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Montreal, February 7, 2014

VIA E-MAIL

The Honorable Justice Robert Mongeon, J.S.C.
Palais de justice de Montréal
1 Notre Dame East, Room 17.71
Montreal, QC H2Y 1B6

RE : In the matter of White Birch Paper Holding Company et als
No: 500-11-038474-108
Our file: 127640-00001

Mr. Justice Mongeon,

This is in response to the motion filed by *Regroupement des employés retraités de la White Birch - Stadacona Inc.* ("Motion"),the letter of counsel for UNIFOR dated February 5, 2014 ("Letter") and the Motion filed by UNIFOR dated February 6, 2014 ("UNIFOR Motion").

Both these Motions and the Letter contain inaccurate facts or assertions, which need to be corrected before this Court, as follows:

1) As reported before the Court, various special regulations were required to be adopted by the Government in order for the new pension plans to be established. The last such regulation was published in its final form by the Government on December 20, 2013, after a concerted effort from the Company, including the preparation by the Company of a draft of such regulation.

2) On December 23, 2013, by letter to counsel for UNIFOR, counsel for BDWBI indicated that its representatives were available to meet during the week of January 6, 2014 (on a date to be determined), in order to discuss the union's positions as outlined in an email of December 4, 2013, relative to the outstanding issues pertaining to the draft template for the new pension plans.

However, it was not until January 6, 2014, i.e. two weeks later, that UNIFOR representatives responded that they were available to meet on Friday, January 10, 2014, which date was not open for our client during that week. The meeting was then scheduled for January 21, 2014.

3) On January 20, 2014, contrary to the assertion made in the UNIFOR Motion, our client transmitted a global proposal on the outstanding issues concerning the draft plan text which the union had identified in the December 4, 2013 email. Following this, counsel for UNIFOR raised yet another demand concerning the pension plans, which needed to be considered by our client.

4) On January 22, 2014, counsel for BDWBI confirmed to counsel for UNIFOR the agreement of their client to the new demand made by counsel for UNIFOR. Counsel for UNIFOR was informed of this by telephone. On January 24, 2014, counsel for UNIFOR submitted a draft letter of understanding to be signed by the employer in respect of this last demand. The draft LOU was not however an accurate reflection of the agreement reached by the parties.

5) As a result, and contrary to the assertions made in paragraph 7 of the Motion, in a letter dated January 29, 2014, counsel for BDWBI confirmed to counsel for UNIFOR the details of the agreement reached by the parties in the preceding week. That same day, during a telephone conversation, counsel for UNIFOR acknowledged receipt of this letter and declared himself to be satisfied with its contents.

6) On January 29, 2014, counsel for BDWBI spoke with counsel for UNIFOR. During this call, counsel for BDWBI explained to counsel for UNIFOR that they were working diligently to make adjustments to the pension plan text template to reflect the new agreements reached by the parties and were working diligently with the BDWBI actuarial advisor to complete all three plan texts for the end of February 2014.

As the union has always been aware, the plan texts for each pension plan must include various schedules which still remain to be finalized. In addition, pension rates for the target benefit components, which have always been indicated as still pending, must be appropriately agreed upon. Pension rates are required to be included in the text pursuant to the Regulation on target benefit plans.

Furthermore, full pension plan texts need to be drafted for Masson and Stadacona. Unfortunately, the assertion made in paragraph 8 of the Motion that the plan text template agreed between the parties will simply require minor changes to apply to Stadacona is factually untrue. As the union very well knows, the Stadacona plan text will require different language because the terms of the July 13, 2012 Letter of Understanding concerning that pension plan presents major differences from the other plans. Counsel for UNIFOR was again clearly informed of that fact on January 29, 2014. The projected date of end of February 2014 is aggressive and a reflection of the desire of BDWBI to finalise the plans as soon as possible. However, it would appear that UNIFOR simply refuses to acknowledge the reality of the work that needs to be completed. This makes the orders requested by UNIFOR not only unrealistic but impossible.

7) In addition, during the January 29, 2014 call, given the goal of end of February 2014, counsel for UNIFOR was informed that the new employers would take this opportunity to allow those few retirees and deferred participants who had not yet returned a valid

release, one last chance to do so. The final cut-off date was established at February 12, 2014. This final cut-off date in no way postpones the work that needs to be accomplished on the pension plan texts, and counsel for UNIFOR was specifically reassured on this point.

Counsel for UNIFOR was also informed that several unionized active employees at Stadacona had not returned a valid release document, thereby making them ineligible to receive certain benefits. Counsel for BDWBI informed counsel for UNIFOR that they were prepared to also contact these active employees directly to afford them one last opportunity to return a valid release by February 12, 2014, should the union agree. Counsel for UNIFOR specifically agreed and consented that these active employees be contacted directly.

All such mailings to unionized active employees were completed by January 30, 2014.

8) Where the timing of registration of the pension plans is concerned, as a result of the insistence of counsel for UNIFOR, counsel for BDWBI undertook during the call of January 29, 2014 to raise the issue with their client for consideration. At no time whatsoever did counsel for BDWBI promise to transmit a written proposal to counsel for UNIFOR on this issue the very next day. On this topic of registration, the new employers intend to file for registration all three plans at the same time, in the same way the letters of agreements were signed on July 13, 2012. This will avoid any transitional issues between the registration of the three plans and should not present undue delay.

9) Moreover, at no time whatsoever did counsel for BDWBI promise to return to counsel for UNIFOR a letter of understanding concerning the releases for the next day. This being said, as of the date of this letter to the Court, both a letter of understanding concerning the single pension plan at Soucy, and a letter of understanding concerning the releases have been sent to counsel for UNIFOR.

10) As appears from the above, BDWBI has been working with the goal of completing all three plan texts for the end of February and intending to have all three plans submitted for registration at the same time. These new pension plans were built relying in good faith on the judicial landscape, and the resulting financial implications, applicable at all relevant times, and with reference to the financial circumstances of each particular mill. To the extent that the decision rendered on January 24, 2014 in the *Timminco* matter may alter the judicial landscape as it relates to this matter, it would have an undeniable effect on all the plan texts and, if not resolved, this would have a significant impact on the finalisation of the pension plans.

Yours very truly,

LAVERY, DE BILLY

Pour: Jean-Yves Simard

JYS/

c. c. : Mtre Richard Bertrand
Mtre Sylvain Rigaud
Mtre Jean Fontaine
Mtre Jocelyn Morency
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