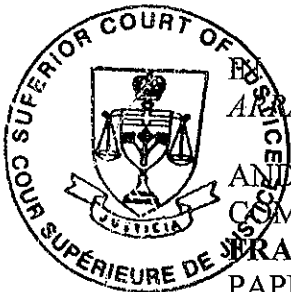


**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) **THURSDAY, THE 22nd DAY**
)
JUSTICE PEPALL) **OF OCTOBER, 2009**



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

AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
FRASER PAPERS INC., FPS CANADA INC., FRASER
PAPERS HOLDINGS INC., FRASER TIMBER LTD., FRASER
PAPERS LIMITED and FRASER N.H. LLC

Applicants

ORDER

THIS MOTION made by the Applicants for the relief sought in the Notice of Motion herein dated October 19, 2009, was heard this day at 330 University Avenue, in the City of Toronto, Ontario.

ON READING the affidavit of J. Peter Gordon sworn October 19, 2009, the Fifth Report of PricewaterhouseCoopers Inc., in its capacity as court-appointed Monitor, and on hearing the submissions of counsel for the Applicants and any other parties appearing:

Stay Period

1. **THIS COURT ORDERS** that the Stay Period as described in Order of this Honourable Court dated June 18, 2009, as amended (the "Initial Order") be and is hereby extended to and including December 4, 2009.

Amendments to Claims Order

2. **THIS COURT ORDERS** that the Order of this Honourable Court dated July 15, 2009 (the "Claims Order") be and is hereby amended to provide that the Claims Bar Date as it relates only to any claim filed by or on behalf of an employee or retiree of the Applicants shall be October 30, 2009. The Claims Bar Date shall remain at September 30, 2009 in respect of all other claims against the Applicants or the Directors (as defined in the Claims Order). All capitalized terms referred to in this Order which constitute amendments to the Claims Order shall be as defined in the Claims Order.
3. **THIS COURT ORDERS** that the Claims Order be and is hereby further amended to provide that the date by which:
 - (i) a Notice of Disallowance must be issued by the Monitor for any Restructuring Claim that arose after September 30, 2009 shall be 23 calendar days after the Restructuring Claims Bar Date in each case;
 - (ii) a Dispute Notice must be filed in respect of any Restructuring Claim that arose after September 30, 2009 shall be 23 calendar days after the issuance of the Notice of Disallowance in respect of such Restructuring Claim;

- (iii) a Notice of Disallowance must be issued by the Monitor in respect of any Claim filed by or on behalf of any current or former employees of the Applicants shall be November 22, 2009; and
- (iv) a Dispute Notice must be filed in respect of any Claims filed by or on behalf of any current or former employees of the Applicants shall be December 6, 2009.

Amendment to Davies' Representation Order

4. **THIS COURT ORDERS** that the Order of this Honourable Court dated September 8, 2009 appointing Davies Ward Phillips & Vineberg LLP as representative counsel for all unrepresented current and former employees of the Applicants is hereby amended by deleting the last sentence of paragraph 1 thereof, and replacing it with the following:

"For greater certainty, the Representatives shall represent former (retired) members of the CMAW and the International Brotherhood of Electrical Workers, and current and former members of the Office and Professional Employees International Union, but shall not represent current or former (retired) members of the USW or the CEP, or current members of the CMAW."

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

OCT 22 2009

PER / PAR: IV

Sty Repall, J.

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LTD., FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

Court File No.: CV-09-8241-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

ORDER

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Lawyers for the Applicants

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Re Krasner Paper

Plaintiff(s)

AND

Defendant(s)

Case Management ☒ Yes ☐ No by Judge: Rypall

Counsel	Telephone No.:	Facsimile No.:
<u>See attached.</u>		

- ☒ Order ☐ Direction for Registrar (No formal order need be taken out)
☐ Above action transferred to the Commercial List at Toronto (No formal order need be taken out)

- ☐ Adjourned to: _____
☐ Time Table approved (as follows): _____

The applicants seek an extension of the Stay + other relief. No one is opposed.
 A review of the materials filed leads one to conclude that the applicants continue to face a number of challenges. They find themselves in a very difficult financial situation + tough economic times. They have acted in good faith + with due diligence in their efforts to develop a plan.

In his affidavit, Mr Gordon outlines 3 outstanding issues that require resolution in addition to finalizing terms + conditions with the secured creditors. They are:

- 1) securing collective bargaining agreements for unionized employees at the Madawaska paper mill;
- 2) agreeing with representatives for the beneficiaries under the pension plans to address existing pension liabilities;

Oct 22/09

Date

For Rypall, J.

Judge's Signature

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

3) reaching an agreement with NB Power on an amendment to the Long Term Power Purchase Agreement covering sales of electricity to NB Power from the CoGen facility.

These issues should be addressed as quickly as is reasonably possible in recognition of the fragile state of the applicants. Stakeholders will have to compromise if they wish to avoid a liquidation scenario.

The stay is extended to Dec 4, 09.

The order requested is granted. The amendments to the claims order are satisfactory + the order dated Sept 17/09 relating to representation by Denis Ward is amended to include representation of former (retired) members of the IBEW + current + former members of the office & Professional Employees International Union.

Seppell, J.

**ENDORSEMENT OF MADAM JUSTICE PEPALL
DATED OCTOBER 22, 2009**

The Applicants seek an extension of the stay and other relief. No one is opposed. A review of the materials filed leads one to conclude that the Applicants continue to face an number of challenges. They find themselves in a very difficult financial situation and tough economic times. They have acted in good faith and with due diligence in their efforts to develop a plan.

In his affidavit, Mr. Gordon outlines three outstanding issues that require resolution in addition to finalizing terms and conditions with the secured creditors. They are:

- (i) securing collective bargaining agreements for unionized employees at the Madawaska Paper Mill;
- (ii) agreeing with representatives for the beneficiaries under the pension plans to address existing pension liabilities; and
- (iii) reaching an agreement with NB Power on an amendment to the long term power purchase agreement covering sales of electricity to NB Power from the Co-Gen Facility.

These issues should be addressed as quickly as is reasonably possible in recognition of the fragile state of the Applicants. Stakeholders will have to compromise if they wish to avoid a liquidation scenario.

The stay is extended to December 4, 2009.

The Order requested is granted. The amendments to the Claims Order are satisfactory and the Order dated September 17, 2009 relating to representation by Davies Ward is amended to include representation of former (retired) members of the IBEW and current and former members of the Office and Professional Employees International Union.

Pepall, J.