

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Case No. 08-10152

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In the Matter of:

QUEBECOR WORLD (USA) INC.,

Debtor.

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U.S. Bankruptcy Court
One Bowling Green
New York, New York

April 17, 2008
2:04 p.m.

B E F O R E:

HON. JAMES M. PECK

U.S. BANKRUPTCY JUDGE

1 MOTION of Debtors to Assume an Executory Contract with
2 Blanchard Systems, Inc. for DALiM Software Licenses

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4 MOTION of Debtors to Assume an Executory Contract with GMC
5 Software Technology Inc. for One PrintNet T Standard Designer
6 Software License Upgrade

7
8 MOTION of Debtors to Assume Executory Contract with IO
9 Integration, Inc. for Xinet Software Licenses

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11 MOTION of Debtors for an Order Extending the Time to File
12 Notice of Removal of Actions

13
14 MOTION of Debtors to Employ Ernst & Young LLP Nunc Pro Tunc to
15 April 7, 2008 as Tax Services Provider for the Debtors

16
17 MOTION of Debtors to Employ KPMG LLP (US) Nunc Pro Tunc to
18 April 7, 2008 as Tax Compliance and Tax Consulting Advisors to
19 the Debtors

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21 MOTION of Debtors to Employ KPMG LLP (Canada) Nunc Pro Tunc to
22 April 7, 2008 as Tax Consultants to Debtors

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1 MOTION of Debtors for an Order Extending the Period During
2 Which the Debtors Have the Exclusive Right to File a Plan of
3 Reorganization and Solicit Acceptances Thereof

4
5 MOTION of Debtors for Entry of an Order Extending the Time for
6 the Debtors to Assume or Reject Unexpired Leases of
7 Nonresidential Real Property

8
9 MOTION of Debtors to Assume an Unexpired Master Rental
10 Agreement and Associated Rental Schedules with Yale Materials
11 Handling Corporation

12
13 MOTION of Debtors for Entry of an Order Consistent with the
14 Cross-Border Insolvency Protocol Confirming Authority Under
15 Canadian Court Order of Quebecor World, Inc. to Make Payments
16 to Certain of Debtors' Employees in Exchange for Non-Compete
17 Agreement

18
19 MOTION of Official Committee of Unsecured Creditors to Retain
20 and Employ Bennett Jones LLP as Canadian Counsel, Nunc Pro Tunc
21 to March 4, 2008

22
23 MOTION Filed by KDN Investments, LLC to Compel the Debtors to
24 Assume or Reject Purchase Agreements Relating to Real Estate in
25 Nashville, Tennessee and Taunton, Massachusetts

1 MOTION of KDN Investments, LLC to Compel the Debtors to Perform
2 Post-Petition Obligations Under Nashville, Tennessee Leases

3
4 MOTION of Debtors for Entry of an Order Establishing and
5 Implementing Exclusive, Global Procedures for the Allowance and
6 Payment of Section 503(b)(9) Claims Relating to Goods Received
7 Within Twenty Days Prior to the Petition Date

8
9 MOTION of Debtor for Entry of an Order Authorizing the Debtors
10 to Pay and Honor Certain Pre-Petition Amounts Due Under the
11 Management Incentive Plans and to Continue the Plans in the
12 Ordinary Course of Business

13
14 MOTION of Ecological Fibers, Inc. for Allowance and Immediate
15 Payment of Administrative Claim

16
17 MOTION of WCJ Pilgrim Wire, LLC for Allowance of Administrative
18 Claims for Goods Delivered Within Twenty Days Before the
19 Commencement of This Case

20
21 MOTION of Debtor for Order Authorizing the Establishment and
22 Implementation of Exclusive Global Procedures for Treatment of
23 Reclamation Claims

24

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1 MOTION of National Fuel Resources, Inc. for Relief from the
2 Automatic Stay, for Adequate Protection, to Compel Assumption
3 or Rejection of an Executory Contract and/or for Adequate
4 Assurance of Future Performance and Payment

5

6 MOTION of AEP Industries, Inc. for Allowance of Administrative
7 Expense Claim for Goods Delivered to the Debtors Within Twenty
8 Days of the Bankruptcy Filing

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10 FINAL HEARING RE: Motion of Debtors for Interim Order
11 Determining Adequate Assurance of Payment of Future Utility
12 Services

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24 Transcribed By: Esther Accardi

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P R O C E E D I N G S

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2 THE COURT: Please be seated. Mr. Canning, why don't
3 you proceed.

4 MR. CANNING: Thank you, Your Honor. Good afternoon,
5 Your Honor. I'm Michael Canning from Arnold & Porter, counsel
6 for Quebecor World USA and its affiliated debtors in the
7 Chapter 11 proceedings.

8 We have a number of motions on the calendar today,
9 Your Honor. And as usual, I would suggest we proceed in the
10 order that they were in the agenda that we filed last night.

11 THE COURT: That's fine with me.

12 MR. CANNING: Okay. The first group of motions we
13 have is we have three motions that we're seeking assumption.
14 All three of them are executory contracts that relate to
15 licenses that the debtor uses in its business. Each of these
16 licenses is particularly important to the extent that they are
17 a critical component of allowing us to deliver particular goods
18 and services to valued customers.

19 In once case it's a particularly large customer. In
20 others there are multiple customers that depend upon this
21 service that we need these licenses for. And with respect to
22 all three of them we had pre-petition agreements with the
23 vendors that gave us what we call temporary codes that allow us
24 for a sixty to ninety-day period of time to use the license.
25 And if we fail to pay the full amount due under the contract at

1 the expiration of that preliminary or initial period, the
2 licenses are automatically terminated, we don't have access to
3 them anymore. We can no longer provide the goods and services
4 to our customers.

5 So the reason for seeking the assumption of those
6 contracts today is we need to do that. Get the licenses, pay
7 these pre-petition amounts so that at the end of April and the
8 end of May, when each of these temporary licenses might
9 otherwise expire, we convert them into permanent licenses and
10 we're able to continue to perform our goods and services.

11 I will give just a quick highlight maybe of each one
12 of the three, Your Honor, and then perhaps ask if you want to
13 rule on all three, or I can take them more extensively
14 individually, whatever you prefer.

15 THE COURT: I did read the declarations of Mr.
16 Panuzio in connection with each of these three applications,
17 and I think I understand what's involved. And that each has
18 something to do with the premedia aspects of your business. I
19 saw that it involved software and it used language I did not
20 fully comprehend. So even if you were to use the same words I
21 probably would be in no better position. But you're free to
22 make whatever you wish to make in this connection.

23 MR. CANNING: Thank you, Your Honor, very much.
24 Then, just very quickly, the first one is an agreement we had
25 with Blanchard Systems. Your Honor is correct it dealt with

1 our premedia business and it, in effect, is a web based
2 electronic asset management and job tracking system, which is
3 as much detail as I'm going to get into as well, Your Honor.

4 We were able, in connection with this particular
5 license -- because of its importance to the customer, we were
6 able to get the customer to agree to forgo some price discounts
7 in order to assist us in implementing this particular
8 arrangements. The total cure amount that is due is \$160,000.
9 Once, again, this is critically important for a customer from
10 whom we get many multiple millions of dollars worth of revenue.

11 The second one was a license that we have with GMC
12 Software Technology. This is technically an upgrade to a new
13 version of software that we currently use in our direct mail
14 division. This allows us to program data to personalize direct
15 mail pieces. The cure amount here is very modest, Your Honor,
16 it's \$50,000. And, again, it's the key lynch pin to providing
17 services to a significant number of creditors.

18 And the last motion that we had that related to these
19 licenses is with IO Integration. This is software that
20 standardizes digital files and automates our premedia work
21 flow. Once, again, it's a significant component with a
22 relatively small cure payment.

23 The one thing I did want to mention on the record,
24 Your Honor, you may have seen in the last day or two we filed a
25 supplement to this particular motion. We determined that there

1 was one component of the license that inadvertently was not
2 included when we filed the original motion. We filed a
3 supplement to correct that. It gave rise to an additional --
4 about \$18,000 worth of cure payments, so that the all insure
5 payment is about \$64,000.

6 The orders for the first two are as we presented.
7 The order for IO Integration we modified just to make clear
8 that when we say the agreement, it's assumed it includes all of
9 the components, including the last piece that we had included
10 in the supplement.

11 THE COURT: Okay.

12 MR. CANNING: So with that I would ask if Your Honor
13 would enter the orders approving those assumptions. There was
14 no objection from the committee or any other party, so it's
15 uncontested.

16 THE COURT: I will approve all three.

17 MR. CANNING: The next matter, Your Honor, staying
18 with the agenda that we filed, is the debtors' motion to extend
19 the time to file notices of removal of actions. This is a
20 fairly standard request, particularly in a case of this size.

21 We've been, as I know Your Honor is aware, pretty
22 busy for the last sixty-five to seventy-five days in the case.
23 So with our DIP financing and any number of operational issues
24 with our vendors and suppliers and our human resources issues,
25 employees and the like. And we simply have not had enough time

1 to really canvass all the litigations and analyze them to make
2 a determination as to whether or not it's going to be
3 appropriate to remove them to District Court. So what we've
4 requested here is an extension until the later of July 21st,
5 which is a ninety-day extension that we're otherwise permitted
6 under Section 9027(a)(2). So we would have until the later of
7 July 21st. Or with respect to pre-petition cases, as the Code
8 provides, thirty days after a stay was lifted with respect of
9 pre-petition claims.

10 Again, I don't think anybody has any objections.
11 None were filed. And I would ask the Court to approve it.

12 THE COURT: I'll approve that as well.

13 MR. CANNING: Thank you, Your Honor.

14 Next, Your Honor, we have a series of three retention
15 applications. One for Ernst & Young and then two, actually,
16 for KPMG. One specifically for KPMG Canada and one for KPMG
17 US.

18 Starting with the ENY retention, Your Honor -- well,
19 I guess first of all, I would like to say that because it's, in
20 effect, three accounting firms, I just want to say that the
21 debtors worked hard and discussed each of these with the U.S.
22 Trustee's Office and with the committee to make sure everybody
23 fully understood the scope of the services, so there wasn't
24 going to be any duplication. We tried very hard to make sure
25 that the scope of the retentions would be efficient to the

1 extent possible, and not duplicative. And, also, to make sure
2 that any issues with respect to disinterestedness were fully
3 addressed, both with the committee and the U.S. Trustee's
4 Office. And I believe they could certainly speak for
5 themselves, that they're all comfortable with that.

6 Now, with that as a backdrop I'll sort of take each
7 one separately and give you a little bit more highlights, if
8 that's okay.

9 THE COURT: Before you go to separate treatment, can
10 you just explain to me why it is that the debtors need three
11 separate firms. It wasn't entirely clear to me, as I look at
12 the application, what the distinction was between the work to
13 be done by Ernst & Young and the work to be done by the two
14 KPMG entities.

15 MR. CANNING: Absolutely, Your Honor. Each of these
16 firms, particularly KPMG, has had a long historical
17 relationship with Quebecor. As may have become evident from
18 the beginning of the case, this is a company that has got a
19 structure in place, a very tax-driven, to be perfectly candid.
20 And one of the reasons why there are so many entities in the
21 U.S. is for tax reasons. There are certain processes that are
22 set up to deal with the cross-border implications of the way
23 the company runs its business. In connection with that they
24 have historically worked with KPMG and also with ENY,
25 particularly with KPMG on various components of their tax work.

1 What we were trying to do, and what I think hopefully we were
2 able to do on a going forward basis, is identify the key areas
3 for the company. Both with respect to its normal operations
4 and with respect to its restructuring efforts, that are going
5 to require very sophisticated and concentrated tax work.

6 And we tried -- the debtor actually negotiated
7 heavily with each of these entities and took proposals to see
8 what would be the best fit for the company in order to address
9 its kind of different tactics. Recognizing that in some
10 instances the historical data and familiarity that particular
11 accounting firms had with the way the company has run its
12 business and how it was interrelated would be extremely
13 valuable and difficult, if not impossible, to replace, and an
14 expense.

15 So as that as a backdrop, what we basically have is
16 starting with ENY, since that was the first on the agenda. ENY
17 is being retained in the US to focus primarily on the tax
18 restructuring aspects. And consistent with that, on what
19 restructuring may be necessary or appropriate at the entity
20 level as we try to formulate a plan of reorganization for what
21 this company is going to look like when it exits bankruptcy.
22 And that's sort of a carved off piece.

23 ENY we felt was in a unique position to do that.
24 They've got good resources for it. We're going to carve that
25 out and have them take a look at that. They will, as I think

1 the evidence in each of the applications on a sub-contract
2 basis the firm's word, thinking the major accounting firms as
3 you may know are separate legal entities in the various
4 estates. In other words, ENY US is a different legal entity
5 than ENY Canada. And they all operate under a global ENY
6 Global Limited. And they share services by contract and the
7 like as appropriate, both for the expertise, and frankly, when
8 it's important for efficiency purposes. So there will be some
9 occasions when ENY US, who will be providing these
10 restructuring -- tax restructuring services, will subcontract
11 with some folks in ENY Canada perhaps to provide services in a
12 most efficient manner, because there are cross border issues as
13 well.

14 But we foresee with ENY, primarily the retention is
15 going to be US and it's going to be focused on tax
16 restructuring. And it's going to be focused on the entity
17 restructuring to the extent its necessary when we reorganize.

18 KPMG has a long relationship with the company,
19 particularly Canada. That's been where the primarily
20 relationship has been, Canada. And, in fact, there is at least
21 one person that I'm aware of that was in-house at Quebecor for
22 some time that is now at KPMG Canada and is sort of an
23 invaluable resource because of bridging the two institutions.

24 For KPMG, after negotiating, they decided that the
25 most efficient way to do it was to have KPMG Canada be retained

1 to handle the -- I think it's the 2004, 2005 and 2006 tax
2 audits, because they were very involved in all that process in
3 the first place. So they're really being retained sort of for
4 tax compliance -- you know, for tax audit purposes.

5 KPMG US on the other hand, is really going to be
6 primarily involved with sort of the tax compliant. We have an
7 unbelievable amount of tax returns that we have to do for 2007,
8 which were already, frankly, a little late in getting started
9 with. And so in order to make sure we have the right resources
10 and the right expertise, it was decided KPMG US would basically
11 be retained in order to do the tax compliance and tax
12 consulting work, sort of on the '07 and going forward basis.
13 KPMG Canada would be doing the audit work. ENY is doing the
14 tax restructuring work.

15 Now, that's sort of in the big basket of what there
16 responsibilities are and why the company felt the need to
17 retain three professionals. The magnitude of the job, we just
18 didn't think it was, you know, picking a firm and saying, you
19 know, can you handle all of this. There was just too much that
20 has to be done in a very short period of time. And once we
21 file, no surprise, the audits picked up tax services, we're now
22 pretty public. So our audits have escalated. Our tax returns
23 for last year, we have to get those done on a timely basis.
24 And as we said before, we're anxious to see if we can get this
25 reorganization completed in as quick a time as possible. And

1 in order to really do that, we really need to understand the
2 tax risks and how we need to structure this for tax purposes.

3 THE COURT: Fine. That explanation is very helpful.

4 MR. CANNING: Okay. I will then shorten what I need
5 to say about each one of them, because I just said --

6 THE COURT: I think you really covered it.

7 MR. CANNING: Just to go through them fairly quickly.
8 For Ernst & Young we already discussed the scope of their
9 services. They're going to be paid on hourly rates. ENY US
10 does not hold any pre-petition claims against the debtor, as we
11 addressed. ENY Canada, just for fullness of our disclosure we
12 indicated that they did have some claims against the Canadian
13 parent but they're also going to waive any claims against the
14 US Debtor. So we think they've satisfied the disinterestedness
15 standard. We think their services are absolutely necessary.
16 We think they'll not be duplicative of the other accounting
17 professionals that we're going to hire. And we would ask the
18 Court to approve ENY US's retention.

19 THE COURT: I take it there are no objections to
20 these three retentions.

21 MR. BOTTER: That is correct, Your Honor. They are
22 three distinct tasks. One in the nature of restructuring
23 transactions. One historical based. And one going forward
24 based. We have no objections to it, Your Honor.

25 THE COURT: Fine.

1 MR. VELEZ-RIVERA: United States Trustee has no
2 objection, Your Honor.

3 MS. SPIGEL: Good afternoon, Your Honor. Robin
4 Spigel of Willkie Farr & Gallagher on behalf of KPMG LLP Canada
5 as well as KPMG LLP US.

6 I just wanted to make one clarification regarding
7 KPMG Canada's retention, because I think it matters from a tax
8 perspective, I am not sure from a lawyer tax perspective. I
9 don't think that KPMG Canada is being retained as auditors.
10 They're doing some consulting services that will involve an IRS
11 examination.

12 MR. CANNING: Oh, that's true. That's true.

13 MS. SPIGEL: And some related services. Technically,
14 they're not auditors. I just wanted to clarify that for the
15 record.

16 THE COURT: Clarification noted and all applications
17 are approved.

18 MR. CANNING: All right. Thank you, Your Honor.

19 The next matter on the agenda, Your Honor, is the
20 motion that debtors filed to extend the exclusive period to
21 file a plan of reorganization.

22 Again, some of my earlier comments about the nature
23 of the debtors' activities in the last sixty to seventy-five
24 days, we've been particularly busy on any number of matters.
25 Including the DIP financing and the customer issues and

1 supplier issues.

2 We made a lot of progress in the case so far, Your
3 Honor. I think everybody would agree it's been an impressive
4 seventy-five days and a very successful seventy-five days. And
5 indeed we have had some discussions with the creditors'
6 committee and others about going for a plan of reorganization.
7 Nevertheless, it's too early in the case and we're simply not
8 ready to put a stake in the ground in any meaningful way. So
9 we do think it's appropriate to have an extension of time
10 within which the debtor has exclusive right to file a plan. We
11 canvassed sort of recent cases just to see what's appropriate
12 in cases of this size. And we came up with a little over four
13 months, through September 30, which is four and a half months.
14 And we did discuss that with the committee before we resolved
15 that, and I think all the parties felt that that was a fair
16 amount of time under the circumstances. So we would ask the
17 Court to approve the debtors' request to extend the time period
18 for filing a plan.

19 THE COURT: Does anyone wish to be heard with respect
20 to the requested extension?

21 MR. BOTTER: Your Honor, David Botter, Akin Gump
22 Strauss Hauer & Feld on behalf of the creditors' committee.

23 I think Mr. Canning's characterization of how this
24 case has proceeded is correct. We've all been very busy and
25 we've hopefully we moved through what we would all call the

1 triage phase and we are now moving on to the next step in these
2 cases. And we hope to continue to work very hard and very
3 cooperatively with these debtors. And I think it is entirely
4 appropriate that they be given the opportunity for four more
5 months to maintain exclusivity. So we are in favor of this
6 motion.

7 THE COURT: There are no objection and no more
8 speeches, so I approve the extension.

9 MR. CANNING: Thank you, Your Honor.

10 The next motion is debtors' motion to extend the time
11 to assume or reject non-residential real estate leases.

12 I will just assume everything I just said about where
13 we are on the case and I think everybody is in agreement that
14 we have fifty locations under lease or sublease. We've just
15 retained our real estate consultants, as you'll recall from our
16 last session with Your Honor. They are now beginning their
17 analysis of all of these sites. They're going to report back
18 to us, we want to review them, consult with the committee. So
19 we just need more time before we're going to be in a position
20 to assume or reject. So we would ask for an extension for that
21 period of time as well, until August 18, 2008.

22 THE COURT: There are no objections and I approve
23 that extension. Wait a minute, I see Mr. Cohn stepping
24 forward.

25 MR. COHN: Only, Your Honor, to note for the record

1 that Mr. Canning is going to later on present a stipulation
2 that resolves the issues with respect to the two landlords that
3 I represent. But in the event that that stipulation were not
4 approved, I would ask to be heard on the extension of time to
5 assume or reject, but solely as to my clients' rights.

6 THE COURT: Okay. Well, he has a springing objection
7 then. I'm not sure there is such a thing, but you've stepped
8 forward soon enough to at least alert me to the fact that I
9 shouldn't enter the order without having those stipulations
10 approved first.

11 MR. COHN: Thank you, Your Honor.

12 THE COURT: Fine.

13 MR. CANNING: If Your Honor would like we could
14 actually move to that now or we could deal with it later.

15 THE COURT: Why don't we deal with it now.

16 MR. CANNING: These were listed on the agenda, Your
17 Honor, under the contested matters. And it's the first two
18 matters. They were motions filed by Mr. Cohn's clients to
19 compel the debtors to assume or reject purchase agreements that
20 related for real estate in Nashville, Tennessee and Taunton,
21 Massachusetts. And also to compel the debtors to perform post-
22 petition obligations under the Nashville, Tennessee lease.

23 I'm sure Your Honor has read the pleadings and they
24 reflect that the debtor has purportedly exercised its options
25 to purchase into these properties pre-petition. The existing

1 lease terms expire in July. Mr. Cohn filed a motion under the
2 circumstances to compel the debtors to make a decision now with
3 respect to those properties. We've had very fruitful
4 discussions over the last two or three days and have reached
5 generally the agreement for purposes of today to adjourn those
6 motions until May 22nd. We have had discussions about a
7 resolution for both of those properties. We think we need a
8 little bit more time to finalize those, to consider those, so
9 as not to prejudice Mr. Cohn's clients, in addition to
10 adjourning the motions while we work on this. We've entered
11 into a stipulation to resolve certain parts of the dispute and
12 to also, consistent with that, adjourn until May 22nd, the time
13 in which at least he has to object to an extension generally of
14 the period to assume or reject leases so as not to be
15 prejudiced by the entry of the order generally.

16 The stipulation which we are prepared to hand up to
17 Your Honor provides that with respect to an issue regarding the
18 Nashville property, as to the payment of post-petition real
19 estate taxes, we have agreed that we will pay those within
20 seven business days. And then we've agreed otherwise, as I've
21 said, to adjourn the motions and to provide that with respect
22 to the assumption and rejection of leases as to this motion it
23 will be adjourned until May 22nd. And then we have until May
24 31 to make our decision if your rule against us.

25 I think I've got that right. Mr. Cohn, if you want

1 to --

2 MR. COHN: The only thing I want to add, Your Honor,
3 is that the really serious appearing problem at Nashville has
4 been resolved to our satisfaction. You might recall we said in
5 the papers, that there was no certificate of occupancy because
6 of a potential fire safety problem. That certificate of
7 occupancy has seen been issued. And so that just lowers the
8 temperature a little bit in terms of the urgency of addressing
9 that matter.

10 THE COURT: Okay.

11 MR. CANNING: So we actually do have the stipulation
12 with Mr. Cohn. And I've agreed upon and signed that we were
13 intending later on in the hearing to submit that to Your Honor
14 for review. And we will proceed at that standpoint if you want
15 to do that now or deal with that later as well.

16 THE COURT: While don't we deal with the stipulation
17 with all the other orders that are being handed up, unless
18 there's some controversy about it. If there's no controversy
19 about it and Mr. Cohn would like to go back to Boston he's free
20 to do that. Or if he wants to stay and see what happens for
21 the rest of the afternoon he's welcome to stay too.

22 But I am prepared to take the stipulation at the end
23 along with everything else.

24 MR. CANNING: Thank you very much, Your Honor.

25 And the stipulation does say that notwithstanding any

1 other order of the Court, so it does contemplate that you're
2 optimistic that we would get it entered with respect to the
3 extension of our time to assume or reject leases generally. So
4 this would be sort of a carve out from that.

5 THE COURT: I understand that this is a carve out
6 from the general extension relating to the assumption of
7 leases. And that the documentation is acceptable to Mr. Cohn
8 and it's acceptable to the debtor. And the committee has had
9 an opportunity to review it. And if not acceptable at least
10 something they're not objecting to.

11 MR. BOTTER: Your Honor, we have reviewed it and
12 we're not objecting to it.

13 THE COURT: Fine.

14 MR. COHN: Thank you very much.

15 THE COURT: Have a nice trip.

16 MR. CANNING: Then I guess, Your Honor, coming back
17 to our motion to extend the time to assume or reject leases, we
18 would also ask the Court to approve that motion and enter that
19 order.

20 THE COURT: That motion is approved as presented.

21 MR. CANNING: Thank you, Your Honor.

22 The next matter, Your Honor, is another assumption.
23 It's an assumption of a master rental agreement with Yale
24 Materials, item 10.

25 This is a significant contract for the company, Your

1 Honor. Yale Materials supplies us with forklifts. This is the
2 really important equipment that allows us to move the paper
3 through the aisles at each of our plants. We have -- I think
4 it's 330 or 331 individual lift trucks that we have pursuant to
5 what is a master agreement with Yale. And then there are
6 ninety-nine rental schedules that deal with particular pieces
7 of equipment. And then we also have a program management
8 agreement or guide. And those sort of three elements together,
9 the master agreement, the ninety-nine rental schedules, and the
10 program management guide, together sort of constitute the
11 agreement that the debtors are seeking to assume. The cure
12 payment in connection with this agreement, Your Honor, is
13 \$1,331,000. Which breaks down into some fixed lease costs and
14 maintenance service and some property taxes.

15 Yale has also agreed in consideration for our
16 assuming this contract relatively early in the case, that they
17 would waive any administrative claim to the extent that there
18 was any post-assumption rejection of this agreement, which is
19 certainly important to the creditors' committee and to the
20 debtors, for that matter.

21 They've also agreed to work with the company in the
22 future to perhaps waive some existing overtime charges that
23 we've had to pay. If you use this equipment for a longer than
24 a certain number of hours, it's almost like when you rent your
25 car, if you go over the allowed mileage you pay a pretty

1 significant uptake over that. And they've agreed to work with
2 us to perhaps waive as much as 70 or \$72,000 out of a
3 270/\$280,000 claim. So we've got a very good relationship with
4 them, it's a critical component of our work. And the debtors
5 decided we need to assume this and we've discussed this, as
6 well, with the committee and I think they're fine.

7 So we would ask the Court to approve the motion and
8 enter the order.

9 THE COURT: I approve it.

10 MR. CANNING: Your Honor, the next item, item number
11 11, is the debtors' motion for entry of an order consistent
12 with a cross-border insolvency protocol.

13 As Your Honor knows, with this particular motion we
14 filed some documents under seal. There's a fair amount of
15 confidentiality surrounding this particular issue. And,
16 candidly, we would like some guidance from the Court as to how
17 you would like us to proceed with this.

18 THE COURT: I suppose the first thing I'd like to
19 find out since objections were available to parties-in-interest
20 through the date of the hearing, and the record of the docket
21 reflects no objections filed, at least to this point, I'd like
22 to know if anyone present that has any objection to the entry
23 of the order requested by the debtor?

24 I hear no response, and that makes it a lot easier.
25 I take it that the creditors' committee, the bond holders'

1 committee, the lenders have all had an opportunity to review
2 the proposed arrangements, both before they were approved in
3 Canada and as they're presented here in your current motion.
4 Is that correct?

5 MR. CANNING: I believe that's correct, Your Honor.

6 MR. BOTTER: That is entirely correct, Your Honor.

7 THE COURT: Okay. I have had the opportunity to
8 learn about this, both as a result of a telephone conference
9 with counsel for the committee and the debtor prior to the
10 submission of this to the Court in Montreal for approval. And
11 also learned about the desire for Justice Monchin (ph.) for
12 there to be what amounts to a comfort order from the Bankruptcy
13 Court, confirm that the arrangements are acceptable to me.
14 I've had a chance to review the pleadings and the confidential
15 submissions that went along with the pleadings, and I'm
16 satisfied based upon what I have reviewed, that what has been
17 presented is clearly consistent with the exercise of informed
18 business judgment by the debtor and represents a reasonable
19 transaction to preserve value for all parties-in-interest.

20 What's unusual, however, is that there's no obvious
21 public record at this moment. And I'm not sure that I can
22 decide how best you should proceed except to say that you can
23 proceed in full knowledge that I have reviewed all the material
24 documents, that I'm satisfied that the proposed arrangements,
25 leading to the non-compete agreements are reasonable,

1 appropriate, and represent the exercise of sound judgment. And
2 that I'm prepared to approve the arrangements.

3 It sounds to me that you've won. So the only
4 question becomes what more you need to do to satisfy your own
5 record, other than to say will you please enter that order.
6 I'm prepared to enter the order based upon what's been
7 submitted, if there are no objections to that.

8 MR. CANNING: Your Honor, we would -- particularly in
9 recognition of the submissions and also what was done in
10 Canada, I think we're comfortable asking Your Honor if he would
11 enter the order.

12 THE COURT: Is that all right with the creditors'
13 committee?

14 MR. BOTTER: Your Honor, for purposes of the record,
15 the committee has fully evaluated the materials presented both,
16 in Canada and here in the United States, agrees with Your
17 Honor's assessment that this is an entirely appropriate
18 exercise of the debtors' business judgment, and is fully
19 supportive of the debtors entering into the non-compete
20 arrangements.

21 THE COURT: Fine. I'll approve it.

22 MR. CANNING: Thank you, Your Honor.

23 THE COURT: That was a pretty dramatic finesse.

24 MR. CANNING: Thank you, Your Honor.

25 The next item on the agenda, item number 12, is

1 actually the committee's motion. So I'll let Mr. Botter take
2 over.

3 MR. BOTTER: Your Honor, that is actually mine. We
4 are seeking to retain and employ Bennett Jones as our Canadian
5 counsel. And the only thing, Your Honor -- I think the papers
6 are self-explanatory, the Bennett Jones firm is quite qualified
7 to act as Canadian counsel and satisfies the disinterestedness
8 standard in the United States. The only thing I wish to point
9 out to Your Honor is that we have set it for nunc pro tunc to
10 March 4th. The reason that it's March 4th and not the
11 beginning of the case was that we had retained other Canadian
12 counsel. And, unfortunately, as we were moving through the
13 process of identifying potential conflicts they did have a
14 conflict. So we were unable to retain them and had to go to
15 Bennett Jones, who we're actually quite satisfied with anyway.
16 But that's the reason for the March 4th nunc pro tunc date.

17 THE COURT: Okay. If there's no objection to this,
18 I'm prepared to approve it.

19 MR. BOTTER: Thank you, Judge.

20 MR. CANNING: Your Honor, the next matter to be
21 addressed is I think under the contested matters. We just
22 previously dealt with the motions regarding the Nashville and
23 Taunton properties. That would take us to the debtors' motion
24 for an order establishing and implementing procedures with
25 respect to the resolution and payment of 503(b)(9) claims.

1 We did, as Your Honor knows from the record, from the
2 docket, we did have objections that were filed. We actually
3 had an opportunity over the last couple of days, the debtors to
4 discuss, both in person with a couple of the larger vendors as
5 well as on the phone with several of the other large vendors,
6 this particular proposed order, and do have some modifications
7 that we've agreed to.

8 I think we've resolved all but perhaps one objection
9 from Merced which we were discussing as we came into Court but
10 we have not reached agreement. I believe Counsel for Merced is
11 participating telephonically. So I would like to make a few
12 introductory remarks. And then if I could highlight the
13 changes that we've agreed to make after consultation with some
14 of the critical suppliers that we've been dealing with?

15 THE COURT: Sure, go ahead.

16 MR. CANNING: I think it's fairly self-evident from
17 what I've said in prior opportunities here in the Court that
18 we've had a significant number of claims filed in this case.
19 And I'm mixing a little bit the reclamation and the 503(b).
20 We've have a lot of -- we have a lot of suppliers. We had a
21 lot of goods that were delivered in the forty-five days and,
22 indeed, in the twenty days prior to the commencement of the
23 case. We did, as Your Honor knows, get a couple of motions
24 filed early on with respect to trying to resolve the 503(b)(9)
25 claims. And it has certainly focused for us, and I think Your

1 Honor also acknowledged this at a previous hearing, that it
2 certainly focused for the debtors the need to try to impose
3 some order on this process or all the good work that we've done
4 in the last sixty to seventy-five days to -- as Mr. Botter
5 says, handle the triage, we'd kind of take a step back if we
6 couldn't sort of progress orderly to resolve other things in
7 the case.

8 So with that as a backdrop, we tried to come up with
9 some procedures that we thought would streamline the process,
10 to try to help us bring some order to it. And there's nothing
11 really magical to it, Your Honor. What we tried to do in the
12 first instance was to say look, we're going to try to resolve
13 these as part of our overall claims adjudication process. We
14 prepared a form, a special proof of claim form, for these
15 503(b)(9) claims so that the parties who wanted to file now,
16 they didn't have to wait for, you know, a follow-on motion
17 where we set our bar date and we came up with forms and
18 procedures to be followed. But we could say here's a form now.

19 (Ringing sound)

20 THE COURT: I have no idea what that was. It sure
21 sounded like a telephone.

22 Let me just inquire. There are people who are
23 participating in this hearing by phone. You mentioned that
24 counsel for Merced was one of them. But may I ask, and I think
25 there may be multiple parties on the line through Court Call,

1 that whoever just had a phone ring in his or her office, please
2 mute your phone. And if you'd like to identify yourself that
3 would be fine too. Maybe that will stop the problem, we'll
4 find out.

5 MR. CANNING: Thank you, Your Honor. We've tried to
6 come up with a process that allows interested parties who have
7 these claims to file their proof of claims now. And, in fact,
8 we've indicated that to the extent we can, we're going to try
9 to resolve these even sooner than perhaps the procedures that
10 we'll implement a little further down the road. But to the
11 extent that anybody wants to file proof of claims now we have
12 provided that form.

13 We also provided that we didn't want anybody to file
14 motions. We didn't want sort of a race to the courthouse. And
15 we met with a significant number of motions that it would be
16 hard-pressed to try to process in an orderly fashion.

17 And then, lastly, we tried to make it clear that with
18 respect to any allowed claims, to the extent that they became
19 an allowed claim, that we would be making those payments in
20 connection with a plan of reorganization on the effective date
21 of a plan.

22 In response to some inquiries from several of the
23 significant suppliers, Abitibi and Catalyst and so on and so
24 forth, we actually had a meeting and a series of phone calls to
25 try to see if we could work out some of the questions that they

1 have. And we did make some changes, Your Honor, which I think
2 it's probably worthwhile highlighting for you, because I think
3 they're fairly important.

4 THE COURT: And before you do that, and I want you to
5 do that, I take it that the very same changes that you're now
6 about to highlight that are acceptable to other parties who
7 have expressed concerns about reclamation claims and are, for
8 whatever reason, not acceptable to counsel for Merced, is that
9 right?

10 MR. CANNING: I believe there is one issue that is
11 not acceptable to Merced, primarily, the payment of the claims
12 at the end of the case.

13 THE COURT: Okay. And I don't mean to take away from
14 any argument Merced's counsel is about to make, the only issue
15 that is open on this subject is the timing of payment of the
16 resulting administrative claim, is that correct?

17 MR. GINTER: Your Honor, this is Dale Ginter of
18 Downey Brand for Merced Irrigation District. No, that's not
19 correct.

20 THE COURT: Okay. Well, we'll find out all the other
21 problems you have in a moment then.

22 MR. CANNING: That's why I was hesitant, Your Honor.
23 We had some calls in on the way in and it was not clear to me
24 if that was the only issue.

25 In any event, just to highlight the changes that we

1 did make, Your Honor, there was an objection to the extent --
2 and I think it may have been Merced's objection, that
3 highlighted the fact that what we were doing perhaps was not
4 consistent with the Code, because the Code requires notice and
5 a hearing.

6 Just to step back a second, what we tried to make
7 clear in our initial proposed order was that there will be
8 follow-on procedures. This is not intended to be the
9 procedures as to how we're going to resolve and administer all
10 of these claims. It is intended that we will come back to the
11 Court with a motion to, in fact, establish those procedures.
12 And we fully expect that we will not only dialogue with the
13 creditors but expect that the parties will have, perhaps
14 objections, and that's going to be a process we're going to
15 have to work out to the satisfaction of the creditor body and
16 to the Court, as well as to the debtors. So it was not our
17 intention that this was to be all of the procedures.

18 But to the extent that that particular issue was
19 raised as well as an issue as to whether or not there was going
20 to be any deadline by which we had to file objections to those
21 claims when they were filed, we did modify one of the
22 paragraphs in the order to provide that we would be coming
23 forward with future -- in the future with procedures, but that
24 they will include procedures for the requisite notice and
25 hearing for the allowance of the Section 503(b)(9) claims, and

1 a deadline for the filing of any such objections. So we just
2 at least tried to make it clear that although we're going to do
3 the full procedures later, they will address notice of the
4 hearing, they will have an objection deadline.

5 An issue was also raised with respect to -- since we
6 said that they will be paid in connection with a plan of
7 reorganization. What if something happened in the case and
8 there wasn't a plan of reorganization. And so to address that
9 we've also added some language in -- and that was in paragraph
10 D, we added language at the end that says "or if no such plan
11 is confirmed by the Court as further ordered by the Court after
12 notice and a hearing." So we just left it certainly open to
13 further review by the Court.

14 Then there was concern expressed that maybe the way
15 we had addressed this was almost like trying to compel the
16 creditors to waive their rights to come in and try to get paid
17 administrative claims earlier. The language that we had, as
18 Your Honor will recall, said "claimant shall not file a motion
19 to compel allowance or payment of admin claims for their
20 Section 503(b)(9) claims." After some discussion with four or
21 five of the parties, we agreed to put in some language that
22 basically says that nothing in this order is intended to
23 preclude a claimant from coming back to the Court to the extent
24 that there are, in effect, changed circumstances. If there are
25 events that occur in the case that suggest that earlier payment

1 would be appropriate to ensure fair and equitable treatment
2 among all of the potential creditors who hold admin claims. Or
3 as we said "or as otherwise appropriate under the
4 circumstances," recognizing we're leaving perhaps a lot to Your
5 Honor to have to address if it does happen. What we tried to
6 be broad enough to say we have confidence that our creditors
7 are not going to come in and abuse this since the intent of
8 this is try to bring an orderly process. But to the extent
9 that the events occur, and particular creditors think that if
10 they have to wait until the end of the case they're being
11 prejudiced and it's not fair and equitable, or some other
12 circumstances like that, they wouldn't be penalized for coming
13 back to the Court with a motion and Your Honor would decide
14 that. So those were really I think the salient changes that we
15 made in the order as is being proposed.

16 Now, in addition, to resolve one other objection we
17 indicated that we would, for the record, make two
18 clarifications. And I would do that, Your Honor, and then I
19 think we're left with the Merced objection.

20 THE COURT: All right. And the clarification you're
21 about to make is at the request of which creditor claimant?

22 MR. HIRSH: Your Honor, good afternoon. Robert
23 Hirsh, Arent Fox on behalf of NewPage, Nesfasa (ph.), Enzo
24 North America.

25 And Mr. Canning and I were talking on the phone about

1 all these issues. And he's doing a great job.

2 MR. CANNING: The two points that we did want to make
3 for the record in the last paragraph of our procedures, there
4 was some language that we put in there to make it clear that
5 nothing in these procedures will affect the rights and remedies
6 of the debtor, creditors' committee or any other party with
7 regard to avoidance actions.

8 We've added some new language at the end that says
9 "nor shall" -- I guess I should read the whole thing. "And
10 nothing in these procedures shall provide claimants a prima
11 facie defense to same," and we've added "nor shall they waive
12 the defense of any claimant to same arising apart from these
13 procedures." And one of the things that we've agreed to put on
14 the record is to make it clear that despite that verbiage the
15 real intent of that is all parties reserve all their rights
16 with respect to preference and avoidance actions. And so we
17 wanted to make that statement.

18 And then the other thing that we did want to make
19 clear is that nothing in these procedures and nothing in this
20 order shifts the burden of proof as between the debtors and any
21 creditors, from that which it otherwise is under the Bankruptcy
22 Code.

23 And I think those were the two statements that we've
24 agreed that we would make for the record.

25 THE COURT: Is that acceptable?

1 MR. HIRSH: Yes, Your Honor.

2 THE COURT: Fine.

3 MR. CANNING: I think with that, Your Honor, we have
4 resolved everyone's objections other than Merced. I guess I
5 would ask if anybody else has anything that I've overlooked,
6 let me know.

7 MR. GOLDEN: Your Honor, Scott Golden with Hogan &
8 Hartson on behalf of Abitibi Consolidated Sales Corp. and
9 certain affiliated entities.

10 We are one of the parties -- we believe we're the
11 largest supplier of paper to the debtors here. And we're one
12 of the parties that met with Mr. Canning. And based on his
13 statements in the record today and the changes to the order,
14 we're fine with the order.

15 THE COURT: Okay. It sounds like it's all up to you
16 in California.

17 MR. GINTER: Thank you, Your Honor. It sounds like I
18 have a bit of a uphill battle this afternoon.

19 THE COURT: Well, you're also echoing through our
20 telecommunication system, so you sound as if you're in the
21 bottom of a well.

22 MR. GINTER: I've noticed that. I'm on a handset,
23 I'm not sure what else I could do, Your Honor.

24 THE COURT: You could say goodbye. I'm totally
25 teasing you, you're free to make whatever argument you want to

1 make.

2 MR. GINTER: Well, I've been given harsher comments
3 by courts.

4 Your Honor, let me start that our primary concern
5 here is with the timing of all of this and the fact that the
6 proposed order we believe really amounts to a stay of our
7 rights and proceed to the allowance our claim without any
8 procedure actually being put in place, because that remains to
9 be determined later. We think 503(a) and 503(b) give us the
10 right to file a motion and a request for payment of
11 administrative expense. And that because of necessity of
12 paying such expenses, that's effective date of the plan under
13 Section 1129, it's important to get these resolved.

14 We already know, for instance, that with Merced there
15 is an issue as to whether or not electricity comes to its goods
16 for purposes of 503(b)(9). And we don't want to be in a
17 position where we get an objection to our claim six months from
18 now and then we're still trying to resolve or litigate the
19 issue when we get to the effective date of the plan and don't
20 get paid. So, frankly, Your Honor, we want to push the matter
21 forward sooner rather than later.

22 With regard to some of the specific provisions of the
23 order, and let me go to the last provision Mr. Canning
24 clarified. I appreciate his clarification. My issue is I
25 agree with Mr. Canning's clarification, but I don't agree with

1 the actual language in the order, which is the last clause of
2 proposed paragraph 2, of which says "and nothing in these
3 procedures shall provide claimant with a prima facie defense to
4 same nor shall they waive the defense of any claimant to same
5 arising in part from these procedures." I don't know what that
6 language means, I'm not aware of any prima facie defense that
7 would be provided. And it seems to me in the order to imply
8 something that I don't even think exists. And that we would be
9 better served and the order would be clearer if Your Honor
10 enters the order to simply put a period after the word
11 avoidance and delete the entire second clause of that
12 provision.

13 Thank you, Your Honor.

14 THE COURT: Okay. I've heard your argument and one
15 of the attorneys representing another creditor is standing.

16 And if you could come forward, it would actually be
17 helpful. Because when you're behind the bar of the Court it's
18 hard for me to hear you.

19 MR. GOLDEN: I apologize for that, Your Honor.

20 Again, Scott Golden on behalf of Abitibi
21 Consolidating Sales. We would have a problem if the period was
22 put at the end of "avoidance." Our view of what this is all
23 about is that at the beginning of paragraph F is that it
24 doesn't affect the rights or remedies of the debtors or the
25 creditors, or maybe any other party-in-interest with regard to

1 avoidance. We wanted to make it clear that as a claimant here
2 that nothing affects our rights as well. Particularly, any
3 defense we may have. So putting the period where it does to us
4 would take away the intent.

5 I think what Mr. Canning said as the intent of this
6 is that all parties reserve rights and nothing in this order
7 shall affect it either way. If you wanted to say it in that
8 fashion or something like that we'd be fine. But to piecemeal
9 this language now and take out -- particularly the part that
10 I'm concerned about, we would object to that.

11 THE COURT: Well, it occurs to me that this may be
12 one of the most inefficient ways of drafting an order I've ever
13 seen, since we're doing it with a fairly full courtroom with a
14 lot of lawyers who are listening to the language being proposed
15 and then being rejected.

16 A question for counsel for Merced. Is this mostly
17 about language or is this something more fundamental? Because
18 as I think you've observed, there is some strong momentum in
19 the courtroom to enter an order which is acceptable in its
20 present form, not only to the debtor but to the creditors'
21 committee and to other similarly situated creditors, which
22 makes you a distinct outlier.

23 I am likely to simply overrule your objection,
24 finding that the arrangements that have been proposed are fair
25 and consistent with law. And that nothing here is designed to

1 take away rights, it's simply intended to provide an orderly
2 procedure for dealing with those rights.

3 My question to you is whether you believe that with
4 the exercise of some thoughtful lawyering on the part of the
5 debtor, the committee and Merced you might be able to agree to
6 the form of an order that includes language that doesn't
7 disrupt the response of others who find it acceptable in its
8 present form.

9 MR. GINTER: With Your Honor's comments, it did
10 have -- I believe we were close to an agreement between Mr.
11 Canning and Mr. Hirsh and myself when we had earlier
12 discussions. I think that perhaps some wordsmithing after the
13 hearing we may be able to come to some agreement, Your Honor.

14 THE COURT: Let me then make the following
15 suggestion, which is not a direction, it's just a suggestion.

16 That counsel after the hearing review the form of
17 order with the understanding that I'm going to enter it. And
18 that I'm going to enter it with language that's acceptable to
19 the parties, or if not, we'll have a telephone conference to
20 review the language issues. And I'm assuming they'll be
21 narrow. I'm not really in the business of resolving disputes
22 that come down to the fine points of where a period should go.
23 If the parties are able to do that on their own, fine. If
24 they're not able to do that on their own, I'll have a telephone
25 conference within the next day or two for purposes of

1 attempting to resolve the differences with the strong
2 suggestion that it would be wise to avoid that conversation if
3 it can be avoided.

4 MR. CANNING: That's fine with the debtor, Your
5 Honor.

6 MR. BOTTER: Obviously fine with us, Your Honor.

7 THE COURT: Okay.

8 MR. GINTER: Thank you, Your Honor.

9 THE COURT: Mr. Canning, do you want to go back to
10 your agenda?

11 MR. CANNING: Your Honor, thank you. We are now on
12 adjourned matters. Your Honor, I think that takes us down to
13 the adjourned matters.

14 The first two items, the application by Ecological
15 Fibers and the motion of WCJ Pilgrim, you may remember we
16 addressed this at the last hearing. We got more information, I
17 think we're quite a bit closer to resolving the stipulation we
18 already told the Court we're working on. So we've adjourned it
19 and hope to have that resolved shortly. That's numbers 1 and 2
20 under the adjourned matters.

21 Number 3 with respect to the adequate assurance of
22 payment for future utility services, the objections of BP
23 Canada Energy and Hess Corporations. Those are also being
24 adjourned to May 22nd. And I understand from our conflicts
25 counsel that they are pretty close to having those resolved as

1 well.

2 The next item, the last item in the adjourned
3 matters, number 4 is the reclamation claims, Your Honor. We
4 have adjourned that but we actually had -- I wanted to advise
5 the Court we've had a number of discussions about reclamations.
6 We've now gotten to the end of the forty-five day period and
7 we've gotten our arms a little bit around sort of the magnitude
8 of the claims and the like. And we have spoken to, again, the
9 same kind of creditor group that we addressed the 503(b)(9)
10 with, some of the significant ones. And we have agreed as a
11 first step and to the satisfaction of all of those parties as
12 well as to the committee that we will commit to -- by the end
13 of May we think we're going to be able to get an inventory
14 report to all of the reclamation claimants. That is sort of
15 the first step where the debtor will be able to indicate from
16 its books and records, you know, what it reflects with respect
17 to inventory received during that period. Inventory on hand as
18 of the petition date, inventory on hand as of the date that
19 they filed their notices of reclamation.

20 At that point we're all going to sort of get together
21 again and discuss how then best to proceed. There are as -- I
22 probably went on at length in previous hearings about Blue
23 Heron (ph.) and the interrelationship between rebates and the
24 setoff, they all have that. So we're going to see once we have
25 our inventory report the magnitude of the problem and then try

1 to come up with a process to best address that. So we'll
2 report back to the Court on that.

3 THE COURT: That sounds fine.

4 MR. CANNING: The last items, Your Honor, under
5 settled matters, and I think we had two matters there.

6 The first AEP Industries, which was also a 503(b)(9)
7 request. We have reached an agreement with the movant of that
8 party, Your Honor, to enter into a stipulation which basically
9 the movant has agreed to proceed under the procedures that we
10 had outlined a moment ago in our 503(b)(9) process. And what
11 we confirm in the stipulation is he asked that he not be
12 required to fill out another proof of claim and send in the
13 same information. But that we accept his motion as
14 constituting his submission of a valid proof of claim. And we
15 have done that. So that's really all that stipulation
16 addresses.

17 And, again, if it's acceptable to Your Honor, we
18 would hand that up again at the end of the hearing with our
19 orders.

20 THE COURT: It's perfectly acceptable.

21 MR. CANNING: And the last item I will turn over to
22 our conflicts counsel and at that relates to the National Fuel
23 Resources issue.

24 MR. HONG: Good afternoon, Your Honor. Joon Hong of
25 Richard Kibbe & Orbe, conflicts counsel for the debtors.

1 The motion by National Fuel Resources, we have
2 reached a resolution of that motion. We've entered into a
3 stipulation with them. We're agreeing to provide them with
4 adequate assurance of performance. And we have a stipulation
5 to offer up to the Court, and they're withdrawing their motion
6 with prejudice.

7 THE COURT: Fine. Does that conclude the agenda?

8 MR. CANNING: Your Honor, I'm looking. I think that
9 concludes all the items I had today. And I think there's
10 nothing else that needs to be addressed.

11 MR. BOTTER: Your Honor, the only thing is that we
12 will be handing up three different orders. And the only reason
13 there are three, it's Bennett Jones in addition to a final
14 order with respect to Jeffries and Meserow. The objection
15 deadlines were April 10th with respect to final orders on both
16 of the committee's professionals. Those objection deadlines
17 have passed without any further objection.

18 THE COURT: Okay. Thanks for the explanation.

19 MR. BOTTER: Thank you.

20 THE COURT: And I take it that there's no matter that
21 isn't on the agenda that anybody wants to talk about? That may
22 be a foreshadowing of future events or anything that I should
23 know? Fine. The hearing is then adjourned.

24 MR. CANNING: Thank you very much, Your Honor.

25 (Proceedings concluded at 3:03 p.m.)

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C E R T I F I C A T I O N

I, Esther Accardi, certify that the foregoing transcript is a true and accurate record of the proceedings.

ESTHER ACCARDI

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Date: October 13, 2008