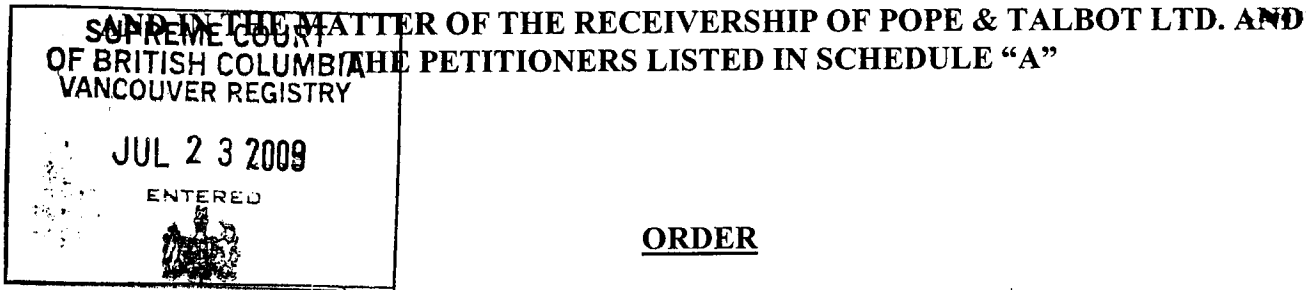


**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

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



**ORDER**

BEFORE THE HONOURABLE  
MR. JUSTICE WALKER

) THURSDAY, THE 23<sup>rd</sup> DAY  
) OF JULY 2009

THE MOTION of PricewaterhouseCoopers Inc. (the "Monitor") dated May 14, 2009 coming on for hearing at Vancouver, British Columbia on this date, AND ON HEARING Kibben Jackson and Clayton Jones, counsel for the Monitor, and those counsel and other persons listed in Schedule "C" hereto, AND UPON READING the material filed, including the 15<sup>th</sup> Report of the Monitor dated May 13, 2009;

THIS COURT DECLARES AND ORDERS THAT:

1. The D&O Claims (as defined in the April 22, 2008 Order of this Court) of the claimants enumerated in Schedule "B" hereto are hereby disallowed.
2. The D&O Claim of McDonnell Investment Management LLC and New Generation Advisors, Inc. dated June 30, 2008 is hereby disallowed.
3. All D&O Claims of all former Canadian salaried employees of any of the Petitioners for severance or termination pay are hereby disallowed.

4. The Monitor's application to disallow the severance claims of CEP, Local 1092 (the "CEP") and of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Local 1-405, 1-423 and 1-424 on behalf of their members is hereby adjourned until 10:00 a.m. on August 24, 2009.

5. The stays of proceedings provided for in the May 10 and June 16, 2008 Orders of this Court and the stay of proceedings arising pursuant to section 69.3 of the *Bankruptcy and Insolvency Act* are hereby lifted to permit the CEP, the Monitor, Ableco and the former directors of the Petitioners, should they choose to do so, to proceed with an arbitration to determine only the issues of:

- deleted*
- (a) whether there was a "permanent closure" of the Mackenzie pulp mill; and
  - (b) if so, on what date such "permanent closure" occurred,

and any appeal from such arbitral decision, to the extent such right exists or is granted, shall be heard by this Court at 10:00 a.m. on August 24, 2009.

6. All D&O Claims of any former hourly employees of any of the Petitioners and any unions on behalf of their members relating in any way to pension benefits and/or pension contribution obligations of the Petitioners ("D&O Pension Claims") are hereby disallowed.

7. The Monitor's application to disallow the D&O Pension Claims of all former salaried employees of any of the Petitioners who filed Notices of Dispute in accordance with the terms of the April 23, 2008 D&O Claims Procedure Order is hereby adjourned until 10:00 a.m. on August 27, 2009.

8. All D&O Claims of all former Canadian employees of any of the Petitioners and any unions on behalf of their members for the following categories of claims are hereby disallowed:

- (a) claims for medical benefits accruing after the date of termination of employment;
- (b) claims for pension-bridging benefits; and

(c) claims for unremitted employee withholdings.

9. Notwithstanding paragraph 8 of this Order, the claims of the CEP on behalf of its members for pension bridging benefits as well as retiree health and welfare benefits totalling \$125,891.04 as set forth in the July 15, 2009 letter from counsel for the CEP to counsel for the Monitor (the "CEP Letter") shall not be disallowed by virtue of this Order.

10. Notwithstanding paragraphs 3, 6 and 8 of this Order, no D&O Claims of any former United States employees of any of the Petitioners that have filed Notices of Dispute (collectively, the "U.S. Disputed D&O Claimants") shall be disallowed by virtue of this Order, provided however that the D&O Claims of each U.S. Disputed D&O Claimant shall be disallowed in full unless by no later than August 17, 2009, such U.S. Disputed D&O Claimant files in these proceedings and delivers by email or facsimile to counsel for the Monitor:

- (a) a Notice of Motion seeking a determination by this Court of the amount of such U.S. Disputed D&O Claimant's D&O Claim, if any;
- (b) one or more affidavits in support of such motion establishing the validity and amount of such U.S. Disputed D&O Claimant's D&O Claim; and
- (c) an Outline of Argument setting forth the basis for the liability of any former director or officer of the Petitioner for such U.S. Disputed D&O Claimant's D&O Claim.

11. Subject to further order of this Court, the motions of all U.S. Disputed D&O Claimants filed and delivered in accordance with paragraph 8 of this Order shall be heard by this Court at 10:00 a.m. on August 27, 2009.

12. The D&O Claim of the CEP on behalf of Zenon Frykas as set forth in the CEP Letter is hereby disallowed in full.

13. Endorsement of this Order by counsel appearing on this application, except counsel for the Receiver, is hereby dispensed with.

BY THE COURT

  
REGISTRAR

\* see signatures  
attached

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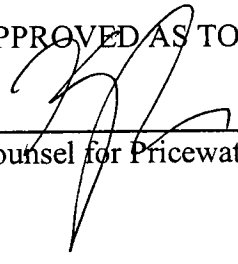
-4- ATTACHED SIGNATURES

BY THE COURT

*DeWitt, J.*

DISTRICT REGISTRAR

APPROVED AS TO FORM:



Counsel for PricewaterhouseCoopers Inc.

**SCHEDULE "A"**

**ADDITIONAL PETITIONERS**

Pope & Talbot, Inc.

MacKenzie Pulp Land Ltd.

P&T Funding Ltd.

Penn Timber, Inc.

Pope & Talbot Lumber Sales, Inc.

Pope & Talbot Pulp Sales U.S., Inc.

Pope & Talbot Relocation Services, Inc.

P&T Power Company

P&T Finance Three LLC

**SCHEDULE "B"**

**TRADE CREDITORS**

<b>Name of Claimant</b>	<b>Address of Claimant</b>
0742412 B.C. Ltd.	Bag 1950, Mackenzie, B.C. V0J 2C0
"A Taste Above..." Catering	720 NW Division Street, Gresham, OR 97030
B. Kingsley Trucking Ltd.	Box 155, Qualicum Beach, B.C. V9K 1S7
Bayline Enterprises Inc.	1016 Herring Gull Way, Parksville, B.C. V9P 1R2
Canada Scaffold Supply Co. Ltd.	13611 Mitchell Road, Richmond, B.C. V6V 1M7
Diamond Silviculture/Ron Ritco	121 Sagamore Avenue, Grand Forks, B.C. V0H 1H4
Donghwa Sanup Co., Ltd.	16 <sup>th</sup> Donghwa Bldg., 58-7 Seosomun-Dong, Choong-Ku, Seoul 100-736, Korea
Marcolli Trucking Ltd.	P.O. Box 856, Nakusp, B.C. V0G 1R0
Minitman Inc.	820 E. Colorado Blvd., Spearfish, SD 57783
North Central Machine Works Ltd.	2009 1 <sup>st</sup> Avenue, Prince George, B.C. V2L 2Z1
Northwest Logging Inc.	P.O. Box 1041 – 3804 Caballo Dr., Spearfish, SD 57783
Omineca Redi-Mix Ltd.	P.O. Box 577, Fort St. James, B.C. V0J 1P0
Projo Leak Sealing Limited	P.O. Box 99, Hixon, B.C. V0K 1S0
Raymer Transport Ltd.	2216 – 6 <sup>th</sup> Avenue, Castlegar, B.C. V1N 2V9

Woodford Construction Co., Inc.	P.O. Box 6039, Custer, SD 57730
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FORMER DIRECTORS

Gordon Andrews	P.O. Box 1333, Ross, CA 94957
David J. Berram	1515 Redwood Drive, Los Altos, CA 94024
Robert G. Funari	1400 E. Ocean Blvd., Unit 1401, Long Beach, CA 90802
Kenneth G. Hanna	P.O. Box 91667, West Vancouver, B.C. V7V 3P3
Keith Matheney	3107 E. Crestwood Court, Coeur D'Alene, ID 83815

**SCHEDULE "C"**  
**LIST OF COUNSEL**

<b>Name</b>	<b>Party</b>
Peter Rubin	Ableco Finance LLC
John McLean	Certain Former Directors of the Petitioners
Zachary Ansley	Certain Former Directors of the Petitioners
Laura Donaldson	Morneau Sobeco
Dan Rogers	CEP, Local 1092
Donald Stewart	Self-represented
Donald Campbell	Self-represented
Mukhtiar Singh Sidhu	Self-represented