accordance with the terms of any order of the Court providing for a hearing on any subsequent relief sought by the Foreign Representative in this proceeding.

14. Copies of the TRO and the Application shall be served via first class U.S. mail upon (a) the Office of the United States Trustee for the Eastern District of Virginia; (b) counsel to the agent under the Debtors' proposed postpetition financing agreement; (c) counsel to the agent under the First Lien Term Loan Agreement; (d) counsel to the agent under the Second Lien Term Loan Agreement; (e) counsel to the agent under the Revolving ABL Agreement; (f) counsel to counterparties under the Swap Agreements; (g) the monitor appointed in the CCAA Cases; (h) all parties to litigation currently pending in the United States to which any Debtor is a party; (i) SunTrust Bank; (j) HSBC Bank USA, N.A.; (k) vendors and suppliers of the Debtors located in the United States; and (l) any party-in-interest that becomes known to the Foreign Representative by U.S. Mail within two (2) business days following the time any such

party is identified by the Foreign Representative. Such service shall be deemed adequate and sufficient service and notice for all purposes.

15. Objections and responses if any, to the Chapter 15 Petitions (including any objection to the entry of an order recognizing the Canadian Proceeding as a foreign main proceeding or continuation of this Provisional Order) must: (a) be made in writing, describe the basis therefore, and indicate the nature and extent of the respondent's interests in the Debtors' cases; (b) be filed with the Office of the Clerk of the Court, 701 East Broad Street, Richmond, Virginia 23219; and (c) be served upon (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022 ("United States Counsel"), Attn.: Christopher J. Marcus; (ii) Troutman Sanders LLP, 222 Central Park Avenue, Suite 2000, Virginia Beach, Virginia 23462 ("Co-United States Counsel"); and (iii) Stikeman Elliott, LLP, 1155 Rene-Levesque Blvd. West, Suite 4000, Montreal, QC H3B 3V2, Canada ("Canadian Counsel"), Attn.: Jean Fontaine, so as to be received by them no later than [____], **2010 on or before 5:00 pm (ET)**. This Court may enter an order granting the preliminary injunction requested in the Application without a hearing if no unresolved objections are filed with respect thereto.

16. The banks and financial institutions with which the Debtors maintain bank accounts or on which checks are drawn or electronic payment requests made in payment of prepetition or postpetition obligations are authorized and directed to continue to service and administer the Debtors' bank accounts without interruption and in the ordinary course and to receive, process, honor and pay any and all such checks, drafts, wires and automatic clearing house transfers issued, whether before or after the Petition Date and drawn on the Debtors' bank accounts by respective holders and makers thereof and at the direction of the Foreign Representative or the Debtors, as the case may be.

17. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) the TRO shall be effective immediately and enforceable upon its entry; (b) the Foreign Representative is not subject to any stay in the implementation, enforcement or realization of the relief granted in the TRO; and (c) the Foreign Representative is authorized and empowered, and may in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of the TRO.

18. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of the TRO.

Dated: _____, 2010
Richmond, Virginia

United States Bankruptcy Judge

I ASK FOR THIS:

/s/ Jonathan L. Hauser

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Counsel to the Foreign Representative

CERTIFICATION OF ENDORSEMENT
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Jonathan L. Hauser

Exhibit B

Proposed Provisional Order

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Counsel to the Foreign Representative

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)
) Chapter 15
)
WHITE BIRCH PAPER COMPANY, et al.,¹) Case No. 10-_____ ()
)
Debtors in a Foreign Proceeding.) Joint Administration Requested
)

**ORDER GRANTING A PRELIMINARY INJUNCTION AND OTHER
PROVISIONAL RELIEF UNDER CHAPTER 15 OF THE BANKRUPTCY CODE**

Upon the Application² of White Birch Paper Company ("White Birch Company"), in its capacity as foreign representative (the "Foreign Representative") of the above-captioned debtors (collectively, the "Debtors") in a foreign proceeding (the "Canadian Proceeding") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pending before the Superior Court for the Province of Quebec, Commercial Division, Judicial District of Montreal, Canada (the "Canadian Court"), the Foreign Representative, pursuant to sections 105(a), 1519, 1520 and 1521 of the Bankruptcy Code, requests: (a) entry of

¹ The Debtors in these cases are: White Birch Paper Company ("White Birch Company"); Papier Masson Ltee ("Papier Masson"); Stadacona General Partner, Inc. ("Stadacona GP"); Stadacona Limited Partnership ("Stadacona LP"); F.F. Soucy Limited Partnership ("FF Soucy LP"); and F.F. Soucy Inc. & Partners, Limited Partnership ("FF Soucy & Partners LP"). The Debtors' U.S. service address is 80 Field Point Road, Greenwich, Connecticut 06830.

² Capitalized terms used and not defined herein shall have the meaning ascribed to them in the Application.

a temporary restraining order enforcing the Petition for the Issuance of an Initial Order (the “Initial CCAA Order”) and related relief; (b) after seven days’ notice and a hearing on the Application (with such hearing to be held only to the extent unresolved objections exist), the Provisional Order pending entry of an order recognizing the Canadian Proceeding as a “foreign main proceeding” on a final basis; (c) the scheduling of a hearing on the Application; and (d) such other relief as may be just and proper; and upon consideration of the Application and the Sherrick Declaration and all documents attached thereto; and it appearing that this Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these cases and the Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1410(3); and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that notice of the filing of the Application and the hearing thereon having been given in accordance with the Court’s *Temporary Restraining Order Granting Provisional Relief Pursuant to Chapter 15 of the Bankruptcy Code* [Docket No.] has been given as set forth therein and pursuant to Bankruptcy Rules 1011(b) and 2002(q), and that such notice is adequate and no other or further notice need be given; and a Hearing having been held to consider the relief requested in the Application (the “Hearing”) and upon the record of the Hearing and all of the proceedings held before the Court; and the Court having found and determined that the relief sought in the Application is consistent with the purpose of chapter 15 of the Bankruptcy Code and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and no objections or other responses having been filed that have not been overruled, withdrawn or otherwise resolved; and after due deliberation and sufficient cause appearing therefore, the Court finds and concludes as follows:³

³ The findings and conclusions set forth herein and in the record of the hearing on the Application constitute this Court’s findings of facts and conclusions of law pursuant to Fed. R. Civ. P. 52, as made applicable herein by

1. There is a substantial likelihood that the Foreign Representative will be able to demonstrate that the Canadian Proceeding is a “foreign main proceeding” as defined in section 1502(4) of the Bankruptcy Code.

2. The commencement or continuation of any action or proceeding in the United States against the Debtors or any of the Debtors’ assets or proceeds thereof, except as provided in the Interim Financing Credit Agreement (as defined in the CCAA Initial Order) and the CCAA Initial Order (as modified, amended or extended from time to time by the Canadian Court), should be enjoined pursuant to sections 105(a) and 1519 of the Bankruptcy Code to permit the expeditious and economical administration of the Debtors’ estates in the Canadian Proceeding, and the relief requested either (a) will not cause any undue hardship to other parties in interest or (b) any hardship to parties in interest is outweighed by the benefits of the relief requested.

3. Unless provisional relief is issued, there is a material risk that the Debtors’ assets could be subject to efforts by creditors or other parties in interest in the United States to control or possess the Debtors’ assets located in the U.S. or take other detrimental business acts against such assets of the Debtors.

4. Such acts (other than such acts permitted pursuant to the Interim Financing Credit Agreement and the Initial CCAA Order -- as modified, amended or extended from time to time by the Canadian Court) could: (a) interfere with and cause harm to the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code; (b) interfere with and cause harm to the Debtors’ efforts to administer their estates pursuant to the Canadian Proceeding; and

Bankruptcy Rules 7052 and 9014. To the extent any of the findings of fact herein constitute conclusions of law, they are adopted as such. To the extent any of the conclusions of law herein constitute findings of fact, they are adopted as such.

(c) undermine the Foreign Representative's efforts to achieve an equitable result for the benefit of all of the Debtors' creditors. Accordingly, there is a material risk that the Debtors may suffer immediate and irreparable injury for which they will have no adequate remedy at law, and therefore, it is necessary that the Court enter this Order.

5. The interest of the public will be served by this Court's entry of this Order.

6. Subject to the Interim Financing Credit Agreement and the Initial CCAA Order (as modified, amended or extended from time to time by the Canadian Court), the Debtors and the Foreign Representative are entitled to the full protections and rights available pursuant to section 1519(a) of the Bankruptcy Code.

NOW THEREFORE, IT IS HEREBY ORDERED, THAT:

1. The Application is granted as set forth herein.

2. Beginning on the date of this Order and continuing until the date of the entry of an order of this Court recognizing the Canadian Proceeding as a "foreign main proceeding" as defined in section 1502(4) of the Bankruptcy Code and White Birch Company as a "foreign representative" as defined in section 101(24) of the Bankruptcy Code, unless otherwise extended pursuant to section 1519(b) of the Bankruptcy Code:

- (a) the protections of sections 361 and 362 of the Bankruptcy Code apply to the Debtors and their assets in the United States;
- (b) the Foreign Representative is established as the representative of the Debtors with full authority to administer the Debtors' assets and affairs in the United States, including, without limitation, making payments on account of the Debtors' prepetition and postpetition obligations;
- (c) the Foreign Representative is entrusted with the administration or realization of all or part of the Debtors' assets in the United States, including, without limitation, all of the Debtors' assets that may have been transferred to parties in the United States;
- (d) all persons and entities are enjoined from seizing, attaching and/or enforcing or executing liens or judgments against the Debtors'

property in the United States or from transferring, encumbering or otherwise disposing of or interfering with the Debtors' assets or agreements in the United States without the express consent of the Foreign Representative;

- (e) all persons and entities are enjoined from commencing or continuing, including the issuance or employment of process of, any judicial, administrative or any other action or proceeding involving or against the Debtors or their assets or proceeds thereof, or to recover a claim or enforce any judicial, quasi-judicial, regulatory, administrative or other judgment, assessment, order, lien or arbitration award against the Debtors or their assets or proceeds thereof; and
- (f) the Foreign Representative has the right and power to examine witnesses, take evidence or deliver information concerning the Debtors' assets, affairs, rights, obligations or liabilities.

3. Nothing herein shall enjoin a police or regulatory act of a governmental unit, including a criminal action or proceeding.

4. Nothing herein shall provide the Debtors with any greater protection for their U.S. assets than that provided under the Initial CCAA Order with respect to the Debtors' Canadian assets vis-à-vis the postpetition lenders' rights and remedies under the interim DIP authorizations contained in the Initial CCAA Order and the DIP credit documents.

5. Except as permitted by the Initial CCAA Order (as modified, amended or extended from time to time by the Canadian Court) or by leave of the Canadian Court, no action may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Debtors, if one is filed, is sanctioned by the Canadian Court, or is refused by the creditors of the Debtors or the Canadian Court.

6. Until further order of this Court, the Foreign Representative is hereby established as the exclusive representative of the Debtors in the United States.

7. The Debtors and White Birch Company in connection with its appointment as the Foreign Representative are, subject to the terms and conditions of the Interim Financing Credit Agreement and the CCAA Initial Order (as modified, amended or extended from time to time by the Canadian Court), entitled to the full protections and rights available pursuant to section 1519(a) of the Bankruptcy Code.

8. Pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, made applicable to these proceedings pursuant Bankruptcy Rule 7065, no notice to any person is required prior to entry and issuance of this Order.

9. The security provisions of Rule 65(c) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7065, are waived.

10. Subject to the Initial CCAA Order, any party in interest: (a) may make a motion seeking relief from, or modification of, this Order, by filing a motion on not less than five (5) business days notice to United States Counsel (defined below), counsel to the agent under the Debtor's postpetition financing agreement and counsel to the agent under the First Lien Term Loan Agreement, Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022-4834, Attn.: Keith A. Simon, seeking an order for such relief, and any such request shall be the subject of a hearing to be scheduled by the Court and (b) may file objections and be heard by the Court in accordance with the terms of any order of the Court providing for a hearing on any subsequent relief sought by the Foreign Representative in this proceeding.

11. Copies of this Order, the proposed order recognizing the Canadian Proceeding as a foreign main proceeding and White Birch Company as a foreign representative, and notice of

the hearing on the Petition shall be served via first class U.S. mail upon (a) the Office of the United States Trustee for the Eastern District of Virginia; (b) counsel to the agent under the Debtors' proposed postpetition financing agreement; (c) counsel to the agent under the First Lien Term Loan Agreement; (d) counsel to the agent under the Second Lien Term Loan Agreement; (e) counsel to the agent under the Revolving ABL Agreement; (f) counsel to counterparties under the Swap Agreements; (g) the monitor appointed in the CCAA Cases; (h) all parties to litigation currently pending in the United States to which any Debtor is a party; (i) SunTrust Bank; (j) HSBC Bank USA, N.A.; (k) vendors and suppliers of the Debtors located in the United States; (l) all other parties against whom the Debtors obtained provisional relief pursuant to section 1519 of the Bankruptcy Code; and (m) all parties that file notices of appearance in the Chapter 15 Cases pursuant to Bankruptcy Rule 2002. Such service shall be deemed adequate and sufficient service and notice for all purposes.

12. The banks and financial institutions with which the Debtors maintain bank accounts or on which checks are drawn or electronic payment requests made in payment of prepetition or postpetition obligations are authorized and directed to continue to service and administer the Debtors' bank accounts without interruption and in the ordinary course and to receive, process, honor and pay any and all such checks, drafts, wires and automatic clearing house transfers issued, whether before or after the Petition Date and drawn on the Debtors' bank accounts by respective holders and makers thereof and at the direction of the Foreign Representative or the Debtors, as the case may be.

13. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon its entry; (b) the Foreign Representative is not subject to any stay in the implementation, enforcement or realization of the

relief granted in this Order; and (c) the Foreign Representative is authorized and empowered, and may in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

14. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Order.

Dated: _____, 2010
Richmond, Virginia

United States Bankruptcy Judge

I ASK FOR THIS:

/s/ Jonathan L. Hauser

Jonathan L. Hauser

VSB No. 18688

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- and -

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Counsel to the Foreign Representative

CERTIFICATION OF ENDORSEMENT
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Jonathan L. Hauser