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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:	Chapter 11
Estate BIPCO, LLC[1]	Case No. 10-31202 (KLP)
Debtor.	**Hearing Date: May 13, 2015 at 2:00 p.m. (ET)** **Objection Deadline: May 6, 2015 at 5:00 p.m. (ET)**

DEBTOR'S MOTION FOR THE ENTRY OF AN ORDER APPROVING THE ESTATE ALLOCATION COMPROMISE AND SETTLEMENT AGREEMENT

Estate BIPCO, LLC (*f/k/a* Bear Island Paper Company, L.L.C.), the debtor and debtor in possession in the above-captioned chapter 11 case (the "Debtor"), files this motion (the "Motion") seeking approval of that certain *Estate Allocation Compromise and Settlement Agreement*, dated as of February 24, 2015 (the "Estate Allocation Settlement Agreement"), attached hereto as **Exhibit A.** The Debtor seeks approval of the Estate Allocation Settlement Agreement together with confirmation of the Debtor's proposed chapter 11 plan (the "Plan").[2] In support of the Motion, the Debtor respectfully represents as follows:

1 The last four digits of the Debtor's federal tax identification number are 0914. The principal address for the Debtor is 10026 Old Ridge Road, Ashland, Virginia 23005.

2 The Debtor will file a proposed form of confirmation order (the "Confirmation Order") in connection with the Debtor's case in chief in support of confirmation of the Plan.

Preliminary Statement

As the Court is well aware, confirmation of the Plan has been delayed pending the resolution of certain complex, cross-border issues, including the allocation of sale proceeds between the Debtor's estate and the estates of the Canadian Debtors (defined below). After nearly three years of extensive good-faith, arm's-length negotiations among the Debtor, the Canadian Debtors, and their respective key economic stakeholders, the parties have reached a settlement that resolves all outstanding issues and paves the path to confirmation of the Plan and distributions to creditors.

The Debtor files this Motion with the support of all major stakeholders in this chapter 11 case, and respectfully requests that this Court approve the Estate Allocation Settlement Agreement together with confirmation of the Plan.

Jurisdiction and Venue

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105(a) of title 11 of the United States Code (the "Bankruptcy Code"), Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 9013-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Eastern District of Virginia (the "Local Bankruptcy Rules").

Relief Requested

4. By this Motion, the Debtor seeks approval of the Estate Allocation Settlement Agreement pursuant to Bankruptcy Rule 9019, as part of the Debtor's proposed Confirmation Order.

Background

A. The Chapter 11 Case

5. On February 24, 2010 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division (the "Court") commencing this chapter 11 case. Before the Petition Date, the Debtor was one of 17 subsidiaries directly or indirectly owned by White Birch Paper Holding Company ("WB Holding" and, collectively with its 17 subsidiaries, the "WB Group").[3] On March 3, 2010, pursuant to section 1102 of the Bankruptcy Code, the United States Trustee for the Eastern District of Virginia (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Committee") [Docket No. 90], which was reconstituted on April 6, 2010 [Docket No. 184].

6. Also on the Petition Date, certain of the Debtor's Canadian affiliates (collectively, the "Canadian Debtors") sought relief under the *Companies' Creditors Arrangement Act* (the "CCAA") in the Quebec Superior Court of Justice in Montreal, Quebec, Canada.[4] A monitor (the "Monitor") was appointed by the Canadian Court in the CCAA cases. Certain of the Canadian Debtors sought further relief in this Court under chapter 15 of the Bankruptcy Code. Such cases are being jointly administered by this Court for procedural purposes only under the following case caption: In re White Birch Paper Company, et al., No. 10-31234 (KLP). On

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3 The other 16 subsidiaries, aside from the Debtor, include (1) WB Canada, LLC, (2) 3098580 Nova Scotia Company, (3) White Birch Partners, L.P., (4) White Birch Paper Company, (5) White Birch Paper Inc., (6) Stadacona General Partner Inc., (7) F.F. Soucy General Partner Inc., (8) 3120772 Nova Scotia Company, (9) F.F. Soucy, Inc., (10) 309583 Nova Scotia Company, (11) Stadacona L.P., (12) Black Spruce Paper Inc., (13) F.F. Soucy L.P., (14) Papier Masson Ltée, (15) Arrimage de Gros Cacouna Inc., and (16) F.F. Soucy, Inc. & Partners, Limited Partnership.

4 The Canadian Debtors include (a) WB Holding, (b) White Birch Paper Company, (c) Stadacona General Partner Inc., (d) Black Spruce Paper Inc., (e) F.F. Soucy General Partner Inc., (f) 3120772 Nova Scotia Company, (g) Arrimage De Gros Cacouna Inc., (h) Papier Masson Ltée, (i) Stadacona L.P., (j) F.F. Soucy L.P., and (k) F.F. Soucy Inc. & Partners, L.P.

March 26, 2010, the Court entered the *Order of Recognition of a Foreign Main Proceeding and Chapter 15 Relief Pursuant to Sections 1504, 1515, 1517 and 1520 of the Bankruptcy Code* with respect to the chapter 15 cases.

B. The Sale

7. After the Petition Date, the Debtor and certain of the Canadian Debtors[5] entered into the *$140,000,000 Senior Secured Super-Priority Debtor-in-Possession Term Loan Credit Agreement* dated March 1, 2010 (the DIP Credit Facility"), which was approved by this Court on a final basis on March 30, 2010.[6]

8. Pursuant to the terms of the DIP Credit Facility, the Debtor and the Canadian Debtors undertook a dual-track approach to their restructuring, which required the Debtor and certain of the Canadian Debtors to contemporaneously pursue (a) a chapter 11 Plan of reorganization for the Debtor in conjunction with a plan of arrangement pursuant to the CCAA for the Canadian Debtors (the "Cross-Border Plan") and (b) a going-concern sale of all or substantially all of the WB Group's assets pursuant to section 363 of the Bankruptcy Code (the "Sale").

9. After a Court supervised marketing process, the Debtor and certain Canadian Sellers (the "Canadian Sellers")[7] received one offer to purchase all or substantially all of the

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5 These entities include: (a) White Birch Paper Company, (b) Stadacona L.P., (c) F.F. Soucy L.P., and (d) Papier Masson Ltée.

6 See *Final Order (I) Authorizing the Debtor to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C.§ 364, (II) Authorizing the Debtor's Limited Use of Cash Collateral Pursuant to 11 U.S.C.§ 363, and (III) Granting Adequate Protection to Prepetition Debt Lenders Pursuant to 11 U.S.C.§§ 361, 362, 363, and 364* [Docket No. 171].

7 Specifically, pursuant to the ASA, the Canadian Sellers include: (a) White Birch Paper Company, (b) Stadacona General Partner Inc., (c) Stadacona L.P., (d) F.F. Soucy General Partner Inc., (e) F.F. Soucy, Inc. & Partners, Limited Partnership, (f) F.F. Soucy L.P., (g) Arrimage de Gros Cacouna Inc., and (h) Papier Masson Ltée

assets, from BD White Birch Investment LLC (the "Purchaser"). On August 10, 2010, the Debtor and the Canadian Sellers entered into that certain *Asset Sale Agreement* (the "ASA") with the Purchaser and the Debtor filed the *Motion of Bear Island Paper Company, L.L.C. for Entry of Orders Approving the (A) Form of the Sale Agreement, (B) Bidding Procedures, (C) Form and Manner of Notice of the Auction and Sale Hearing, (D) Procedures for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (E) Sale of Assets Free and Clear of Liens, Claims, Encumbrances and Interests, and (F) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases* [Docket No. 403] (the "Sale Motion"). Through the Sale Motion, the Debtor requested the Court's approval of (a) the process by which a potential buyer may submit a bid higher than the bid included in the ASA, (b) the deadline for submission of such bids, (c) the time and place of, and procedures governing, an auction, and (d) the procedures for the WB Group's selection of the winning bid.

10. On September 1, 2010 the Bankruptcy Court entered the *Order Approving (A) the Form of the Sale Agreement, (B) the Bidding Procedures, (C) the Sale Notice and (D) the Assumption Procedures and Assumption Notice* [Docket No. 469] (the "Bid Procedures Order"), and on September 21, 2010, the Debtor conducted an auction for higher and better offers. At the Auction's conclusion, the Debtor determined that the Purchaser submitted the highest and best bid, which consisted of, among other things, $90 million in cash (the "Cash Component"), $4.5 million to satisfy certain claims in the Canadian Court (the "Fixed Cash Amount") and a $78 million credit bid.

11. Thereafter, on November 3, 2010, the Court approved the Sale to the Purchaser by entering the *Order (A) Authorizing and Approving the Sale of Assets Free and Clean of All Liens, Claims, Encumbrances and Other Interests, (B) Approving the Assumption and*

Assignment of the Assigned Contracts and (C) Granting Related Relief [Docket No. 582] (the "Sale Order").

C. Estate Allocation Issues, the Reservation of Rights Agreement, and the Sale Closing

12. After the Court entered the Sale Order, the Debtor and the Canadian Sellers worked diligently with the Purchaser to satisfy the conditions precedent to closing the sale (the "Sale Closing"), including resolving, among other things, wage and pension disputes with union employees at the Canadian Sellers' mills. After more than a year of negotiations, the parties made sufficient progress in resolving the aforementioned labor disputes to allow for the Sale Closing.[8]

13. Before the Sale Closing, however, the Debtor, the Canadian Sellers, the Committee, and the Purchaser were unable to negotiate a consensual resolution to certain disputes, including, among other things, (a) the allocation of the Cash Component and any unused Fixed Cash Amount from the purchase price (the "Sale Proceeds"); (b) the repayment of obligations between the Debtor's estate and the Canadian Sellers' estates under the DIP Credit Facility; (c) the treatment of the Intercompany Claim (as defined herein); (d) the allocation of repayment obligations between the Debtor's estate and the Canadian Sellers' estates in connection with certain professional fees owed to Rothschild, Inc. ("Rothschild") and Lazard Frères & Co., LLC ("Lazard"); and (e) the allocation of any remaining funds in a professional fee escrow account (the "Professional Fee Escrow") (collectively, "Estate Allocation" or the "Estate Allocation Issues").

14. The Debtor and the Canadian Sellers, along with their advisors, determined it was in the best interests of all parties to proceed with the Sale Closing notwithstanding the

[8] Since the Closing Date, the Purchaser has continued to negotiate with representatives of the Canadian union employees concerning retiree pension benefits.

unresolved Estate Allocation Issues. Accordingly, on September 13, 2012, the Debtor, the Canadian Sellers, the Purchaser, the Committee, the Monitor, and certain other parties-in-interest (together the "Parties" and each individually a "Party") entered into that certain *Reservation of Rights Settlement Agreement* (the "Reservation of Rights Agreement"), which allowed the Parties to effectuate the Sale Closing without impairing any Party's rights regarding the Estate Allocation Issues. The Sale closed contemporaneously with the Reservation of Rights Agreement, on September 13, 2012 (the "Closing Date").

15. Among other things, the Reservation of Rights Agreement provided that $31,209,000 of the Sale Proceeds were to be distributed upon the Sale Closing, of which $8,510,282 was paid to the Debtor's estate and $22,698,718 was paid to the Canadian Sellers' estates.

16. The Reservation of Rights Agreement further provided that $44,500,000 of the Sale Proceeds would be placed in escrow pending resolution of the Estate Allocation Issues, of which $19,500,000 was placed in an escrow account established in the United States of America (the "U.S. Escrow Account") and $25,000,000 was placed in an escrow account established in Canada (the "Canadian Escrow Account" and with the U.S. Escrow Account, the "Escrow Accounts"). The Reservation of Rights Agreement specified that these funds would not be released until (a) the Estate Allocation Issues are consensually resolved or (b) courts of competent jurisdiction enter final non-appealable orders regarding the Estate Allocation Issues.

E. Litigation Regarding the Intercompany Claim

17. After the Closing Date, on September 17, 2012, the Committee filed the *Objection and Motion to Recharacterize of the Official Committee of Unsecured Creditors to The General Unsecured Claim of White Birch Paper Company* [Docket No. 1185] (the "Recharacterization Motion"), which, among other things sought to recharacterize a

$135,854,799.00 intercompany claim (the "Intercompany Claim") booked against the Debtor by White Birch Paper Company pursuant to *Schedule F* of the *Schedules of Assets and Liabilities for Bear Island Paper Company, L.L.C.* [Docket No. 172] filed with this Court on March 31, 2010.

18. On November 19, 2012, the Court held a hearing (the "Recharacterization Hearing") to consider the Recharacterization Motion and all pleadings related thereto. At the conclusion of the Recharacterization Hearing, the Court tentatively ruled in favor of recharacterizing the Intercompany Claim as an equity interest in the Debtor, pending submissions of finding of fact (the "Initial Ruling"). On January 7, 2013, the Committee submitted the *Findings of Fact and Conclusions of Law Approving the Objection and Motion to Recharacterize of the Official Committee of Unsecured Creditors to the General Unsecured Claim of White Birch Paper Company* [Docket No. 1305] (as revised, the "Committee Findings").

19. On February 5, 2013, the Monitor objected to the Committee Findings and submitted the *Monitor's Objection to the Committee's Proposed Findings of Fact and Conclusions of Law Regarding the Motion to Recharacterize the General Unsecured Claim of White Birch Paper Company* (the "Monitor's Objections") [Docket No. 1322] for the Court's review. In response to the Monitor's Objections, the Debtor filed the *Debtor's Statement in Response to the Monitor's Objection to the Committee's Proposed Findings of Fact and Conclusions of Law Regarding the Motion to Recharacterize the General Unsecured Claim of White Birch Paper Company* [Docket No. 1324] on February 21, 2013 and certain funds affiliated with the Purchaser, acting in their capacities as general unsecured creditors, filed *Black Diamond's Response in Opposition to the Monitor's Objections to the Committee's Proposed*

Findings of Fact and Conclusions of Law Regarding the Motion to Recharacterize the General Unsecured of White Birch Paper Company [Docket No. 1326] on February 25, 2013.

20. Subsequently, the parties agreed to continue any further hearing concerning the Recharacterization Motion while the parties attempted to achieve a resolution of all of the Estate Allocation Issues, including the treatment of the Intercompany Claim.

Estate Allocation Settlement Agreement

21. After the Closing Date, the Parties and their respective advisors engaged in more than two years of vigorous, good-faith settlement discussions to achieve a resolution of all of the Estate Allocation Issues. The Parties participated in numerous in-person meetings and myriad telephonic conferences to negotiate a global compromise of the Estate Allocation Issues.[9] On February 24, 2015, the Parties executed the Estate Allocation Settlement Agreement, which, as further described below, resolves the Estate Allocation Issues without the uncertainty, further delay or costly impact of litigation, and enables the Debtor to proceed towards confirmation of the Plan and effect distributions to creditors.[10]

22. The Estate Allocation Settlement Agreement fully resolves, among other things, the following Estate Allocation Issues[11]:

(a) Allocation of Sale Proceeds

[9] As discussed with the Court during previous status conferences, the Parties ceased the Estate Allocation negotiations for approximately six months pending a resolution in the Canadian Court regarding the priority of certain pension deficit claims and other issues related to non-retiree employee health benefits in Canada.

[10] Effectiveness of the Estate Allocation Settlement Agreement is conditioned on, among other things, the Canadian Court sanctioning the Cross-Border Plan and this Court confirming the Plan, on or before May 31, 2015.

[11] The following is intended only as a summary of the terms of the Estate Allocation Settlement Agreement, and, in the event of any inconsistency with the Estate Allocation Settlement Agreement, the terms of the Estate Allocation Settlement Agreement shall govern.

(i) Of the $75,109,000.00 in available cash[12] from the Cash Component:

(A) $30,392,867 will be allocated to the Debtor's estate; and

(B) $44,716,133 will be allocated to the Canadian Sellers' estates.

(ii) To effectuate the foregoing,

(A) $2,982,585 of funds in the Canadian Escrow Account will be disbursed to the Debtor's estate and the balance will be disbursed to the Canadian Sellers' estates; and

(B) All of the funds in the U.S. Escrow Account will be disbursed to the Debtor's estate.

(iii) Of the CDN$1,288,182.96 in unused cash from the Fixed Cash Amount:

(A) CDN$257,636.59 will be allocated to the Debtor's estate; and

(B) CDN$1,030,546.37 will be allocated to the Canadian Sellers' estates.

(b) Professional Fee Repayment & Professional Fee Escrow Allocation

(i) The $5,325,860.95 held in the Professional Fee Escrow for the benefit of Lazard and Rothschild will be resolved as follows:

(A) $561,048.39 will be disbursed to Rothschild in exchange for a release, as payment in full, of all amounts owed by the Debtor and Canadian Sellers to Rothschild.

(B) The Debtor will pay $300,000 to Lazard in exchange for a release as payment in full, of all amounts owed by the Debtor and Canadian Sellers to Lazard.[13]

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12 On the Closing Date, $75,709,000 in cash was available for allocation to the Debtor's estate and the Canadian Sellers' estates. Of this amount, $600,000.00 was allocated to the Debtor on the Closing Date for wind-down expenses.

13 Pursuant to a separate settlement agreement dated as of December 13, 2013 between Lazard, the Debtor and the Canadian Debtors, attached hereto as **Exhibit B** (the "Lazard Settlement"), the Monitor disbursed $1,200,000 to Lazard on December 13, 2013. Upon entry of the Confirmation Order, the Debtor will pay $300,000 to Lazard as payment in full of all amounts owed by the Debtor to Lazard.

(C) The remaining $3,564,812.56 in principal, plus accrued interest will be disbursed to the Canadian Sellers' estates.

(c) Intercompany Claim

(i) All intercompany claims asserted against the Debtor, including, without limitation, the Intercompany Claim asserted in the amount of $135,920,395.00 will be disallowed in full. Upon entry of the Confirmation Order, the Intercompany Claim will be disallowed in full and all litigation related to the Intercompany Claim will be dismissed.

(d) Allowance of First Lien Lender Claims & Second Lien Lender Claims

(i) The joint and several claims of the First Lien Lenders and all swap claims, in the aggregate amount of $424,897,392, and the joint and several claims of the Second Lien Lenders, in an aggregate amount of $105,078,888, will be allowed in their entirety in the full amount. Such claims will not be subject to any defenses, objection, reduction, setoff or disallowance in either proceeding, for any reason.

(e) Releases

(i) Each party to the Estate Allocation Settlement Agreement fully releases each other from any and all claims, including those claims relating to, arising from or connected to, the Estate Allocation Issues.

Supporting Authority

23. The Estate Allocation Settlement Agreement represents a fair and reasonable settlement of all Estate Allocation Issues. Pursuant to Bankruptcy Rule 9019, bankruptcy courts can approve a compromise or settlement if a debtor proves that such compromise or settlement is in the best interest of the estate and its creditors. *In re Frye*, 216 B.R. 166, 170 (Bankr. E.D. Va. 1997); *see also Vaughn v. Drexel Burnham Lambert Group, Inc. (In re Drexel Burnham Lambert Group, Inc.)*, 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991). Compromises that expedite the administration of the case and reduce administrative costs are favored in bankruptcy. *See In re Bond*, No. 93-1410, 2004 WL 20107, at *3 (4th Cir. Jan. 26, 1994) ("To minimize litigation and expedite the administration of a bankruptcy estate, 'compromises are favored in bankruptcy'.");

see also In re Hibbard Brown & Co., Inc., 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998) (bankruptcy courts may exercise their discretion "in light of the general public policy favoring settlements").

24. In exercising its discretion to approve settlements of claims, the bankruptcy court must make an independent determination that the settlement is fair and equitable. *Protective Comm. for Indep. S'holders of TMT Trailer Ferry Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *In re Frye*, 216 B.R. at 174. This does not mean that the bankruptcy court should substitute its judgment for the debtor's judgment. *In re Carla Leather, Inc.*, 44 B.R. 457, 465 (Bankr. S.D.N.Y. 1984). Rather, a bankruptcy court should "canvass the issues and see whether the settlement 'fall[s] below the lowest point in the range of reasonableness.'" *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983); *In re Austin*, 186 B.R. 397, 400 (Bankr. E.D. Va. 1995) (citations omitted). Put differently, the court does not need to conduct a "mini-trial" of the facts and merits underlying the dispute; but instead, only needs to be apprised of those facts that are necessary to enable it to evaluate the settlement and to make a considered and independent judgment about the settlement. *Id.; see also In re Adelphia Commc'ns Corp.*, 327 B.R. 143, 159 (Bankr. S.D.N.Y. 2005).

25. The standards by which a court should evaluate a settlement are well established. In addition to considering the proposed terms of the settlement, the Court should consider the following factors:

(a) the probability of success in litigation;

(b) the difficulty in collecting any judgment that may be obtained;

(c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attendant to it; and

(d) the interest of creditors and stockholders and a proper deference to their reasonable views of the settlement.

See TMT Trailer Ferry, Inc., 390 U.S. at 424-25; *United States ex. rel. Rahman v. Oncology Assoc., P.C.*, 269 B.R. 139, 152 (D. Md. 2001); *In re Frye*, 216 B.R. at 174.

26. The Estate Allocation Settlement Agreement represents a fair and reasonable global compromise of the complex Estate Allocation Issues and satisfies the standards for the Court to approve the terms thereof pursuant to Bankruptcy Rule 9019 and applicable law.

27. First, the Estate Allocation Settlement Agreement resolves a complex, cross-border dispute involving numerous parties that has been the subject of more than three years of protracted negotiations. Given the complicated nature of the Estate Allocation Issues, there was great uncertainty regarding the potential outcome of litigation, but it is certain that any litigation would be costly. The Debtor also believes that due to the uncertainty of litigation, there is a risk that it would not have been able to secure the benefits of the Estate Allocation Settlement Agreement, including its allocated share of the Escrowed Proceeds.

28. Second, the cross-border nature of the dispute would have likely resulted in numerous litigation proceedings in multiple forums, further complicating and hindering the ability to collect any hypothetical judgment that could be awarded in such proceedings.

29. Third, as a gating issue that must be resolved before confirmation and distributions to creditors, resolution of Estate Allocation and approval of the Estate Allocation Settlement Agreement moves this chapter 11 case towards completion while avoiding significant expense or further delays.

30. Fourth, the Estate Allocation Settlement Agreement is in the best interest of the Debtor's creditors. The Estate Allocation Settlement Agreement, which is fully supported by the major economic stakeholders in this chapter 11 case, including the Committee, resolves issues that would otherwise delay the confirmation of the Debtor's chapter 11 Plan and the ultimate

distribution of Plan proceeds to the Debtor's creditors. The agreed upon allocation under the Estate Allocation Settlement Agreement will provide sufficient funds for recoveries to creditors that are at or above the levels set forth in the *Disclosure Statement for the Plan of Liquidation Under Chapter 11 of the Bankruptcy Code* [Docket No. 958].

31. Finally, the Estate Allocation Settlement Agreement was vigorously negotiated and is the result of good-faith, arm's-length settlement discussions. The Estate Allocation Settlement Agreement fully and finally resolves all disputes with respect to Estate Allocation in a manner that is fair and reasonable to all economic stakeholders and satisfies the standards for approval under applicable law. Accordingly, for the reasons detailed herein, approval of the Estate Allocation Settlement Agreement is warranted under Bankruptcy Rule 9019.

Waiver of Memorandum of Points of Authority

32. The Debtor respectfully requests that this Court treat this Motion as a written memorandum of points and authorities or waive any requirement that this Motion be accompanied by a written memorandum of points and authorities as described in Local Bankruptcy Rule 9013-1(G).

Notice

33. Notice of this Motion to has been given to: (a) the U.S. Trustee; (b) counsel to the Committee; (c) counsel to the Purchaser; (d) counsel to the agent under the DIP Facility; (e) counsel to the agent under the First Lien Term Loan Agreement; (f) counsel to the majority lenders under the Second Lien Term Loan Agreement; (g) counsel to counterparties under the Swap Agreements; (h) the Monitor appointed in the CCAA Cases; (i) the Internal Revenue Service; (j) all applicable federal, state and local taxing and regulatory authorities; and (k) all persons or entities that have requested notice of the proceedings in this chapter 11 case. In light

of the nature of the relief requested, the Debtor respectfully submits that no further or additional notice is necessary.

No Prior Request

34. No prior motion for the relief requested herein has been made to this or any other court.

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WHEREFORE, for the reasons set forth herein, the Debtor respectfully requests that the Court approve the Estate Allocation Settlement Agreement and grant the Debtor such other and further relief as the Court deems just and reasonable.

ESTATE BIPCO, LLC

Dated: March 31, 2015
Richmond, Virginia

By: */s/ Jonathan L. Hauser*
Of Counsel

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent either electronically or by first class mail, postage prepaid, this 31st day of March, 2015, to all necessary parties.

/s/ Jonathan L. Hauser

Exhibit A

Estate Allocation Compromise and Settlement Agreement

ESTATE ALLOCATION COMPROMISE AND SETTLEMENT AGREEMENT

This Settlement Agreement (this "***Agreement***") dated as of February 24, 2015 is entered into by and among: (i) Estate BIPCO, LLC (*f/k/a* Bear Island Paper Company, L.L.C.), the debtor and debtor in possession (the "***U.S. Debtor***") in the chapter 11 case captioned *In re Estate BIPCO, LLC*, Case No. 10-31202 (DOT) (the "***Chapter 11 Case***"), currently pending before the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division (the "***Bankruptcy Court***"); (ii) BDCM Opportunity Fund II, L.P., Black Diamond CLO 2005-1 Ltd., Black Diamond CLO 2005-2 Ltd., Black Diamond CLO 2006-1 (Cayman) Ltd., Black Diamond International Funding, Ltd., and BDC Finance Ltd. (collectively "***Black Diamond***"); (iii) the official committee of unsecured creditors (the "***Committee***") appointed in the Chapter 11 Case pursuant to section 1102 of title 11 of the United States Code (the ***Bankruptcy Code***") by the United States Trustee for the Eastern District of Virginia on March 3, 2010 and then reconstituted on April 6, 2010; (iv) Estate WBPC Company (*f/k/a* White Birch Paper Company) ("***White Birch***"), a Nova Scotia Unlimited Liability Company, along with its subsidiaries Estate SGPI Inc. (*f/k/a* Stadacona General Partner Inc.), Estate SSEC L.P. (*f/k/a* Stadacona L.P.), Estate FFSGPI Inc. (*f/k/a* F.F. Soucy General Partner Inc.), Estate FFSIA L.P. (*f/k/a* F.F. Soucy, Inc. & Partners, Limited Partnership), FFS L.P. (*f/k/a* F.F. Soucy L.P.), Estate GCSI Inc. (*f/k/a* Arrimage de Gros Cacouna Inc.), and Estate PML Inc. (*f/k/a* Papier Masson Ltée) (collectively, the "***Canadian Debtors***") who are debtors under or party to a proceeding (the "***Canadian Proceeding***") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "***CCAA***") pending before the Superior Court, Commercial Division, for the Judicial District of Montreal, Canada (the "***Canadian Court***"); (v) Ernst & Young Inc. in its capacity as monitor appointed by the Canadian Court in the Canadian Proceeding (the "***Monitor***"); and (vi) BD White Birch Investment LLC in its capacity, pursuant to that certain *Asset Sale Agreement* dated as of August 10, 2010, as purchaser (the "***Purchaser***" and with the U.S. Debtor, Black Diamond, the Committee, the Canadian Debtors, and the Monitor, collectively the "***Parties***" each of which shall be a "***Party***").

Recitals

WHEREAS, on February 24, 2010 (the "**Petition Date**"), the U.S. Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court commencing the Chapter 11 Case and the Canadian Debtors commenced the Canadian Proceedings under the CCAA in the Canadian Court;

WHEREAS, the U.S. Debtor and certain of the Canadian Debtors entered into that certain *$140,000,000 Senior Secured Priority U.S. Debtor-In-Possession Term Loan Credit Agreement*, dated as of March 1, 2010 (as amended, modified, supplemented or otherwise approved in the Initial CCAA Order and by Order of the Bankruptcy Court, the "***DIP Credit Agreement***" and the facility contemplated thereunder, the "***DIP Credit Facility***") to fund their respective bankruptcy proceedings;

WHEREAS, the U.S. Debtor and the Canadian Debtors pursued a going-concern sale of their businesses as part of their restructurings and respective bankruptcy proceedings;

WHEREAS, on August 10, 2010 the U.S. Debtor and the Canadian Debtors entered into that certain *Asset Sale Agreement* (as amended, the "***ASA***") with the Purchaser, which among other things contemplated the Sale (as defined below) to the Purchaser;

WHEREAS, on August 10, 2010 the U.S. Debtor filed the *Motion of Bear Island Paper Company, L.L.C. for Entry of Orders Approving the (A) Form of the Sale Agreement, (B) Bidding Procedures, (C) Form and Manner of Notice of the Auction and Sale Hearing, (D) Procedures for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (E) Sale of Assets Free and Clear of Liens, Claims, Encumbrances and Interests, and (F) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases* [Docket No. 403] which, among other things, requested approval of proposed bidding procedures (the "***Bidding Procedures***") for the U.S. Debtor's and the Canadian Debtors' assets;

WHEREAS, on September 1, 2010, the Bankruptcy Court entered the *Order Approving (A) the Form of the Sale Agreement, (B) the Bidding Procedures, (C) the Sale Notice and (D) the Assumption Procedures and Assumption Notice* [Docket No. 469] (the "***Bid Procedures Order***") which, among other things, approved the Bidding Procedures which contemplated an auction for the U.S. Debtor's and the Canadian Debtors' assets;

WHEREAS, on September 21, 2010 an auction (the "***Auction***") was held in accordance with the Bid Procedures Order to determine the highest and best price for the U.S. Debtor's and the Canadian Debtors' assets;

WHEREAS, at the conclusion of the Auction, the Purchaser was deemed to have submitted the highest and best bid for the U.S. Debtor's and the Canadian Debtors' assets in accordance with the Bid Procedures Order;

WHEREAS, on September 28, 2010, the Canadian Court entered an order in the Canadian Proceeding approving the sale of the Canadian Debtors' assets to the Purchaser pursuant to the ASA (the "***Canadian Sale***") ;

WHEREAS, on November 3, 2010, the Bankruptcy Court entered the *Order (A) Authorizing and Approving the Sale of Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (B) Approving the Assumption and Assignment of the Assigned Contracts and (C) Granting Related Relief* [Docket No. 582] approving the sale of the U.S. Debtor's assets to the Purchaser pursuant to the ASA (the "***U.S. Sale***," and together with the Canadian Sale, the "***Sale***");

WHEREAS, pursuant to the ASA, the Purchase Price (as defined in the ASA) includes, among other things, (a) a Cash Component of $90 million (as defined in the ASA) and (b) a Fixed Asset Cash Amount (as defined in the ASA);

WHEREAS, the ASA does not provide for the mechanism by which the Cash Component, any unused portion of the Fixed Asset Cash Amount, or the repayment of obligations under the DIP Credit Facility must be allocated among the U.S. Debtor's estate (the "***U.S. Estate***") and Canadian Debtors' estates (the "***Canadian Estates***") (collectively "***Estate Allocation***");

WHEREAS the Sale closed on September 13, 2012 (the "***Closing Date***");

WHEREAS, as of the date hereof, all claims associated with the Fixed Asset Cash Amount have been settled and paid and a balance of CDN$1,288,182.96 remains (the "***Unused Fixed Asset Cash Amount***"), which amount is being held in a segregated account in trust by the Monitor (the "***Fixed Asset Cash Account***") pending resolution of the Estate Allocation Issues (as defined below);

WHEREAS, as of the Closing Date, a segregated account to be held in trust by the Monitor (the "***Professional Fee Escrow***") was established to hold the maximum potential amount payable on account of professional fees incurred by the U.S. Debtor and the Canadian Debtors in the course of their respective restructurings and owed to Rothschild, Inc. ("***Rothschild***") and Lazard Frères & Co., LLC ("***Lazard***") and in connection therewith, the Professional Fee Escrow currently holds $5,325,860.95 plus accrued interest since the Closing Date, of which $4,764,812.56 related to Lazard and $561,048.39 related to Rothschild;

WHEREAS, the U.S. Debtor and the Canadian Debtors dispute, *inter alia*, who bears responsibility to pay the fees owed to Rothschild in connection with professional advisory services rendered to the First Lien Lenders (as defined in the ASA) for which the U.S. Debtor and the Canadian Debtors may be liable pursuant to the terms of the DIP Credit Facility and the court orders approving same;

WHEREAS, as of the Closing Date, the Parties had not consensually resolved: (a) the allocation of the Cash Component and any Unused Fixed Asset Cash Amount between the U.S. Estate and the Canadian Estates; (b) the repayment obligations between the U.S. Estate and the Canadian Estates under the DIP Credit Facility, including without limitation any alleged subrogation rights of the U.S. Debtor against the Canadian Debtors; (c) the interpretation of the ASA, including sections 5.17 and 5.18 thereof; (d) treatment of the Intercompany Claim (as defined herein); (e) any alleged setoff rights of White Birch whereby any subrogation claim could be set off against all or a part of the Intercompany Claim; and (f) the allocation of fees, expenses, and expenditures, including but not limited to professional fees, expenses and expenditures and interest and other fees under the DIP Credit Facility, between the U.S. Estate and the Canadian Estate (collectively, along with any other issues raised or to be raised by any Party which could affect Estate Allocation or a distribution of proceeds, whether previously identified or not, the "***Estate Allocation Issues***");

WHEREAS, in order to close the sale on the Closing Date without impairing any Party's rights with respect to the Estate Allocation Issues, the Parties:

- agreed to release $31,209,000 from the cash paid on Closing directly to the U.S. Estate and the Canadian Estates, of which $8,510,282 was paid to the U.S. Estate and $22,698,718 was paid to the Canadian Estates;

- agreed, pursuant to that certain *U.S. Estate Allocation Escrow Agreement* dated as of September 13, 2012 (the "***U.S. Escrow Agreement***"), to establish an escrow fund in the United States (the "***U.S. Escrow Fund***") to hold $19,500,000.00 and, pursuant to and that certain *Canadian Estate Allocation Escrow Agreement* dated

as of September 13, 2012 (the "***Canadian Escrow Agreement***" and with the U.S. Escrow Agreement, collectively the "***Escrow Agreements***"), an escrow fund in Canada (the "***Canadian Escrow Fund***") to hold $25,000,000.00 (collectively, the "***Escrow Funds***" which together hold $44,500,000.00) in anticipation of litigation related to the Estate Allocation Issues; and

- entered into that certain *Reservation of Rights Settlement Agreement* dated as of September 13, 2012;

WHEREAS, pursuant to the *Schedules of Assets and Liabilities for Bear Island Paper Company, L.L.C.* filed in the Chapter 11 Case on March 31, 2010 [Docket No. 172], an intercompany claim (the "***Intercompany Claim***") in the amount of $135,920,395.00 was scheduled in favor of White Birch against the U.S. Debtor;

WHEREAS, on September 17, 2012, the Committee filed the *Objection and Motion to Recharacterize of the Official Committee of Unsecured Creditors to the General Unsecured Claim of White Birch Paper Company* (the "***Intercompany Claim Objection***") in the Chapter 11 Case [Docket No. 1185] seeking to recharacterize the Intercompany Claim as equity of the U.S. Debtor, and certain of the Parties have since filed pleadings in the Chapter 11 Case in connection with the Intercompany Claim Objection;

WHEREAS, on November 19, 2012, the Bankruptcy Court held a hearing on the Intercompany Claim Objection at which the Bankruptcy Court tentatively approved the objection, without ruling as to the specific amounts to be recharacterized, and authorized parties to submit proposed findings of fact and conclusions of law;

WHEREAS, as of the date hereof, and after extensive good-faith and arms'-length negotiations, the Parties have achieved a consensual agreement to the Estate Allocation Issues and all issues related to or arising from Estate Allocation, including the Intercompany Claim Objection, and this Agreement memorializes the Parties' consensual agreement and mutual release; and

WHEREAS, the proposed compromise and settlement described herein achieves a fair allocation of value to the U.S. Estate and the Canadian Estates, resolves Estate Allocation, the Intercompany Claim Objection, including all issues, disputes, and arguments attendant thereto, and all other Estate Allocation Issues, and the Parties believe represents a fair and reasonable compromise under the circumstances.

Settlement

NOW, THEREFORE, each of the Parties, in consideration of the mutual consideration set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, agree to fully and finally resolve any and all known and unknown disputes with respect to Estate Allocation and the Estate Allocation Issues as follows:

1. In full and final satisfaction of all Estate Allocation Issues:

(a) of the initial $75,709,000.00 plus accumulated interest in cash available for allocation to the U.S. Estate and the Canadian Estates, $600,000.00 was allocated to the U.S. Debtor on the Closing Date pursuant to the ASA as the U.S. Wind-Down Amount (as defined in the ASA), and, upon the first business day after the satisfaction or waiver of all of the conditions to both the confirmation of the U.S. Plan (as defined below) and the implementation of the Canadian Plan (as defined below) (such day being the "**Effective Date**"), the remaining $75,109,000.00 shall be allocated to U.S. Estate and the Canadian Estates as follows:

(i) $30,392,867 shall be allocated to the U.S. Estate; and

(ii) $44,716,133 shall be allocated to the Canadian Estates;

(b) as soon as practicable after the Effective Date and, in any event no more than three business days after the Effective Date (the "**Disbursement Date**"), the Unused Fixed Asset Cash Amount shall be disbursed by the Monitor from the Fixed Asset Cash Account to the U.S. Debtor and the Canadian Debtors as follows:

(i) CDN$257,636.59 (20% of the Unused Fixed Asset Cash Amount) to the U.S. Debtor; and

(ii) CDN$1,030,546.37 (80% of the Unused Fixed Asset Cash Amount) to the Canadian Debtors;

(c) the Monitor shall only use the proceeds of the Professional Fee Escrow to make the Rothschild Payment (as defined below), the Lazard Payment (as defined below), and to make the payments set forth in subsection (iii) below, as follows:

(i) on the Disbursement Date, the Monitor will disburse to Rothschild the amount of $561,048.39 from the Professional Fee Escrow, in exchange for a release, as payment in full of all amounts owed by the U.S. Debtor and the Canadian Debtors as reimbursement for certain professional fees incurred by the First Lien Lenders, payment of which was required as part of the DIP Credit Facility (the "***Rothschild Payment***");

(ii) pursuant to a settlement agreement dated December 13, 2013 between Lazard, the U.S. Debtor and the Canadian Debtors (the "**Lazard Settlement**"), the Monitor has disbursed to Lazard from the Professional Fee Escrow the amount of $1,200,000, in full satisfaction of the liability of the Canadian Debtors to Lazard, and the U.S. Debtor shall pay to Lazard the amount of $300,000 upon approval of the Lazard Settlement by the Bankruptcy Court, in full satisfaction of the liability of the U.S. Debtor to Lazard (the sum of these two payments, collectively, the "**Lazard Payment**"); and

(iii) the funds remaining in the Professional Fee Escrow following disbursement of the Rothschild Payment, in the amount of $3,564,812.56

in principal, plus accrued interest, shall be disbursed by the Monitor to the Canadian Debtors;

(d) on the Disbursement Date, in accordance with the terms of this Agreement and this allocation of value between the U.S. Estate and the Canadian Estates:

(i) $2,982,585 of funds in the Canadian Escrow Fund shall be transferred to the U.S. Debtor, with the balance of the Canadian Escrow Fund to be transferred to the Canadian Debtors, payable to an account set up by the Monitor for the purpose of distributing such balance as provided in section 1(j) below, and in accordance with applicable law and any plan(s) of arrangement, proposal(s), bankruptcy distribution(s) or such other scheme(s) of distribution as may be utilized by the Canadian Estates; and

(ii) all of the funds in the US Escrow Fund shall be transferred to the U.S. Debtor for the purpose of distributing such balance in accordance with applicable law and the U.S. Debtor's *Chapter 11 Plan of Liquidation* (as same may be amended, the "**U.S. Plan**").

(e) in accordance with the terms of this Agreement, the Canadian Debtors, the U.S. Debtor, the Purchaser and the Monitor will provide Joint Written Disbursement Instructions (as defined in the Escrow Agreements and the agreed upon form of which is attached hereto as **Exhibit A**) to the escrow agents under the Escrow Agreements pursuant to sections 3.2 of the Escrow Agreements within one business day of the Effective Date;

(f) on and subject to the occurrence of the Effective Date, all intercompany claims arising on or prior to February 24, 2010 that are asserted by the Canadian Debtors against the U.S. Debtor, including, without limitation, the Intercompany Claim asserted in the approximate amount of $135,920,395.00 that is the subject of pending litigation in front of the Bankruptcy Court, shall be disallowed in full. The Parties shall present the Bankruptcy Court with a consensual form of order, simultaneously with the filing and submission of this Agreement to the Bankruptcy Court and Canadian Court, disallowing such intercompany claims in their entirety and dismissing the pending litigation. Pending the Effective Date, the hearing before the Bankruptcy Court shall be adjourned indefinitely; provided, however, that if this Agreement has not been filed and submitted for approval by the Bankruptcy Court and the Canadian Court on or prior to May 31, 2015, then such hearing shall be subject to rescheduling on seven days prior written notice;

(g) the joint and several claims of the First Lien Lenders and all swap claims, in the aggregate amount of $424,897,392 (which reflects the reduction for the credit bid of $78,000,000), shall be allowed in their entirety in the full amount of such claim against each of the U.S. Debtor and each of the Canadian Debtors, and each such claim shall not be subject to any defenses of any kind, nor any objection, reduction, setoff or disallowance in either proceeding for any reason, including on account of any payments or distributions made on such claims by any other estate;

(h) (i) the joint and several claims of the Second Lien Lenders, in an aggregate amount of $105,078,888 shall be allowed in their entirety in the full amount of such claim against the U.S. Debtor in the Chapter 11 Case and such claim shall not be subject to any defenses of any kind, nor any objection, reduction, setoff or disallowance for any reason, including on account of any payments or distributions made on such claims by the Canadian Debtors in the Canadian Proceeding; and

(ii) the Monitor and the Canadian Debtors have confirmed that, of the $105,078,888 face amount of the claims assertable by the Second Lien Lenders, certain of the Second Lien Lenders failed to file timely claims in the Canadian Proceeding. The total amount of claims timely filed against the Canadian Debtors by Second Lien Lenders is $97,816,491.36. Therefore, the joint and several claims of the Second Lien Lenders in the aggregate amount of not less than $97,816,491.36, shall be allowed in their entirety in the full amount of such claim asserted against each of the Canadian Debtors in the Canadian Proceeding, provided that any Second Lien Lenders who may need the approval of the Canadian Court to file their claims late and bring the total Second Lien claims filed to $105,078,888 in the Canadian Proceedings shall be entitled to bring motions to that effect before the Canadian Court and such motions shall not be opposed by any party to this Agreement. The claims asserted by the Second Lien Lenders against the Canadian Debtors shall not be subject to any defenses of any kind, nor any objection, reduction, setoff or disallowance for any reason, including on account of any payments or distributions made on such claims by the U.S. Debtor in the Chapter 11 Case;

(i) each Party has reviewed this Agreement and has considered its terms in the context of the U.S. Plan, and in accordance therewith each Party has determined that it will affirmatively support the U.S. Plan and file a declaration indicating such affirmative support in the Chapter 11 Case;

(j) the Canadian Debtors, acting in consultation with the Monitor, undertake to use all commercially reasonable efforts, without undue delay, to distribute the balance of the sale proceeds and all other funds held by the Monitor by way of the Canadian Plan (as herein defined), which shall provide for distributions on a substantively consolidated basis and for the release contemplated by paragraph 1(l) of this Agreement, the whole with a view of minimizing professional expenses and expediting distribution(s) in favour of the holders of allowed claims against the Canadian Debtors. Each Party has reviewed this Agreement and has considered its terms in the context of such a Canadian Plan, and in accordance therewith each Party has determined that it will affirmatively support such a Canadian Plan;

(k) on the Effective Date, each Party hereby (A) finally and forever releases and discharges each other Party, its chapter 11 estate (if applicable), its estate pursuant

to the CCAA (if applicable), its current, former, and future affiliates, directors, officers, principals, employees, equity sponsors, administrators, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other professionals (collectively, the "**Released Parties**") from any and all claims (including derivative claims), demands, actions, causes and rights of action, lawsuits, debts, sums of money, accounts, covenants, contracts, controversies, agreements, obligations, promises, trespasses, damages, judgments, executions, losses and liabilities of any kind or nature whatsoever, whether at law, in equity or otherwise, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, hidden or concealed, disputed or undisputed, liquidated or unliquidated, matured or unmatured, and whether or not accrued, and whether or not asserted or assertable in law, equity or otherwise, for, upon, or by reason of any act, omission or other matter, cause, or thing whatsoever, arising in any jurisdiction, state, or nation, which each Party ever had, may have had or now has (collectively, "**Released Claims**"), including, without limitation, Released Claims relating to, arising from or connected to, directly or indirectly, Estate Allocation, the Estate Allocation Issues, or any claim with respect to the exchange of funds transferred, held or received by any Party at or in contemplation of the Closing, the applicable exchange rate and the timing of clearance of such funds at Closing, and (B) agrees and covenants that it shall not support any other person or entity in asserting, or cause any other person or entity to assert, any Released Claim against any Released Party. Notwithstanding the foregoing, nothing in this Section 1(k) shall waive or release any Party from, and for the avoidance of doubt the defined term "Released Claims" shall exclude, any: (i) obligation arising out of this Agreement; (ii) any liability with respect to any potential recourse pursuant to, or contemplated by, section 36.1 of the CCAA from or against any persons or parties other than the First Lien Lenders, the Second Lien Lenders, the Purchaser or any of their affiliates, successors or assigns; (iii) continuing or ongoing covenants, agreements, undertakings or obligations provided for in Sections 2.1.3, 2.1.5, 2.1.6, 5.11, 5.13, 5.15, 5.16, 6.5, and 7.1.2(b) of the ASA; (iv) any indemnity obligations to the First Lien Lenders, the Second Lien Lenders or the holders of swap claims relating to each such party's credit agreement and/or ISDA, as applicable, and related agreements and security documents, and the claims in the aggregate amounts set forth in sections 1(g) and 1(h) of this Agreement and the related rights that such first lien, second lien, and swap creditors may have as an undersecured creditor of each of the U.S. and Canadian Estates and (v) claims of the individual members of the Committee as against the U.S. Estate. For the avoidance of doubt with respect to clause (iv) above, the First Lien Lenders and the Second Lien Lenders hereby state that they are unaware of any indemnity obligations owing to the First Lien Lenders, the Second Lien Lenders or the holders of swap claims other than professional fees incurred by such parties (which fee amounts, to the extent not covered by retainers held by such professionals or payable by the U.S. Debtor pursuant to orders of the Bankruptcy Court, would only be added to the unsecured claims of such First Lien Lenders or Second Lien Lenders) and subject to indemnification

under such party's credit agreement and/or ISDA, as applicable, or related agreements or security documents;

(l) in consideration for the First Lien Lenders, the Second Lien Lenders and the Purchaser agreeing to and supporting the substantive consolidation of the Canadian Debtors' estates, which results in the First Lien Lenders and the Second Lien Lenders receiving materially less than they would if the estates were not substantively consolidated, the Canadian Debtors and the Monitor agree that the plan of compromise to be submitted by the Canadian Debtors to their creditors in the Canadian Proceeding, in the form attached hereto as Exhibit B (the "**Canadian Plan**") provides, in Section 5.2(2) thereof, for a comprehensive release of all claims or potential claims against the Released Lender Parties (as defined in the Canadian Plan) (the "**Third Party Lender Release**"), and the Monitor agrees that, in any reports or other communications to creditors or the Canadian Court in connection with such Canadian Plan, it will confirm that the substantive consolidation of the Canadian Debtors' estates and the impact thereof on the First Lien Lenders, the Second Lien Lenders, the Purchaser and their affiliates represent a significant contribution on their part, making the Third Party Lender Release reasonable and appropriate in the circumstances;

(m) with respect to stumpage fees and sylviculture costs of the Debtors invoiced by the Quebec Ministry of Energy and Natural Resources for periods prior to September 13, 2012, the Monitor has paid the amount of CDN$293,292.40, under reservation of its rights, to pay these in full. In settlement of the dispute over responsibility for such charges, the Purchaser, the Canadian Debtors and the Monitor agree that such amount shall be split 50% to each of the Purchaser and the Canadian Debtors, and the Purchaser shall pay the amount of CDN$146,646.20 to the Monitor on or before the Effective Date; and

(n) with respect to the audit being undertaken by the United States Internal Revenue Service of White Birch Paper Holdings Company ("**WBPHC**"), PricewaterhouseCoopers (as tax advisor to WBPHC) has agreed to cap their fees at $50,000. In settlement of the dispute over responsibility for such fees, the Canadian Debtors, the U.S. Debtors and the Monitor agree that the Canadian Debtors and the U.S. Debtors shall share such fees 50% each, up to a maximum of $25,000 for each estate.

2. All Parties acknowledge and agree that Ernst & Young Inc. acts herein in its representative capacity as the Monitor appointed by the Canadian Court in the CCAA Proceeding, and shall assume no personal liability whatsoever under the terms of this Agreement.

3. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, including, but not limited to, all proposals, letters of intent, or representations, written or oral, pertaining to the subject matter hereof.

4. The illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provisions of this Agreement, which shall continue in full force and effect. In the event that any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be illegal, invalid, or unenforceable, the Parties shall use their best efforts to modify this Agreement in a timely manner to eliminate or change such illegal, invalid, or unenforceable provisions to conform to the Parties' intentions as closely as possible in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

5. This Agreement, and any disputes related thereto, will be governed by and be construed in accordance with the laws of the state of New York without regard to the rule of conflict of laws of the state of New York or any other jurisdiction that would require the application of the law of another jurisdiction.

6. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, successors, and assigns.

7. Each of the Parties hereto agrees that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that any Party hereto will be entitled to an injunction to prevent a breach of this Agreement.

8. The failure of any Party to enforce a provision of this Agreement will not constitute a waiver of the Party's right to enforce that provision.

9. Subject to Bankruptcy Court approval in the U.S. Debtor's Chapter 11 Case and Canadian Court approval in the Canadian Proceeding, each of the Parties hereto represents and warrants that it has the authority to enter into this Agreement and to undertake the transactions contemplated hereunder and agrees to support the approval of this Agreement as a binding resolution of all disputed issues herein by both the Bankruptcy Court and the Canadian Court.

10. (1) This Agreement, which shall be appended as an exhibit to each of the U.S. Plan and the Canadian Plan, will be of no force and effect unless, on or before May 31, 2015: (a) the U.S. Plan is confirmed by the Bankruptcy Court and the confirmation order specifically approves this Agreement; and (b) the Canadian Plan is sanctioned by the Canadian Court and the sanction order specifically approves this Agreement. The order of the Canadian Court sanctioning the Canadian Plan and approving this Agreement will (A) specifically declare and order that the cash held by the Monitor, to be distributed in favour of holders of valid claims against the Canadian Debtors, will be distributed on a substantively consolidated basis under the Canadian Plan, (B) specifically provide that such substantive consolidation under the Canadian Plan shall be valid, enforceable and binding against the Parties, against all creditors of the Canadian Debtors and, notwithstanding any eventual bankruptcy of any or all of the Canadian Debtors, against any trustee in bankruptcy that may be appointed with respect to any of the Canadian Debtors. and (C)

specifically approve the Third Party Lender Release. Each Party will support said orders to be rendered by the Bankruptcy Court and the Canadian Court.

(2) This Agreement shall also be conditional upon the following:

(a) the Canadian Plan and the U.S. Plan must be on terms acceptable to the First Lien Lenders, the Second Lien Lenders and the Purchaser, acting reasonably;

(b) satisfaction or waiver of all of the conditions to both the confirmation of the U.S. Plan and the implementation of the Canadian Plan; and

(c) payment by the Purchaser of CDN$146,646.20 in favour of the Monitor, as provided by Section 1(m) hereto.

11. Unless specifically mentioned otherwise, all amounts in this Agreement are expressed in U.S. currency.

12. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one agreement. This Agreement may be executed by facsimile, PDF, or electronic signature, and such facsimile or PDF signature shall be treated as an original signature hereunder.

IN WITNESS WHEREOF, the Parties hereby execute this Agreement by and through their duly authorized representatives as of the date first written above.

Agreed to and Accepted by:

ESTATE BIPCO, LLC (*f/k/a* Bear Island Paper Company, L.L.C.)

Tim Butler

Agreed to and Accepted by:

BDCM Opportunity Fund II, L.P.
By: BDCM Opportunity Fund II Adviser, L.L.C.
Its Investment Manager

Name: Stylen A. Dakoff
Title: Managing Principal

Agreed to and Accepted by:

Black Diamond CLO 2005-1 Ltd.
By: Black Diamond CLO 2005-1 Adviser, L.L.C.
As its Collateral Manager

Name: Stephen H. Deckoff

Title: Managing Principal

Agreed to and Accepted by:

Black Diamond CLO 2005-2 Ltd.
By: Black Diamond CLO 2005-2 Adviser, L.L.C.
As its Collateral Manager

Name: Stephen H. Deckoff
Title: Managing Principal

Agreed to and Accepted by:

Black Diamond CLO 2006-1 (Cayman) Ltd.
By: Black Diamond CLO 2006-1 Adviser, L.L.C.
As its Collateral Manager

Name: Stephen H. Deckoff
Title: Managing Principal

Agreed to and Accepted by:

Black Diamond International Funding Ltd.
By: BDCM Fund Adviser, L.L.C.
As its Portfolio Manager

Name: Stephen H. Deckoff (MD)
Title: Managing Principal

Agreed to and Accepted by:

BDC Finance Ltd.
By: BDCM Fund Adviser, L.L.C.
Its Investment Manager

Name: Stephen H. Deckoff
Title: Managing Principal

Agreed to and Accepted by:

The Official Committee of Unsecured Creditors of Estate BIPCO, LLC (f/k/a Bear Island Paper Company, L.L.C)

Hunton & Williams, LLP
Tyler P. Brown, Esq. (VSB No. 28072)
Jason W. Harbour, Esq. (VSB No. 68220)
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Tel: (804) 788-8674
Fax: (804) 788-8218

As counsel to the Offical Committee of Unsecured Creditors of Estate BIPCO, LLC (f/k/a Bear Island Paper Company, L.L.C)

Agreed to and Accepted by:

Estate WBPC Company

Tim Butler
Secretary and Treasurer

Agreed to and Accepted by:

Estate SGPI Inc.

Tim Butler

Secretary and Treasurer

Agreed to and Accepted by:

SSEC L.P.,
by a general partner, Estate WBPC Company

Tim Butler

Secretary and Treasurer

Agreed to and Accepted by:

Estate FFSGPI Inc.

Tim Butler

Secretary and Treasurer

Agreed to and Accepted by:

FFSIA L.P.,
by a general partner, Estate WBPC Company

Tim Butler

Secretary and Treasurer

Agreed to and Accepted by:

FFS L.P.,

by a general partner, Estate WBPC Company

Tim Butler

Secretary and Treasurer

Agreed to and Accepted by:

Estate GCSI Inc.

Tim Butler

Secretary and Treasurer

Agreed to and Accepted by:

Estate PML Inc.

Tim Butler

Secretary and Treasurer

EXECUTION VERSION

Agreed to and Accepted by:

Ernst & Young Inc.

Jean-Daniel Breton, CPA, CA, FCIRP

Senior Vice President

Monitor Appointed in the CCAA Proceedings, acting solely in its capacity as the Canadian Monitor and not acting in its personal capacity.

EXECUTION VERSION

Agreed to and Accepted by:

BD White Birch Investment LLC

Christopher M. Brant

[Name] Christopher M. Brant

[Title] President & COO

#Court File No. 500-11-038474-108

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE

OF

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)

DEBTORS

AND

SSEC L.P. (F.K.A. STADACONA LIMITED PARTNERSHIP)
FFS L.P. (F.K.A. F.F. SOUCY LIMITED PARTNERSHIP)
FFSIA L.P. (F.K.A. F.F. SOUCY, INC. & PARTNERS, LIMITED PARTNERSHIP)

MIS EN CAUSE

PLAN OF COMPROMISE

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PLAN OF COMPROMISE

Plan of Compromise of 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 LIMITED PARTNERSHIP), FFS L.P. (F.K.A. F.F. SOUCY LIMITED PARTNERSHIP) and FFSIA L.P. (F.K.A. F.F. SOUCY, INC. & PARTNERS, LIMITED PARTNERSHIP) (hereinafter collectively the "**Debtors**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

"**ASA**" means the Asset Sale Agreement between, *inter alia*, the Debtors, the U.S. Debtor and the Purchaser dated as of August 10th, 2010, as amended;

"**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

"**Business Day**" means a day, other than a Saturday, a Sunday or a non-juridical day (as defined in article 6 of the *Code of Civil Procedure*, R.S.Q., c C-25, as amended);

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended;

"**CCAA Proceedings**" means the proceedings in respect of the Debtors before the Court commenced pursuant to the CCAA;

"**Claim**" means any right or claim, including a Restructuring Claim, of any Person against any of the Debtors in connection with any indebtedness, liability or obligation of any kind whatsoever of the Debtors owed to such Person and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in parts on facts existing prior to February 24th, 2010, or which would have been claims provable in bankruptcy had the Debtors become bankrupt on February 24th, 2010, provided however that in no case shall an Excluded Claim constitute a Claim;

"**Claims Bar Date**" has the meaning ascribed to such term in the Claims Process Order;

"**Claims Process Order**" means the Order of the Court dated May 6, 2010, establishing, among other things, procedures for proving Claims;

"**Court**" means the Superior Court of Québec (Commercial Division) for the District of Montreal;

"**Creditors' Meeting**" means the meeting of the Unsecured Creditors convened pursuant to the Creditors' Meeting Order for the purpose of, among other things, considering and voting on the Plan, and includes any adjournment, postponement or other rescheduling of such meeting;

"**Creditors' Meeting Order**" means the Order of the Court issued in the CCAA Proceedings and dated March 13, 2015 and as it may be amended or supplemented from time to time by any further Order of the Court which, among other things, sets the date of the Creditors' Meeting and establishes meeting procedures for the Meeting;

"**Crown Claims**" has the meaning ascribed thereto in Section 2.4(1)(c) hereof;

"**Director**" means any Person who is or was, or may be deemed to be or to have been, a director of the Debtors or their affiliates, or any of them;

"**D&O**" means the Directors and Officers, or any of them;

"**D&O Claim**" means any right or claim of any Person against one or more of the D&Os that arose by reason of or in relation to their position, supervision, management or involvement as D&O in connection with facts arising before, on or after February 24th, 2010, and whether enforceable in any civil, administrative or criminal proceedings, including all D&O Claims that were disallowed by the Monitor pursuant to the Order dated February 10, 2014 establishing the D&O Claims process;

"**Disallowed Claim**" means a Disputed Claim, or a portion of a Disputed Claim, which has been disallowed and in respect of which all appeal periods, as set out in the Claims Process Order, have expired, or which has effectively been appealed, but has since been the object of a final decision upholding the disallowance, itself no longer subject to any rights of appeal;

"**Disputed Claim**" means a Claim or that portion thereof that is subject to a Notice of Revision or Disallowance and in either case has become neither a Proven Claim nor a Disallowed Claim;

"**Distribution Amount**" has the meaning ascribed thereto in Section 2.1 hereof;

"**Effective Date**" means the date on which (i) all conditions to the implementation of the Plan as set out herein have occurred or been satisfied or waived in accordance with the provisions hereof and (ii) the Monitor has filed a certificate with the Court confirming that it has been informed to its satisfaction that all such conditions have been satisfied or waived in accordance with the provisions of this Plan;

"**Employee Claims**" has the meaning ascribed to such term in Section 2.4(1)(d) hereof;

"**Excluded Claims**" has the meaning ascribed to such term in Section 2.4(1) hereof;

"**First Lien Lenders**" means the lenders under that certain Second Amended and Restated First Lien Term Loan Credit Agreement, dated as of April 8, 2005 as amended and restated as of January 27, 2006 and as further amended and restated as of May 8, 2007, as further amended, modified, supplemented or otherwise in effect from time to time, among, *inter alia*, White Birch Paper Holding Company and White Birch Paper Company, as Borrower, Credit Suisse Securities (USA) LLC, as Sole Lead Arranger, Sole Bookrunner, Syndication Agent and Documentation Agent and the Lenders party thereto, together with all attendant notes, instruments, agreements and other documents, as the same have been amended, modified or supplemented from time to time;

"**Governmental Authority**" means any:

(a) multinational, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign;

(b) subdivision, agent, commission, board or authority of any of the foregoing; or

(c) quasi-governmental or private body, including any tribunal, commission, regulatory agency of self-regulatory organization, exercising any regulatory expropriation or taxing authority under, or for the account of, any of the foregoing;

"**Holder(s)**" means, when used with reference to the Claim of any Person, the Person who has filed such Claim with the Monitor provided that the Monitor has recognized such Person as the Holder of such Claim or the Person who has been assigned a Claim of any Person so recognized, subject to compliance with the provisions of Section 6.4 hereof;

"**Initial Distribution Date**" means a date that is no later than 30 days following the Effective Date;

"**Initial Order**" means the Order of this Court made on February 24th, 2010 under the CCAA, and as amended thereafter;

"**Monitor**" means Ernst & Young Inc., in its capacity as monitor appointed pursuant to the Initial Order;

"**Notice of Revision or Disallowance**" has the meaning ascribed thereto in the Claims Process Order;

"**Officer**" means any Person who is or was, or may be deemed to be or has been, an officer of the Debtors or their affiliates, or any of them;

"**Order**" means any order of the Court in the CCAA Proceedings;

"**Pension Plan Claims**" has the meaning ascribed to such term in Section 2.4 hereof;

"**Person**" means any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, foundation, trust, trustee, executor,

administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Authority, agency, syndicate or other entity, whether or not having legal status;

"**Plan**" means this joint consolidated plan of compromise of the Debtors pursuant to the provisions of the CCAA, as it may be amended, varied or supplemented by the Debtors from time to time in accordance with its terms;

"**Post-Filing Claim**" means any right of any Person against the Debtors in connection with any indebtedness, liability, or obligation of any kind which arose in respect of obligations first incurred on or after February 24th, 2010 and interest thereon, including any obligation of the Debtors toward creditors who have supplied services, utilities, goods or materials or who have advanced funds to the Debtors on or after February 24th, 2010, provided however, that a "**Post-Filing Claim**" shall not include any Claims or Restructuring Claims;

"**Proof of Claim**" has the meaning ascribed to such term in the Claims Process Order;

"**Proven Claim**" means an Unsecured Claim proven by delivering a Proof of Claim to the Monitor, but only after and to the extent that such Proof of Claim has been accepted by the Monitor or determined in accordance with the Claims Process Order;

"**Purchaser**" means BD White Birch Investment LLC;

"**Released Claims**" has the meaning ascribed to such term in Section 5.2(1) hereof;

"**Released Lender Parties**" means, collectively, the First Lien Agent, the First Lien Lenders, the Second Lien Agent, the Second Lien Lenders and the Purchaser, as well as their affiliates, and their respective present and former officers, directors, employees, representatives, auditors, financial advisors, legal counsel, sureties, insurers, indemnitees, agents and assigns, as applicable;

"**Released Parties**" means all Persons being released in accordance with Section 5.2 hereof, including without limitation the Released Lender Parties;

"**Required Majority**" means the affirmative vote of a majority in number representing not less than 66 2/3 % in value of the Voting Claims of the Unsecured Creditors voting (in person or by proxy) at the Creditors' Meeting;

"**Reserve**" has the meaning ascribed to such term in Section 4.3 hereof;

"**Restructuring Claim**" has the meaning ascribed to such term in the Claims Process Order;

"**Sanction Date**" means the date on which the Sanction Order is made;

"**Sanction Order**" means the order of the Court to be made under the CCAA, as such order may be affirmed, amended or modified by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or amended on appeal, in form and content which is satisfactory to Debtors acting reasonably;

"**Second Lien Lenders**" means the lenders under that certain Second Amended and Restated Second Lien Term Loan Credit Agreement, dated as of April 8, 2005 as amended and restated as of January 27, 2006 and as further amended and restated as of May 8, 2007, as further amended, modified, supplemented or otherwise in effect from time to time, among, among others, White Birch Paper Holding Company and White Birch Paper Company, as Borrower, Credit Suisse Securities (USA) LLC, as Sole Lead Arranger, Sole Bookrunner, Syndication Agent and Documentation Agent and the Lenders party thereto, together with all attendant notes, instruments, agreements and other documents, as the same have been amended, modified or supplemented from time to time;

"**Section 19(2) Claims**" means any claims relating to debts or liabilities listed in Section 19(2) of the CCAA that are explicitly sought to be compromised pursuant to the Plan;

"**Unsecured Claims**" means all Claims that are unsecured;

"**Unsecured Creditor**" means any Person that is a Holder of an Unsecured Claim and may, if the context requires, mean an assignee of an Unsecured Claim or a trustee, interim receiver, receiver manager, or other Person acting on behalf of Person, if such assignee or other Person has been recognized by the Monitor or the Debtors, as the case may be;

"**U.S. Court**" means the United States Bankruptcy Court for the Eastern District of Virginia;

"**U.S. Debtor**" means Estate Bipco LLC (f.k.a. Bear Island Paper Company, L.L.C.);

"**Voting Claim**" means the Proven Claim of an Unsecured Creditor unless such Proven Claim is not finally determined at the time of the Creditors' Meeting, in which case it means the portion of the Claim which is accepted provisionally for purposes of voting at the Creditors' Meeting in accordance with the Claims Process Order.

1.2 Interpretation, etc.

For purposes of this Plan:

(1) any reference in this Plan to a contract, instrument, release, indenture, agreement or other document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

(2) any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified or supplemented;

(3) all references to currency and to "$" or "Cdn$" are to Canadian dollars except as otherwise indicated;

(4) unless otherwise specified, the words " hereof", "herein" and "hereto" refer to this Plan in its entirety rather than to any particular portion of this Plan;

(5) the division of this Plan into Articles, Sections and paragraphs and the insertion of captions and headings to Articles, Sections and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this Plan;

(6) where the context requires, a word or words importing the singular shall include the plural and vice versa and a word or words importing one gender shall include all genders;

(7) the words "includes" and "including" are not limiting; and

(8) the word "or" is not exclusive.

1.3 Date for any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day.

1.4 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations.

ARTICLE 2
COMPROMISE AND ARRANGEMENT

2.1 Purpose of the Plan

On February 24th, 2010, the Debtors and the U.S. Debtor simultaneously commenced insolvency proceedings in Canada and in the U.S.A. under the CCAA and Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 et seq..

The U.S. Debtor and the Debtors pursued a joint going-concern sale of their businesses as part of their respective restructurings and bankruptcy proceedings.

On August 10th, 2010, the U.S. Debtor and the Debtors entered into the ASA with the Purchaser which, among other things, contemplated the sale of their assets to the Purchaser.

On September 21st, 2010, an auction was held to determine the highest and best price for the assets of the U.S. Debtor and the Debtors.

On September 28th, 2010, the Court entered an Order approving the sale of the Debtors' assets to the Purchaser or its Designated Purchasers (as defined in the ASA) pursuant to the ASA. The sale closed on September 13th, 2012.

Pursuant to the ASA, the Purchase Price (as defined in the ASA) included, among other things, (a) a Cash Component of US$90 million (as defined in the ASA) and (b) a Fixed Asset Cash Amount (as defined in the ASA).

On closing of the sale, certain of the proceeds of the sale were used to repay in full the Debtor-in-Possession interim financing that had been approved by both the Court and the U.S. Court.

On February 24, 2015, after extensive negotiations between the Debtors, the U.S. Debtor, the Purchaser, the Monitor and certain groups of creditors, an Estate Allocation and Settlement Agreement was reached relating to, among other matters, the allocation, among the Debtors' estates and the U.S. Debtor's estate, of all the funds held in trust or in escrow by or on behalf of the Monitor and the U.S. Debtor arising from the sale transaction, including the remaining proceeds of sale, which agreement is conditional upon Court approval of this Plan and of such agreement. The Estate Allocation and Settlement Agreement is attached to the Plan as **Exhibit 1**.

Pursuant to the Estate Allocation and Settlement Agreement and on the terms of this Plan, the amount available for distribution by the Debtors to its Unsecured Creditors is approximately Cdn $52,000,000, including an amount of Cdn $200,000 to be remitted on behalf of the shareholders of the Debtors in consideration of the releases described in Sections 5.2(1) and 5.2(3) hereof, less all deductions that may be required to satisfy the Excluded Claims (the "**Distribution Amount**").

The purpose of this Plan is:

(1) To approve the Estate Allocation and Settlement Agreement;

(2) To provide for a timely distribution of the Distribution Amount to the Unsecured Creditors in one or more distributions;

(3) To compromise all Claims; and

(4) To release the Released Parties.

2.2 Persons Affected

This Plan will become effective on the Effective Date in accordance with its terms. On the Effective Date, each Claim against the Debtors will be fully compromised as set forth in this Plan and each of the Released Parties shall be released in the manner set out in Section 5.2 hereof. This Plan shall be binding on and enure to the benefit of the Debtors, the Unsecured Creditors, the Released Parties and any other Persons who have received the benefit of, or are bound by any waivers, releases or indemnities hereunder.

2.3 Classes of Claims

The class of Holders of Unsecured Claims shall be the only class of Claims for the purposes of voting on and receiving distributions pursuant to this Plan.

2.4 Excluded Claims

(1) This Plan does not affect the following claims (each, an "**Excluded Claim**" and, collectively, the "**Excluded Claims**"), the holders of which will not be entitled to vote at the Creditors' Meeting in respect of such Excluded Claim and which shall be treated as more fully described below:

(a) all past, present and future reasonable fees and disbursements of the Monitor, the Monitor's legal counsel and of the legal and financial advisors of the Debtors incurred in connection with the CCAA Proceedings (the "**Professional Fees**");

(b) any Post-Filing Claim;

(c) any Claim of Her Majesty the Queen in Right of Canada or of any Province described in Section 6(3) of the CCAA (collectively, "**Crown Claims**");

(d) any Claim of an employee or former employee described in Section 6(5) of the CCAA (collectively, "**Employee Claims**");

(e) any Claim owing to a fund or pension plan described in Section 6(6) of the CCAA (collectively, "**Pension Plan Claims**");

(2) Nothing in this Plan shall affect the Debtors' rights and defenses with respect to any Excluded Claim.

2.5 Treatment of Unsecured Claims

On the Initial Distribution Date and thereafter, each Unsecured Creditor with a Proven Claim shall receive from the Monitor, on a prorated and *pari passu* basis, in full and final satisfaction of its Proven Claim, one or more *pari passu* cash distribution(s) from the Distribution Amount.

2.6 Payment of Professional Fees

The Professional Fees shall be paid in full on or after the Effective Date.

2.7 Treatment of Post-Filing Claims

All Post-Filing Claims, if any, will be paid in full before the Effective Date.

2.8 Treatment of Crown Claims

All Crown Claims, if any, will be paid in full on or before the Initial Distribution Date.

2.9 Treatment of Employee Claims

All Employee Claims, if any, will be paid by the Debtors immediately after the Court's sanction of this Plan.

2.10 Treatment of Pension Plan Claims

All Pension Plan Claims, if any, will be paid by the Debtors immediately after the Court's sanction of this Plan.

ARTICLE 3
CREDITORS' MEETING
AND RELATED MATTERS

3.1 Creditors' Meeting

The Creditors' Meeting shall be held in accordance with the Creditors' Meeting Order.

3.2 Approval of the Plan

The Debtors will seek approval of the Plan by the affirmative vote of the Required Majority. The result of the vote will be binding on all Unsecured Creditors, whether or not any such Unsecured Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.

3.3 Valuing Claims

The procedure for valuing Unsecured Claims for voting and distribution purposes, and resolving disputes in respect of any such valuation, is set forth in the Claims Process Order, the Creditors' Meeting Order and this Plan. The Debtors and the Monitor reserve the right to seek the assistance of the Court in valuing any Unsecured Claim, if deemed advisable, or in determining the result of any vote at the Creditors' Meeting, or the amount, if any, to be distributed to any Unsecured Creditor under the Plan, as the case may be.

3.4 Claims Bar Date

If an Unsecured Creditor has failed to file its Proof of Claim Form prior to the relevant Claims Bar Date and has not been permitted to file a late claim pursuant to the Claims Process Order or otherwise, that Unsecured Creditor shall be barred from voting at the Creditors' Meeting and receiving a distribution, and the Debtors shall be released from the Claims of such Unsecured Creditor and Section 5.2 of this Plan shall apply to all such Claims.

3.5 Conversion of Unsecured Claims into Canadian Currency

For the purposes of determination of the value of Unsecured Claims denominated in currencies other than Canadian dollars for voting and distribution purposes, such Unsecured Claims shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on February 24, 2010. The exchange rate applicable for US currency is US$1.00 = CDN$1.0550.

ARTICLE 4
PROVISIONS GOVERNING DISTRIBUTIONS

4.1 No Distributions Pending Allowance

No distributions shall be made with respect to a Disputed Claim unless and until it has become a Proven Claim. Disputed Claims shall be dealt with in accordance with the Claims Process Order and this Plan.

In the absence of a Notice of Dispute, the receipt by an Unsecured Creditor of a distribution under this Plan shall avail as evidence that the Claim has been allowed as a Proven Claim for an amount on which the distribution is based, and no additional notice of determination of a Claim shall be given by or requested from the Monitor.

4.2 Distributions for Proven Claims as at the Initial Distribution Date

Distributions to be made on account of Unsecured Claims that are Proven Claims as at the Initial Distribution Date shall be made on such date. Thereafter, subsequent distribution(s) on account of Claims that are determined to be Proven Claims or with respect to any undistributed portion of the Distribution Amount shall be made in accordance with this Plan.

4.3 Reserve

The Monitor shall establish a sufficient reserve to secure the payment in full of Excluded Claims and any distributions under this Plan on account of Disputed Claims pending their resolution in accordance with the Claims Process Order and this Plan (the "**Reserve**"). The funds in the Reserve shall be held in trust for the benefit of the Holders of Disputed Claims and beneficiary of Excluded Claims to the extent disclosed (identity and estimated amount) by way of notice communicated to the Monitor in accordance with Section 6.7 hereof at least five Business Days prior to the Effective Date. The amount of the Reserve shall be determined by the Monitor acting reasonably and without incurring any liability in the event of insufficiency save as a result of its gross negligence. If and when any Disputed Claim may become a Proven Claim pursuant to the Claims Process Order, the Monitor will distribute the requisite amount to the Holder of such Disputed Claim from the Reserve as soon as practicable after such resolution. After payment of (a) all of the Excluded Claims and (b) any Disputed Claims which are determined to be a Proven Claim in accordance with the Claims Process Order, the balance of the Reserve shall be distributed as soon as practicable by the Monitor in accordance with this Plan.

4.4 Assignment of Claims

For purposes of determining entitlement to receive any distribution pursuant to this Plan, the Debtors and the Monitor and each of their respective agents, successors and assigns shall have no obligation to recognize any transfer of Claims unless and until notice of the transfer or assignment from either the transferor, assignor, transferee or assignee, together with satisfactory evidence showing ownership, in whole or in part, of such Claim and that such transfer or assignment was valid at law, has been received by the Monitor at least ten Business Days prior to the Initial Distribution Date.

4.5 Interest on Claims

Holders of Unsecured Claims shall not be entitled to interest accruing on or after February 24th, 2010.

4.6 Delivery of Distributions

(1) **Proven Claims.** Subject to Section 6.4 hereof, distributions to Holders of Proven Claims shall be made by the Monitor (i) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim Form is filed or if the Monitor has been notified in writing of a change of address) or (ii) at the addresses set forth in any written notice of address change delivered to the Monitor in accordance with Section 6.7 hereof at least ten Business Days prior to any such distributions.

(2) **Undeliverable Distributions.** If any distribution to a Holder of a Proven Claim is returned as undeliverable, no further distributions to such Holder of such Claim shall be made unless and until the Monitor is notified of the then-current address of such Holder, at which time all missed distributions shall be made to such Holder without interest. All claims for undeliverable distributions must be made on or before the later to occur of (i) the first anniversary of the Effective Date or (ii) six months after such Holder's Claim becomes a Proven Claim, after which date all unclaimed property shall become available for distribution by the Monitor *pro rata* to the other Proven Claims, free of any restrictions or claims thereon and the Claim of such Holder or successor to such Holder with respect to such property shall be discharged and forever barred, notwithstanding any federal or provincial laws to the contrary.

(3) **No Distribution Below Cdn$20.** The Monitor shall not be required to, but may in its sole and absolute discretion: (i) make distributions to Holders of Proven Claims in an amount less than Cdn$20; or (ii) make any distribution on account of any Proven Claim in the event that the costs of making such payment exceed the amount of such distribution.

(4) **No Distribution of Fractional Cents.** Notwithstanding any other provision of this Plan, no payment of fractional cents will be made. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

ARTICLE 5
IMPLEMENTATION OF THE PLAN

5.1 Plan Implementation

On the Effective Date, the Claims shall be settled, compromised, released or otherwise dealt with in accordance with this Plan in exchange for the consideration provided for in Section 2.5.

5.2 Plan Releases

(1) Debtors, D&O and Monitor

As at the Effective Date, the Debtors, the D&Os and the Monitor, as well as their respective former, present or future affiliates, subsidiaries, principals, employees, financial advisors, counsel, investment bankers, consultants, agents and accountants, will be released and discharged from any and all demands, claims, actions, causes of action, Section 19(2) Claims, counterclaims, suits, debts, sums of money, accounts, D&O Claims, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Person may be entitled to assert against any of the released parties hereinabove mentioned including by way of a recourse for contribution or indemnification against or from any of them, whether known or unknown, mature or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, payment, dealing or other occurrence existing or taking place on or prior to the Effective Date relating to, arising out of or in connection with the Claims, the business and affairs of the Debtors, this Plan or the CCAA Proceedings (the "**Released Claims**"), provided that nothing in this Section 5.2 will release or discharge:

(a) the Debtors from or in respect of any Excluded Claim;

(b) the D&Os with respect to matters set out in Section 5.1(2) of the CCAA; or

(c) the rights of Persons to enforce this Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto.

(2) Released Lender Parties

As at the Effective Date, for good and valuable consideration, including without limitation the agreement of the Released Lender Parties to support the substantive consolidation of the Debtors' estates in the context of this Plan, every Person, on their own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, representatives, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitees, agents, dependents, heirs, representatives and assigns, as applicable, (each, individually, a "**Releasing Party**", and collectively, the "**Releasing Parties**") hereby fully, finally, irrevocably and unconditionally releases and forever discharges each of the Released Lender Parties of and from any and all past, present and future claims, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, damages, expenses, fees (including attorneys' fees and liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether contractual, extra -contractual or in tort, whether statutory, at common law or in equity, based on, in connection with, arising out

of, or in any way related to, in whole or in part, directly or indirectly, any transaction, act, inaction or omission existing or taking place on or prior to the Effective Date relating to or otherwise in connection with the business and affairs of the Debtors, the CCAA Proceedings, the Creditors' Meeting or the Plan, including without limitation by way of successor liability or related theories or assertions (collectively, the "**Released Lender Claims**"); and each Releasing Party shall not make or continue any claims or proceedings whatsoever based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, the substance of the facts giving rise to any matter herein released (including, without limitation, any action, cross-claim, counter-claim, third party action or application) against any Person who claims or might reasonably be expected to claim in any manner or forum against one or more of the Released Lender Parties, including, without limitation, by way of subrogation, compensation or set-off, contribution or indemnity, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, and that in the event that any of the Released Lender Parties are added to such claim or proceeding, it will immediately discontinue any such claim or proceeding. Notwithstanding the foregoing, nothing herein shall release or discharge a Lender Released Party from its obligations, if any, under the Plan.

(3) Shareholders

As at the Effective Date, for good and valuable consideration as set out in Section 2.1 hereof, each of the Debtors' present and former shareholders and Persons directly or indirectly related to them will be forever released and discharged from any and all Released Claims.

5.3 Injunction Related to Releases

(1) The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to this Plan.

(2) All Releasing Parties are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Date, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of subrogation, compensation or set-off, contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind

whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or (v) taking any actions to interfere with the implementation or consummation of this Plan. This Section does not apply to the enforcement of any obligations under the Plan.

5.4 Waiver of Defaults

From and after the Effective Date, all Persons shall be deemed to have waived any and all defaults of the Debtors (except for defaults under any securities, contracts, instruments, releases and other documents delivered under this Plan or entered into in connection herewith or pursuant hereto) then existing or previously committed by the Debtors or caused by the Debtors, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between any such Person and the Debtors arising from the filing by the Debtors under the CCAA or the transactions contemplated by this Plan or otherwise, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

ARTICLE 6
MISCELLANEOUS

6.1 Preferential Transactions

Section 36.1 of the CCAA, sections 38 and 95 to 101 of the BIA and any other laws relating to preferences, fraudulent conveyances or transfers at undervalue shall not apply to this Plan.

6.2 Section 19(2) Claims

This Plan shall compromise any and all Section 19(2) Claims.

6.3 Sanction of Plan

Provided that this Plan is approved by the Required Majority at the Creditors' Meeting, the Debtors shall, within five (5) business days, bring a motion before the Court seeking the issuance of the Sanction Order for the approval of this Plan and the approval of the Estate Allocation and Settlement Agreement.

Upon the Sanction Order being issued by the Court, in form and substance acceptable to the Debtors, acting reasonably, the Debtors shall take all commercially reasonable steps to complete the satisfaction of the conditions to the implementation of this Plan set forth in Section 6.6 hereof. Upon satisfaction of such conditions, this Plan shall be considered to be implemented

by the Debtors and shall be binding upon the Debtors and all Persons referred to in Section 2.2 hereof and their respective successors and assigns.

6.4 Paramountcy

From and after the Effective Date, any conflict between this Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, and/or indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the by-laws of the Debtors, lease or other agreement or undertaking written or oral and any and all amendments or supplements thereto existing with the Debtors as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority. For greater certainty, all Holders of Claims shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by this Plan.

6.5 Modification of Plan

Subject to Section 10(2) of the Estate Allocation Compromise and Settlement Agreement, the Debtors, in consultation with the Monitor, reserve the right to file any modification of, or amendment or supplement to, this Plan by way of an amended Plan prior to the Creditors' Meeting date or at or before the Creditors' Meeting. The Debtors shall file any amended Plan with the Court as soon as practicable. The Debtors shall give notice to Unsecured Creditors of the details of any such amendment prior to the vote being taken to approve this Plan. The Debtors may give notice of a proposed modification, amendment or supplement to this Plan at or before the Creditors' Meeting by notice which shall be sufficient if given to those Unsecured Creditors present at such meeting in person or by proxy. After the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Debtors, in consultation with the Monitor may at any time and from time to time vary, amend, modify or supplement this Plan, except the Distribution Amount, without the need for obtaining an order of the Court or providing notice to the Unsecured Creditors if the Debtors and the Monitor determine that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Unsecured Creditors under this Plan or the Sanction Order.

6.6 Conditions Precedent to Implementation of Plan

The implementation of this Plan by the Debtors is subject to the following conditions precedent:

(1) the approval of this Plan by the Required Majority shall have been obtained at the Creditors' Meeting;

(2) the Sanction Order sanctioning this Plan shall have been made and shall, among other things:

(a) declare that: (i) this Plan has been approved by the Required Majority in conformity with the CCAA; (ii) the Debtors have complied with the provisions of the CCAA and the Orders of the Court made in the CCAA Proceedings in all respect; (iii) the Court is satisfied that the Debtors have

neither done nor purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the distributions contemplated thereby are fair and reasonable, and in the best interests of the Debtors, the Unsecured Creditors and the other stakeholders of the Debtors (having considered, among other things, the composition of the vote and what the Unsecured Creditors would receive in bankruptcy as compared to this Plan);

(b) order that this Plan is sanctioned and approved entirely pursuant to Section 6 of the CCAA and, as at the Effective Date, will be effective and will enure to the benefit of and be binding upon the Debtors, the Unsecured Creditors and all other Persons stipulated in this Plan or in the Sanction Order;

(c) order and declare that the Estate Allocation and Settlement Agreement is approved;

(d) declare that the Debtors and the Monitor are authorized to take all steps and actions necessary to implement this Plan;

(e) declare that each of the releases contemplated by Section 5.2 of this Plan are approved and will be enforceable on the Effective Date;

(f) preclude the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, causes of action, counterclaims, suits, or any indebtedness, liability, obligation or cause of action to be released or discharged pursuant to this Plan;

(g) declare that this Plan shall be binding upon any trustee in bankruptcy or receiver that may be appointed in respect of any of the Debtors and shall not be void or voidable by creditors thereof;

(h) declare that the distributions and payments to be made in accordance with this Plan do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions, or conduct giving rise to an oppression remedy under any applicable law, nor will they constitute a distribution of property requiring the Monitor, the Debtors, or any officer or director thereof to seek and obtain a certificate or authorization of any nature whatsoever, including with respect to the Crown Claims;

(i) declare that the stay of proceedings under the Initial Order continues until the Effective Date;

(3) all relevant Persons shall have executed, delivered and filed all documents that, in the opinion of the Debtors and the Monitor, are necessary to implement the provisions of this Plan and/or the Sanction Order; and

(4) the filing by the Monitor of a certificate confirming that all the conditions to the implementation of this Plan have occurred or have been satisfied or waived.

6.7 Notices

(1) Any notices or communication to be made or given hereunder to the Debtors or the Monitor shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier or by prepaid mail and, in any event, by e-mail as well addressed to the respective parties as follows:

(a) if to Debtors:

Stikeman Elliott LLP
1155 René-Lévesque Blvd. West, Suite 4000
Montreal, Québec, Canada H3B 3V2

Attention: Jean Fontaine and Joseph Reynaud
Emails: jfontaine@stikeman.com and jreynaud@stikeman.com

(b) if to the Monitor:

Ernst & Young Inc.
800 René-Lévesque Blvd West, Suite 1900
Montreal, Québec, Canada H3B 1X9

Attention: Martin Rosenthal and Jean-Daniel Breton
Emails: martin.rosenthal@ca.ey.com and jean-daniel.breton@ca.ey.com

(c) if to Monitor's counsel:

Norton Rose Fulbright Canada S.E.N.C.R.L., s.r.l.
1, Place Ville-Marie, Suite 2500
Montreal, Québec, Canada H3B 1R1

Attention: Sylvain Rigaud and Chrystal Ashby
Emails: sylvain.rigaud@nortonrosefulbright.com and
chrystal.ashby@nortonrosefulbright.com

(2) Any notices or communication to be made or given hereunder by the Monitor or the Debtors to an Unsecured Creditor may be sent by e-mail, ordinary mail, registered mail, courier or facsimile transmission. An Unsecured Creditor shall be deemed to have received any document sent pursuant to this Plan four Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, email or facsimile transmission. Documents shall not be sent by ordinary or registered mail during a postal strike or work stoppage of general application. The unintentional failure by the Debtors to give any notice contemplated

hereunder to any particular Unsecured Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

Notices or communications may be mailed to an Unsecured Creditor (i) to the address for such Unsecured Creditor specified in the Notice of Revision or Disallowance filed by an Unsecured Creditor, or (ii) to the address listed in the Proof of Claim Form or (iii) at the address set forth in any written notice of address changes delivered to the Monitor.

6.8 Severability of Plan Provisions

If, prior to the Sanction Date, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Debtors, in consultation with the Monitor acting reasonably, and subject to Section 10(2) of the Estate Allocation Compromise and Settlement Agreement, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

6.9 Revocation, Withdrawal or Non-Consummation

The Debtors, upon consultation with the Monitor, reserve the right to revoke or withdraw this Plan at any time prior to the Sanction Date and to file a subsequent plan of arrangement. If the Debtors revoke or withdraw this Plan, or if the Sanction Order is not issued, (i) this Plan shall be null and void in all respects, (ii) any Claim, any settlement or compromise embodied in this Plan, and any document or agreement executed pursuant to this Plan (including without limitation the Estate Allocation Compromise and Settlement Agreement) shall be deemed null and void, and (iii) nothing contained in this Plan, and no act taken in preparation for consummation of this Plan, shall: (a) constitute a waiver or release of any Claims by or against the Debtors or any other Person; (b) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors; or (c) constitute an admission of any sort by the Debtors or any other Person.

6.10 Governing Law

This Plan shall be governed by and construed in accordance with the law of the Province of Québec and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

6.11 Successors and Assigns

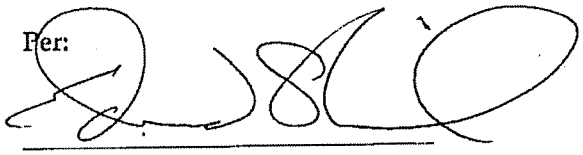
This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of any Person named or referred to in this Plan.

[Signature Page Follows]

Signed in Greenwich (Connecticut), this March 17, 2015

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 LIMITED PARTNERSHIP)
FFS L.P. (F.K.A. F.F. SOUCY LIMITED PARTNERSHIP)
FFSIA L.P. (F.K.A. F.F. SOUCY, INC. & PARTNERS, LIMITED PARTNERSHIP)

Per:



Edward Sherrick

Exhibit B

Lazard Settlement

SETTLEMENT AND TRANSACTION AGREEMENT

This Settlement and Transaction Agreement (this "***Agreement***") dated as of December 13, 2013 is entered into by and among: (i) Estate WBPHC Company (*f/k/a* White Birch Paper Holding Company) ("***Holdings***") a Nova Scotia Unlimited Liability Company, along with its subsidiaries, Estate WBPC Company (*f/k/a* White Birch Paper Company), Estate SGPI Inc. (*f/k/a* Stadacona General Partner Inc.), Estate SSEC L.P. (*f/k/a* Stadacona L.P.), Estate FFSGPI Inc. (*f/k/a* F.F. Soucy General Partner Inc.), Estate FFSIA L.P. (*f/k/a* F.F. Soucy, Inc. & Partners, Limited Partnership), FFS L.P. (*f/k/a* F.F. Soucy L.P.), Estate GCSI Inc. (*f/k/a* Arrimage de Gros Cacouna Inc.), and Estate PML Inc. (*f/k/a* Papier Masson Ltée) (collectively, the "***Canadian Debtors***") who are debtors under or party to a proceeding (the "***Canadian Proceeding***") under *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended (the "***CCAA***") pending before the Superior Court, Commercial Division, for the Judicial District of Montreal, Canada (the "***Canadian Court***"); (ii) Estate BIPCO, LLC (*f/k/a* Bear Island Paper Company, L.L.C.), the debtor and debtor in possession (the "***U.S. Debtor***") in the chapter 11 case captioned *In re Estate BIPCO, LLC*, Case No. 10-31202 (DOT) (the "***Chapter 11 Case***"), currently pending before the United States U.S Bankruptcy Court for the Eastern District of Virginia, Richmond Division (the "***U.S Bankruptcy Court***"); and (iii) Lazard Frères & Co. LLC, a limited liability company formed under the laws of New York ("***Lazard***" and with the Canadian Debtors and the U.S. Debtor, collectively the "***Parties***", each of which shall be a "***Party***").

Recitals

WHEREAS, on February 24, 2010, the Canadian Debtors commenced the Canadian Proceedings under the CCAA in the Canadian Court and the U.S. Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") with the U.S. Bankruptcy Court commencing the Chapter 11 Case;

WHEREAS, the Canadian Debtors and the U.S. Debtor pursued a going-concern sale of their businesses as part of their restructurings and respective bankruptcy proceedings;

WHEREAS, on August 10, 2010 the U.S. Debtor and the Canadian Debtors entered into that certain *Asset Sale Agreement* (as amended, the "***ASA***") with BD White Birch Investment LLC in its capacity, as purchaser (the "***Purchaser***"), which among other things contemplated the sale of substantially all of the assets and operations of the Canadian Debtors and the U.S. Debtor to the Purchaser (the "***Sale***");

WHEREAS, the Sale closed on September 13, 2012 (the "***Closing Date***");

WHEREAS, pursuant to a Letter of Agreement dated June 3, 2009, as amended on December 4, 2009 and February 23, 2010 (collectively, the "***Investment Banking Agreement***"),

Holdings, on behalf of itself and its controlled subsidiaries (including the Canadian Debtors and the U.S. Debtor), retained Lazard as their sole investment banker in order to advise and assist in their restructuring, including in evaluating candidates for a potential sale transaction;

WHEREAS, pursuant to a separate Letter of Agreement dated June 3, 2009 (the "***Indemnification Agreement***"), Holdings, on behalf of itself and its controlled subsidiaries (including the Canadian Debtors and the U.S. Debtor), agreed to indemnification, contribution and related provisions that would remain in effect indefinitely, as set forth therein;

WHEREAS, various fees are stated to be payable to Lazard by Holdings under the Investment Banking Agreement, including fees based on the type of transaction entered into by the Canadian Debtors and the U.S. Debtor and the quantum of any consideration received by the Canadian Debtors and the U.S. Debtor (the "***Fees***");

WHEREAS, Lazard issued to Holdings an invoice dated September 11, 2012 for US$4,564,812.56 as its assessment of the Fees that remained payable to it in light of the then anticipated Sale and Closing Date (the "***Invoice***");

WHEREAS, as of the Closing Date, Lazard, the Canadian Debtors and the U.S. Debtor had not agreed as to whether any Fees remained payable and, if so, the quantum thereof;

WHEREAS, to allow the Closing to take place and to preserve the Parties' rights with respect to the payment of Fees, US$4,564,812.56, being the amount claimed by Lazard as unpaid Fees pursuant to the Invoice, was withdrawn from the account of the Canadian Debtors immediately prior to the closing of the Sale and was remitted to Ernst & Young Inc., the court-appointed monitor under the Canadian Proceedings (the "***Monitor***"), to be retained in a segregated account (the "***Segregated Account***");

WHEREAS, Lazard filed a motion in the Superior Court of the Province of Quebec (District of Montreal) (No: 500-11-038474-1008) dated November 16, 2012 entitled "Motion for the Payment of Post-Filing Amounts and De Bene Esse for the Lifting of the Stay of Proceedings" which, among other matters, asked the Canadian Court to lift the stay of proceedings under the Canadian Proceedings and to compel the Canadian Debtors to pay Lazard the amount of the Fees listed on the Invoice (the "***Action***");

WHEREAS, as of the date hereof, and after extensive good-faith and arm's-length negotiations, the Parties have achieved a consensual agreement to the payment of Fees and all matters set forth in the Action, and this Agreement memorializes the Parties' consensual agreement and mutual release;

WHEREAS, the Canadian Debtors, the US Debtor and the Monitor have represented to Lazard that the payment of Fees pursuant to this Agreement shall be subject to a division

between the Canadian Debtors' estate and the US Debtor's estate in the following proportion: 80% out of the Canadian Debtors' estate and 20% out of US Debtor's estate; and

WHEREAS, the proposed settlement and transaction described herein achieves a fair settlement of all matters set forth in the Action (including the payment of Fees), resolves all matters set forth in the Action (including the payment of Fees), including all issues, disputes, and arguments attendant thereto, and the Parties believe represents a fair and reasonable compromise under the circumstances.

Settlement

NOW, THEREFORE, each of the Parties, in consideration of the mutual consideration set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, agree to fully and finally resolve any and all known and unknown disputes with respect to all matters set forth in the Action (including the payment of Fees) and the Investment Banking Agreement as follows:

1. Subject to the terms and conditions of this Agreement, the Parties agree to settle all matters set forth in the Action (including the payment of Fees) and all rights and obligations set forth in the Investment Banking Agreement in consideration of the payment of the sum of US$1,500,000 (the "***Settlement Amount***") to Lazard. The payment of such amount shall constitute payment in full of all amounts owed by the Canadian Debtors and the U.S. Debtor for professional services rendered by Lazard to the Canadian Debtors and the U.S. Debtor in the course of their respective restructurings, except for any amounts that become payable under the Indemnification Agreement. The Indemnification Agreement shall remain in effect indefinitely, as provided therein.

2. Within five (5) business days after the execution of this Agreement, the Canadian Debtors will request the Monitor to pay, and the Monitor shall pay, to or as directed by Lazard in immediately available U.S. funds 80% of the Settlement Amount, namely the amount of US$1,200,000, from the Segregated Account.

3. As early as possible after the execution of this Agreement and in no event later than at the same time as the filing of the motion with respect to the overall allocation between the Canadian and US estates, the US Debtor will file a motion with the U.S. Bankruptcy Court to have this Agreement approved promptly, including without limitation the payment of the remaining 20% of the Settlement Amount (US$300,000) out of the US Debtor's estate ("***U.S. Court Approval***").

4. The Canadian Debtors and the U.S Debtor shall cooperate and use their best efforts to successfully obtain U.S Court Approval of this Agreement, including the payment of the remaining US$300,000 to Lazard.

5. Within five (5) business days after U.S. Court Approval, the U.S. Debtor will pay, to or as directed by Lazard in immediately available U.S. funds the remaining amount of US$300,000.

6. In the event that the U.S. Bankruptcy Court, by way of a final and non-appealable judgment, refuses to approve this Agreement, the Parties shall be deemed to have settled all matters set forth in the Action (including the payment of the Fees) and all rights and obligations set forth in the Investment Banking Agreement in consideration of the payment of the amount of US$1,200,000 set forth in Section 2, the whole under reserve of Lazard's rights to pursue any and all recourses, as it deems appropriate, to obtain U.S. Court Approval of this Agreement.

7. Each Party hereby finally and forever releases and discharges each other Party, its chapter 11 estate (if applicable), its estate pursuant to the CCAA (if applicable), its current and former affiliates, directors, officers, principals, employees, equity sponsors, administrators, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other professionals from any and all claims (including derivative claims), demands, actions, causes and rights of action, lawsuits, debts, sums of money, accounts, covenants, contracts, controversies, agreements, obligations, promises, trespasses, damages, judgments, executions, losses and liabilities of any kind or nature whatsoever, whether at law, in equity or otherwise, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, hidden or concealed, disputed or undisputed, liquidated or unliquidated, matured or unmatured, and whether or not accrued, and whether or not asserted or assertable in law, equity or otherwise, for, upon, or by reason of any act, omission or other matter, cause, or thing whatsoever, arising in any jurisdiction, province, state, or nation, which each Party ever had, may have had or now has, to the extent relating to, arising from or connected to, directly or indirectly, with respect to all matters set forth in the Action (including the payment of Fees) and the Investment Banking Agreement, *provided, however,* that nothing in this release shall waive or release any Party from any obligation arising out of this Agreement or the Indemnification Agreement.

8. Subject to the terms and conditions of the Agreement, the Investment Banking Agreement is hereby terminated. The Indemnification Agreement shall remain in effect indefinitely, as provided therein.

9. Promptly after the payment set forth in Section 5, each Party shall instruct its Canadian legal counsel to execute and file with the Canadian Court a declaration of settlement out of court in the Action, each Party paying its own costs.

10. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, including, but not limited to,

all proposals, letters of intent, or representations, written or oral, pertaining to the subject matter hereof.

11. The illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provisions of this Agreement, which shall continue in full force and effect. In the event that any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be illegal, invalid, or unenforceable, the Parties shall use their best efforts to modify this Agreement in a timely manner to eliminate or change such illegal, invalid, or unenforceable provisions to conform to the Parties' intentions as closely as possible in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

12. This Agreement, and any disputes related thereto, will be governed by and be construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein without regard to the rule of conflict of laws of Province of Quebec or any other jurisdiction that would require the application of the law of another jurisdiction. For the avoidance of doubt, the governing law and forum for the Indemnification Agreement, and any disputes related thereto, will be the governing law and forum provided by the Indemnification Agreement.

13. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, successors, and assigns.

14. Each of the Parties hereto agrees that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that any Party hereto will be entitled to an injunction to prevent a breach of this Agreement.

15. The failure of any Party to enforce a provision of this Agreement will not constitute a waiver of the Party's right to enforce that provision.

16. Each of the Parties hereto represents and warrants that:

(a) it has the authority to enter into this Agreement and to undertake the transactions contemplated hereunder — or, in the case of the U.S. Debtor, has such authority subject to U.S Bankruptcy Court approval in the U.S. Debtor's Chapter 11 Cases — and agrees to support the U.S Bankruptcy Court's approval of this Agreement as a binding resolution of all disputed issues herein; and

(b) it has not assigned to any other person or entity any of the rights, actions, causes of action, suits, demands, accounts, contracts, damages and other claims which it is releasing herein.

17. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one agreement. This Agreement may be executed by facsimile, PDF, or electronic signature, and such facsimile or PDF signature shall be treated as an original signature hereunder.

IN WITNESS WHEREOF, the Parties hereby execute this Agreement by and through their duly authorized representatives as of the date first written above.

Agreed to and Accepted by:

ESTATE BIPCO, LLC

Edward D. Sherrick
President

Agreed to and Accepted by:

Estate WBPHC Company

Edward D. Sherrick
President

Agreed to and Accepted by:

Estate WBPC Company

Edward D. Sherrick
President

Agreed to and Accepted by:

Estate SGPI Inc.

Edward D. Sherrick
President

Agreed to and Accepted by:

SSEC L.P.,
by a general partner, Estate WBPC Company

Edward D. Sherrick
President

Agreed to and Accepted by:

FFSGPI Inc.

Edward D. Sherrick
President

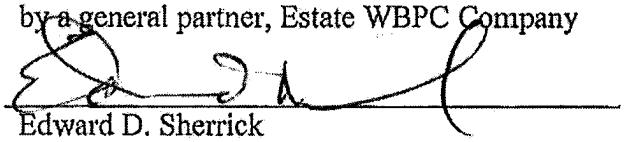
Agreed to and Accepted by:

FFSIA L.P.,
by a general partner, Estate WBPC Company

Edward D. Sherrick
President

Agreed to and Accepted by:

FFS L.P.,
by a general partner, Estate WBPC Company



Edward D. Sherrick
President

Agreed to and Accepted by:

Estate GCSI Inc.

Edward D. Sherrick
President

Agreed to and Accepted by:

Estate PML Inc.

Edward D. Sherrick
President

Agreed to and Accepted by:

Lazard Frères & Co. LLC

By: _____
Andrew Yearley
Managing Director

INTERVENTION

Ernst & Young Inc., in its capacity as court-appointed monitor under the Canadian Proceedings, hereby acknowledges having taken cognizance of Section 2 of this Agreement and, agrees and undertakes to act and fulfill its obligations in accordance therewith.

Agreed to and Accepted by:

Ernst & Young Inc., in its capacity as court appointed monitor under the Canadian Proceedings