Appendix 3 – Letter from the attorney representing BDWBI

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BY EMAIL

Mtre Sylvain Rigaud
NORTON ROSE FULBRIGHT CANADA LLP
1 Place Ville Marie, Suite 2500
Montréal, QC H3B 1R1

Re : In the matter of: Estate WBPHC Company et al., S.C.M. 500-11-038474-108 (Masson, Soucy and Stadacona Non-Unionized Retirees)
Our file: 127640-00001

Dear Mtre Rigaud:

You have recently enquired as to the Purchasers' (meaning the respective designees of BDWBI) intentions with respect to the undertakings made to the non-unionized retirees of the Stadacona, Masson and Soucy mills in the respective Notices to Retirees and Beneficiaries dated August 28, 2012 for each of those mills. In those Notices, the Purchaser undertook to "provide an amount to retirees and beneficiaries who were receiving a pension from the Old WB Pension Plan as of its wind-up date, subject to certain conditions being met, including the execution of a release by each such retiree or beneficiary".

First, we wish to deal with the non-unionized retirees of the Stadacona mill, the group for whom the RERWBS and Mr. Morency have been advocating. As you will recall, on January 26, 2015, the Purchaser sent a letter to Mr. Morency advising him of the amount which the Purchaser was willing to provide to the non-unionized employees of Stadacona, and the conditions which that offer was subject to, including the signing of releases in forms which were attached to the Purchaser's letter. By letter dated January 29, 2015, Mr. Morency responded to the Purchaser's offer with a counter offer from the RERWBS.

Thereafter, a meeting was held on February 3, 2015 at Mr. Rigaud's offices between representatives of the Purchaser and its counsel, representatives of the RERWBS and Mr. Morency, and the Monitor and Mr. Rigaud. This meeting lasted over 6 hours, during which the parties discussed the terms of their respective positions and multiple offers were tabled from both sides. During the course of the meeting, the Purchaser increased the amount that it was willing to provide in its offer, subject to the same conditions as noted in the original offer. The RERWBS and Mr. Morency responded that they wished to convene a general meeting of the members of the RERWBS, which was convened on February 14, 2015. Prior to that RERWBS meeting, the Purchaser confirmed in writing to Mr. Morency that the motion for leave to appeal which the Purchaser had filed in respect of certain aspects of the January 19, 2015 decision had no bearing on the offer which had been made by the Purchaser to the non-unionized retirees of Stadacona, and that certain deadlines in the offer were extended. On February 16, 2015, Mr. Morency advised the undersigned that the members of the RERWBS had unanimously rejected the offer made by the Purchaser, and that he wished to negotiate further. Mr. Morency has since been advised on numerous occasions that the Purchaser would not increase the amount of the offer any further. By failing to comply with the conditions and timeline set out in the offer, the RERWBS and Mr. Morency allowed the offer to expire on its terms.

By way of letter dated February 26, 2015, Mr. Morency made what he termed a "counter offer" from the RERWBS to the Purchaser. By letter dated March 3, 2015, we advised Mr. Morency that the Purchaser had made an offer, that the deadlines therein had lapsed and that the Purchaser's offer was no longer outstanding.

As you will recall, the Notices to Retirees and Beneficiaries dated August 28, 2012 were sent in furtherance of a Court order made on July 24, 2012 directing the Debtors and the Purchaser to provide the non-unionised stakeholders with relevant information concerning the treatment of their pension plans in connection with the closing. That Court order was made in the context that, at that time, agreements had been reached with the union for new collective bargaining agreements, which included an agreement that the old unionized pension plans would be wound up before closing and the Purchaser would implement new unionized pension plans on the terms of letters of understanding negotiated with the unions for each of the mills. The Purchaser was not willing to assume the non-unionized pension plans of the old White Birch entities, and accordingly, the Debtors terminated them prior to the transaction closing. The principal purpose of the Notices to Retirees and Beneficiaries was to inform the non-unionized retirees of each of the mills that their old pension plans would be wound up before the transaction closed.

The Purchaser had no legal obligations to the non-union retirees. The Notices to Retirees and Beneficiaries dated August 28, 2012, contained the Purchaser's voluntary undertaking to make a payment to those individuals, subject to certain conditions such as the execution of a release by each such retiree or beneficiary.

In relation to timing, the Purchaser has consistently advised the Court and all stakeholders who have enquired that it would only be in a position to deal with the undertaking to the non-unionized retirees once the unionized pension plans were finalized. In that regard, the unionized pension plans were finalized and filed for registration with the Régie des rentes on January 29, 2015.

In all of the circumstances, the Purchaser has satisfied its undertaking to the non-unionized retirees and beneficiaries of the Stadacona mill. The Purchaser made a written offer to provide an amount to those individuals, subject to certain conditions which included the execution of releases by each retiree or beneficiary. This complies in every way with the spirit and letter of the Notices to Retirees and Beneficiaries. Furthermore, even though the Purchaser does not believe that it had any obligation to "negotiate" the terms of its voluntary payment to those individuals, the Purchaser met with the RERWBS and Mr. Morency, in the presence of the Monitor and his counsel, and increased its offer. That offer was rejected by the RERWBS and has expired by its terms.

With respect to the non-unionized retirees of both Masson and Soucy, notwithstanding the release provisions contained in Article 5.2 of the Plan of Compromise of the Debtors dated March 17, 2015, the Masson and Soucy Purchasers confirm that they will, after the sanction order in respect of the Plan of Compromise becomes final, advise the non-unionized retirees of the Soucy and Masson mills in writing of the amount that each of them is willing to provide to each individual non-unionized retiree of the respective two (2) mills, as well as the conditions under which such amounts will be provided (which will include, among other things, the execution of a release by each such non-unionized retiree), all as had been provided by the Notice to Retirees and Beneficiaries for each of the Soucy and Masson mills dated August 28, 2012.

We trust that the foregoing fully responds to your enquiries in respect of the non-unionized retirees.

Yours very truly,

LAVERY, DE BILLY

JYS/

Jean-Yves Simard