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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
NO: 500-11038474-108

SUPERIOR COURT
Commercial Division
Designated tribunal under the
Companies' Creditors Arrangement Act[1]

IN THE MATTER OF THE PROPOSED PLAN OF COMPROMISE AND ARRANGEMENT OF WHITE BIRCH PAPER HOLDING COMPANY AND VARIOUS SUBSIDIARIES AND AFFILIATES

DEBTORS

- and -

ERNST & YOUNG INC.

MONITOR

REPORT OF THE MONITOR – NOVEMBER 25, 2011

INTRODUCTION AND BACKGROUND

1. On February 24, 2010, on a Motion made by White Birch Paper Holding Company ("**White Birch**") and various of its affiliates (collectively referred to as the "**Applicants**"), the Superior Court of the Province of Québec for the District of Montréal ("**Court**"), sitting as the designated tribunal pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**")[1] issued an order ("**Initial Order**") declaring that the Applicants are debtor companies to which the CCAA applies, appointing Ernst & Young Inc. ("**EYI**" or "**Monitor**") as monitor and granting certain relief to the Applicants and various partnerships in which the Applicants have an interest ("**Partnerships**") (the Applicants and the Partnerships are hereinafter referred to collectively as "**WB Canada**")[2]. The Initial Order has since been extended and is now scheduled to expire on February 17, 2012.

2. Also on February 24, 2010, Bear Island Paper Company, LLC ("**Bear Island**"), a subsidiary of White Birch with activities in the U.S., commenced a case under the provisions of Chapter 11 of the U.S. *Bankruptcy Code*[3] (the "**Code**") (Bear Island and WB Canada are hereinafter

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1 *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

2 The entities subject to the Initial Order are White Birch Paper Holding Company, White Birch Paper Company, Stadacona General Partner Inc., Black Spruce Paper Inc., F.F. Soucy General Partner Inc., 3120772 Nova Scotia Company, Arrimage De Gros Cacouna Inc., Papier Masson Ltée., Stadacona Limited Partnership, F.F. Soucy Limited Partnership, and F.F. Soucy, Inc. & Partners, Limited Partnership.

3 *U.S. Code,* title 11, chapter 11.

referred to collectively as "**WB Group**" or "**Companies**"). The information regarding the proceedings initiated by Bear Island under the Code, together with the "first day orders" made by the Bankruptcy Court for the Eastern District of Virginia, Richmond Division ("**U.S. Court**") at the request of Bear Island, can be found on the website of the claims agent retained by Bear Island, Garden City Group, Inc., at www.gardencitygroup.com/cases/bip.

3. Also on February 24, 2010, some of the entities within WB Canada[4] applied for relief under the provisions of Chapter 15 of the Code. On February 26, 2010, the U.S. Court issued a temporary restraining order under the provisions of Chapter 15 of the Code, and on March 5, 2010, it granted a preliminary injunction, pending a more complete hearing to be held on March 22, 2010. At the hearing held on March 22, 2010, the U.S. Court granted recognition of the Canadian proceedings under the CCAA as foreign main proceedings, recognised White Birch Paper Company as the duly appointed foreign representative, declared that all of the provisions of section 1520 of the Code apply to the proceedings initiated by some of the entities within WB Canada, and gave full force and effect to the Initial Order[5] in the U.S., provided that the Initial Order[5] is not revoked, terminated or expired.

4. The orders granted by this Court and by the U.S. Court (collectively, the "**Courts**"), together with the relief provided under the CCAA and the Code[6] (collectively, the "**Orders**") provide, among other things, for a stay of proceedings against the entities comprising WB Group while they restructure their business and financial affairs.

5. The Initial Order as previously extended is scheduled to expire on February 17, 2012. However, in the context of the motion presented by WB Canada seeking an extension of the Initial Order, various interested parties made representations and indicated they would seek modifications of the Initial Order. The motions seeking modifications to the Initial Order were served on the Monitor on November 22, 2012, by the following parties:

   5.1. A motion filed by the Syndicat Canadien des Communications, de l'Énergie et du Papier ("**SCEP**") alleging that the proposed closure of the Stadacona plant is a disguised lock out by WB Canada. We understand that the SCEP's motion seeks the following relief from the Court:

      5.1.1. That the Court orders WB Canada to refrain from closing the Stadacona plant, or in the alternative that it allows the SCEP and its members the right to strike.

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[4] The entities which requested relief under Chapter 15 of the Code are White Birch Paper Company, Stadacona General Partner Inc., Papier Masson Ltée., Stadacona Limited Partnership, F.F. Soucy Limited Partnership and F.F. Soucy, Inc. & Partners, Limited Partnership.

[5] As amended, modified or extended from time to time by the Court.

[6] Sections §361 and §362 of the U.S. *Bankruptcy Code*.

5.1.2. That the Court modifies the Initial Order to remove paragraph 20 therefrom, essentially obliging WB Canada to start making remittances on account of the special payments or past service contributions (collectively, the "**Special Payments**") on the defined benefit pension plans.

5.1.3. That the Court declares that the amounts due to the pension plan shall have priority over the amount payable to the Interim Financing lender, and that accordingly all repayments to the Interim Financing Lender be subject to a prior authorization from the Court.

5.2. A motion filed by the Regroupement des Employés Retraités de White Birch-Stadacona ("**Regroupement**"), alleging that WB Canada has the means to pay the Special Payments and that failure to do so is prejudicial to the retirees. We understand that the Regroupement's motion seeks relief from the Court, essentially similar to that described in paragraphs 5.1.2 and 5.1.3 above.

5.3. A motion filed by the Comité de Retraite du Régime de Retraite des Employés Non Syndiqués de PML, the Comité de Retraite du Régime de Retraite du Personnel Non Syndiqué de F.F. Soucy and the Comité de Retraite du Régime de Retraite des Employés Non Syndiqués de Stadacona (collectively, "**Comités**"), alleging that WB Canada has the means to pay the Special Payments and that failure to do so is prejudicial to the retirees. We understand that the Regroupement's motion seeks relief from the Court, essentially similar to that described in paragraphs 5.1.2 and 5.1.3 above.

6. The present report is intended to provide the Court with information relevant to the motions filed by the SCEP, the Regroupement and the Comités, in the Monitor's view. This report is presented under the following headings:

6.1. Introduction and background;

6.2. Terms of reference and disclaimer;

6.3. Closure of Stadacona plant;

6.4. Payment of Management fee;

6.5. Priority of the Pension Plan over the Interim Financing Lender;

6.6. Special Payments;

6.7. Plan towards a closing of the transaction with BDWBI; and

6.8. Conclusions and recommendations.

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this report, EYI has relied upon unaudited financial information, company records, company prepared financial information and projections, discussions with management and employees of WB Group, and information from various other sources.

   While we reviewed various documents and believe that the information therein provides a fair summary of the transactions as presented to us or as reflected in the documents presented to us, such work does not constitute an audit or verification of such information for accuracy, completeness, or compliance with generally accepted accounting principles. Accordingly, EYI expresses no opinion or other form of assurance in respect of such information.

   Some of the information used in preparing this report consists of financial projections. We caution the reader that these projections are based upon assumptions about future events and conditions that are not ascertainable, and that the actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

   In the course of our mandate, we have assumed the integrity and truthfulness of the information and explanations presented to us, within the context in which it was presented. To date, nothing has come to our attention which would cause us to question the reasonableness of this assumption.

   Finally, we have requested that management bring to our attention any significant matters which were not addressed in the course of our specific inquiries. Accordingly, this report is based solely on the information (financial or otherwise) made available to us.

   This report has been prepared for the use of this Court and WB Group's stakeholders as general information relating to the entities comprising WB Group and their operations. Accordingly, the reader is cautioned that this report may not be appropriate for any other purpose. We will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

8. Terms not otherwise defined herein shall have the meaning ascribed to them in the Initial Order, or in previous reports of the Monitor, as the case may be.

CLOSURE OF STADACONA PLANT

9. The motion from the SCEP suggests that the announced closure of the Stadacona plant is a disguised lock out.

10. The Monitor can confirm that no inference was ever made in the discussions between the Monitor and the management of the Companies or BDWBI, to the fact that the closure of the Stadacona plant was a pressure tactic in the context of the negotiations with the SCEP. On

the contrary, the Monitor was told that the closure of the Stadacona plant was a necessary step to improve the operations of the group in general. The Monitor was informed that the closure of the Stadacona plant is due to decreasing demand for newsprint, stagnant sales prices for the Companies' products, increasing costs and the fact that Stadacona is the least profitable of the Companies' mills.

11. The Monitor has been advised that a price increase was anticipated in the Summer of 2011, however the price increase did not materialize, due to the downward pressure on prices caused by a decreased demand for newsprint.

12. The decrease in demand is not a new occurrence, but is a factor that has affected the paper industry for some time. The Monitor has been provided with information prepared by a trade association[7], indicating that demand for newsprint is 7.2% below 2010 on a year to date basis, while it is 10.5% below for the month of October 2011 as compared to October 2010.

13. The decrease in demand has translated into plant closings throughout the industry. A report from the Pulp and Paper Products Council ("**PPPC**") prepared in March 2011 indicates that the demand has decreased by 60% since 2000, and that the capacity has decreased in consequence. The report lists plants closed since 2000, resulting in a decrease in capacity by approximately 7.3 million tons of newsprint. The report from the PPPC is attached as Appendix A.

14. In its motion, the SCEP indicates that the Stadacona plant is operating at or near full capacity, inferring that the results must be favourable. In fact the three plants of the Companies in Canada are operating at or near full capacity, in view of the fact that the profit margins are thin and the fixed costs burden is high, such that it becomes uneconomical to operate a plant at less than full capacity. In view of the decreasing demand, the Companies have had to fill capacity by producing for export.

15. The transport costs for export sales are significantly higher than for domestic products, by approximately US$90 per ton if the shipments are within Canada and approximately US$50 per ton if the shipment are in the U.S. Management expects that by reducing capacity in the three plants in Canada, the Companies can decrease or eliminate reliance on export sales to fill capacity, thereby realizing significant cost savings.

16. As well, due to the age and size of the machines at Stadacona, the cost structure at Stadacona is significantly higher than at the other plants, by approximately US$65 per ton, representing a cost differential of approximately 10% to 15%. The higher cost is attributed primarily to the following:

    16.1. The need to use fibres derived from recycled paper in the production process because the fibre refiners cannot produce sufficient fibre from wood chips to fill the capacity.

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7 Source: the Pulp and Paper Products Council ("PPPC"), North American Newsprint Statistics – Flash Report for October 2011.

The need to use fibres derived from recycled paper and cardboard material results in a higher raw materials cost, as well as higher cost for chemical products;

16.2. A need for more manpower to supervise the machines, resulting in a higher labour costs;

16.3. The machines are older, smaller and less efficient, which translates into significantly higher costs of maintenance and repairs.

17. The Companies prepared financial projections that suggest that even though the sales would be reduced, the net contribution of the plants to the common expenses, financing and other costs would be enhanced. Based on a pro-forma calculation, the Companies estimate that the adjusted EBITDA of the Canadian plants would have increased by approximately US$13 million as compared with the actual results, for the 10 months ended October 31, 2011. A comparison of the estimated results for the 10 months ended October 31, 2011 with the pro-forma results is presented in Appendix B.

18. The Monitor was presented with financial information on an entity by entity basis, which confirms that Stadacona is by far the least profitable of the mills, and suggests that the results have become worse in the recent past. This financial information used for this determination was extracted from the internally prepared financial statements, but is not represented by the net loss as presented on the statement of earnings.

The Monitor considers that the net loss is not necessarily the best indicator of performance. From the Monitor's perspective, a more relevant statistic would be the net income or loss from operations, adjusted to add back non-cash items such as depreciation and non operating expenses and to deduct investments in fixed assets, in order to reflect the approximate cash contribution from operations. Based on the information extracted from the internally prepared financial statements, the cash contribution from operations would be approximately as follows:

	6 months		12 months	
	('000s)	%	('000s)	%
Stadacona Limited Partnership	(4,150)	-25.0%	(4,672)	-15.9%
FF Soucy Inc. & Partners, Limited Partnership	2,410	14.5%	3,845	13.1%
F.F Soucy Limited Partnership	3,435	20.7%	5,370	18.2%
Papier Masson Ltée	9,451	56.9%	17,692	60.1%
White Birch	(2,972)	-17.9%	(7,972)	-27.1%
Consolidation entries	0	0.0%		0.0%
Subtotal - CDN$	8,174	49.2%	14,263	48.5%
Foreign exchange translation	241	1.4%	136	0.5%
Bear Island	8,208	49.4%	15,031	51.1%
Total - US$	16,623	100.0%	29,430	100.0%

19. The cash contribution from operations, as calculated above, provides information before costs of financing, foreign exchange gains or losses, other financial expense or income taxes.

20. Based on the above, it appears that Stadacona is a large contributor to the net loss from operations. As well, Stadacona has a negative cash contribution, contrary to the other mills that all indicate a positive contribution. Finally, it appears that the cash loss from operations has increased in the past six months.

21. In view of the significantly weaker results at Stadacona, the decrease in demand for newsprint, the stagnant prices and the expected improvement in EBITDA from decreasing capacity by closing the Stadacona plant, the Monitor considers that the decision to close the Stadacona plant is reasonable in the circumstances.

22. The only reservation that can be expressed by the Monitor has to do with costs that need to be incurred while the plant is idle. The Monitor understands that the Companies do not have an indepth analysis of the costs that need to be incurred to keep the plant idle while a decision is made whether the operation can resume or whether the closure will be permanent. The Monitor believes that these costs could be significant, in view of the fact that certain costs cannot be eliminated outright until a decision is made on whether or not the closure will be permanent. As a result, the Monitor believes that the decision regarding the future operations must be made rapidly.

PAYMENT OF MANAGEMENT FEE

23. The motion from the Regroupement mentions that approximately $42.1 million was paid to Brent Industries (sic) as management fees.

24. In fact, based on the information compiled by the Monitor, the management fees paid to Brant Industries, Inc. total US$42.1 million, in respect of the sales of the WB Group as a whole. The management fees paid in respect of the operations of WB Canada total US$34.8 million, as follows:

	(thousands of US$)
WB Canada	
Stadacona Limited Partnership	18,802
F.F Soucy Limited Partnership	2,815
FF Soucy Inc. & Partners, Limited Partnership	5,341
Papier Masson Ltée	7,796
	34,754
Bear Island	7,330
Total	42,084

25. The motion from the Regroupement infers that the payment of the management fees is being disputed in proceedings in the U.S., in the context of the plan of reorganization of Bear Island pursuant to Chapter 11 of the Code. In fact, it is not the payment of the management fees to Brant Industries, Inc. that are being questioned through the proceedings initiated in the U.S. by the Official Committee of Unsecured Creditors of Bear Island, but rather the payment of amounts to Brant Industries, Inc. in the period prior to the commencement of the proceedings under the Code, by way of preferential payments, reviewable transactions or other similar recourse under the Code.

The Monitor has not been made aware of any challenge of the management fee paid in the period since the commencement of the proceedings under the Code.

26. The payment of the management fee was addressed in the report of the Monitor dated August 17, 2011. In this report, the Monitor indicates that the cash flow projections provide for a continuing payment of a management fee to the WB Group's ultimate parent company. This management fee is calculated to be 3% of sales, and is paid to the parent company in exchange for services rendered by it to the Companies, including providing sales, credit and collection, technical services, executive management (including providing a management team paid by the parent company and not WB Group), treasury and risk management, budgeting and forecasting, and coordination of financial reporting. The management fee is calculated and payable in virtue of an agreement that exists since 2005 and has been approved by the Companies' lenders, both before the inception of the proceedings under the CCAA and after, through the Interim Financing Agreement.

PRIORITY OF THE PENSION PLAN OVER THE INTERIM FINANCING LENDER

27. The Monitor considers that the issue of priority between the amounts due to the various pension plans and the amount due to the Interim Financing Lender is substantially all a legal issue, and as such the Monitor will not comment herein. The Monitor's views of the relative priority of the pension plans and the Interim Financing Lender will be presented by the Monitor's attorney, at a later date.

28. The Monitor points out that there is not sufficient value in the proposed transaction with BDWBI to cover both the pension deficits and the debt to the Interim Financing Lender, if the Court were to find that pension deficit has priority. The internally prepared financial statements for the 9 months ended September 30, 2011[8] indicate that the Companies' assets have a carrying value of US$746.6 million. Based on the financial information presented to the Monitor in respect of the individual entities comprising WB Group, the carrying value of the assets can be further segregated as follows:

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[8] The internally prepared financial statements for the 9 months ended September 30, 2011 were appended to the Monitor's report dated November 17, 2011, as Appendix A thereof.

	WB Canada	Bear Island	Total
	(in thousands of US$)		
Current assets			
Cash	52,842	19,089	71,931
Cash collateral	6,778	-	6,778
Accounts receivable	95,947	12,122	108,069
Inventories	73,966	15,232	89,198
Other	14,628	2,204	16,832
	244,161	48,647	292,808
Fixed assets	334,381	94,366	428,747
Other assets	25,021		25,021
Total	603,563	143,013	746,576

The assets as presented above do not include inter-company balances.

As can be noted from the above, the assets of WB Canada have an estimated carrying value of US$604 million, excluding amounts due from affiliates within the WB Group. Of this amount, approximately US$24 million is represented by an investment in SP Newsprint, a U.S affiliate that has recently sought relief under the provisions of Chapter 11 of the Code, and US$334 million is represented by the carrying value of the fixed assets. Based on the results of the sales and investor solicitation process ("**SISP**"), the Monitor believes these assets have a very limited liquidation value. The value attributed to these assets through the SISP was approximately US$82 million, most of which is to be paid by a reduction of the debt due to the First Term Lenders.

With regards to the remainder of the assets of WB Canada, having a carrying value of US$244 million, these assets have reduced in value since September 30, 2011, in view of the repayment of US$33 million of the Interim Financing credit facility, as a condition for the extension of the credit facility beyond its expiry date in October 2011. This repayment of the Interim Financing credit facility reduces the carrying value of the current assets of WB Canada to approximately US$210 million, The Monitor believes that the realizable value of the current assets of WB Canada is likely less than their carrying value, and thus certainly insufficient to cover both the estimated pension deficit (currently estimated to be in the $400 million[9] range) and WB Canada's share of the balance of the Interim Financing facility. The balance due in connection with the Interim Financing credit facility is approximately US$88 million, after the repayment of US$33 million mentioned above.

[9] Exhibit no R-5 to the motion filed by SCEP suggests that the deficit of the pension plans for the unionized employees is estimated to be $341 million at September 30, 2011, and the motion filed by the Comités suggests the deficit of the pension plans for the non unionized employees is $52.6 million as at December 31, 2010.

SPECIAL PAYMENTS

29. The motions filed by SCEP, the Regroupement and the Comités suggest that the Companies should pay the Special Payments, which represent approximately $1.6 million per month.

30. With regards to this request, the Monitor offers the following comments:

30.1. To the extent that the Special Payments represent amounts payable to employees in respect of the period prior to the issuance of the Initial Order, making payment on account of the Special Payments would be akin to pre-deciding the issue of the relative priority between the pension plan deficits and the amounts due to the Interim Financing Lender (discussed in an earlier section of this report).

30.2. In view of the repayment of US$33 million of the Interim Financing facility in October 2011, the Companies cash resources have dwindled. In the last report received from the Companies, for the week ended November 4, 2011, the Companies report cash on hand balances of US$36.1 million represented by US$15.5 million for WB Canada and US$20.6 million for Bear Island[10].

An obligation to pay approximately US$1.6 per month would have a material impact on the balance remaining at WB Canada, and may trigger a default situation in the short term, as the Interim Financing credit facility provides that a default occurs if the cash balances of WB Canada fall below an amount of US$8 million[11].

While the cash flow projection filed in support of the request for an extension of the Initial Order indicates that the Companies' cash balances are expected to increase, the increase is attributable for the most part to a decrease in the Companies' asset base, as the accounts receivable at Stadacona are not expected to be replenished due to the projected plant closure. As well, approximately US$20 million to US$25 million of the cash balances is attributable to the cash held at Bear Island.

30.3. The motions suggest that the deterioration in the pension plans' funding deficit is attributable to the fact that the Companies ceased to make payment on account of the Special Payments. This argument would appear to be flawed, in view of the fact that the pension plans' funding deficit was estimated to be approximately US$215 million contemporaneously with the filing of the motion for an initial order, in February 2010, and has grown to an estimated amount of approximately $400 million at September 2011. This represents an estimated increase in the plan deficit position of in excess of US185 million, while the special contributions that were not made during this period total approximately US$30 million.

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[10] Presented in Appendix C to the report of the Monitor dated November 17, 2011.

[11] See the Ninth Amendment to the Interim Financing credit facility, available on the Monitor's website at www.ey.com/ca/WhiteBirch

The increase in the pension plan deficits would appear to be attributable in larger part to the following factors:

30.3.1. A phenomenon referred to by the actuaries as the "cliffs", namely a right acquired by employees when they reach a certain age, to take early retirement. We understand that the election by employees to take early retirement increases the pension deficit, and that an increased number of employees are taking early retirement due to the uncertainty regarding the Companies.

30.3.2. A general deterioration of the market conditions, which affects the investment performance yield of the pension funds.

PLAN TOWARDS A CLOSING OF THE TRANSACTION WITH BDWBI

31. At the hearing held on November 18, 2011, the Court requested that BDWBI, the Companies and the Monitor formulate a plan on how and when the proposed transaction with BDWBI will close, or on the alternative steps that may be taken if it is determined that the closing cannot reasonably be expected to take place.

32. With respect, the Monitor is in a difficult position to formulate such a plan on its own, and the Monitor believes that the union representing the Companies' workers is an integral part of the solution to assess whether or not a closing may take place.

33. Based on the foregoing, the Monitor communicated with the Companies, BDWBI and the SCEP, to ask for their views on how best to proceed towards a closing. To date, the Monitor has only received a response from the attorney representing the SCEP. The response is attached as Appendix C.

34. The Monitor considers that the parties are currently at a standstill, and fears that the SCEP may be discounting the level of difficulty and hardship in which the Companies find themselves, as illustrated by the SCEP's request, through its motion, for a right to initiate a strike action. The Monitor considers such a move would be counterproductive and might even be fatal to the business' ability to continue.

CONCLUSIONS AND RECOMMENDATIONS

35. The Monitor reiterates the position recommended in its reports dated May 9 and November 17, 2011, that it would be beneficial that the Court requests periodic, frequent meetings with the attorneys representing the SCEP, the Companies and BDWBI, to get a status report on the negotiations.

All of which is respectfully submitted this 25th day of November 2011.

ERNST & YOUNG INC.
In its capacity as the monitor appointed by the Court
in the matter of the proposed compromise and
arrangement of White Birch Paper Holding Company *et al.*

Per: Martin P. Rosenthal, CA, CIRP
Senior Vice-President

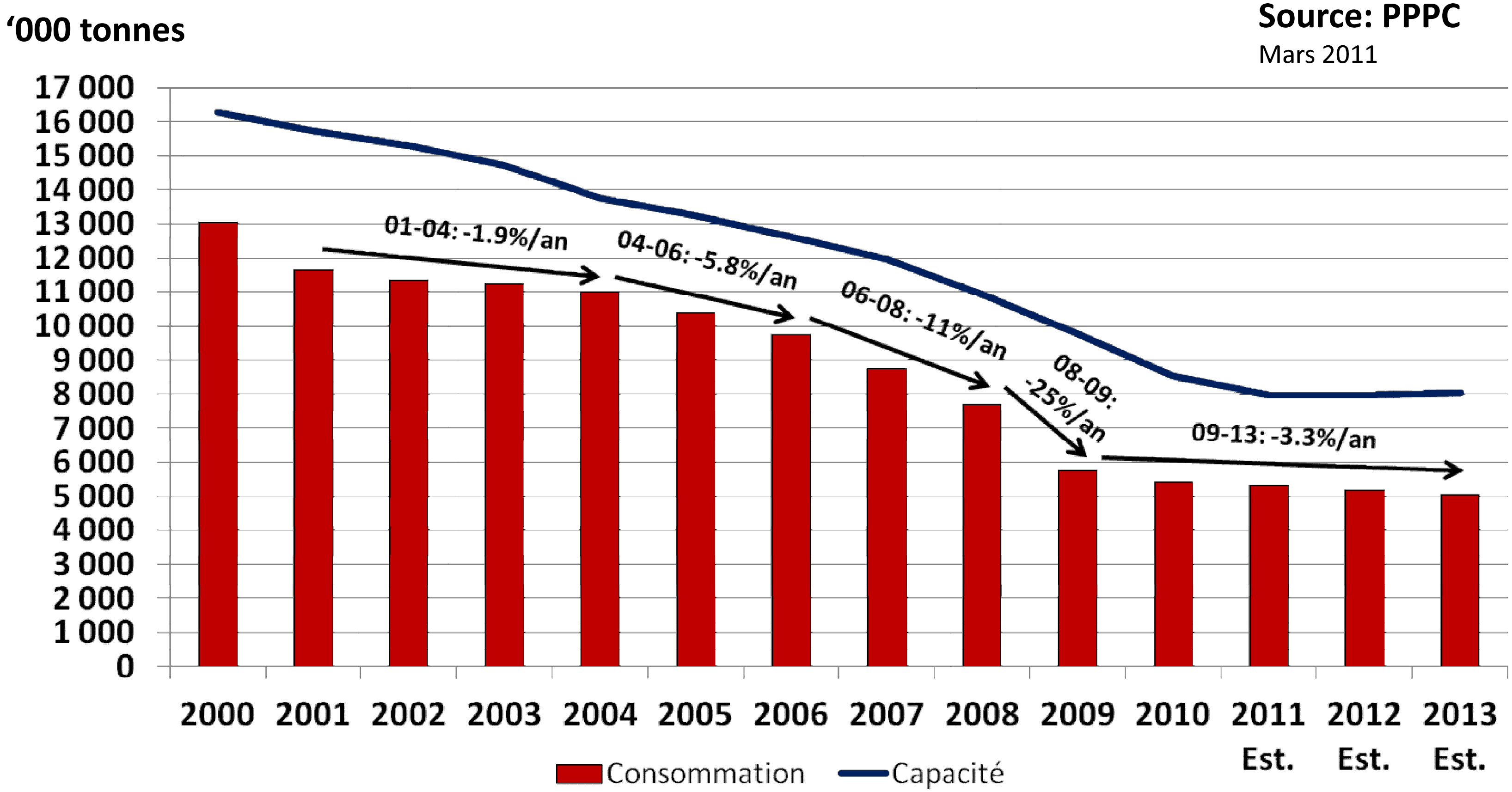
Per: Jean-Daniel Breton, CA, CIRP
Senior Vice-President

Appendix A – Demand and capacity for newsprint in North America

MARCHÉ NORD-AMÉRICAINE

CAPACITÉ ET CONSOMMATION DE PAPIER JOURNAL EN AMÉRIQUE DU NORD

Source: PPPC
Mars 2011



Réduction de la consommation de 61% de 2000 à 2013 (est.)

MARCHÉ NORD-AMÉRICAINE

FERMETURES DE CAPACITÉ DE PAPIER JOURNAL EN AMÉRIQUE DU NORD (‘000 tonnes)

2000	Fort James - Clatskanie OR, USA	Usine	(15)
	Tripap - Trois-Rivières QC, Canada	Usine	(35)
	Alliance Forest Products - Donnacona QC, Canada	Machine #2/3	(60)
	Abitibi-Consolidated - West Tacoma WA, USA	Usine	(130)
2001	Abitibi-Consolidated - Kenora ON, Canada	Machine #8	(80)
	Abitibi-Consolidated - Port-Alfred QC, Canada	Machine #2	(90)
	Abitibi-Consolidated - Sheldon TX, USA	Usine	(140)
	Abitibi-Consolidated - Lufkin TX, USA	Usine	(115) (net)
	Bowater - Coosa Pines AL, USA	Machine #1	(90)
	Madison Paper - Alsip, IL, USA	Machine #1	(105)
	Great Northern Paper - Millinocket ME, USA	Machine #7/8	(140)
	Newstech - Garfield NJ, USA	Usine	(260)
2003	Bowater - Catawba SC, USA	Machine #3	(235)
	Bowater - Calhoun TN, USA	Machine #1	(100)
	Bowater - Thunder Bay ON, Canada	Machine #3	(150)
	Abitibi-Consolidated - Port-Alfred QC, Canada	Usine	(315)
	Abitibi-Consolidated - Sheldon TX, USA	Usine	(330)
	Abitibi-Consolidated - Lufkin TX, USA	Machine #2/3/4	(150)
2004	Tembec - Kapuskasing QC, Canada	Machine #1	(80)
	Abitibi-Consolidated - Alma QC, Canada	Machine #14	(170)
2005	Irving Paper - St.John NB, Canada	Usine	(135)
	NorskeCanada - Port Alberni BC, Canada	Machine #4	(140)
	Abitibi-Consolidated - Stephenville NF, Canada	Machine #1	(195)
	Abitibi-Consolidated - Kenora ON, Canada	Usine	(240)
	Abitibi-Consolidated - Belgo QC, Canada	Usine	(110)
2006	Bowater - Calhoun TN, USA	Machine #3/4	(200)
2008	AbitibiBowater - Dalhousie NB, Canada	Usine	(220)
	AbitibiBowater - Mackenzie BC, Canada	Usine	(185)
	AbitibiBowater - Shawinigan QC, Canada	Usine	(120)
	White Birch Paper - Riviere-du-Loup QC, Canada	Machine #1	(100)
	AbitibiBowater - Claiborne (Alabama River) AL, USA	Usine	(265)
2009	AbitibiBowater - Grand Falls NL, Canada	Usine	(205)
	Boise Cascades - Deridder LA, USA	Machine #2	(185)
	Catalyst Paper Corp - Elk Falls BC, Canada	Usine	(230)
	Kruger - Corner Brook NL, Canada	Machine #4	(80)
	White Birch Paper - Newberg OR, USA	Machine #5	(160)
	AbitibiBowater - Thunder Bay ON, Canada	Usine	(365)
	Tembec - Pine Falls MB, USA	Usine	(200)
	AbitibiBowater - Coosa Pines AL, USA	Machine #3	(170)
2010	Catalyst Paper Corp - Crofton BC, Canada	Machine #1	(140)
	Atlantic Packaging - Whitby ON, Canada	Machine #3	(150)
	AbitibiBowater - Gatineau QC, Canada	Usine	(310)
	AbitibiBowater - Thorold ON, Canada	Machine #6 ou #7	(210)
	AbitibiBowater - Coosa Pines AL, USA	Machine #4	(190)
2011	Blue Heron Paper - Oregon City OR, USA	Usine	(40)

Source: PPPC

Mars 2011

Appendix B – Pro-forma calculation estimating the impact of the closure of the Stadacona plant on the results of WB Canada

WHITE BIRCH PAPER ™
CONSOLIDATED CANADIAN MILLS WITH STADACONA
EARNINGS
FOR THE MONTH ENDING OCTOBER 31, 2011 AS REPORTED

		Month ($)	Year to date ($)
Revenue			
	Gross sales	63 650 299 $	567 235 000 $
	Freight (incl. wareh.)	(8 252 429) $	(70 723 456) $
	Warehouse	(35 516) $	(244 458) $
	Net sales	55 362 354 $	496 267 086 $
Expenses			
	Cost of sales	(48 173 907) $	(453 252 163) $
	Corporate SG&A	(1 914 656) $	(17 068 624) $
	Cost of sales	(50 088 563) $	(470 320 787) $
EBITDA		5 273 791 $	25 946 299 $
Exchange gain/(loss)		3 327 696 $	300 160 $
ADJUSTED EBITDA		8 601 487 $	26 246 459 $

Assumptions

Masson: Weekly variations

Sales to export	less 1,800 Tonnes
Sales to Canada	add 450 Tonnes
Sales to US	add 1,350 Tonnes

Sales Price used (Oct 2011)

Export	$653,20	
Canada	$649,00	Stadacona prices
US	$672,00	Stadacona prices

Weekly impact	$23,490	more revenue
October impact	$104,027	more revenue
YTD impact	$1,010,070	more revenue

Freight

Export	$110,00
Canada	$20,00
US	$62,00

Weekly impact	$105,300	less freight expenses
October impact	$466,329	less freight expenses
YTD impact	$4,527,900	less freight expenses

Elimination of warehouse costs

Soucy: Weekly variations

Sales to export	less 2,450 Tonnes
Sales to Canada	add 750 Tonnes
Sales to US	add 1,700 Tonnes

Sales Price used (Oct 2011)

Export	$686,10	
Canada	$649,00	Stadacona prices
US	$672,00	Stadacona prices

Weekly impact	$51,795	less revenue
October impact	$229,378	less revenue
YTD impact	$2,227,185	less revenue

Freight

Export	$126,00
Canada	$36,00
US	$64,00

Weekly impact	$172,900	less freight expenses
October impact	$765,700	less freight expenses
YTD impact	$7,434,700	less freight expenses

Stadacona: no cost

WHITE BIRCH PAPER ™
CONSOLIDATED CANADIAN MILLS WITHOUT STADACONA
EARNINGS
'OR THE MONTH ENDING OCTOBER 31, 2011 WITH ASSUMPTION

		Month ($)	Year to date ($)
Revenue			
	Gross sales	28 750 784 $	258 575 899 $
	Freight	(3 205 355) $	(24 130 110) $
	Warehouse	- $	- $
	Net sales	25 545 429 $	234 445 789 $
Expenses			
	Cost of sales	(19 388 489) $	(187 778 914) $
	Corporate SG&A	(862 524) $	(7 757 277) $
	Cost of sales	(20 251 013) $	(195 536 191) $
EBITDA		5 294 416 $	38 909 598 $
Exchange gain/(loss)		4 996 806 $	529 176 $
ADJUSTED EBITDA		10 291 222 $	39 438 774 $

Appendix C – Letter dated November 25, 2011 from Me Yves St-André

TRUDEL
NADEAU
AVOCATS
S.E.N.C.R.L.

† Me Louis-Claude Trudel (1952-2008)

Montréal, le 25 novembre 2011

PAR COURRIEL

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Objet : Dans l'affaire du plan d'arrangement de White Birch Paper Holding Company et als
Requête en jugement déclaratoire et modification de l'ordonnance initiale ayant été prolongée le 18 novembre 2011 du SCEP-Québec et ses sections locales 11, 137, 200, 250, 299, 625, 627, 905 et 1104
NO : 500-11-038474-108
Notre dossier : YSA-37579

Cher confrère,

En réponse à votre correspondance d'hier et tel que mentionné lors de notre entretien téléphonique de ce jour, le Syndicat est toujours disposé à poursuivre les négociations et à conclure une entente comparable à celle intervenue dans le dossier AbitibiBowater. Nous rappelons à votre attention, et cela apparaît au paragraphe 49 de notre requête, que les négociations ont été rompues par White Birch le 11 octobre dernier.

Le Syndicat est impatient de connaître le plan de match de White Birch, du Contrôleur et de BDWBI tel que cela a été requis par l'honorable Robert Mongeon.

Enfin, nous rappelons à votre attention que la présence de monsieur Rosenthal, agissant à titre de représentant du Contrôleur, est requise devant le Tribunal les 28 et 29 novembre prochain.

Veuillez recevoir, cher confrère, l'expression de salutations distinguées.

TRUDEL NADEAU AVOCATS SENCRL

YVES SAINT-ANDRÉ
YSTA/mr

cc. M. Renaud Gagné, SCEP-Québec