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6-3-2011

Order and Final Judgment (CELLU TISSUE  
HOLDINGS)

Elizabeth E. Long  
*Superior Court of Fulton County*

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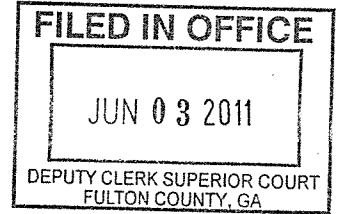
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COPY

IN THE SUPERIOR COURT OF FULTON COUNTY  
STATE OF GEORGIA

IN RE CELLU TISSUE HOLDINGS, INC. )  
SHAREHOLDER LITIGATION ) No. 2010-cv-191168  
\_\_\_\_\_ )



*EEZ*

EXHIBIT C

~~PROPOSED~~ ORDER AND FINAL JUDGMENT

This matter came before the Court upon a motion for Final Approval of the proposed settlement (the "Settlement") as set forth in the Stipulation and Agreement of Compromise, Settlement and Release (the "Stipulation") dated as of February 28, 2011, made and entered into by and among Plaintiffs on behalf of themselves and the members of the Settlement Class (as defined herein), and Cellu Tissue Holdings, Inc. (together with its predecessors, successors, parents, subsidiaries, divisions and affiliates, "Cellu"), Clearwater Paper Corporation (together with its predecessors, successors, parents, subsidiaries, divisions and affiliates, "Clearwater"), R. Sean Honey, Russell C. Taylor, Steven D. Ziessler, David L. Ferguson, Cynthia T. Jamison, Joseph J. Troy, and Gordon A. Ulsh in the above-captioned class action lawsuit (the "Action"), by and through their respective attorneys at a hearing held on June 3, 2011, at 10 a.m. / p.m. (the "Settlement Hearing").

Pursuant to the Order for Notice and Hearing on Settlement of Class Action (the "Scheduling Order"), Notice was given to the Settlement Class. The Notice advised members of the Settlement Class of the opportunity to state their objections to the proposed Settlement.

~~[IF OBJECTORS APPEAR] At the Settlement Hearing, objectors were given an opportunity to state their objections to the proposed Settlement.~~

*EEZ*

Having read and fully considered the terms of the Stipulation and all submissions (which may include submissions not specifically described above), as well as all objections, written and

oral, and good cause having been shown, the Court finds the Settlement is fair, reasonable, adequate, and in the best interests of the Settlement Class (as defined below).

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

1. Objections to Settlement. Any Objection to the Settlement is found to be without merit and is overruled.

2. Incorporation of Definitions. This Order and Final Judgment incorporates by reference the definitions in the Stipulation, and all capitalized terms used herein shall have the same meanings as set forth therein.

3. Jurisdiction. This Court has personal jurisdiction over all parties to the Action, including, without limitation, Plaintiffs, all members of the Settlement Class (as defined in paragraph 4), and Defendants, and has subject matter jurisdiction over this Action including, without limitation, jurisdiction to (a) approve the Stipulation; (b) grant final certification of the Settlement Class; (c) dismiss the Action with prejudice; and (d) interpret, effectuate, and implement the Stipulation.

4. Final Class Certification. With respect to the Settlement Class, and upon the stipulation of the parties for the sole purpose of the Settlement, the Court finds that each of the requirements of O.C.G.A. §§ 9-11-23(b)(1) and (b)(2) have been satisfied for the reasons set forth below:

(a) The members of the Settlement Class are so numerous that separate joinder of each member is impracticable.

(b) The claims or defenses of the representative parties raise questions of law or fact common to the questions of law or fact raised by the claims or defenses of each member of the Settlement Class.

(c) The claims or defenses of the representative parties are typical of the claims or defenses of each member of the Settlement Class.

(d) The representative parties can fairly and adequately protect and represent the interests of each member of the Settlement Class.

(e) The prosecution of separate claims or defenses by or against individual members of the Settlement Class would create a risk of inconsistent or varying adjudications concerning individual members of the Settlement Class which would establish incompatible standards of conduct for the party opposing the Settlement Class.

(f) Defendants have allegedly acted or refused to act on grounds generally applicable to all the members of the Settlement Class, thereby making final injunctive relief or declaratory relief concerning the Settlement Class as a whole appropriate.

Accordingly, the Action is hereby certified, for settlement purposes only, as a class action pursuant to O.C.G.A. §§ 9-11-23(b)(1) and (b)(2) consisting of any and all record holders and beneficial owners of Cellu common stock, their respective successors, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, other than the Defendants and their subsidiary companies who held shares of Cellu common stock at any time from and including September 16, 2010, through and including December 27, 2010, the Closing date of the Transaction (the "Settlement Class").

Plaintiffs Edward Glembockie and Stephen Bushansky are hereby certified as the Settlement Class Representatives, and Robbins Geller Rudman & Dowd LLP is hereby certified as Settlement Class Counsel.

5. Notice. The Court finds that the distribution of the Notice and the notice methodology were properly implemented in accordance with the terms of the Stipulation and the Scheduling Order. The Court further finds that the Notice was simply written and readily understandable and that the Notice: (a) constitutes the best notice practicable under the circumstances; (b) constitutes notice that was reasonably calculated, under the circumstances, to apprise the Settlement Class of the Settlement and their right to object to the Settlement and to appeal at the Settlement Hearing; (c) is reasonable and constitutes due, adequate, and sufficient notice to all persons entitled to notice; and (d) meets all applicable requirements of Georgia law, the Uniform Superior Court Rules, and any other applicable law and due process requirements.

6. Final Settlement Approval. The Court finds that the terms and provisions of the Settlement as set forth in the Stipulation have been entered into in good faith and are hereby fully and finally approved as fair, reasonable, adequate, and in the best interests of the Settlement Class, and in full compliance with all applicable requirements of the Georgia Civil Practice Act, and any other applicable law or due process requirements. The parties to the Settlement are hereby directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation. Plaintiff, all Settlement Class Members and Defendants are hereby bound by the terms of the Settlement as set forth in the Stipulation.

7. Release by the Settlement Class. Upon Final Approval of the Settlement, Plaintiff and each member of the Class, and each of them (the "Releasing Persons"), whether or not he, she, or it objected to the Settlement, shall be deemed to have, and by operation of this Order and Final Judgment shall have, fully, finally, forever, and completely discharged, dismissed with prejudice, settled and released any and all claims, demands, rights, actions or causes of action, liabilities, damages, losses, obligations, judgments, suits, fees, expenses, costs,

matters and issues of any kind or nature whatsoever, whether legal, equitable or any other type, known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, hidden or concealed, matured or unmatured, that have been, could have been, or in the future can or might be asserted in the Action or in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal securities laws or under federal, state statutory or common law, or any other law, rule or regulation, including the law of any jurisdiction outside of the United States) by or on behalf of any member of the Settlement Class (whether individual, class, derivative, representative, legal, equitable or any other type or in any other capacity) against Defendants and/or their respective immediate family members, parent entities, associates, affiliates or subsidiaries, and each and all of their respective past, present or future officers, directors, stockholders, agents, representatives, employees, attorneys, financial or investment advisors, appraisers, and any other advisors, consultants, accountants, investment bankers, commercial bankers, trustees, engineers, insurers, co-insurers and reinsurers, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, personal or legal representatives, estates, administrators, predecessors, successors and assigns (collectively, including Defendants, the "Released Persons"), whether or not any such Released Persons were named, served with process or appeared in the Action, which have arisen, could have arisen, arise now or hereafter arise out of, or relate in any manner to: (i) the claims or allegations asserted by Plaintiffs in the Action, (ii) the Transaction, the Merger Agreement, or any amendment to the Merger Agreement; (iii) the Preliminary Proxy Statement or Definitive Proxy Statement; (iv) the fiduciary obligations of any of the Released Persons in connection with the Transaction, the Merger Agreement or any amendment to the Merger Agreement; (v) the negotiations in connection with the Transaction, the Merger Agreement, any amendment to the

Merger Agreement, or any other agreements, contracts, actions or approval relating in any way to the Transaction; or (vi) the disclosures or disclosure obligations of any of the Released Persons in connection with the Transaction, the Merger Agreement, or any amendment to the Merger Agreement (collectively, the "Settled Claims"); provided however, that the Settled Claims shall not include any claims to enforce the terms of the Stipulation or any properly perfected claims for appraisal pursuant to Section 262 of the General Corporation Law of the State of Delaware.

The Court has considered that each member of the Settlement Class may hereafter discover facts in addition to or different from those that he, she, or it now knows or believes to be true with respect to the Settled Claims, but each member of the Settlement Class by operation of this Order and Final Judgment has waived and fully, finally, and forever settled and released any known or unknown, suspected or unsuspected, contingent or non-contingent claims, with full knowledge of the possible subsequent discovery of such facts.

The Releasing Persons are hereby barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action or claim for relief asserting or relating to any of the Settled Claims.

Upon Final Approval, the Consolidated Defendants shall have fully, finally, and completed released any and all claims they may have against Plaintiffs, Plaintiffs' Lead Counsel, and the Settlement Class arising out of or relating to the institution, prosecution, assertion, settlement, or resolution of the Action.

8. Dismissal of Action. The Court approves the Settlement and dismisses with prejudice the Action, including all individual and Settlement Class claims, on the merits, without attorneys' fees, costs, and expenses of litigation, except as set forth herein.

9. Fee Award. The Court hereby approves an award to Plaintiffs' Counsel in the total amount of \$400,000 as attorneys' fees, costs, and expenses of this litigation, which shall be paid pursuant to the terms of the Stipulation.

10. No Admission. Neither the Stipulation and any exhibit thereto nor this Order and Final Judgment shall constitute any evidence of, or an admission by any of the Released Persons (as defined in the Stipulation), that any acts of wrongdoing have been committed or not been committed and shall not be deemed to create any inference that there is any liability or lack of liability on the part of any of the Released Persons. Furthermore, neither the Stipulation and any exhibit thereto nor the fact of settlement shall be used or construed as any admission of fault or wrongdoing by any person. Neither the Stipulation and any exhibit thereto, the fact of settlement, the Settlement proceedings, the Settlement negotiations, this Order and Final Judgment, nor any related document shall be offered or received in evidence as an admission, concession, presumption, or inference against any party in any proceedings other than such proceedings as may be necessary to consummate or enforce the Settlement.

11. Retention of Jurisdiction. The Court has jurisdiction to enter this Order and Final Judgment. Without in any way affecting the finality of this Judgment, the Court expressly retains exclusive and continuing jurisdiction as to all matters relating to the administration, consummation, enforcement, administration, and interpretation of the Stipulation, the Settlement, and of this Order and Final Judgment, and for any other necessary purpose, including, without limitation:

(a) Enforcing the terms and conditions of the Stipulation and resolving any dispute, claim, or cause of action that, in whole or in part, is related to or arises out of the

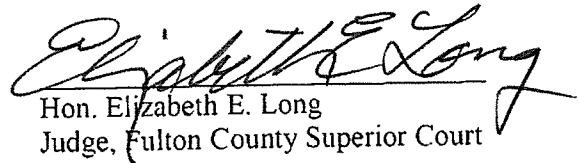


Stipulation, the Settlement, or the Judgment including, without limitation, whether a person is or is not a member of the Settlement Class; and

(b) Entering such additional orders as may be necessary or appropriate to perfect or effectuate this Order and Final Judgment, or to ensure the fair and orderly administration of this Settlement.

12. There being no just reason for delay, the Court hereby directs that this Order and Final Judgment be entered by the Clerk of the Court as the final order and judgment of the Court.

Dated: June 3, 2011

  
Hon. Elizabeth E. Long  
Judge, Fulton County Superior Court

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