

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11
: :
NEWPAGE CORPORATION, *et al.*, : Case No. 11-12804 (KG)
: :
Debtors.¹ : Jointly Administered
: :
: RE: Docket No. 160
: :
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**LIMITED OBJECTION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS
TO DEBTORS' MOTION PURSUANT TO BANKRUPTCY RULE 1007(c) FOR
EXTENSION OF TIME TO FILE SCHEDULES AND
STATEMENTS OF FINANCIAL AFFAIRS**

The Official Committee of Unsecured Creditors (the "Committee") of NewPage Corporation ("NewPage") and its affiliated debtors and debtors-in-possession (together with NewPage, the "Debtors"), by and through its undersigned proposed counsel, submits this limited objection (the "Limited Objection") to the *Debtors' Motion Pursuant to Bankruptcy Rule 1007(c) for Extension of Time to File Schedules and Statements of Financial Affairs* [Docket No. 160] (the "Motion").² In support of this Limited Objection, the Committee respectfully states as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Chillicothe Paper Inc. (6154), Escanaba Paper Company (5598), Luke Paper Company (6265), NewPage Canadian Sales LLC (5384), NewPage Consolidated Papers Inc. (8330), NewPage Corporation (6156), NewPage Energy Services LLC (1838), NewPage Group Inc. (2465), NewPage Holding Corporation (6158), NewPage Port Hawkesbury Holding LLC (8330), NewPage Wisconsin System Inc. (3332), Rumford Paper Company (0427), Upland Resources, Inc. (2996), and Wickliffe Paper Company LLC (8293).

² Capitalized terms that are used but not defined in this Limited Objection have the meanings ascribed to them in the Motion.



PRELIMINARY STATEMENT

1. The Debtors seek an order waiving the requirement that they file their Schedules (as defined below) within 30 days of the filing of their chapter 11 cases—*i.e.*, by October 7, 2011. The Committee recognizes that this is a routine request that is granted in many complex chapter 11 cases. The Committee is troubled, however, in light of certain prepetition transactions between NewPage and its non-debtor affiliate, NewPage Port Hawkesbury Corp. (“NPPH”) embodied in the Settlement Agreement (as defined below), as detailed in its *Limited Objection of Official Committee of Unsecured Creditors to Debtors’ Motion Pursuant to Bankruptcy Code Section 105(a) and Bankruptcy Rule 2015.3(d) for an Order Authorizing the Waiver of Certain Reporting Requirements Under Bankruptcy Rule 2015.3(a) for Non-Debtor Entities* [Docket No. 266] (the “Rule 2015 Limited Objection”), which is hereby incorporated by reference.

2. The Committee has informally communicated its concerns to the Debtors, and the Debtors proposed that the Committee should rely upon filings by the Monitor in the CCAA Proceedings (as defined herein). Such remedy does not adequately address the Committee’s concerns, since the filings of the Monitor only examine the affairs of NPPH, not transfers or other arrangements between the Debtors in these cases and NPPH. This is not a criticism, since the Monitor is appointed to administer NPPH’s CCAA Proceedings. As a result, however, the Monitor’s filings are insufficient to address the Committee’s concerns regarding prepetition transactions between the Debtors and NPPH. Accordingly, the Committee files this limited objection solely to require the Debtors to provide detailed information about prepetition transactions with the Debtors’ affiliate in the same level of detail as would otherwise be provided in the Debtors’ schedules and statements of financial affairs.

BACKGROUND

3. On September 7, 2011 (the "Petition Date"), the Debtors filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). Also on September 7, 2011, NPPH commenced proceedings under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, (as amended, the "CCAA"), in the Supreme Court of Nova Scotia, in Halifax, Nova Scotia, Canada (the "Canadian Court," and the filing, the "CCAA Proceeding").

4. On September 20, 2011, the Debtors filed the Motion seeking an extension of time to file (i) schedules of (a) assets and liabilities, (b) executory contracts and unexpired leases, and (c) current income and expenditures, and (ii) statements of financial affairs (collectively, the "Schedules").

5. On September 21, 2011, the United States Trustee for the District of Delaware (the "Trustee") appointed the Committee pursuant to section 1102(a) of the Bankruptcy Code. At an organizational meeting of creditors held on September 21, 2011, the Committee selected Paul Hastings LLP as its bankruptcy counsel and Young Conaway Stargatt & Taylor, LLP as its local counsel, subject to this Court's approval.

LIMITED OBJECTION

6. Upon commencement of its CCAA Proceeding, NPPH sought Canadian Court approval of a Settlement and Transaction Agreement between NPPH and NewPage, dated September 1, 2011 (the "Settlement Agreement"). The Settlement Agreement calls for, among other things, NewPage to fund an escrow account in the amount of \$25 million for the benefit of NPPH and to continue to provide certain services to NPPH (which services were estimated at \$500,000 per month prepetition) until NPPH is either sold or liquidated. The \$25 million cash

payment from NewPage was apparently transferred on or about September 1, 2011, and placed in an escrow account, subject to an escrow agreement.

7. The Debtors should be required to provide access to information regarding all transactions between the Debtors and NPPH in the same level of detailed required for the Schedules, since only full disclosure can ensure that the interests of the Debtors' estates are protected. The Committee seeks information regarding these transactions to ensure that the estate's rights to recover any such funds that may have been transferred improperly are preserved for the benefit of unsecured creditors. Therefore, the Committee submits that the Debtors should be required to provide information respecting its transactions with NPPH by October 7, 2011, in the same detail as would be provided in the Schedules. Because information regarding transactions between the Debtors and NPPH was ostensibly provided to the Monitor in the CCAA Proceeding, the burden imposed by the Committee's request should be slight or non-existent.

8. The Debtors have argued to the Committee that it should satisfy its concerns by examining information filed by the Monitor in the CCAA Proceeding. The Committee has indeed reviewed the filings to date by the Monitor. The Monitor's duty is to report with respect to NPPH, however, and not with respect to the impact on the Debtors or their creditors. Therefore, the Debtors' suggestion is simply insufficient to address the Committee's concerns.

9. Accordingly, the Committee by this Limited Objection seeks to require that the Debtors provide the Committee with information regarding all transactions between the Debtors and NPPH, in the same detail that would be included in its Schedules, within the original 30-day statutory reporting period.

WHEREFORE, the Committee requests that the Court condition approval of the Motion upon the Debtors providing information regarding all transactions between the Debtors and NPPH by October 7, 2011 in the same detail as required in the Schedules.

Dated: Wilmington, Delaware
October 3, 2011

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