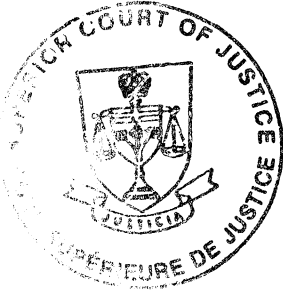


**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MADAM) **WEDNESDAY, THE 2nd DAY**
)
JUSTICE PEPALL) **OF DECEMBER, 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 November 26, 2009, was heard this day at 330 University Avenue, in the City of Toronto, Ontario.

ON READING the Affidavit of Glen McMillan sworn November 26, 2009 and the Supplementary Affidavit of Glen McMillan sworn December 1, 2009, the Affidavit of Jacques Verreault sworn November 30, 2009 and on hearing the ^{cross-examination of Glen McMillan and the} submissions of counsel for the Applicants, counsel for Cascades Fine Papers Group Inc. / Cascades Groupe Papiers Fin Inc. and certain other counsel in attendance:

JWP

Extension of Stay

1. **THIS COURT ORDERS** that the Stay Period as described in Order of this Honourable Court dated June 18, 2009, as amended, be and is hereby extended to and including December 11, 2009.

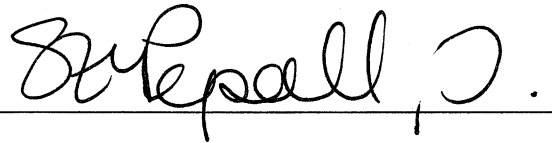
Orders for Payment

2. **THIS COURT ORDERS** that Cascades Fine Papers Group Inc / Cascades Groupe Papiers Fin Inc. shall, within ten (10) days of the date of this Order, pay FPS Canada Inc. the amount of USD\$401,497.36 (the "Payment").
3. **THIS COURT ORDERS AND DECLARES** that Cascades Fine Papers Group Inc / Cascades Groupe Papiers Fin Inc. is not entitled to exercise any rights of set off, whether legal or equitable, in respect of the Payment.

Authorization for Increase to Letter of Credit


4. **THIS COURT ORDERS** that the Applicants be, and are hereby authorized to issue an amendment to letter of credit # SBT731476 issued by The Bank of New York Mellon at the request of Fraser Papers Inc. in favour of American Home Assurance Company *et al.* as original beneficiaries, as same may have been amended to date (the "Letter of Credit"), to increase the Letter of Credit by USD\$940,500 for a total principal amount of USD\$4,140,500 to secure insurance policies issued by Chartis Inc. for workers' compensation for the Applicants' employees in the United States.
5. **THIS COURT ORDERS AND REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of

Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order.



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

DEC 02 2009

PER / PAR: 

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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Rec 2/09

1. The relief requested in para 4 of the notice of motion is admitted to Rec 10, 09
2. The relief requested in paras 1+2 is granted. The applicants are acting in good faith + without delay + the stay extension is needed. The authorization relating to additional security to cover workmen's compensation is also appropriate.
3. The relief requested in para. 3 is granted. I reject the submissions of the respondent cascades fine papers group Inc that there should be an equitable set off. More detailed reasons to follow.

W. P. P.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36 AS AMENDED 2 Dec 2009
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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
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MOTION RECORD
(Returnable December 2, 2009)

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