

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
BALDWIN PAPER CO. LIMITED/ PAPIERS BALDWIN COMPAGNIE LIMITÉE**

- and -

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
9169-2707 QUEBEC INC.**



THE HONOURABLE MR.

JUSTICE DAVID M. BROWN

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MONDAY, THE 16th

DAY OF APRIL, 2012

ORDER

(Sale Approval, Interim Distribution and Bankruptcy)

THIS MOTION, made by BDO Canada Limited, the Proposal Trustee of Baldwin Paper Co. Limited/Papiers Baldwin Compagnie Limitée and 9169-2707 Quebec Inc. o/a Papiers Baldwin (the "Debtors") for an order:

- (a) approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale dated March 23, 2012 (the "Sale Agreement") between the Debtors and Cutting Edge Paper Ltd. (the "Purchaser") and appended on a confidential basis to the Second Report of the Proposal Trustee dated April 11, 2012 (the "Second Report"), and vesting in the Purchaser the Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets");

- (b) approving the Second Report of the Proposal Trustee and the conduct and activities of the Proposal Trustee as described in the Second Report;
- (c) approving the proposed distribution described in the Second Report;
- (d) upon the filing of the Proposal Trustee's Certificate (as defined below) with this Court, terminating the period during which the Debtors must file a proposal, resulting in a deemed assignment in bankruptcy of the Debtors; and
- (e) approving the fees and disbursements of the Proposal Trustee and its counsel.

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

ON READING the Second Report and on hearing the submissions of counsel for the Proposal Trustee and counsel for the Debtors, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Janice Chen sworn April 12, 2012 filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Debtors is hereby authorized and approved, with such minor amendments as the Proposal Trustee and the Debtors may deem necessary. The Proposal Trustee and the Debtors are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "Proposal Trustee's Certificate"), all of the Debtors' right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise),

liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing, all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "Encumbrances", which term shall not include the Permitted Encumbrances listed on Schedule "B" hereto and the Professionals Charge created by the Order of the Honourable Mr. Justice Brown dated February 24, 2012); and, for greater certainty, this Court orders that all encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they have with respect to the Purchased Assets on the date of bankruptcy of the Debtors pursuant to paragraph 13 of this Order.

4. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Proposal Trustee and the Debtors are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.

6. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtors;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee and the Debtors, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS AND DIRECTS** that the Confidential Appendices (as defined in the Second Report of the Proposal Trustee) are hereby sealed and shall not form part of the public record until the closing of the Transaction.

10. **THIS COURT FURTHER ORDERS** that, after payment of the fees and disbursements of the Proposal Trustee and its counsel, the Proposal Trustee is directed and authorized to

complete the distribution to Accord Financial Inc. as described in paragraph 27 of the Second Report.

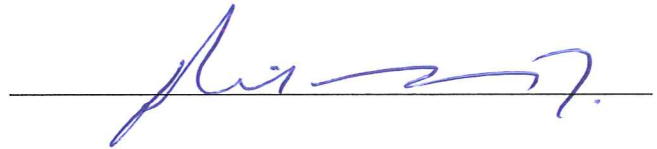
11. **THIS COURT FURTHER ORDERS** that the fees and disbursements of the Proposal Trustee as set out at Appendix I of the Second Report are hereby approved.

12. **THIS COURT FURTHER ORDERS** that the that the fees and disbursements of counsel to Proposal Trustee as set out at Appendix J of the Second Report are hereby approved.

13. **THIS COURT FURTHER ORDERS** that, upon the filing of the Proposal Trustee's Certificate with this Court, the time period within which the Debtors must file a Proposal is hereby terminated pursuant to s. 50.4(11) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 and the Proposal Trustee is hereby appointed Trustee in Bankruptcy of the Debtors.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR 16 '2012



Schedule A – Form of Proposal Trustee’s Certificate

Court File No. 32-1591255

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
BALDWIN PAPER CO. LIMITED/PAPIERS BALDWIN COMPAGNIE LIMITÉE**

- and -

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
9169-2707 QUEBEC INC.**

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

A. **WHEREAS** on February 14, 2012, Baldwin Paper Co. Limited/Papiers Baldwin Compagnie Limitée and 9169-2707 Quebec Inc. o/a Papiers Baldwin (the “Debtors”) each filed a Notice of Intention to Make Proposal pursuant to the *Bankruptcy and Insolvency Act* and BDO Canada Limited consented to act as Proposal Trustee.

B. **AND WHEREAS** pursuant to an Order of the Court dated April 16, 2012, the Court approved the agreement of purchase and sale made as of March 23, 2012 (the "Sale Agreement") between the Debtors and Cutting Edge Paper Ltd. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtors’ right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing contained in the Sale Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Debtors have received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at [TIME] on ____ [DATE].

**BDO CANADA LIMITED, in its capacity as
Proposal Trustee and/or Trustee in
Bankruptcy of Baldwin Paper Co.
Limited/Papiers Baldwin Compagnie and
9169-2707 Quebec Inc. o/a Papiers Baldwin
and not in its personal or corporate capacity**

Per: _____

Name:

Title:

Schedule B – Permitted Encumbrances

Permitted Encumbrances” means:

- (a) ¹ any Liens related to the lease of personal property by either of the Vendors including, without limitation, the Liens related to the Personal Property Leases;
- (b) the liens listed below

Personal Property Leases

Blue Chip Leasing Corporation – Marquip Upgrade and Valmet Upgrade;

CIT Financial Ltd. – Bell Telephone Equipment; Software upgrade; and Atlas Copco Air Compressor s/n AP1420503;

Lift Capital Corporation – Toyota s/n 70132 Fork Lift;

Wajax Finance Ltd. – 2006 Hyster s/n A234N02005D Walkie; Hyster s/n A234N02014E Walkie; and Hyster s/n B218N10754D Walkie;

Recap Leasing – Photocopier; and

D-K Canada Ltd. – 3 Baler s/n 116085, 116083 and 116084.

Registered Liens

All registered Liens in favour of the following secured parties:

- (a) Kenworth Toronto Leasing Ltd.;
- (b) D-K Canada Ltd.;
- (c) Bank of Nova Scotia;
- (d) Multi-Line Auto Sales & Leasing Ltd.;
- (e) Blue Chip Leasing Corporation;
- (f) CIT Financial Ltd.;
- (g) Lift Capital Corporation;
- (h) Wajax Finance Ltd.; and
- (i) Wells Fargo Equipment Finance Company.

¹ Any term not otherwise defined in this Schedule, shall have the meaning ascribed to such term in the Sale Agreement.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF BALDWIN PAPER CO. LIMITED AND
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 9169-2707 QUEBEC INC.

Court File No. 32-1591255

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

PROCEEDING COMMENCED AT TORONTO

**ORDER
(Sale Approval, Interim Distribution and Bankruptcy)**

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