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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
NO: 500-11-038474-108

S U P E R I O R C O U R T
Commercial Division
Designated tribunal under the
Companies' Creditors Arrangement Act[1]

IN THE MATTER OF THE PLAN OF COMPROMISE OF ESTATE WBPC COMPANY (FORMERLY KNOWN AS WHITE BIRCH PAPER COMPANY) AND VARIOUS SUBSIDIARIES AND AFFILIATES[2]

DEBTORS

- and -

ERNST & YOUNG INC.

MONITOR

REPORT OF THE MONITOR – SEPTEMBER 24, 2015

INTRODUCTION AND BACKGROUND

1. On February 24, 2010, on a Motion made by Estate WPBC Company (formerly known as White Birch Paper Company and hereinafter referred to as "**WB**") 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. as monitor ("**EY**" or "**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].

2. Also on February 24, 2010, Estate Bipco LLC (formerly known as Bear Island Paper Company, LLC and hereinafter referred to as "**Bipco**"), a subsidiary of WB with activities in the U.S., commenced a case under the provisions of Chapter 11 of the U.S. *Bankruptcy Code*[3] (the "**Code**") (Bipco and WB Canada are hereinafter referred to collectively as "**WB Group**" or "**Companies**"). The information regarding the proceedings initiated by Bipco under the

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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 Estate WBPHC Company (f/k/a/ White Birch Paper Holding Company), Estate WBPC Company (f/k/a White Birch Paper Company), Estate SGPI Inc. (f/k/a Stadacona General Partner Inc.), Estate BSPI Inc (f/k/a Black Spruce Paper Inc.), Estate FFSGPI Inc. (f/k/a F.F. Soucy General Partner Inc.), 3120772 Nova Scotia Company, Estate GCSI Inc. (f/k/a Arrimage De Gros Cacouna Inc.), Estate PML Inc. (f/k/a Papier Masson Ltée.), SSEC L.P. (f/k/a Stadacona L.P.), FFS L.P. (f/k/a F.F. Soucy L.P.), and FFSIA L.P. (f/k/a F.F. Soucy, Inc. & Partners, Limited Partnership).

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

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 Bipco, can be found on the website of the claims agent retained by Bipco, 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 Estate WBPC 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 the 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 stay of proceedings has been extended from time to time, and the most recent order extending the stay of proceedings was made on May 27, 2015, and provides for an extension of the stay of proceedings until September 30, 2015. In addition, by order made on June 3, 2015, the Court (*inter alia*) extended the Stay Period[7] to and including the Effective Date[8].

6. The present report is intended to provide the Court with information regarding the status of the implementation of the plan of compromise ("**Plan**") filed by the Companies on March 17, 2015.

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this report, EY 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

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[4] The entities which requested relief under Chapter 15 of the Code are Estate WBPC Company (f/k/a White Birch Paper Company), Estate SGPI Inc. (f/k/a Stadacona General Partner Inc.), Estate PML Inc. (f/k/a Papier Masson Ltée.), SSEC L.P. (f/k/a Stadacona L.P.), FFS L.P. (f/k/a F.F. Soucy L.P.), and FFSIA L.P. (f/k/a 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*.

[7] As defined in the Initial Order.

[8] As defined in the plan of compromise ("**Plan**") filed on March 17, 2015.

us, such work does not constitute an audit or verification of such information for accuracy, completeness, or compliance with generally accepted accounting principles. Accordingly, EY expresses no opinion or other form of assurance in respect of such information. Indeed, in view of the purpose of this report, some of the financial information herein may not comply with generally accepted accounting principles.

Some of the information referred to in this report consists of forecasts and projections, which were prepared based on estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence no assurance can be provided regarding the forecasted or projected results, which should be considered as a mere estimate and expectation of what may occur.

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.

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.

STATUS OF PLAN

9. The Companies' Plan was filed on March 17, 2015.

10. The Plan was accepted by the creditors at a meeting held on April 22, 2015. A very large majority of creditors who voted on the Plan, namely 111 creditors (or 97.368% of the creditors voting, in number) with claims totalling $954,480,708 (or 99.989% of the claims of the creditors voting on the Plan, in value) voted in favor of the Plan. A report was prepared by the Monitor, dated May 4, 2015, on the general meeting of creditors and the vote. The said report can be accessed on the Monitor's website at www.ey.com/CA/WhiteBirch.

11. A hearing was held on May 27, 2015 on the Companies' Motion for the issuance of an order sanctioning the plan of compromise and for other relief. The motion was contested by the Regroupement des Employés Retraités de White Birch Stadacona ("**RERWBS**"), which did not object to the Plan *per se*, but was objecting to the releases provided for within the Plan, inasmuch as these releases applied to the RERWBS.

12. On June 3, 2015, the Court rendered judgment on the Companies' motion and on the contestation filed by the RERWBS, in which the Court (*inter alia*) sanctioned the Plan, approved the Estate Allocation Compromise and Settlement Agreement ("**EACSA**"), extended the Stay Order until the Effective Date, authorized and Approved the Releases as provided for in the Plan and approved the actions and conduct of the Monitor.

    In addition, through the same judgment, the Court ordered BDWBI to pay to the members of the RERWBS certain amounts that were offered in a letter dated May 21, 2015 (attached to this report as Appendix A), in exchange for releases as contemplated in the said letter, and declared that the Court remains seized of any question arising in the implementation of the payment by BDWBI to the members of the RERWBS.

13. The Companies' Plan essentially provides for the distribution to the creditors on a *pro rata* basis of the remaining proceeds available, from the sale of assets that occurred in September 2012, after giving effect to the EACSA. The Plan provides for a distribution within 30 days after the Effective Date.

14. The Monitor was informed that all conditions precedent for the implementation of the Plan were satisfied or waived as of July 28, 2015. Accordingly, the Monitor prepared and filed a certificate, to document the fact that the Effective Date occurred on July 28, 2015.

15. As contemplated in the Plan, an initial distribution was sent out to creditors in the week of August 24, 2015. The total amount distributed represented $54,738,127, or 5.33% of the proven claims admitted for distribution purposes.

16. The initial distribution is intended to represent essentially all amounts to be distributed to creditors in accordance with the Plan. It is possible that an additional distribution could take place, although the amount thereof, if any, would be very small. The reasons why an additional distribution is conceivable are as follows:

    16.1. At the time of the initial distribution, some of the claims of the creditors were not fully determined. The more significant claims that still require adjustment are the claims filed by the Canada Revenue Agency and the Quebec Revenue Agency, for which some amounts are still in dispute.

    16.2. In accordance with the Plan, if distributions are made to creditors but the creditors do not cash the dividend cheques, the undistributed funds may be redistributed to the remaining creditors.

    16.3. The Plan provides for funds to be reserved to pay the professional fees related to the administration of the Plan. If the professional fees are less than the established reserve, as the case may be, the residual funds could be available for a subsequent distribution.

    16.4. An amount was set aside for future costs and tax impacts that relate to the period subsequent to the filing of the proceedings under the CCAA, which could result in a further distribution if the provisions do not translate into cash disbursements.

The various reserves as described above amount to $4.9 million, in total, and the claims of unsecured creditors are in excess of $1 billion. In view of the fact that only a portion of the reserve might become available for further distribution, the subsequent distribution, if any, would be very small, less than 0.5% of the claims. We cannot, at this juncture, estimate whether a further distribution will be made, its amount, or timing.

RERWBS

17. As mentioned earlier in this report, the Court ordered, in its judgment dated June 3, 2015, that BDWBI pay to the members of the RERWBS an amount that was offered by BDWBI, in a letter dated May 21, 2015 (Appendix A), in exchange for certain releases as contemplated in the said letter. The letter in question contemplates the payment to the members of the RERWBS their *pro rata* share of an aggregate amount of $745,055 ("**Fund**").

18. As of the date of this report, the payment to the members of the RERWBS had not yet been made, although the Monitor understands that BDWBI has recently circulated to the attorney representing the RERWBS the text of the release that needs to be signed by the RERWBS and its members, in order for the members to receive the payment of their *pro rata* share of the Fund.

19. The Court held a telephone conference on September 18, 2015, with counsel for RERWBS, BDWBI and the Monitor to streamline and expedite the process of distributing the Fund.

20. As requested by the Court, counsel for RERWBS, BDWBI and the Monitor agreed, by way of a letter agreement dated September 21, 2015 (attached to this report as Appendix B), to exchange all relevant information in the coming days so as to allow and facilitate the distribution of the Fund without further undue delay.

21. RERWBS has received on September 17 and September 18, 2015, the various forms of releases to be executed in consideration for the prompt distribution of the Fund. The proposed allocation of amounts amongst the eligible retirees is to be confirmed to RERWBS and the Monitor on or before September 25, 2015.

22. Assuming there is an agreement on the wording of the releases and the proposed payments to be made by BDWBI and received by the eligible retirees, it is expected that the Fund could be distributed without further delays. If on the other hand, the timing of the proposed distribution is to be further delayed, the Monitor will advise the Court promptly and expect RERWBS and BDWBI to work cooperatively to find a mutually acceptable solution.

OVERALL COMMENTS AND CONCLUSIONS

23. In view of the purpose of this report, which is intended solely to provide the Court and the creditors with a status report on the administration of the Plan, the Monitor does not have recommendations to offer.

24. The Monitor does not believe that it is necessary to extend the Initial Order beyond the previously scheduled expiry date of September 30, 2015, in view of the terms of the Plan and of the Sanction Order.

25. The Monitor intends to present such further reports to the Court as may be necessary as and when significant developments occur, or as may be required by the Court from time to time.

All of which is respectfully submitted this 24th day of September 2015.

ERNST & YOUNG INC.
Monitor appointed by the Court in the matter of
the plan of compromise of Estate WBPC Company *et al.*

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

Per: Jean-Daniel Breton, CPA, CA, FCIRP
Senior Vice-President

Appendix A – Letter dated May 21, 2015

lavery
Lawyers

JEAN-YVES SIMARD
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MONTREAL, QUEBEC H3B 4M4
DIRECT LINE: 514 877-3039
JYSIMARD@LAVERY.CA

Montreal, May 21, 2015

VIA EMAIL

ME JOCELYN MORENCY
LE CABINET LÉGALISTE
70 Dalhousie Street
Suite 10
Québec, Québec
G1K 4B2

Re: *In the matter of White Birch Paper Holding Company et al ("Debtors").*
Offer for the non-unionized retirees of Stadacona communicated to the Regroupement des employés retraités de la White Birch-Stadacona ("RERWBS")
S.C.: 500-11-038474-108
Our file: 127640-00001

Dear Mr. Morency:

This letter is sent to you for the benefit of the non-unionized retirees of the Stadacona mill and is to advise of the amount that Stadacona WB Limited Partnership ("Stadacona WB") (the designee of the purchaser BD White Birch Investment LLC ("BDWBI") and the owner of the Stadacona mill) is prepared to offer and the conditions under which the purchaser is prepared to make this offer, the whole following the notice mailed to the non-unionized retirees of Stadacona on August 28, 2012.

The non-unionized retirees were former employees of the Debtors who had retired before the closing of the sale transaction by which BDWBI, through designees, purchased substantially all of the assets of the insolvent Debtors in September of 2012. While they had been employees of the Debtors, they were never the employees of BDWBI or its designees, and they were members or beneficiaries of certain non-unionized pension plans of the Debtors. As the evidence in the Court record has shown, those pension plans of the Debtors were hopelessly insolvent.

At the time when the Debtors sought protection from the Court pursuant to the CCAA in February of 2010, the non-unionized pension plans of the Debtors showed a total deficit in excess of $52 million. The financial burdens imposed by the Debtors' pension plans were one of the principal causes of the Debtors' insolvency. As a matter of fact, the non-unionized retirees were drawing pension benefits from an insolvent pension plan.

When the Debtors initiated a sales process to dispose of their assets on a going concern basis in the summer of 2010, BDWBI was the only potential purchaser coming forth under the sales process and submitting a binding offer for the assets of the Debtors on a going concern basis. BDWBI was identified as the stalking horse bidder and negotiated with the Debtors the terms of an Asset Sale Agreement ("**ASA**") which was approved by the Court on September 28, 2010.

The substantial liabilities of the Debtors under their pension plans were a problem for the Debtors and were also a great concern to BDWBI as a potential purchaser. Several provisions of the ASA contemplated that the Purchaser would not be obligated to assume the rights and obligations of the Debtors under the Debtors' pension plans, including the non-unionized pension plans.

On July 24, 2012, the Court ordered the Debtors and BDWBI to provide to the non-unionized retirees relevant information as to the fate of their pension plans. The Debtors and BDWBI complied with the Court's Order, and mailed notices to the non-unionized retirees on August 28, 2012 advising them that (1) their existing pension plans would be terminated by the Debtors, and (2) the Purchaser would *"agree 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"*(hereafter the "Retirees").

On September 12, 2012, the Debtors terminated all of their pension plans, including the non-unionized pension plans. However, as stated before, BDWBI and its designees are not responsible for the insolvency of the Debtors or of their pension plans.

BDWBI and its designees were under no obligation, under the ASA or at law, to make the statement contained in the August 28, 2012 notices. The gesture was a voluntary act of goodwill on their part in favour of the non-unionized Retirees of the Debtors with whom they do not have, and never have had, an employer/employee relationship. This is not, and never was, intended to make the non-unionized Retirees whole, but only to provide a limited contribution to help those individuals, in recognition of the hardship they would suffer as a result of their former employers and pension plans having become insolvent.

In particular, and contrary to the comments made by Judge Mongeon in his January 19, 2015 decision, the August 28, 2012 notice had nothing to do with and was not mailed in consideration for the RERWBS desisting from its motion for leave to appeal the April, 2012 judgment of the Court which confirmed that the pension deficits did not rank in priority to the DIP loan or any secured loans. You have recognized that Judge Mongeon was mistaken on this issue, and you agree that the RERWBS did not desist from its appeal in consideration for the undertaking made in the August 28, 2012 notice.

Consistent with the August 28, 2012 notices, BDWBI's designees are prepared to provide an amount to the non-unionized Retirees. The situation of the non-unionized Retirees at each of the three mills of Stadacona, F.F. Soucy and Papier Masson has been carefully considered, and the amount that each of these mills will offer the non-unionised Retirees of that particular mill has been determined in light of their obligations as ongoing business operations to all of their employees, suppliers and stakeholders.

For Stadacona, Stadacona WB is prepared to pay to each non-unionized Retiree of Stadacona their proportional amount of a global and maximum amount of up to $745,055 (based on the assumption that each and every non-unionized Retiree of Stadacona signs a release and all other conditions below are satisfied). The amount that will be paid to each non-unionized Retiree of Stadacona will be established in such proportion as the total value of the benefits for such Retiree[1] (as established in Appendix D of the actuarial wind-up report as at September 12, 2012 for the *Régime de retraite des employés non syndiqués de Stadacona)* bears to the total value of the benefits for all Retirees of Stadacona under such report, subject to the following conditions being met:

(1) execution of a release by the non-unionized Retirees of Stadacona, as per the form attached, in a proportion that is satisfactory to BDWBI and Stadacona WB, by no later than June 26, 2015;

(2) execution of a release by the RERWBS, as per the form attached, by no later than May 26, 2015;

(3) the Debtors' plan of compromise filed or to be filed in the Superior Court file # 500-11-038474-108 shall have been approved by the required majority of creditors and approved by a final judgment of the Superior Court, without any contestation from the RERWBS or from any non-unionized Retiree of Stadacona;

(4) execution of an undertaking on the part of the RERWBS and its counsel (Me Jocelyn Morency) to cease and desist from any and all claims and litigation against BDWBI and/or its designees, including without limitation any claim for costs or legal fees, by countersigning the present letter below by no later than May 26, 2015; and

(5) at any time, there shall be no pending or threatened litigation or any circumstance which, in the opinion of BDWBI and/or its designees, could materially affect their position and interests;

Each and every one of the conditions mentioned above shall have been either fulfilled at the satisfaction of BDWBI and its designees or expressly waived by them, failing which the present offer of payment shall be null and void.

Please consider the terms of this letter as final and non negotiable.

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[1]Before application of section 216 of the *Quebec Supplemental Pension Plans Act*

Yours truly,

LAVERY, DE BILLY

Jean-Yves Simard

JYS/mch

Enclosures

c.c. BD White Birch Investment LLC et al.

ACKNOWLEDGEMENT AND UNDERTAKING

The undersigned Regroupement des employés retraités de White Birch-Stadacona and its counsel, Me Jocelyn Morency, hereby acknowledge receipt of the present letter, accept its terms, and hereby undertake not to initiate, participate in or support any further claims, demands or actions of any kind whatsoever, including without limitation any claim for costs or legal fees, against BDWBI and/or Stadacona WB.

SIGNED IN QUÉBEC CITY, THIS ________________ 2015

REGROUPEMENT DES RETRAITÉS DE WHITE BIRCH-STADACONA

____

Per :

Duly authorized

____

ME JOCELYN MORENCY

<u>CONSENT AND RELEASE</u>

FROM: *Regroupement des employés retraités de White Birch-Stadacona* (the RERWBS"), on behalf of itself, its directors, officers, representatives, executors, administrators, successors and assigns and any person who claims by, through or under any of them (collectively, the "**Releasor**")

TO: (i) BD White Birch Investment LLC ("**BDWBI**"), (ii) Stadacona WB Limited Partnership, (iii) with respect to the entities listed in (i) and (ii) above, each and all of their respective present and former direct or indirect affiliates, subsidiaries and owners, (iv) with respect to the persons and entities referred to in clauses (i) through (iii) above, each and all of their respective present and former members, partners, shareholders, directors, managers, officers, employees, agents, associates, representatives, advisors and each and all other persons or entities acting on their respective behalf or at their respective direction or control and (v) with respect to the persons and entities referred to in clauses (i) through (iv) above, each and all of their respective predecessors, successors, successors-in-interest, assigns, heirs and representatives (each a "**Releasee**" and collectively, the "**Releasees**")-

WHEREAS the White Birch Paper Company and its affiliates in Canada (collectively, the "**Debtors**") filed for protection under the *Companies' Creditors Arrangement Act* on February 24, 2010;

AND WHEREAS, by order dated September 28, 2010, the Québec Superior Court (Commercial Division) approved the sale of the Canadian assets of the Debtors to BDWBI and its designees;

AND WHEREAS the sale of the assets of Stadacona Limited Partnership and Stadacona General Partner Inc. ("**Old Stadacona**") to Stadacona WB Limited Partnership ("**Stadacona WB**") closed on September 13, 2012 (hereafter referred to as the "**Closing**");

AND WHEREAS, as indicated in a notice of August 28, 2012 from White Birch Paper Company and Stadacona Limited Partnership to the retirees and beneficiaries of the *Régime de retraite des employés non syndiqués de Stadacona* (registered with the Régie des rentes du Québec under number 7459) ("**Old WB Pension Plan**"), Stadacona WB has not assumed the Old WB Pension Plan;

AND WHEREAS, as a result, the Old WB Pension Plan was totally terminated by Stadacona Limited Partnership effective as of September 12, 2012;

AND WHEREAS, while none of the retirees and beneficiaries of the Old WB Pension Plan have ever been employed by Stadacona WB, Stadacona WB would, as indicated in the notice of August 28, 2012, agree to provide an amount to each individual who was receiving a pension from the Old WB Pension Plan as of the date of termination of such pension plan, subject to certain conditions being met, including the execution of a Consent and Release form by each such individual (the "Retirees");

AND WHEREAS, by letter dated May 21, 2015 addressed to counsel for the RERWBS, Stadacona WB has offered to pay to the Retirees an amount, less any applicable taxes and withholdings (the "**Amount**"), subject to certain conditions contained therein, including without limitation:

(1) The execution of a release by the non-unionized Retirees of Stadacona, as per the form attached thereto, in a proportion that is satisfactory to BDWBI and Stadacona WB, by no later than June 26, 2015;

(2) the execution of a release by the RERWBS, as per the form attached thereto, by no later than May 26, 2015;

(3) the Debtors' plan of compromise filed or to be filed in the Superior Court file # 500-11-038474-108 shall have been approved by the required majority of creditors and approved by a final judgment of the Superior Court, without any contestation from the RERWBS or from any non-unionized Retiree of Stadacona;

(4) the execution of an undertaking on the part of the RERWBS and its counsel (Me Jocelyn Morency) to cease and desist from any and all claims and litigation against BDWBI and/or its designees, including without limitation any claim for costs or legal fees, by countersigning said letter by no later than May 26, 2015; and

(5) at any time, there shall be no pending or threatened litigation or any circumstance which, in the opinion of BDWBI and/or its designees, could materially affect their position and interests;

NOW THEREFORE, in consideration of the provision of the Amount to the Retirees, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Releasor agrees as follows:

1. The preamble forms part of this present Consent and Release
2. The Releasor hereby agrees and accepts that all the conditions described in the preamble of the present Consent and Release must be met in order for the payment of any Amount to be made to the Retirees by Stadacona WB. For greater certainty, if any one of the conditions described above is not met, no payment will be made to the Retirees;
3. Effective on Closing, the Releasor does hereby irrevocably, fully, and unconditionally remise, release and forever discharge the Releasees of and from any and all manner (whether direct or indirect, known or unknown, actual or contingent) of actions, causes of action, suits, charges, complaints, debts, dues, accounts, bonds, covenants, contracts, liabilities, obligations, losses, damages, costs, expenses, interest, claims and demands whatsoever, including without limitation, all rights and recourses the Releasor has or may have, present or future, regarding the Old WB Pension Plan or its related fund, any benefits the Retirees earned or could have earned under the Old WB

Pension Plan, the past and future investment performance of the assets in the Old WB Pension Plan fund, the Closing, the Notice of August 28, 21012 and any matter related thereto, the Amount and its determination or any costs and expenses it may have incurred or could incur in relation to any proceedings, including without limitation any proceedings in the Superior Court file # 500-11-038474-108 , and the Releasor waives any present or future rights or claims against the Releasees in respect thereof. For greater certainty, notwithstanding the payment of the Amount to the Retirees by Stadacona WB, the Releasees shall have no obligation nor incur any liability whatsoever related to the Old WB Pension Plan and its related plan fund, including without limitation any kind of shortfall or deficit, any contributions or amounts owed to the plan fund or benefits payable under the Old WB Pension Plan.

4. (a) The Releasor hereby covenants and agrees that it will not seek to recover any amounts in connection with the matters released under this Consent and Release from any Releasee;

   (b) The Releasor further agrees that:

   (i) It has not made, filed, initiated, maintained or continued; and

   (ii) it has not caused or assisted to be made, filed, initiated, maintained or continued;

   any claim, action, complaint, lawsuit or similar proceeding of any kind arising out of or in any way related to the matters released under this Consent and Release, and the Releasor agrees that it will not do so at any time on or after the date of this Consent and Release.

5. The Releasor further agrees and acknowledges that the release and covenant not to sue provided by the Releasor pursuant to this Consent and Release is intended to include in its effect even those matters which the Releasor does not know or suspect to exist at the time of execution hereof and this release causes the extinguishment thereof. The Releasor hereby shall be deemed to have fully, finally and forever settled and released any and all released matters which now exist or heretofore have existed upon any theory of law now existing or coming into existence in the future.

6. The Releasor represents and warrants to the Releasees, knowing and intending that the Releasees will rely on the same, that it has full right, power and authority to enter into this Consent and Release, and that it has not assigned, in whole or in part, any claims released hereunder to any other party, whether voluntarily, by operation of law or otherwise.

7. This Consent and Release shall be binding upon the Releasor and shall enure to the benefit of the Releasees. The Releasor acknowledges and agrees that all of the Releasees are beneficiaries of this Consent and Release and shall be entitled to enforce the provisions herein against the Releasor to the same extent as if any such Releasee were a party hereto.

8. The Releasor acknowledges having had an opportunity to review this Consent and Release and to receive and review legal advice in respect thereof, and the Releasor acknowledges that it fully understands all of the terms contained herein and that no consideration will be paid to the Releasor for this Release beyond the payment of the Amount to the Retirees. The Releasor acknowledges that it he/she is entering into this Consent and Release voluntarily, without coercion, duress, distress or under the influence by any other person or entity. The Releasor acknowledges and agrees that the releases set forth above may be used as a basis for an injunction and may be pleaded as a full and complete defense against any claim, action, complaint, lawsuit or similar proceeding of any kind which may be instituted, prosecuted or attempted in violation of the provisions of such releases.

9. This Consent and Release shall be construed in accordance with and governed by the laws of the Province of Québec and the laws of Canada applicable therein.

SIGNED ON THIS __________ day of __________________, 2015

Regroupement des employés retraités de White Birch- Stadacona		
Per : Gilles Bédard, President duly authorized		**Per:** Laurent Langlois, Vice-President duly authorized

LDB:6136056v1

"Name
"Address
"City" ("Province") "Area Code"

Number (on each page)

CONSENT AND RELEASE

FROM: (INSERT NAME) on behalf of himself or herself and his/her spouses, successors, children, representatives, heirs, executors, administrators, estate trustees, successors and assigns and any person who claims by, through or under any of them (collectively, the "**Releasor**")

TO: (i) BD White Birch Investment LLC ("**BDWBI**"), (ii) Stadacona WB Limited Partnership, (iii) with respect to the entities listed in (i) and (ii) above, each and all of their respective present and former direct or indirect affiliates, subsidiaries and owners, (iv) with respect to the persons and entities referred to in clauses (i) through (iii) above, each and all of their respective present and former members, partners, shareholders, directors, managers, officers, employees, agents, associates, representatives, advisors and each and all other persons or entities acting on their respective behalf or at their respective direction or control and (v) with respect to the persons and entities referred to in clauses (i) through (iv) above, each and all of their respective predecessors, successors, successors-in-interest, assigns, heirs and representatives (each a "**Releasee**" and collectively, the "**Releasees**")

WHEREAS the White Birch Paper Company and its affiliates in Canada (collectively, the "**Debtors**") filed for protection under the *Companies' Creditors Arrangement Act* on February 24, 2010;

AND WHEREAS, by order dated September 28, 2010, the Québec Superior Court (Commercial Division) approved the sale of the Canadian assets of the Debtors to BDWBI and its designees;

AND WHEREAS the sale of the assets of Stadacona Limited Partnership and Stadacona General Partner Inc. ("**Old Stadacona**") to Stadacona WB Limited Partnership ("**Stadacona WB**") closed on September 13, 2012 (hereafter referred to as the "**Closing**");

AND WHEREAS, as indicated in a notice of August 28, 2012 from White Birch Paper Company and Stadacona Limited Partnership to the retirees and beneficiaries of the *Régime de retraite des employés non syndiqués de Stadacona* (registered with the Régie des rentes du Québec under number 7459) ("**Old WB Pension Plan**"), Stadacona WB has not assumed the Old WB Pension Plan;

AND WHEREAS, as a result, the Old WB Pension Plan was totally terminated by Stadacona Limited Partnership effective as of September 12, 2012;

AND WHEREAS, while none of the retirees and beneficiaries of the Old WB Pension Plan have ever been employed by Stadacona WB, , Stadacona WB would, as indicated in the notice of August 28, 2012, agree to provide an amount to each individual who was receiving a pension from the Old WB Pension Plan as of the date of termination of such pension plan, subject to certain conditions being met, including the execution of a Consent and Release form by each such individual (the "Retirees");

AND WHEREAS the Releasor was receiving a pension from the Old WB Pension Plan as of the date of termination of such pension plan;

AND WHEREAS, by letter dated May 21, 2015 addressed to counsel for the Regroupement des employés retraités de White Birch Stadacona (the "RERWBS"), Stadacona WB has offered to pay to the Retirees an amount, less any applicable taxes and withholdings, subject to certain conditions contained therein, including without limitation:

(1) the execution of a release by the non-unionized Retirees of Stadacona, as per the form attached thereto, in a proportion that is satisfactory to BDWBI and Stadacona WB, by no later than June 26, 2015;

(2) the execution of a release by the RERWBS, as per the form attached thereto, by no later than May 26, 2015;

(3) the Debtors' plan of compromise filed or to be filed in the Superior Court file # 500-11-038474-108 shall have been approved by the required majority of creditors and approved by a final judgment of the Superior Court, without any contestation from the RERWBS or from any non-unionized Retiree of Stadacona;

(4) the execution of an undertaking on the part of the RERWBS and its counsel (Me Jocelyn Morency) to cease and desist from any and all claims and litigation against BDWBI and/or its designees, including without limitation any claim for costs or legal fees, by countersigning said letter by no later than May 26, 2015; and

(5) at any time, there shall be no pending or threatened litigation or any circumstance which, in the opinion of BDWBI and/or its designees, could materially affect their position and interests;

NOW THEREFORE, in consideration of the payment to the Releasor of (amount to be inserted) (the "Amount") , and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Releasor agrees as follows:

1. The preamble forms part of this present Consent and Release

2. The Releasor hereby agrees and accepts that all the conditions described in the preamble of the present Consent and Release must be met in order for the payment of the Amount to be made to the latter by Stadacona WB. For greater

certainty, if any one of the conditions described above is not met, no payment will be made to the Releasor;

3. Effective on Closing, the Releasor does hereby irrevocably, fully, and unconditionally remise, release and forever discharge the Releasees of and from any and all manner (whether direct or indirect, known or unknown, actual or contingent) of actions, causes of action, suits, charges, complaints, debts, dues, accounts, bonds, covenants, contracts, liabilities, obligations, losses, damages, costs, expenses, interest, claims and demands whatsoever, including without limitation, all rights and recourses the Releasor has or may have, present or future, regarding the Old WB Pension Plan or its related fund, any benefits the Releasor earned or could have earned under the Old WB Pension Plan, the past and future investment performance of the assets in the Old WB Pension Plan fund, the Closing, the Notice of August 28, 21012 and any matter related thereto, the Amount and its determination or any costs and expenses he/she may have incurred or could incur in relation to any proceedings, including without limitation any proceedings in the Superior Court file # 500-11-038474-108, and the Releasor waives any present or future rights or claims against the Releasees in respect thereof. For greater certainty, notwithstanding the payment of the Amount to the Releasor by Stadacona WB, the Releasees shall have no obligation nor incur any liability whatsoever related to the Old WB Pension Plan and its related plan fund, including without limitation any kind of shortfall or deficit, any contributions or amounts owed to the plan fund or benefits payable under the Old WB Pension Plan.

4. (a) The Releasor hereby covenants and agrees that he/she will not seek to recover any amounts in connection with the matters released under this Consent and Release from any Releasee;

   (b) The Releasor further agrees that:

      (i) he/she has not made, filed, initiated, maintained or continued; and

      (ii) he/she has not caused or assisted to be made, filed, initiated, maintained or continued;

   any claim, action, complaint, lawsuit or similar proceeding of any kind arising out of or in any way related to the matters released under this Consent and Release, and the Releasor agrees that he will not do so at any time on or after the date of this Consent and Release.

5. The Releasor further agrees and acknowledges that the release and covenant not to sue provided by the Releasor pursuant to this Consent and Release is intended to include in its effect even those matters which the Releasor does not know or suspect to exist at the time of execution hereof and this release causes the extinguishment thereof. The Releasor hereby shall be deemed to have fully, finally and forever settled and released any and all released matters which now exist or heretofore have existed upon any theory of law now existing or coming into existence in the future.

6. The Releasor represents and warrants to the Releasees, knowing and intending that the Releasees will rely on the same, that he/she has full right, power and authority to enter into this Consent and Release, and that he/she has not assigned, in whole or in part, any claims released hereunder to any other party, whether voluntarily, by operation of law or otherwise.

7. This Consent and Release shall be binding upon the Releasor and shall enure to the benefit of the Releasees. The Releasor acknowledges and agrees that all of the Releasees are beneficiaries of this Consent and Release and shall be entitled to enforce the provisions herein against the Releasor to the same extent as if any such Releasee were a party hereto.

8. The Releasor acknowledges having had an opportunity to review this Consent and Release and to receive and review legal advice in respect thereof, and the Releasor acknowledges that he/she fully understands all of the terms contained herein and that no consideration will be paid to the Releasor for this Release beyond the Amount. The Releasor acknowledges that he/she is entering into this Consent and Release voluntarily, without coercion, duress, distress or under the influence by any other person or entity. The Releasor acknowledges and agrees that the releases set forth above may be used as a basis for an injunction and may be pleaded as a full and complete defense against any claim, action, complaint, lawsuit or similar proceeding of any kind which may be instituted, prosecuted or attempted in violation of the provisions of such releases.

9. This Consent and Release shall be construed in accordance with and governed by the laws of the Province of Québec and the laws of Canada applicable therein.

SIGNED ON THIS __________ day of ________________, 2015

Signature of the Releasor

Please write in block letters in dark blue or black ink

Witness	
Witness Family Name	Witness First Name
Witness Address (house number, street, apartment, post office box, rural route)	

City	Province	Postal Code
Witness Signature		

Appendix B – Letter dated September 21, 2015

LE CABINET LÉGALISTE
a v o c a t s

bomo@videotron.ca

Québec, le 21 septembre 2015

Par courriel

M^e^ Jean-Yves Simard
Lavery, De Billy s.e.n.c.r.l.
1, Place Ville-Marie, bureau 400
Montréal (Québec) H3B 4M4

Objet: ***Dans l'affaire de White Birch Paper Holding Company et al.***
Regroupement des employés retraités de la White Birch-Stadacona («RERWBS»)
C.S. : 500-11-038474-108
V/🗁 : 127640-00001
N/🗁 : 2897.001

Cher confrère,

Suite à la gestion téléphonique que nous venons de tenir avec le juge Mongeon et M^e^ Rigaud, avocat du Contrôleur, il a été convenu d'établir l'échéancier suivant :

- Au plus tard le 25 septembre 2015, M^e^ Simard communiquera au soussigné et à M^e^ Rigaud les arguments et la législation pertinente concernant les retenues que BDWBI veut appliquer sur les sommes à être versées aux retraités non-syndiqués;

- À l'intérieur du même délai, M^e^ Simard communiquera au soussigné et à M^e^ Rigaud, sous le sceau de la confidentialité, les montants nets et bruts à être distribués à chacun des 268 bénéficiaires;

- Toujours à l'intérieur du même délai, Me Simard confirmera le délai pour l'envoi des chèques représentant le montant qui reviendra aux bénéficiaires suite à l'engagement du 28 août 2012 et à l'ordonnance du 3 juin 2015, et ce au fur et à la mesure de la réception des consentements et quittances dûment signés et non altérés, les parties aux présentes estimant qu'un délai approximatif de 5 jours ouvrables doit servir d'indice.

70, Dalhousie, bureau 010, Québec (Québec) G1K 4B2 – **Téléphone : 418.694.0704** – Télécopieur : 418.694.2140

- Dans les 5 jours ouvrables de la réception des susdits documents et confirmation, le soussigné et M^{e} Rigaud feront part de leurs commentaires relativement à ceux-ci;

- En cas de commentaires ou positions divergentes, Me Simard disposera à son tour d'un délai de 5 jours ouvrables pour faire connaître sa position. Si à l'expiration de ce dernier délai, les parties ne se sont pas entendues en tout ou en partie sur l'exactitude, la pertinence ou la légitimité des documents transmis, BDWBI ou le Regroupement présenteront une requête au juge Mongeon dans la semaine du 5 octobre, selon la disponibilité de ce dernier.

- Le soussigné s'engage également à faire connaître à M^{e} Simard, dans les 5 jours de la réception des documents attendus, tout commentaire relativement aux textes des consentements et quittances proposés;

Une fois ces étapes franchies ou s'il devait y avait accord sur les retenues fiscales, M^{e} Simard devra, dans les 10 jours ouvrables suivants, envoyer aux 268 bénéficiaires le "package" contenant la lettre qui leur est adressée, ainsi que le consentement et quittance avec une enveloppe de retour préaffranchie.

Interviennent à la présente M^{e} Jean-Yves Simard et M^{e} Sylvain Rigaud pour valoir acceptation et respect du présent échéancier, lequel sera communiqué au juge Mongeon, tel que requis par ce dernier.

Espérant le tout conforme à nos discussions récentes.

LE CABINET LÉGALISTE

JOCELYN MORENCY, avocat
JM/mcl

Acceptation du présent échéancier, à Montréal ce 21 septembre 2015 :

LAVERY DE BILLY S.E.N.C.R.L.

en l'absence de **JEAN-YVES-SIMARD, avocat**

NORTON ROSE Fulbright

SYLVAIN RIGAUD, avocat

Norton Rose Fulbright
par : Sylvain Rigaud