

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

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./PAPIERS FRASER INC.**,  
FPS CANADA INC., FRASER PAPERS HOLDINGS INC.,  
FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and  
FRASER N.H. LLC (collectively, the Applicants")

Applicants

**MOTION RECORD**  
(Returnable April 28, 2010)

April 27, 2010

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SUPERIOR COURT OF JUSTICE  
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# **TAB 1**

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

IN THE MATTER OF THE *COMPANIES' CREDITORS  
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FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and  
FRASER N.H. LLC (collectively, the Applicants")

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**NOTICE OF MOTION**

The Applicants will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Wednesday, April 28, 2010 at **9:30 in the morning** or as soon thereafter as this motion can be heard at 330 University Avenue, in the City of Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. if necessary, an Order abridging the time for, and validating the service of, the Notice of Motion and the materials filed in support of the Motion;
2. an Order amending the Amended and Restated Initial Order of this Court dated July 15, 2009 as thereafter amended (collectively, the "Initial Order"), with respect to the Amended CIT Term Sheet and CIT DIP Charge, each as defined in the Initial Order; and

3. an Order providing such further and other relief as may be required in order to give effect to the relief sought.

**THE GROUNDS FOR THE MOTION ARE:**

1. following the obtaining of an Approval and Vesting Order of this Honourable Court dated April 6, 2010 and an Order of the United States Bankruptcy Court for the District of Delaware on April 7, 2010, the closing of the sale transaction for the Applicants' specialty papers business will occur on April 28, 2010;
2. in connection with the closing of that transaction CIT Business Credit Canada Inc. ("CIT") will receive certain cash on closing and the terms of the existing CIT Credit Agreement (as defined in the Initial Order) will be amended to decrease the available borrowings and to reflect certain other changes to the terms of the CIT Credit Agreement;
3. it is therefore appropriate to also reduce the amount of the CIT DIP Charge under the Initial Order to reflect the total outstanding borrowings, plus applicable interest, fees and expenses that could be payable by the Applicants under the CIT Credit Agreement, as amended;
4. each of the other parties providing DIP financing have consented to the requested amendments; and
5. such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of this Motion:

1. the Affidavit of Glen McMillan sworn April 26, 2010; and
2. such further and other materials as counsel may advise and this Honourable Court may permit.

April 27, 2010

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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./PAPIERS FRASER INC.**, FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, 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

**NOTICE OF MOTION**

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# **TAB 2**

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

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

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**AFFIDAVIT OF GLEN McMILLAN  
(Sworn April 26, 2010)**

**I, Glen McMillan**, of the City of Toronto, in the Province of Ontario, **MAKE OATH  
AND SAY AS FOLLOWS:**

1. I am the Chief Financial Officer of Fraser Papers Inc. ("Fraser Papers" or the "Company", and with the other Applicants, collectively, the "Applicants"), and as such I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.

2. On June 18, 2009 an Initial Order in this proceeding was issued and on July 15, 2009 an Order was issued pursuant to which was attached an Amended and Restated Initial Order dated

July 15, 2009. All capitalized terms used in this Affidavit and not otherwise defined are as defined in the Amended and Restated Initial Order. Attached hereto and marked as Exhibit "A" is a true copy of the Amended and Restated Initial Order

3. The Applicants are indebted to CIT Business Credit Canada Inc. ("CIT") pursuant to a Credit Agreement dated as of May 2, 2008, as amended (the "CIT Credit Agreement"). The CIT Credit Agreement was amended by an Amended Commitment Letter between the Applicants and CIT dated July 10, 2009 annexed to the Affidavit of Peter Gordon sworn July 14, 2009 and the amended DIP facility term sheet attached as Exhibit "A" thereto, and separately annexed to the Affidavit of Peter Gordon sworn July 10, 2009. These Affidavits have previously been filed in this proceeding. The Amended Commitment Letter and the Amended DIP Facility Term Sheet are collectively referred to in the Amended and Restated Initial Order and in this Affidavit as the "Amended CIT Term Sheet".

4. As outlined in the Affidavit of Peter Gordon sworn March 30, 2010 and in the Approval and Vesting Order issued on April 6, 2010, the Applicants are completing a sale of the specialty papers business. That closing is scheduled to occur on April 28, 2010. A true copy of the Approval and Vesting Order dated April 6, 2010 (without Exhibits) is attached hereto as Exhibit "B".

5. In connection with the Applicants' sale of the specialty papers business, CIT will receive certain cash on closing. CIT has also entered into financing arrangements with the purchaser of the specialty papers business, pursuant to which new financing will be made available by CIT to the purchaser.

6. In connection with the closing of the specialty papers business, certain amendments to the Amended and Restated Initial Order were made pursuant to a second Order dated April 6, 2010 a true copy of which is annexed hereto and marked as Exhibit "C".

7. Details as to the description of the existing letters of credit that would remain outstanding at the request of the Applicants and would continue to be secured by the CIT DIP Charge had not been finalized on April 6, 2010. Those details have now been determined, and a Schedule showing the letters of credit that will remain outstanding and secured by the CIT DIP Charge (the "Remaining Letters of Credit") is annexed hereto and marked as Exhibit "D".

8. The Applicants and CIT have negotiated an amendment to the CIT Credit Agreement to reflect the limited outstanding indebtedness following the closing of the specialty papers business (including the Remaining Letters of Credit), a true copy of which is annexed hereto and marked as Exhibit "E".

9. The Applicants now request an Order amending the Amended and Restated Initial Order to reduce the stated availability of the Amended CIT Term Sheet, to reduce the amount of the CIT DIP Charge and to authorize the execution of the amendment to the Credit Agreement.

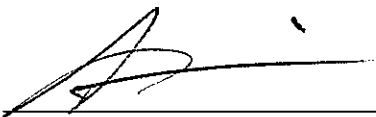
10. The Approval and Vesting Order dated April 6, 2010 referenced, in paragraph 28 thereof, an Irrevocable Direction to be executed by the Applicants. The draft Irrevocable Direction is annexed hereto and marked as Exhibit "F".

11. The Approval and Vesting Order dated April 6, 2010 also provided authorization, in paragraph 6 thereof, for the Communication Energy and Paperworkers Union of Canada to execute a trust agreement for the purpose of establishing a pension deficit funding trust in respect

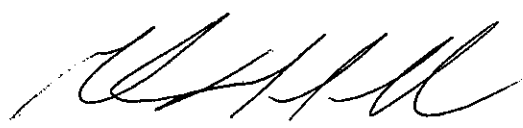
of the NB Hourly Plan. That document has now been finalized and is annexed hereto and marked as Exhibit "G".

12. I swear this affidavit in support of the relief requested in the Applicants' notice of motion dated April 26, 2010 and for no other or improper purpose.

SWORN before me at the City of Toronto, in the Province of Ontario, this 26<sup>th</sup> day of April, 2010.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits

Annette Melinda Fournier, a Commissioner, etc.,  
City of Toronto, for ThorntonGroutFinnigan LLP,  
Barristers and Solicitors.  
Expires November 8, 2010.

  
\_\_\_\_\_  
GLEN MCMILLAN

# **EXHIBIT “A”**

# EXHIBIT "A"

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

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

THE HONOURABLE ) ► WEDNESDAY, THE 15<sup>th</sup> DAY  
 )  
JUSTICE PEPALL ) OF JULY, 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 July 10<sup>th</sup>, 2009, was heard this day at 330 University Avenue, in the City of Toronto, Ontario.

ON READING the affidavits of J. Peter Gordon sworn July 10<sup>th</sup>, 2009 (the "Second Gordon Affidavit") and July 14, 2009 (the "Third Gordon Affidavit"), the Third Report to the Court of PricewaterhouseCoopers Inc., in its capacity as court-appointed Monitor in this proceeding, dated July 14, 2009 and on hearing the submissions of counsel for the Applicants and any other parties appearing:

**Service**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein is abridged so that this Motion is properly returnable today and the service of the Notice of Motion and the Motion Record be and is hereby validated in all respects;

**Stay Period**

2. **THIS COURT ORDERS** that the Stay Period as described in Order of this Honourable Court dated June 18, 2009 (the "Initial Order") be and is hereby extended to and including October 16, 2009.

**DIP Amendment**

3. **THIS COURT ORDERS** that the Amended CIT Commitment Letter (as described in the Third Gordon Affidavit) and the Amended CIT Term Sheet (as described in the Second Gordon Affidavit) between CIT Business Credit Canada Inc. and the Applicants be and are hereby approved.
4. **THIS COURT ORDERS** that the Amended Brookfield Commitment Letter (as described in the Third Gordon Affidavit) and the Amended Brookfield Term Sheet (as described in the Second Gordon Affidavit) between Brookfield Asset Management Inc. and the Applicants be and are hereby approved.
5. **THIS COURT ORDERS** that the Applicants are authorized to enter into the GNB Amending Agreement (as defined in the Second Gordon Affidavit) with Her Majesty the Queen in Right of the Province of New Brunswick as represented by the Minister of Business New Brunswick and that the GNB Amending Agreement be and is hereby approved.

**Amendments to Initial Order**

6. **THIS COURT ORDERS** that the form of the Amended and Restated Initial Order, attached hereto as Schedule "A", be and is hereby approved.

  
\_\_\_\_\_

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

JUL 15 2009

PER / PAR: 

**SCHEDULE "A"**

Court File No CV-09-8241-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) THURSDAY, THE 18<sup>th</sup> DAY  
 )  
JUSTICE MORAWETZ ) OF JUNE, 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 (collectively, the  
"Applicants")

**INITIAL ORDER AMENDED AND RESTATED AS OF JULY 15, 2009**

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of J. Peter Gordon sworn June 17, 2009 and the Exhibits thereto (the "Gordon Affidavit"), the affidavit of J. Peter Gordon sworn July 10, 2009 (the "Second Gordon Affidavit"), the affidavit of J. Peter Gordon sworn July 14, 2009 (the "Third Gordon Affidavit"), the Pre-Filing Report of PricewaterhouseCoopers Inc. ("PwC"), in its capacity as proposed Monitor of the Applicants, and on hearing the submissions of counsel for the Applicants, CIT Business Credit Canada Inc. ("CIT"), Brookfield Asset Management Inc. ("Brookfield") and counsel for the directors of Fraser Papers Inc., no one appearing for any other

parties, and on reading the Consent of PwC to act as the Monitor, and upon being satisfied that this Court has jurisdiction to receive the Application in respect of the Applicants pursuant to sections 3 and 9(1) of the CCAA and upon being satisfied that the Applicants' center of main interest is within the jurisdiction of this Court:

**SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

**APPLICATION**

2. THIS COURT ORDERS AND DECLARES that each of the Applicants is a company to which the CCAA applies.

**PLAN OF ARRANGEMENT**

3. THIS COURT ORDERS that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan") between, *inter alia*, the Applicants and one or more classes of their respective secured and/or unsecured creditors as they deem appropriate.

**POSSESSION OF PROPERTY AND OPERATIONS**

4. THIS COURT ORDERS that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by each of them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicants shall be required to continue to utilize the centralized cash management system, including blocked account and lockbox arrangements, currently in place as described in the Gordon Affidavit (the "Cash Management System") and that any Person (as defined below) providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that the Applicants shall be entitled and are hereby directed to continue, in the ordinary course of business as carried on immediately prior to the date hereof, all existing arrangements under a Paper Supply Agreement dated January 29, 2009 as described in the Gordon Affidavit, unless otherwise agreed to by the parties thereto.

**PAYMENTS**

7. THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses:

- (a) all outstanding and future wages, salaries, vacation pay, and expenses that may be owing at any time to employees who continue to provide services on or after the date of this Order (the "Active Employees"), in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, whether incurred prior to, on or after the date of this Order;
- (b) all existing and future employee health, dental, life insurance, short and long term disability and related benefits (collectively, the "Group Benefits") that may be owing at any time to Active Employees, in each case incurred in the ordinary

course of business and consistent with existing policies and arrangements or such amended policies and arrangements as are necessary or desirable to deliver the existing Group Benefits, whether incurred prior to, on or after the date of this Order;

- (c) all normal cost contribution obligations (the "Current Contributions") in respect of current service provided by Active Employees of any funded pension plans maintained by the Applicants (collectively, the "Pension Plans") whether such Current Contributions were incurred prior to, on or after the date of this Order,
- (d) payment for goods or services actually supplied to the Applicants on or after the date of this Order; and
- (e) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, whether incurred prior to, on or after the date of this Order.

8. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;
- (b) all outstanding and future claims, premiums or other amounts payable in respect of workers' compensation programs applicable to the Applicants' employees, whether incurred prior to, on or after the date of this Order, all in the ordinary course of business and in accordance with the terms of any existing insurance or other policies;

- (c) payments on account of existing employee performance incentive programs in respect of Active Employees, whether incurred prior to or after the date of this Order, all in the ordinary course of business as carried on immediately prior to the date hereof;
- (d) with the prior written approval of the Monitor and subject to the terms of the Amended CIT Term Sheet and the Amended DIP Term Sheet, each as defined below (collectively, the "DIP Term Sheets"), payments in respect of key employee incentive programs established on or after the date of this Order;
- (e) any amounts payable in respect of Group Benefits in respect of retired employees or other current or former employees who are not Active Employees, whether incurred prior to, on or after the date of this Order, all subject to the terms of the DIP Term Sheets and the Definitive Documents, as defined in this Order;
- (f) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof, any local, state or federal taxation authority in the United States or any other taxation authority, in all cases in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors but: (i) are not attributable to or in respect of the ongoing Business carried on by the Applicants on or after the date of this Order; or (ii) are payable in respect of a period prior to the date of this Order;
- (g) any outstanding amounts payable in respect of (i) customer programs including, *inter alia*, rebates, adjustments, performance and volume discounts and (ii) billing errors, including duplicative invoicing, improper invoicing, duplicative payment, mispricing and various other billing and payment errors, whether incurred prior to, on or after the date of this Order; and
- (h) amounts owing for goods and services actually supplied to the Applicants, or to obtain the release of goods contracted for prior to the date of this Order, in each case with the consent of the Monitor and the DIP Lender, as defined in this Order,

up to the maximum amount of USD\$12,300,000 if, in the opinion of the Applicants, such supplier is critical to the ongoing Business of the Applicants.

9. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any state or federal authority in the United States or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof, or any local, state or federal authority in the United States, in all cases in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are: (i) entitled at law to be paid in priority to claims of secured creditors; (ii) attributable to or in respect of the ongoing Business carried on by the Applicants; and (iii) payable in respect of the period commencing on or after the date of this Order, or on terms as may be agreed to between such Applicant and the applicable taxation authority.

10. THIS COURT ORDERS that until such time as the Applicants repudiate a real property lease in accordance with paragraph 17(d) of this Order, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to

the landlord under the lease) or as otherwise may be negotiated by the Applicants from time to time ("Rent"), for the period commencing from and including the date of this Order, bi-weekly, in advance (but not in arrears).

11. THIS COURT ORDERS that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date, save and except in respect of payments referred to in paragraph 12 below and other existing secured creditors as may be specifically provided for in the DIP Term Sheets or the GNB Amending Agreement, as they are defined in this Order; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

12. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

(a) the Applicants are authorized to enter into an amendment to the credit agreement dated as of May 2, 2008, between Fraser Papers Inc. and CIT Business Credit Canada Inc., as agent for itself and the lenders from time to time under such credit agreement, as amended (the "CIT Credit Agreement"), substantially on the terms of the amended commitment letter between the Applicants and CIT, dated July 10, 2009 annexed to the Third Gordon Affidavit and the amended DIP facility term sheet forming Exhibit A thereto and separately annexed to the Second Gordon Affidavit (the amended commitment letter and amended DIP facility term sheet, collectively, the "Amended CIT Term Sheet");

(b) the Applicants are hereby authorized to borrow, repay and reborrow under and in accordance with the terms of the Amended CIT Term Sheet and the CIT Credit Agreement, and are authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to CIT under and pursuant to the Amended CIT Term Sheet and the CIT Credit Agreement as and when the same become due and are to be performed; and

- (c) CIT shall be entitled to issue such notices as may be needed to permit it to exercise cash dominion over the lockbox accounts subject to the Existing CIT Security (as defined below).

#### PENSION PLANS

12.1 THIS COURT ORDERS that, notwithstanding any other provision of this Order, the Applicants shall not make any past service contributions or special payments to fund any going concern unfunded liability or solvency deficiency of the Pension Plans during the Stay Period (as defined in this Order), pending further Order of this Court.

12.2 THIS COURT ORDERS that none of the Applicants or their respective officers or directors shall incur any obligation, whether by way of debt, damages for breach of duty, whether statutory, fiduciary, common law or otherwise, or for breach of trust, nor shall any trust be recognized, whether express, implied, constructive, resulting, deemed or otherwise, as a result of the failure of any Person to make any contribution or payments other than Current Contributions during the Stay Period, that they might otherwise have been required to make to any Pension Plans maintained by any of the Applicants.

12.3 THIS COURT ORDERS that if any claim, lien, charge or trust arises as a result of the failure of any Person to make any contribution or payment (other than Current Contributions in accordance with Sections 81.5 and 81.6 of the *Bankruptcy and Insolvency Act* (the "BIA")) during the Stay Period that such Person might otherwise have become required to make to any Pension Plans but for the stay provided for herein, no such claim, lien, charge or trust shall be recognized in these proceedings or in any subsequent receivership, interim receivership or bankruptcy of any of the Applicants as having priority over the claims of the Charges as set out in this Order.

12.4 THIS COURT ORDERS AND DECLARES that nothing in this Order shall be taken to extinguish or compromise the obligations of the Applicants, if any, regarding payments under the Pension Plans.

**RESTRUCTURING**

13. THIS COURT ORDERS that the Applicants shall, subject to such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their Business or operations;
- (b) dispose of redundant or non-material assets not exceeding CDN\$500,000 in any one transaction or CDN\$2,000,000 in the aggregate, subject to paragraph 17(d), if applicable;
- (c) terminate the employment of such of their employees or temporarily lay off such of their employees as appropriate on such terms as may be agreed upon between the Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
- (d) in accordance with paragraphs 14 and 15, vacate, abandon or quit any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicant and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (e) repudiate such of their arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicants, or any of them, deem appropriate on such terms as may be agreed upon between any one of the Applicants and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (f) pursue all avenues of refinancing and offers for material parts of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a), above),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

14. THIS COURT ORDERS that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and such Applicant, or by further Order of this Court upon application by the Applicants on at least four (4) days' notice to such landlord and any such secured creditors. If an Applicant repudiates the lease governing such leased premises in accordance with paragraph 13(d) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

15. THIS COURT ORDERS that if a lease is repudiated by an Applicant in accordance with paragraph 13(d) of this Order, then (a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

16. THIS COURT ORDERS that, subject to the other provisions of this Order (including the payment of Rent as herein provided) and any further Order of this Court, the Applicants shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any

leases) and, for greater certainty, the Applicants shall have the right to realize upon the Property and other assets in such manner and at such locations, including leased premises, as they deem suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

17. THIS COURT ORDERS that until and including October 16, 2009 or such later date as this Court may order (the "Stay Period"), no claim, application, action, suit, right or remedy, proceeding or enforcement process in any court, tribunal or arbitration association (each, a "Proceeding") shall be commenced or continued against or in respect of any of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

18. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

19. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the written consent of the Applicants and the Monitor, or leave of this Court.

**CONTINUATION OF SERVICES**

20. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

21. THIS COURT ORDERS that, without limiting paragraph 20 hereof, all Persons providing freight services to the Applicants shall deliver all shipments relating to the Applicants or their Business or Property in transit as at the date hereof (the "In Transit Shipments") in accordance with the existing arrangements and delivery instructions with respect to the In Transit Shipments. The Applicants are hereby directed to pay to the applicable freight provider the freight costs associated with the In Transit Shipments, within five (5) business days following delivery of the In Transit Shipments.

**NON-DEROGATION OF RIGHTS**

22. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Applicants shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to any Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

**PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

23. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of

the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

24. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants, after the date hereof, to make payments of the nature referred to in subparagraphs 7(a), 9(a), 9(b) and 9(c) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct in respect thereto.

25. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of USD\$30,000,000, as security for the indemnity provided in paragraph 24 of this Order. The Directors' Charge shall have the priority set out in paragraphs 45 and 47 herein.

26. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 24 of this Order.

#### **APPOINTMENT OF MONITOR**

27. THIS COURT ORDERS that PricewaterhouseCoopers Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants'

conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

28. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Restructuring and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination to CIT and the DIP Lender and their counsel of financial and other information as agreed to between the Applicants and CIT or the DIP Lender, as applicable, which may be used in these proceedings, including reporting on a basis to be agreed with CIT and with the DIP Lender;
- (d) assist the Applicants in their preparation of the Applicants' cash flow statements, budgets and any other reporting or information that they may require in relation to the Business or the Property, including any reporting required by CIT or the DIP Lender, which information shall be reviewed with the Monitor and delivered to CIT and its counsel, and to the DIP Lender and its counsel in accordance with any reporting requirements of the Amended DIP Term Sheet or the Amended CIT Term Sheet, or as otherwise agreed to by CIT or the DIP Lender, as applicable;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan and, to the extent required by the Applicants, in their negotiations with creditors, customers, vendors and other interested Persons;

- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, in dealing with their respective creditors, customers, vendors and other interested Persons;
- (h) assist the Applicants with their financing and restructuring activities to the extent required by the Applicants;
- (i) have full and complete access to the books, records and management, employees and advisors of the Applicants and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order, including any affiliate of, or person related to, PwC;
- (k) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and
- (l) perform such other duties as are required by this Order or by this Court from time to time.

29. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the Canadian *Environmental Protection Act*, the Ontario *Environmental Protection Act*, the Ontario *Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder, and such similar legislation in any jurisdiction in which the Property may be located (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

31. THIS COURT ORDERS that the Monitor shall provide any creditor of the Applicants, CIT and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

32. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

33. THIS COURT ORDERS that the Monitor, counsel to the Monitor and all counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis.

34. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

35. THIS COURT ORDERS that the Monitor, counsel to the Monitor, the Applicants' Canadian counsel and U.S. counsel and ~~Justice~~ <sup>- the Honorable -</sup> John D. Ground, Q.C., a retired judge, in his capacity as claims officer (the "Claims Officer"), shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of CDN\$850,000. The Administration Charge shall secure claims of the Monitor, counsel to the Monitor, the Applicants' Canadian counsel and U.S. counsel as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings up to the aggregate amount of \$750,000 and shall also secure any claims of the Claims Officer up to the amount of \$100,000. The Administration Charge shall have the priority set out in paragraphs 45 and 47 hereof.

SWP

**DIP FINANCING**

36. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility, dated July 10, 2009 (the "Amended DIP Facility") from Brookfield (the "DIP Lender") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed USD\$ \$20,000,000 unless permitted by further Order of this Court.

37. THIS COURT ORDERS that the Amended DIP Facility shall be substantially on the terms and subject to the conditions set forth in the amended commitment letter between the Applicants and the DIP Lender dated July 10, 2009 annexed to the Third Gordon Affidavit and the amended DIP Facility term sheet forming Exhibit "A" thereto and separately annexed to the Second Gordon Affidavit (collectively, the "Amended DIP Term Sheet"), as same may be amended from time to time with the Monitor's written consent.

38. THIS COURT ORDERS AND DECLARES that this Court has been advised of the minority approval requirements of Multilateral Instrument 61-101 "Protection of Minority

Security Holders in Special Transactions” and the exemption from such requirements contained in Section 5.7(d) hereof, all as contained in the Gordon Affidavit, and that compliance with the provisions of such Multilateral Instrument is hereby dispensed with.

39. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Amended DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Amended DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

40. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property as security for any and all obligations of the Applicants under or pursuant to the Amended DIP Facility, the Amended DIP Term Sheet and the Definitive Documents, which charge shall not exceed the aggregate amount owed to the DIP Lender under or pursuant to the Amended DIP Facility, the Amended DIP Term Sheet and the Definitive Documents. The DIP Lender's Charge shall have the priority set out in paragraphs 45 and 47 hereof.

41. THIS COURT ORDERS that CIT shall be entitled to the benefit of and is hereby granted a charge (the "CIT DIP Charge") on the Property to secure amounts outstanding under the Amended CIT Term Sheet and the CIT Credit Agreement as amended pursuant to paragraph 12(a), all as described in the Amended CIT Term Sheet and the CIT Credit Agreement, in the amount of US\$24,000,000.

41.1 THIS COURT ORDERS that the Applicants are hereby authorized and empowered to obtain and borrow under a loan agreement dated June 16, 2008, as amended on July 10, 2009 (the "GNB Amending Agreement") from Her Majesty the Queen in Right of The Province of New Brunswick (the "GNB") in order to finance the Applicants' completion of the Applicants' Plaster Rock modernization project, provided that additional borrowings under such loan

agreement shall not exceed CDN\$9,000,000. The GNB Amending Agreement is annexed to the Second Gordon Affidavit.

41.2 THIS COURT ORDERS that the GNB shall be entitled to the benefit of and is hereby granted a charge (the "GNB's DIP Charge") on the Plaster Rock Fixed Assets (as defined below) as security for any and all obligations of the Applicants in respect of the New Advances, as defined in the GNB Amending Agreement, which charge shall not exceed \$9,000,000. The GNB's DIP Charge shall have the priority set out in paragraphs 45 and 47 hereof.

42. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender and CIT may take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or the Amended DIP Facility or any of the Definitive Documents, or the CIT DIP Charge;
- (b) upon the occurrence of an event of default under the Amended DIP Term Sheet or Definitive Documents or the DIP Lender's Charge, the DIP Lender, may immediately cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Amended DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge and make demand, accelerate payment and give other notices and, upon five (5) days notice to the Applicants and the Monitor, may exercise any and all of its other rights and remedies against the Applicants or the Property under or pursuant to the Amended DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants, and upon the occurrence of an event of default under the terms of the Amended DIP Term Sheet or the Definitive Documents, the DIP Lender shall be entitled to seize and retain proceeds from the sale of the Property and the cash flow of the Applicants to repay amounts owing to the DIP Lender in accordance with the

Definitive Documents and the DIP Lender's Charge, but subject to the priorities as set out in paragraphs 45 and 47 of this Order;

- (c) upon the occurrence of an event of default under the Amended CIT Term Sheet, the CIT Credit Agreement or the CIT DIP Charge, CIT, may immediately cease making advances to the Applicants and set off and/or consolidate any amounts owing by CIT to the Applicants against the obligations of the Applicants to CIT under the Amended CIT Term Sheet, the CIT Credit Agreement, the related documents or the CIT DIP Charge and make demand, accelerate payment and give other notices and, upon five (5) days notice to the Applicants and the Monitor, may exercise any and all of its other rights and remedies against the Applicants or the Property including under or pursuant to the Amended CIT Term Sheet, the CIT Credit Agreement and the CIT DIP Charge, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicants, and upon the occurrence of an event of default under the terms of the Amended CIT Term Sheet, the CIT Credit Agreement or the CIT DIP Charge, CIT shall be entitled to seize and retain proceeds from the sale of the Property and the cash flow of the Applicants to repay amounts owing to CIT in accordance with the Amended CIT Term Sheet, the CIT Credit Agreement and the CIT DIP Charge, but subject to the priorities as set out in paragraphs 45 and 47 of this Order; and
- (d) the foregoing rights and remedies of the DIP Lender and CIT shall each be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

43. THIS COURT ORDERS AND DECLARES that CIT and the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the BIA, with respect to any advances made under the Amended CIT Term Sheet, the CIT Credit Agreement, the Amended DIP Term Sheet or the Definitive Documents and with respect to any claims and rights the DIP Lender may

have under or pursuant to the Paper Supply Agreement and the Amended and Restated Guarantee and Reimbursement Agreement dated as of September 22, 2008 made by the Applicants in favour of the DIP Lender and the liens relating thereto.

**INTER-COMPANY TRANSACTION CHARGE**

44. THIS COURT ORDERS AND DECLARES that each Applicant shall be entitled to and is hereby granted the benefit of a charge (the "Inter-Company Charge") on the Property of each of the other Applicants in an amount equal to but not exceeding:

- (a) in respect of the period from June 1, 2009 to the date of this Order, the costs of all goods and services supplied by one Applicant to another; and
- (b) in respect of the period from and after the date of this Order, (i) the costs of all goods and services supplied by one Applicant to another, (ii) costs incurred by one Applicant on behalf of another and (iii) the net advances actually made by one Applicant to another,

all in accordance with existing cash management and inter-company transaction practises existing as at the date of this Order. The Inter-Company Charge in favour of the Applicants shall have the priority set out in paragraphs 45 and 47 hereof.

**VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

45. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge, the CIT DIP Charge, the DIP Lender's Charge, the GNB's DIP Charge and the Inter-Company Charge as among them, and as against the existing security held by CIT prior to the issuance of this Order (the "Existing CIT Security"), shall be as follows:

- (a) with respect to all assets charged in favour of CIT under the Existing CIT Security (collectively, the "CIT Collateral"):

First – CIT in respect of the Existing CIT Security;

Second – Administration Charge (to the maximum amount of CDN \$850,000);

Third – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000);

Fourth – DIP Lender in respect of the DIP Lender’s Charge (to a maximum amount of US\$20,000,000);

Fifth – Directors’ Charge (to the maximum amount of USD\$30,000,000);

Sixth – GNB in respect of the charge and security interest held by GNB over the Property of the Applicants (or any portion thereof) existing immediately prior to the date of this Order (the “Existing GNB Security”) (limited to such Property subject to the Existing CIT Security as may be located in the Province of New Brunswick;

Seventh – DIP Lender in respect of the charge and security interest held by the DIP Lender over the Property of the Debtors (or any portion thereof) existing immediately prior to the date of this Order (the “Existing Brookfield Security”), after giving effect to the Sixth ranking charge above; and

Eighth – the Inter-Company Charge;

(b) with respect to the Applicants’ fixed assets comprising the sawmill facility in Plaster Rock, New Brunswick (the “Plaster Rock Fixed Assets”) :

First – GNB in respect of the GNB’s DIP Charge (to a maximum amount of CDN\$9,000,000);

Second – Administration Charge (to a maximum amount of CDN\$850,000);

Third – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000);

Fourth –DIP Lender in respect of the DIP Lender Charge (to a maximum amount of US\$20,000,000);

Fifth – Directors’ Charge (to the maximum amount of USD\$30,000,000);

Sixth – GNB in respect of the Existing GNB Security;

Seventh – DIP Lender in respect of the Existing Brookfield Security, after giving effect to the Sixth ranking charge above; and

Eighth – Inter-Company Charge;

- (c) with respect to all Property other than the Plaster Rock Fixed Assets or Property subject to the Existing CIT Security::

First – Administration Charge (to the maximum amount of CDN \$850,000);

Second – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000);

Third – DIP Lender in respect of the DIP Lender’s Charge (to a maximum amount of US\$20,000,000);

Fourth – Directors’ Charge (to the maximum amount of USD\$30,000,000);

Fifth – GNB in respect of the Existing GNB Security (limited to fixed assets in the Province of New Brunswick);

Sixth – DIP Lender in respect of the Existing Brookfield Security, after giving effect to the Fifth ranking charge above; and

Seventh – Inter-Company Charge.

For greater certainty, where amounts owing are described in subparagraph (a), (b) or (c) above as being secured up to a maximum amount, the maximum amount will apply in each subparagraph where the reference appears, but shall not be cumulative.

46. THIS COURT ORDERS that the filing, registration or perfection of the Directors’ Charge, the Administration Charge, the CIT DIP Charge, the DIP Lender’s Charge, the GNB’s DIP Charge and the Inter-Company Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

47. THIS COURT ORDERS that each of the Directors’ Charge, the Administration Charge, the CIT DIP Charge, the GNB’s DIP Charge and the DIP Lender’s Charge (all as constituted and

defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person other than the Existing CIT Security. In addition, the Inter-Company Charge shall not rank in priority to any Encumbrances existing as of the date hereof in favour of any Person.

48. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Existing CIT Security or any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, CIT, the GNB, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

49. THIS COURT ORDERS that the Charges, the Amended DIP Facility and the Definitive Documents, the GNB Amending Agreement and (with respect to advances made on or after the date hereof) the Existing CIT Security, shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges and/or the DIP Lender, the GNB and/or CIT thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Amended DIP Facility or the Definitive Documents, nor the Amended CIT Term Sheet or the amendments to the CIT Credit Agreement, nor the GNB Amending Agreement authorized hereby shall

create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Amended DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents, the Amended CIT Term Sheet, the amendments to the CIT Credit Agreement, or the GNB Amending Agreement authorized hereby; and
- (c) the payments made by the Applicants pursuant to this Order, the Amended DIP Facility or the Definitive Documents, the Amended CIT Term Sheet, the CIT Credit Agreement, the GNB Amending Agreement and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

**SERVICE AND NOTICE**

50. THIS COURT ORDERS that the Monitor shall, within ten (10) business days of the date of entry of this Order, cause a notice to be sent to the Applicants' known creditors, other than employees and creditors to which the Applicants owe less than CDN\$1,000.00, at their addresses as they appear on the Applicants' records, and shall promptly send a copy of this Order (a) to all parties filing a Notice of Appearance in respect of this Application, and (b) to any other interested Person requesting a copy of this Order.

51. THIS COURT ORDERS that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. THIS COURT ORDERS that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at [www.pwc.com/car-fraserpapers](http://www.pwc.com/car-fraserpapers)

**GENERAL**

53. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

55. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to Fraser Papers Inc. on behalf of the Applicants in any foreign proceeding including a proceeding to be commenced by the Applicants pursuant to Chapter 15 of the United States *Bankruptcy Code*, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

56. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

57. THIS COURT ORDERS that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days'

notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

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

**INITIAL ORDER AMENDED AND RESTATED  
AS OF JULY 15, 2009**

**ThorntonGroutFinnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
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Tel: 416-304-1616  
Fax: 416-304-1313

Lawyers for the Applicants

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

So.

# **EXHIBIT “B”**

# EXHIBIT "B"

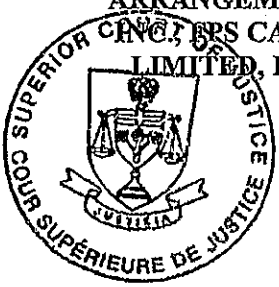
Court File No. CV-09-8241-00CL

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

THE HONOURABLE MADAM ) TUESDAY, THE 6TH DAY  
 )  
JUSTICE PEPALL ) OF APRIL, 2010

**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./PAPIERS FRASER  
CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER  
LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the  
"Applicants")**



**FINAL APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by the Applicants for an order seeking final approval of the sale transaction (the "Transaction") contemplated by an asset purchase agreement between the Applicants, as vendors, and Brookfield Asset Management Inc. ("Brookfield") and/or such other Person(s) as it may designate, namely Twin Rivers Paper Company Inc. (the "Canadian Purchaser") as designated purchaser of the Purchased Assets located in Canada (the "Canadian Purchased Assets") and Twin Rivers Paper Company LLC (the "U.S. Purchaser", together with the Canadian Purchaser the "Designated Purchasers") as designated purchaser of the Purchased Assets located in the United States (the "U.S. Purchased Assets"), made as of December 22, 2009, a clean and blackline copy each of which is attached as Exhibits "I" and "J", respectively, to the affidavit of J. Peter Gordon sworn March 30, 2010 (the "Gordon Affidavit"), as amended by the first amendment to the asset purchase agreement dated as of February 26, 2010 attached as Exhibit "L" to the Gordon Affidavit and a proposed second amendment to the asset purchase agreement (the "Second Amendment") dated as of the Closing Date of the Transaction, attached

as Exhibit "M" to the Gordon Affidavit, as revised and attached in a blacklined copy as Exhibit "G" to the Affidavit of Larry Ellis sworn April 5, 2010 (the "Ellis Affidavit"), and as may be further amended, modified or restated from time to time (collectively, the "Purchase Agreement"), and vesting in the Canadian Purchaser and the U.S. Purchaser the Applicants' right, title and interest in and to the Canadian Purchased Assets and the U.S. Purchased Assets, respectively, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Motion Record of the Applicants dated March 30, 2010, the Ellis Affidavit and Exhibits attached thereto, filed on this date, and the tenth report (the "Tenth Report") of PricewaterhouseCoopers Inc., in its capacity as monitor of the Applicants (the "Monitor"), the Affidavit of Paul DesRosiers sworn April 5, 2010, the Consent of the Davies Group (as defined below) to be dated April 6, 2010, filed with the Court on this date (the "Davies Consent"), and on hearing the submissions of counsel for the Applicants, counsel for the officers and directors of the Applicants, counsel for the Monitor, counsel for Brookfield, counsel for CIT Business Credit Canada Inc. ("CIT"), counsel for the Communications, Energy and Paperworkers Union of Canada (the "CEP"), counsel for the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the "USW"), counsel for the Province of New Brunswick ("PNB") in its various capacities including the Superintendent of Pensions for PNB (the "Superintendent") and Business New Brunswick, counsel for the court-appointed Committee Representing Unrepresented Employees and Former Employees other than those employees or former employees in the Province of Quebec (the "Davies Group"), other members of the Committee Representing Unrepresented Employees and Former Employees in the Province of Quebec, such employees and former employees being represented on this motion by the firm Paliare Roland Rosenberg LLP (the "Paliare Group"), and counsel for the Town of Madawaska ("Town") and the Madawaska Water District ("District") and no one appearing for any other person on the service list, including Regie des rentes du Quebec, Morneau Sobeco in its capacity as Administrator appointed by the Superintendent in respect of the NB Hourly Plan and the NB Salaried Plan (collectively, the "NB Administrator"), the active members of the New Brunswick Regional Council of Carpenters, Millwrights and Allied Workers, Local 2450 ("CMAW"), the Superintendent of Financial Services of Ontario ("FSCO") and the Pension Benefit Guaranty Corporation, although all properly served as

appears from the affidavit of service of Annette Fournier sworn March 31, 2010, and the further affidavit of service of Annette Fournier sworn April 5, 2010, filed:

1. **THIS COURT ORDERS** that all capitalized terms used but not defined in this Order shall have the meanings ascribed thereto in the Purchase Agreement. Any reference in this Order to the Purchase Agreement shall be deemed to be a reference to the Purchase Agreement as amended. In paragraphs 10, 12 and 23 of this Order, any and all references to: (a) Brookfield shall include any and all of its affiliates, (b) the Designated Purchasers shall include any assignee or transferee thereof, and (c) the Applicants shall include their respective affiliates.

2. **THIS COURT ORDERS** that the time for service of the notice of motion, the Tenth Report and motion record in respect of this motion be and it is hereby abridged and that the motion is properly returnable today and further that the requirement for service of the notice of motion and motion record herein upon interested parties, other than those served, is hereby dispensed with and that the service of the notice of motion, the Tenth Report and motion record herein as effected by the Applicants is hereby validated in all respects.

3. **THIS COURT ORDERS AND DECLARES** that the Purchase Agreement and all of its terms and conditions (including all schedules and exhibits attached thereto) and the Transaction are hereby fully and finally approved. The execution, delivery and performance of: (a) the Purchase Agreement (with such alterations and amendments as the parties thereto may agree, subject to obtaining Monitor consent in the case of any material alterations or amendments made prior to the Closing of the Transaction); (b) all agreements and other documents contemplated thereby or in furtherance thereof (the "Related Documents"), including, without limitation, the Escrow Agreement and each other Ancillary Agreement; and (c) the Transaction; by the Applicants is hereby authorized and approved.

4. **THIS COURT ORDERS AND DECLARES** that the Applicants are hereby authorized and directed to execute and deliver all documents and agreements referred to in or contemplated by paragraph 3 of this Order and to take such additional actions and execute and deliver such bills of sale, assignments, ancillary agreements, directions, consents, certificates, licenses, acknowledgments and other documents and assurances as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to each of the Designated Purchasers, as applicable, or in furtherance of this Order and the performance of their obligations thereunder.

5. **THIS COURT ORDERS AND DECLARES** that the global agreement term sheet dated as of February 24, 2010, as amended and attached as Schedule "A" to the Order of this Court dated March 22, 2010 attached as Exhibit "O" to the Gordon Affidavit, together with the cover page with signatures and all such schedules to be appended thereto (collectively, the "NB Hourly Global Agreement"), is hereby approved and that the NB Hourly Global Agreement and the terms and conditions set out therein including, without limiting the generality of the foregoing, the wind-up mechanism of the Old FP Hourly Plan, are in the best interests of the Applicants and the other parties thereto including the members of the Old FP Hourly Plan. The execution, delivery and performance of the NB Hourly Global Agreement by all parties signatory thereto is hereby authorized and approved. All parties to the NB Hourly Global Agreement are hereby authorized and directed to take such steps as may be necessary or desirable to conclude the implementation of the terms and conditions set out therein and to execute and deliver such documents and agreements as may be necessary or desirable to implement the NB Hourly Global Agreement, including, without limitation, all such documents and agreements to be appended as schedules to the NB Hourly Global Agreement, or in furtherance of this Order, and to perform their obligations thereunder.

6. **THIS COURT ORDERS AND DECLARES** that for greater certainty, the CEP is authorized and directed, on behalf of its current and former members, to enter into, execute and deliver such documents as may be contemplated by the NB Hourly Global Agreement, including but not limited to releases in favour of: (i) the Applicants and its directors, officers, employees and others, PNB, the Superintendent and the Administrator (the "Term Sheet Release") and (ii) Brookfield, the Canadian Purchaser, the U.S. Purchaser and their respective directors, officers, employees and others (the "APA Release") and a declaration and agreement of trust for a pension deficit funding trust for the Old FP Hourly Plan (the "Trust Agreement") to be annexed as schedules to the NB Hourly Global Agreement. The NB Hourly Global Agreement is legally binding on and effective against the current and former members of the CEP and each of its locals who are signatories thereto (collectively referred to herein as "CEP"), and the current members of the CMAW.

6A. **THIS COURT ORDERS** that, for greater certainty and notwithstanding the releases contained in this Order and in the Term Sheet Release in each case as it relates only to the parties to the Term Sheet Releases, <sup>✓</sup>~~nothing~~ shall be taken as extinguishing any rights in favour of CEP or the trustees pursuant to the NB Hourly Global Agreement or the Trust Agreement.

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7. **THIS COURT ORDERS AND DECLARES** that the global agreement term sheet dated as of March 16, 2010 attached as Exhibit "P" to the Gordon Affidavit (the "NB Salaried Global Agreement"), is hereby approved and that the NB Salaried Global Agreement and the terms and conditions set out therein including, without limiting the generality of the foregoing, the wind-up mechanism of the Old FP Salaried Plan, are in the best interests of the Applicants and the other parties thereto including the members of the Old FP Salaried Plan. The execution, delivery and performance of the NB Salaried Global Agreement by the Applicants is hereby authorized and

approved. All parties to the NB Salaried Global Agreement are hereby authorized and directed to take such steps as may be necessary or desirable to conclude the implementation of the terms and conditions set out therein and to execute and deliver all such documents and agreements as may be necessary or desirable to implement the NB Salaried Global Agreement, or in furtherance of this Order, and to perform their obligations thereunder.

8. **THIS COURT ORDERS AND DECLARES** that the Davies Consent is hereby confirmed and approved and the execution of the Davies Consent by the Representatives (as such term is defined in the Order of this Honourable Court dated September 17, 2009) on their own behalf and on behalf of the Davies Group, by its counsel, Davies Ward Phillips & Vineberg LLP ("Davies"), is hereby ratified, authorized and approved. The Davies Consent is legally binding on and effective against the Representatives and all the Represented Parties who comprise the Davies Group as defined in this Order, and the Representatives are hereby authorized to take such additional steps and execute or direct its counsel, Davies, to execute such additional documents as may be necessary or desirable in connection with, or the performance of, the Davies Consent.

8A. **THIS COURT ORDERS AND DECLARES** that the Consent of the Paliare Group dated as of April 6, 2010 (the "Paliare Consent") is hereby confirmed and approved and the execution of the Paliare Consent by the Representatives (as such term is defined in the Order of this Honourable Court dated September 17, 2009) on their own behalf and on behalf of the Paliare Group, by its counsel, Paliare Roland Rosenberg LLP ("Paliare"), is hereby ratified, authorized and approved. The Paliare Consent is legally binding on and effective against the Representatives and all the Represented Parties who comprise the Paliare Group as defined in this Order, and the Representatives are hereby authorized to take such additional steps and

execute or direct its counsel, Paliare, to execute such additional documents as may be necessary or desirable in connection with, or the performance of, the Paliare Consent.

9. **THIS COURT ORDERS AND DECLARES** that none of PNB, the Superintendent, the NB Administrator, the Applicants, the CEP, or any trustees of the Outside Trust Funds (as such term is defined in the NB Hourly Global Agreement and the NB Salaried Global Agreement), as well as their respective officers, directors, employees, representatives, delegates and agents, shall be or be deemed to be liable for any decrease in the current value of the Old FP Hourly Plan and/or the Old FP Salaried Plan assets at any time and for any reason whatsoever other than their fraud or gross negligence. None of the beneficiaries of the Old FP Hourly Plan and the Old FP Salaried Plan nor the NB Administrator shall have any Claims (as defined herein) whatsoever against any of the foregoing persons at any time.

10. **THIS COURT ORDERS AND DECLARES** that neither Brookfield nor any Designated Purchaser shall be a successor to any of the Applicants and neither Brookfield nor any Designated Purchaser shall assume or be deemed to assume any liabilities or obligations whatsoever of the Applicants including, without limitation, any and all liabilities and obligations in respect of, in connection with or in relation to: (a) any of the Pension Plans (including, without limitation, any funding or pension benefit payment obligations); (b) any and all termination, severance or related amounts which any current or former employee of the Applicants could at any time assert against the Applicants; (c) any and all former, current or future employees of the Applicants (other than the Transferred Employees and the Unionized Employees who become employees of the Designated Purchasers, as applicable, on Closing as provided for in the Purchase Agreement); and (d) any agreements which the Applicants may have with any person,

except for such liabilities in relation to assigned agreements as are specifically and expressly assumed as an Assumed Liability under and as provided for in the Purchase Agreement.

11. **THIS COURT ORDERS AND DECLARES** that each of the Applicants and, in each case, each of their respective directors, officers, representatives, agents, employees and delegates, shall, effective immediately upon Closing of the Transaction, be and be deemed to be irrevocably and unconditionally fully and finally released from any and all claims, obligations or liabilities whatsoever, whether known, anticipated or unknown, arising from any fact, matter or circumstance occurring or existing on or before the Closing Date in relation to or in connection with any and all facts and circumstances including in respect of the Purchase Agreement, the NB Hourly Global Agreement, the NB Salaried Global Agreement, the Transaction and the Closing thereof including, without limitation, any and all claims in respect of the Pension Plans which includes, but is not limited to, claims that might be brought against them relating to their actions as or on behalf of the administrators or sponsors of the Pension Plans, save and except for their fraud or gross negligence. For greater certainty and notwithstanding anything else contained herein, this release: (a) in favour of the Applicants' directors and officers shall not, and shall not be deemed to release the sixteen (16) outstanding claims against the directors and officers in the total amount of approximately \$181,000 that are referred to in paragraph 31 of the Tenth Report; and (b) in favour of the Applicants shall not, and shall not be deemed to release (i) any Claims filed against the Applicants that remain outstanding pursuant to the Claims Order of this Honourable Court dated July 15, 2009 (the "Claims Order"); (ii) any Restructuring Claims that arise or may be filed in accordance with the Claims Order; (iii) the Applicants' obligations under s. 18(ii) of the Initial Order; or (iv) any Excluded Claim as defined in the Claims Order, all of which shall continue to be addressed and/or finally determined as part of the claims process established under the Claims Order.

12. **THIS COURT ORDERS AND DECLARES** that Brookfield, the Designated Purchasers, and their respective affiliates and officers, directors, employees, delegates, agents and representatives shall, effective immediately upon Closing of the Transaction, be and be deemed to be irrevocably and unconditionally fully and finally released of and from any and all claims, obligations or liabilities whatsoever arising from any event, fact, matter or circumstance occurring or existing on or before the Closing Date in relation to or in connection with the Applicants or their respective present or past businesses, properties or assets, including, without limitation, any and all claims, obligations or liabilities whatsoever, whether known, anticipated or unknown, in relation to or in connection with the Pension Plans, the Labour Board Proceedings (as defined in the Second Amendment), and the former, current or future employees of the Applicants who are not Transferred Employees or Unionized Employees who become employees of the Designated Purchasers on Closing in accordance with the terms and conditions of the Purchase Agreement.

13. **THIS COURT ORDERS AND DECLARES** that each of: (a) PNB; (b) the Superintendent; and (c) the NB Administrator and, in each case, each of their directors, officers, representatives, agents, employees and delegates, as applicable, shall be irrevocably and unconditionally fully and finally released from any and all Claims (as defined herein), whether known, anticipated or unknown, arising in respect of the Old FP Hourly Plan, the Old FP Salaried Plan, the implementation of the wind-up of the Old FP Hourly Plan and/or the Old FP Salaried Plan and any actions contemplated by the NB Hourly Global Agreement and the NB Salaried Global Agreement save and except for their fraud or gross negligence.

14. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Designated Purchasers substantially in the form attached as Schedule "A"

hereto (the "Monitor's Certificate"), all of the Applicants' right, title, benefit, and interest in and to: (a) the Canadian Purchased Assets, including, without limitation, those assets listed in Schedule "B" attached hereto, and further including, without limitation, the real property identified and described in Schedule "C" attached hereto (the "New Brunswick Real Property"); and (b) the U.S. Purchased Assets, including, without limitation, those assets listed in Schedule "D" attached hereto, and further including, without limitation, the real property identified and described in Schedule "E" attached hereto (the "Maine Real Property"), shall vest absolutely in the Canadian Purchaser and the U.S. Purchaser, respectively, free and clear of and from any and all right, title, interest, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, options, warrants, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, other financial, proprietary or monetary claims, adverse claims, or rights of use, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) the Charges (as defined in the initial order of the Honourable Justice Mr. Justice Morawetz dated June 18, 2009, as amended); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system pursuant to equivalent legislation in any other jurisdictions in which all or any part of the Purchased Assets are located; (iii) Claims from employees individually or under successor employer provisions of federal, state and provincial legislation; (iv) Claims in respect of the Pension Plans; (v) those Claims in respect of the New Brunswick Real Property listed on Schedule "F" hereto; (vi) those Claims in respect of the Maine Real Property listed on Schedule "G" hereto; and (vii) those Claims listed on Schedule "H" hereto (all of the above set out in subparagraphs (i), (ii), (iii), (iv), (v), (vi) and (vii) are collectively referred

to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "T" attached hereto), and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets are hereby released, extinguished, expunged and discharged as against the Purchased Assets. Counsel for the Designated Purchasers and any agents appointed by such counsel may, immediately following the Closing of the Transaction, proceed with the discharge of such Claims and Encumbrances including, without limitation, the electronic discharge or the electronic continuance of and subsequent discharge of any financing statements, UCC registrations, mortgages or other registrations in respect thereof.

15. **THIS COURT ORDERS AND DECLARES** that notwithstanding (i) paragraphs 10, 12, and 14 of this Order and, for greater certainty, only with respect to the U.S. Purchaser and the Madawaska Claims and Encumbrances (as defined herein), the Claims and Encumbrances of the Town for real estate and personal property taxes in the aggregate amount of US\$5,907,738.17 and the District for water charges in the aggregate amount of US\$49,691.08 (collectively, the "Madawaska Taxes") relating to the Madawaska Mill (the "Madawaska Claims and Encumbrances") shall not be released, extinguished, expunged or discharged as against the Purchased Assets until the payment of the Madawaska Taxes by the Designated Purchasers. Upon such payment, the Madawaska Claims and Encumbrances shall be immediately hereby released, extinguished, expunged and discharged as against the Purchased Assets and the provisions of this Order including, without limiting the generality of the foregoing, paragraphs 10, 12, and 14 of this Order, shall have full force and effect in respect of the Madawaska Claims and Encumbrances. Notwithstanding anything in this Order to the contrary, nothing in this Order shall affect any claims of the Town with respect to unpaid real or personal property taxes, if any

or the District with respect to any unpaid water charges, if any, or any liens with respect to such taxes or charges.

16. **THIS COURT ORDERS** that the Designated Purchasers are hereby ordered and directed to pay the amount of (i) US\$950,308.92 to the Town and US\$49,691.08 to the District within two (2) Business Days of the Closing Date; (ii) US\$1,957,429.25 to the Town on or before May 31, 2010; and (iii) US\$3,000,000 to the Town on or before June 30, 2010 on account of amounts owing to the Town and the District in respect of the Madawaska Taxes.

17. **THIS COURT ORDERS** that prior to Closing, the Town and the District shall deliver in escrow to the Designated Purchasers, counsel for the Designated Purchasers or any agents appointed by such counsel such discharges and releases in registrable form as may be necessary or desirable to discharge the Madawaska Claims and Encumbrances in respect of the Madawaska Taxes as against the Purchased Assets, which releases and discharges shall be released from escrow upon payment of the Madawaska Taxes.

18. **THIS COURT ORDERS** that upon the registration in the applicable land registry office of a transfer/deed of land or equivalent document in the applicable prescribed forms, and of an application for registration of vesting order in the applicable prescribed form, the applicable land registrar or equivalent official is hereby directed to enter the Canadian Purchaser as the owner of the New Brunswick Real Property in fee simple, and is hereby directed to delete and expunge from title to the New Brunswick Real Property any and all Claims and Encumbrances in respect of the New Brunswick Real Property, including, without limitation, the Claims and Encumbrances listed in Schedule "F" attached hereto, but excluding the permitted encumbrances, easements and restrictive covenants in respect of the New Brunswick Real Property set out in Schedule "I" attached hereto.

19. **THIS COURT ORDERS** that, notwithstanding the filing and/or registration of this Order with the applicable land registrar or equivalent official with respect to the New Brunswick Real Property, the Canadian Purchaser may seek further Order of this Court in the form of a supplemental vesting order, upon seven (7) days notice to any parties affected by such supplemental vesting order: (i) directing the applicable land registrar or equivalent official to enter the Canadian Purchaser as the owner of any additional New Brunswick Real Property in fee simple; (ii) supplementing the New Brunswick Real Property identified and described in Schedule "C" of this Order; (iii) directing the applicable land registrar or equivalent official to delete and expunge from title to the New Brunswick Real Property any additional Claims or Encumbrances as against the New Brunswick Real Property that are disclosed to or come to the attention of the Canadian Purchaser within the six (6) month period following the date of this Order; and (iv) supplementing the permitted encumbrances, easements and restrictive covenants affecting or relating to the New Brunswick Real Property and set out in Schedule "T" of this Order.

20. **THIS COURT ORDERS** that upon the registration in the applicable land registry office of a transfer/deed of land or equivalent document in the applicable prescribed forms, and of an application for registration of vesting order in the applicable prescribed form, the applicable land registrar or equivalent official is hereby directed to enter the U.S. Purchaser as the owner of the Maine Real Property in fee simple, and, subject to paragraph 15 of this Order, is hereby directed to delete and expunge from title to the Maine Real Property any and all Claims and Encumbrances in respect of the Maine Real Property, including, without limitation, the Claims and Encumbrances listed in Schedule "G" attached hereto, but excluding the permitted encumbrances, easements and restrictive covenants in respect of the Maine Real Property set out in Schedule "T" attached hereto.

21. **THIS COURT ORDERS** that, notwithstanding the filing and/or registration of this Order with the applicable land registrar or equivalent official with respect to the Maine Real Property, the U.S. Purchaser may seek further Order of this Court in the form of a supplemental vesting order, upon 21 days notice to any parties affected by such supplemental vesting order: (i) directing the applicable land registrar or equivalent official to enter the U.S. Purchaser as the owner of any additional Maine Real Property in fee simple; (ii) supplementing the Maine Real Property identified and described in Schedule "E" of this Order; (iii) directing the applicable land registrar or equivalent official to delete and expunge from title to the Maine Real Property any additional Claims or Encumbrances as against the Maine Real Property that are disclosed to or come to the attention of the U.S. Purchaser within the six (6) month period following the date of this Order; and (iv) supplementing the permitted encumbrances, easements and restrictive covenants affecting or relating to the Maine Real Property and set out in Schedule "T" of this Order.

22. **THIS COURT ORDERS** that notwithstanding paragraph 14 of this Order, the net proceeds from the sale of the Purchased Assets (the "Proceeds"), including, without limitation, the Promissory Note and the Common Shares not subject to the Escrow Agreement but excluding, for greater certainty, the cash consideration and the Preferred Shares to be distributed in accordance with paragraphs 25, 26 and 28 of this Order, shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

23. **THIS COURT ORDERS** that the Applicants shall not revoke, disclaim, terminate or resiliate, in or pursuant to these proceedings or otherwise, any of the Purchase Agreement, the Ancillary Agreements, the Related Documents and any and all other agreements and documents delivered to or for the benefit of Brookfield or the Designated Purchasers in connection with the Purchase Agreement or the Transaction.

24. **THIS COURT ORDERS AND DIRECTS** that the Monitor file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

25. **THIS COURT ORDERS** that the net cash Proceeds payable to the Applicants on Closing are hereby directed to be distributed and paid by the Applicants immediately to CIT in payment of amounts owing under the CIT Financing Agreement in the amount of U.S. \$10,000,000 and to CIBC in payment of the CIBC Existing Facility, which facility is subject to a guarantee by Brookfield in favour of CIBC and a secured Amended and Restated Guarantee and Reimbursement Agreement of the Applicants in favour of Brookfield, in the amount of U.S. \$25,000,000.

26. **THIS COURT ORDERS** that the Proceeds payable to the Applicants on Closing in the form of Preferred Shares are hereby directed to be distributed by the Applicants immediately to GNB in full and final satisfaction of the amounts owing under the GNB Loan Agreement and the GNB Plaster Rock DIP Facility and that, upon delivery of the Preferred Shares, the Applicants shall be immediately and automatically released of any obligations under the GNB Loan Agreement and the GNB Plaster Rock DIP Facility.

27. **THIS COURT ORDERS** that upon completion of the Transaction and the Closing thereof, Fraser Papers Inc. ("FPI"), on behalf of itself and the other Applicants, shall hold the

Common Shares and the Promissory Note delivered on Closing, and all other residual assets or proceeds of sale of such residual assets, for the benefit of their creditors, as such creditors' respective interests and priorities may appear.

28. **THIS COURT ORDERS** that FPI be and is hereby authorized and directed to execute and deliver on the Closing of the Transaction an irrevocable Direction to the Canadian Purchaser directing that the fixed payments set out in section 3.2(e) of the Purchase Agreement be paid directly to the Outside Trust Fund (as such term is defined in paragraph 17(c) of the NB Hourly Global Agreement).

29. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and any equivalent legislation in any other jurisdiction applicable to the Designated Purchasers, the Purchased Assets, the Transferred Employees and/or the Unionized Employees, the Applicants are authorized and permitted to disclose and transfer to the Designated Purchasers all human resources and payroll information in the Applicants' records pertaining to the Applicants' past and current employees, including personal information of the Transferred Employees and the Unionized Employees. The Designated Purchasers shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Applicants.

30. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Applicants:
  - (i) the Purchase Agreement, the Ancillary Agreements, the Related Documents, the NB Hourly Global Agreement, the NB Salaried Global Agreement and the transactions, trusts, and actions contemplated therein;
  - (ii) the sale of the Purchased Assets to the Designated Purchasers, as applicable;
  - (iii) the entering into of the Purchase Agreement, the Ancillary Agreements, the Related Documents, the NB Hourly Global Agreement and the NB Salaried Global Agreement by any of the Applicants;
  - (iv) the vesting of title in the Purchased Assets in the Designated Purchasers, as applicable, free and clear of all Claims and Encumbrances;
  - (v) the distribution of the Proceeds as provided in this Order; and
  - (vi) the provisions of this Order,

shall be binding on any trustee in bankruptcy, receiver, interim receiver or similar party that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

31. **THIS COURT ORDERS** that PricewaterhouseCoopers Inc. is hereby authorized, empowered and directed to enter into the Escrow Agreement attached as Exhibit "Y" to the Gordon Affidavit (with such alterations and amendments as the parties thereto may agree), as Escrow Agent, and to carry out and satisfy the activities, functions and responsibilities set out in the Escrow Agreement and in addition to the rights and protections afforded PricewaterhouseCoopers Inc. as the Monitor under the CCAA or as an officer of this Court, the Escrow Agent shall incur no liability as a result of its acting as Escrow Agent under the Escrow Agreement or the carrying out of the provisions of this Order, except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

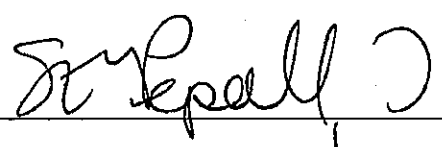
32. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent legislation in any other jurisdictions in which all or any part of the Purchased Assets is located.

33. **THIS COURT ORDERS AND DECLARES** that all persons shall co-operate fully with the Applicants, the Designated Purchasers, Brookfield, their respective affiliates and the Monitor and do all such things that are necessary or desirable for the purpose of giving effect to and in furtherance of this Order, the Purchase Agreement and the Transaction.

34. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 142 of the *Courts of Justice Act* (Ontario), no person shall be liable for any act done in good faith in accordance with any Order issued in this proceeding, and any person who takes any action whatsoever in reliance on this Order prior to the commencement of any appeal hereof or the expiry of any appeal period shall not be prejudiced or harmed in any manner by any such subsequent appeal.

35. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada (including the Court of Queen's Bench of New Brunswick), in the United States or elsewhere to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies (including the Court of Queen's Bench of New Brunswick) are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

36. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

  
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ENTERED AT / INSCRIT A TORONTO  
 ON / BOOK NO:  
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APR 07 2010

PER / PAR: TV

Schedule "A" – Form of Monitor's Certificate

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

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE MADAM ) TUESDAY, THE 6TH DAY  
JUSTICE PEPALL ) OF APRIL, 2010

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./PAPIERS FRASER  
INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER  
LTD., FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the  
"Applicants")

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated June 18, 2009, PricewaterhouseCoopers Inc. was appointed as monitor (the "Monitor") of the Applicants.

B. Pursuant to an Order of the Court dated December 10, 2009 (the "Approval and Bid Process Order"), the Court approved the asset purchase agreement made as of December 22, 2009 between the Applicants, as vendors, and Brookfield Asset Management Inc. ("Brookfield") and/or such other Person(s) as it may designate, as amended by the first amendment to the asset purchase agreement dated as of February 26, 2010 and a second amendment to the asset purchase agreement dated as of ■, 2010, as may be further amended, modified or restated from time to time (collectively, the "Purchase Agreement").

C. Brookfield designated Twin Rivers Paper Company Inc. (the "Canadian Purchaser") as the purchaser of the Purchased Assets located in Canada (the "Canadian Purchased Assets") and Twin Rivers Paper Company LLC (the "U.S. Purchaser" together with the Canadian Purchaser the "Designated Purchasers") as the purchaser of the Purchased Assets located in the United States (the "U.S. Purchased Assets").

D. Pursuant to an Order of the Court dated April 6, 2010 (the "Approval and Vesting Order"), the Court provided for the vesting in the Canadian Purchaser and the U.S. Purchaser of the Applicants' right, title and interest in and to the Canadian Purchased Assets and the U.S. Purchased Assets; respectively, which vesting is to be effective with respect to the Purchased Assets, upon the delivery by the Monitor to the Designated Purchasers of a certificate confirming (i) the payment by the Canadian Purchaser and the U.S. Purchaser of the Purchase Price for the Canadian Purchased Assets and the U.S. Purchased Assets, respectively, (ii) that the conditions to Closing as set out in the Purchase Agreement have been satisfied or waived by the Applicants, Brookfield and the Designated Purchasers, as the case may be; and (iii) the Transaction as contemplated in the Purchase Agreement, the Approval and Bid Process Order and the Approval and Vesting Order has been completed to the satisfaction of the Monitor.

E. Unless otherwise indicated herein, all capitalized terms used but not otherwise defined in this certificate shall have the meanings ascribed thereto in the Purchase Agreement.

THE MONITOR CERTIFIES the following:

1. The Designated Purchasers have paid and the Applicants have received the Purchase Price for the Purchased Assets, payable on Closing pursuant to the Purchase Agreement;
2. The conditions to Closing as set out in the Purchase Agreement have been satisfied or waived by the Applicants, Brookfield and the Designated Purchasers, respectively; and
3. The Transaction has been completed in accordance with the terms of the Purchase Agreement, the Approval and Bid Process Order and the Approval and Vesting Order.
4. This Certificate was delivered by the Monitor at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**PRICEWATERHOUSECOOPERS INC., in its capacity as Monitor of Fraser Papers Inc., Fraser Papers Limited and FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC, and not in its personal or corporate capacity**

Per: \_\_\_\_\_  
Name:  
Title:

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

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

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

Proceedings commenced at Toronto

**APPROVAL AND VESTING ORDER**

**ThorntonGrouffinnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
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Toronto, ON M5K 1K7

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Lawyers for the Applicants

# **EXHIBIT “C”**

# EXHIBIT "C"

Court File No CV-09-8241-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM ) TUESDAY, THE 6<sup>th</sup> DAY  
)  
JUSTICE PEPALL ) OF APRIL, 2010

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")



**ORDER**  
(Amending Initial Order, Extending Stay Period)

THIS MOTION, made by the Applicants for an Order amending the initial order of this Honourable Court dated June 18, 2009, as amended (the "Initial Order"), including the style of cause of the within court file in this proceeding, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated March 30, 2010, and the Tenth Report of PricewaterhouseCoopers Inc., in its capacity as monitor of the Applicants, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for Brookfield Asset Management Inc., counsel for CIT Business Credit Canada Inc., counsel for the Province of New Brunswick, counsel for the officers and directors of the Applicants, counsel for the Communications, Energy and Paperworkers Union of Canada, counsel for the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, counsel for the court-appointed committee representing unrepresented employees and former employees other than those employees or former employees in the Province of Quebec, other members of the committee representing unrepresented employees and

former employees in the Province of Quebec, such employees and former employees being represented in this motion by the firm Paliare Roland Rosenberg LLP and counsel for the Town of Madawaska and the Madawaska Water District, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Annette Fournier sworn March 30, 2010, filed:

1. **THIS COURT ORDERS** that the Stay Period as described in the Initial Order be and is hereby extended to and including July 9, 2010.

2. **THIS COURT ORDERS** that paragraph 36 of the Initial Order be, and is hereby amended by replacing "USD\$20,000,000" therein with "USD\$25,000,000", and further orders and declares that: (a) all references to "DIP Term Sheet" and "Definitive Documents" in the Initial Order shall be deemed to refer to such documents as they may be amended, supplemented or replaced from time to time to, among other things, provide for the increased availability under the Amended DIP Facility contemplated by this paragraph and pursuant to any further Order of this Court; and (b) all references in the Initial Order to the "DIP Lender's Charge" in the maximum amount of US\$20,000,000 are hereby amended by replacing "USD\$20,000,000" therein with "USD\$25,000,000".

3. **THIS COURT ORDERS AND DECLARES** that, effective immediately upon the closing of the transaction pursuant to the Asset Purchase Agreement, all credit facilities established in favour of the Applicants under the GNB Amending Agreement shall be terminated and cancelled, and further orders and declares that the Existing GNB Security and the GNB DIP Charge shall be discharged cancelled, terminated and released, and further orders and declares that that all references to "GNB", "GNB Amending Agreement", "GNB DIP Charge", and "Existing GNB Security" shall be deleted and removed from the Initial Order including, without limiting the generality of the foregoing, paragraphs 41.1, 41.2, and 45-49, inclusive, of the Initial Order.

4. **THIS COURT ORDERS** that the style of cause herein shall be and is hereby amended to reflect the following:

- (i) to include the French name Papiers Fraser Inc.; and

(ii) to amend Fraser Timber Ltd. to Fraser Timber Limited

so that all documents issued, served or filed after the date of this order reflect the following style of cause:

Court File No CV-09-8241-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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./PAPIERS FRASER INC.**, FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

  
\_\_\_\_\_

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

APR 07 2010

PER / PAR: TV

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")

Applicants

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

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

Proceedings commenced at Toronto

**ORDER**  
(Amending Initial Order and  
Extending Stay Period)

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Lawyers for the Applicants

10733498.4  
13742.2181

# **EXHIBIT “D”**

# EXHIBIT "D" 78.

## SCHEDULE "A"

L/C #	Beneficiary	USD Amount
SBGT736755	Wisconsin DNR	\$ 200,000.00
SBGT736756	Wisconsin DNR	2,360,875.00
SBGT736752	Wisconsin DNR	161,600.00
SBGT739822	Old Republic	2,643,000.00
SBGT731476	Chartis	2,540,500.00
	<b>Total:</b>	<b><u>\$7,905,975.00</u></b>

# **EXHIBIT “E”**

AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED FINANCING AGREEMENT

**THIS AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED FINANCING AGREEMENT** (the "**Agreement**") is dated as of April [28], 2010 between **FRASER PAPERS INC.**, as borrower (the "**Borrower**"), Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited, Fraser N.H. LLC and FPS Canada Inc., as guarantors (collectively, the "**Guarantors**"), **CIT BUSINESS CREDIT CANADA INC.**, as agent (in such capacity, the "**Agent**"), and **CIT BUSINESS CREDIT CANADA INC.**, as sole lender (the "**Lender**").

**WHEREAS:**

A. The Borrower, the Guarantors, the Agent and the lenders from time to time parties thereto are parties to a second amended and restated financing agreement dated as of May 2, 2008, as amended by amendment no. 1 dated as of September 22, 2008 (collectively, the "**Financing Agreement**").

B. The Borrower and the Guarantors (collectively, the "**Credit Parties**") commenced proceedings (the "**CCAA Proceedings**") in the Ontario Superior Court of Justice (the "**Canadian Court**") on June 18, 2009 (the "**Canadian Filing Date**") under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**"), and were granted an order by the Canadian Court in the CCAA Proceedings on June 18, 2009, as amended and restated on July 15, 2009 and as thereafter amended with the prior written consent of the Agent (collectively, the "**Initial Order**").

C. The Credit Parties sought and obtained recognition and provisional relief in an ancillary proceeding pursuant to Chapter 15 of the Bankruptcy Code (the "**US Proceedings**") on June 19, 2009 in jointly administered cases in the United States Bankruptcy Court for the District of Delaware (the "**US Court**") and were granted orders by the US Court in the US Proceedings on each of June 19, 2009, June 26, 2009, July 13, 2009, August 3, 2009, January 5, 2010 and April [•], 2010 (collectively, the "**US Orders**").

D. As of the Canadian Filing Date, the aggregate principal amount of Revolving Loans outstanding under the Financing Agreement was U.S.\$[55,722,130.30], of which U.S.\$[37.8 million] was comprised of Letters of Credit.

E. The Lender also provides a senior secured super priority debtor-in-possession revolving credit facility in an aggregate principal amount of up to U.S.\$24,277,869.70 (the "**CIT DIP Credit Facility**") to the Borrower to fund, among other things, the continued operation of the businesses of the Credit Parties during the stay of proceedings against each of the Credit Parties and its Property under the Initial Order. The CIT DIP Credit Facility has been provided by the Lender on the terms and conditions of the Amended DIP Facility Term Sheet (the "**CIT DIP Term Sheet**") attached to an affidavit of J. Peter Gordon sworn July 10, 2009 in connection with the CCAA Proceedings. As of the date hereof, the aggregate amount outstanding under the CIT DIP Credit Facility is U.S.\$[217,981.27] and Cdn.\$[38,946.39].

F. On December 10, 2009, the Canadian Court issued an order (the "**Canadian Sales Process and Conditional Vesting Order**") authorizing, among other things, the sale of the business and certain assets and liabilities relating to the specialty papers business of the Credit Parties (the "**Specialty Papers Business**") to Brookfield Asset Management Inc. ("**Brookfield**") or its designates pursuant to a stalking horse bid process on the terms and conditions substantially in the form of the asset purchase agreement annexed as Exhibit "A" to the affidavit of J. Peter Gordon sworn December 3, 2009.

G. On January 5, 2010, the US Court issued an order recognizing the Canadian Sales Process and Conditional Vesting Order.

H. Brookfield was the successful bidder under the stalking horse bid process and its designates, Twin Rivers Paper Company Inc. (“**Twin Rivers**”) and Twin Rivers Paper Company LLC, as purchasers (collectively, the “**Purchasers**”), and the Credit Parties, as vendors, obtained the approval of the Canadian Court and the US Court for the completion of the purchase and sale of the Specialty Papers Business by orders of the Canadian Court and the U.S. Court dated April 6, 2010 and April 7, 2010 respectively.

I. In connection with the purchase and sale of the Specialty Papers Business, Twin Rivers has requested that CIT Business Credit Canada Inc. provide a senior secured revolving credit facility to Twin Rivers (the “**Twin Rivers Credit Facility**”) to, among other things, repay certain amounts outstanding to the Lender under the Financing Agreement and in connection with the CIT DIP Credit Facility.

J. In addition to the Specialty Papers Business, the Credit Parties intend to sell all of their remaining Property, which consists primarily of the Gorham, New Hampshire paper mill, the Thurso, Quebec pulp mill, the Masardis sawmill in Ashland, Maine and the Ashland, Maine sawmill (all remaining Property of the Credit Parties from and after the completion of the sale of the Specialty Papers Business being collectively referred to herein as the “**Remaining Property**”). The Credit Parties intend to keep the Gorham and Thurso pulp mills operational until such pulp mills are sold. The Masardis and Ashland sawmills are idle and the Credit Parties have no intention of making such sawmills operational prior to their sale.

K. Brookfield has agreed to continue to provide financing to the Borrower pending the sale of the Remaining Property under a U.S.\$25,000,000 senior secured super priority debtor-in-possession revolving loan facility (the “**Brookfield DIP Credit Facility**”). The Brookfield DIP Credit Facility has been and will continue to be provided on the terms and conditions of the DIP Facility Term Sheet attached to an affidavit of J. Peter Gordon sworn July 10, 2009 in connection with the CCAA Proceedings, and as amended by order of the Canadian Court dated April 6, 2010.

L. Upon the closing of the (i) sale of the Specialty Papers Business to the Purchasers and (ii) Twin Rivers Credit Facility, the Borrower has agreed to repay all outstanding obligations to the Agent and the Lender under or in connection with each of the Financing Agreement and the CIT DIP Facility except for obligations relating to the Letters of Credit issued and outstanding under the Financing Agreement set forth in Schedule A hereto (all such Letters of Credit set forth in Schedule A being collectively referred to herein as the “**Existing Letters of Credit**”), which the Lender has agreed will remain outstanding under the Financing Agreement on the terms and conditions set forth herein.

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby covenant and agree as follows:

**ARTICLE 1  
INTERPRETATION**

**Section 1.1 Definitions.**

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Financing Agreement.

**Section 1.2 Headings.**

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

**Section 1.3 Gender and Number.**

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

**Section 1.4 Invalidity.**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

**Section 1.5 Amendment, Waiver.**

No amendment or waiver of this Agreement shall be binding unless executed in writing by each of the parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

**Section 1.6 Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereby irrevocably attorn to the jurisdiction of the courts of Ontario.

**ARTICLE 2  
LETTER OF CREDIT COMMITMENT**

**Section 2.1 Reduction and Termination of Commitments.**

Each of the Agent, the Lender and the Credit Parties agree that the (a) Existing Letters of Credit shall remain and continue to be outstanding under the Financing Agreement (as amended hereby), (b) Commitments shall be permanently reduced to U.S.\$8,000,000 (such amount being referred to herein as the "Letter of Credit Commitment"), and (c) no further loans or other extensions of credit shall be available or made to the Borrower under the Financing Agreement (as amended hereby). Notwithstanding anything in the Financing Agreement to the contrary, the Letter of Credit Commitment shall terminate on the earlier of (i) October [28], 2010, (ii) the date on which all Existing Letters of Credit shall have expired, matured or been cancelled and all Reimbursement Obligations, if any, with respect to the Existing Letters of Credit shall have been fully satisfied by the Borrower, (iii) the date of implementation of a CCAA plan of compromise or arrangement that may be presented by the Credit Parties in the CCAA Proceedings or the emergence of the Credit Parties from the CCAA Proceedings and the US Proceedings; and (iv) the date of acceleration of the Obligations. For the avoidance of doubt, any and all Obligations in respect of the Existing Letters of Credit constitutes CIT Existing Debt (as defined in the CIT DIP Term Sheet) secured by the CIT DIP Charge (as defined in the CIT DIP Term Sheet), which charge shall have the priority as set out in the CIT DIP Term Sheet.

**Section 2.2 Mandatory Prepayments.**

- (1) If any Credit Party sells or otherwise disposes of any Remaining Property of such Credit Party then the Borrower shall, within three Business Days of such sale or other disposition, pay to the Agent (for the account of the Lenders) as Cover for any Letter of Credit Exposure in respect of the Existing Letters of Credit an amount equal to the amount of cash proceeds (net of any taxes payable in respect thereof and reasonable transaction related expenses determined acceptable by the Lenders in their reasonable discretion) received from such sale or other disposition; provided that this prepayment requirement shall not apply to sales or other dispositions of Inventory in the ordinary course of business upon customary credit terms.
- (2) The Borrower shall, within three Business Days of the date of receipt by any Credit Party of any insurance or condemnation proceeds in connection with any loss of or damage to any Remaining Property, pay to the Agent (for the account of the Lenders) as Cover for any Letter of Credit Exposure in respect of the Existing Letters of Credit, an amount equal to 100% of the cash proceeds (net of reasonable transaction related expenses determined acceptable by the Lenders in their reasonable discretion) of such insurance or condemnation proceeds.

**Section 2.3 Block Event.**

Each of the Credit Parties acknowledges that, prior to the date hereof, a Block Event has occurred and agrees that a Block Event shall continue until the Financing Agreement (as amended hereby) has been terminated in accordance with the terms thereof.

**ARTICLE 3  
AMENDMENTS TO THE FINANCING AGREEMENT**

**Section 3.1 Amendment to Section 1.1 of the Financing Agreement.**

Section 1.1 of the Financing Agreement is hereby amended as follows:

- (1) The following definitions are hereby added to Section 1.1 of the Financing Agreement in their correct alphabetical order:

**“Amendment No. 2”** means Amendment No. 2 to Second Amended and Restated Financing Agreement dated as of April [28], 2010 among the Credit Parties, the Agent and the Lender.

**“Existing Letters of Credit”** has the meaning ascribed thereto in Amendment No. 2.

- (2) The definition of “Borrowing Base” in Section 1.1 of the Financing Agreement is hereby deleted in its entirety and replaced with the following:

**“Borrowing Base”** means, at any time, an amount (which may not be less than zero) equal to the sum of (a) eight-five percent (85%) of the aggregate outstanding Eligible Accounts of the Credit Parties (provided that such percentage shall be increased to ninety percent (90%) in the case of Eligible Accounts insured by EDC), plus (b) the lesser of (i) fifty percent (50%) of the aggregate value of the Eligible Inventory of the Credit Parties, valued at the lower of cost or market, on a first in, first out basis, up to a maximum amount equal to 66.6% of (a), and (ii) eighty-five percent (85%) of the aggregate appraised net orderly liquidation value of the Eligible Inventory of the Credit Parties up to a maximum amount equal to 66.6% of (a), minus (c) an amount equal to all Priority Payables, minus (d) an amount equal to all other Availability Reserves, and

minus (c) \$2,500,000; provided that Eligible Inventory and Eligible Accounts shall be comprised solely of Inventory and Trade Accounts arising from the Gorham, New Hampshire paper mill and the Masardis sawmill in Ashland, Maine. The contribution to the Borrowing Base of a Guarantor which is incorporated or created under the laws of any state of the United States of America will be the lesser of (i) its Borrowing Base calculated pursuant to the foregoing sentence and (ii) the sum of (x) the face amount of all Letters of Credit obtained by the Borrower hereunder (as a result of a Letter of Credit Guarantee being provided by the Agent) which have been obtained by the Borrower in respect of the obligations of such Guarantor, and (y) the tangible net worth (being the excess of total consolidated assets over total consolidated liabilities) of such Guarantor at the time of calculation.

- (3) The definition of "Commitment" in Section 1.1 of the Financing Agreement is hereby deleted in its entirety and replaced with the following:

**"Commitment"** means, with respect to each Lender, the commitment(s) of such Lender in respect of the Existing Letters of Credit as such commitment may be reduced from time to time pursuant to Sections 2.6 and/or 2.9, and as such commitments may be reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.4. The amount(s) of each Lender's Commitment(s) as at the date of this Agreement are set forth on Schedule A, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment(s), as applicable. The aggregate amount of the Commitments on the date hereof is U.S.\$8,000,000.

- (4) The definition of "Letter of Credit Sub-Line" in Section 1.1 of the Financing Agreement is hereby deleted in its entirety and replaced with the following:

**"Letter of Credit Sub-Line"** means the amount of the commitment by the Agent and the Lenders hereunder, in an aggregate amount up to but not exceeding U.S.\$8,000,000, in respect of the Existing Letters of Credit.

- (5) The definition of "Maturity Date" in Section 1.1 of the Financing Agreement is hereby deleted in its entirety and replaced with the following:

**"Maturity Date"** means the earlier of (i) October [28], 2010, (ii) the date on which all Existing Letters of Credit shall have expired, matured or been cancelled and all Reimbursement Obligations, if any, with respect to the Existing Letters of Credit shall have been fully satisfied by the Borrower, (iii) the effective date of a CCAA (as defined in Amendment No. 2) plan of compromise or arrangement that may be presented by the Credit Parties in the CCAA Proceedings (as defined in Amendment No. 2) or the emergence of the Credit Parties from the CCAA Proceedings and the US Proceedings (as defined in Amendment No. 2); and (iv) the date of acceleration of the Obligations.

- (6) The definition of "Priority Payables" in Section 1.1 of the Financing Agreement is hereby deleted in its entirety and replaced with the following:

**"Priority Payables"** means, with respect to any Person, any amount payable by such Person which is secured by a Lien which ranks or is capable of ranking prior to or *pari passu* with the Liens created by the Security Documents in respect of any Eligible Accounts or Eligible Inventory, including amounts owing for wages, vacation pay, severance pay, employee deductions, sales tax, excise tax, Tax payable pursuant to the

ETA (net of GST input credits), income tax, workers compensation, government royalties, pension fund obligations, Canadian Pension and other Pension Plan obligations, amounts payable under the *Wage Earners Protection Program Act* (Canada), real property tax and other statutory or other claims that have or may have priority over, or rank *pari passu* with, such Liens created by the Security Documents.

- (7) The definition of "Line of Credit" in Section 1.1 of the Financing Agreement is hereby deleted in its entirety and replaced with the following:

**"Line of Credit"** means the U.S.\$8,000,000 letter of credit facility established pursuant to the Commitments of the Lenders in respect of the Existing Letters of Credit.

- (8) Section 2.10(b) of the Financing Agreement is hereby amended by deleting "1.5%" and substituting therefor "2.5%".
- (9) Section 2.10(d) of the Financing Agreement is hereby amended by deleting "\$1,000" and substituting therefor "U.S.\$1,200".
- (10) Schedule "A" of the Credit Agreement is hereby deleted in its entirety and replaced with Schedule "B" to this Agreement in order to evidence each Lender's amended Commitment.

#### ARTICLE 4 CONDITIONS PRECEDENT

**Section 4.1 Conditions.** This Agreement shall become effective on the date upon which each of the following conditions is satisfied (such date being referred to herein as the "**Amendment Effective Date**"):

- (1) the parties hereto shall have received this Agreement or counterparts hereof, executed and delivered by each other party hereto, and the representations and warranties in Article 5 hereof shall be true and correct on and as of such date;
- (2) each of the conditions precedent with respect to the effectiveness of, and first borrowing under, the Twin Rivers Credit Facility shall have been satisfied in accordance with its terms and the Agent shall be satisfied that adequate arrangements have been made to ensure that all principal, interest, fees and other amounts outstanding in respect of each of the CIT DIP Credit Facility and the Financing Agreement (other than the Existing Letters of Credit) shall be paid concurrently with the first borrowing under the Twin Rivers Credit Facility;
- (3) the Agent shall have received a true and complete copy of the shared services agreement between Twin Rivers and the Borrower regarding the provision of certain shared services, in form and substance satisfactory to the Agent, acting reasonably, and such agreement shall be in full force and effect, unamended;
- (4) the Canadian Court shall have issued an approval and vesting order approving the purchase and sale of the Specialty Papers Business, vesting the purchased assets relating thereto in the applicable Purchasers, free and clear of all Liens except Permitted Encumbrances (as such terms are defined in the Canadian and US orders) and confirming the continuance of the CIT DIP Charge (as defined in the CIT DIP Term Sheet) over the Remaining Property, and the US Court shall have issued a 363 order, in each case in form and subject satisfactory to the Agent acting reasonably, and each such order shall be in full force and effect and shall not have been reversed

or modified and not be stayed or subject to a motion to stay or subject to appeal or subject to a motion to stay or subject to appeal or petition for review, rehearing or certiorari;

- (5) the Agent shall have received such documents and certificates as the Agent or its counsel may reasonably request relating to the authorization of this Agreement and any other legal matters relating to Borrower, the other Credit Parties, this Agreement, the transactions contemplated hereby and the Financing Agreement as amended hereby, including certificates of status or compliance (as applicable) with respect to each Credit Party, and certified copies of the resolutions of the directors or shareholders of the Borrower and the other Credit Parties authorizing the execution, delivery and performance of this Agreement, all in form and substance satisfactory to the Agent and its counsel, acting reasonably;
- (6) the Agent shall have received the payments that are due and payable under Section 6.1 of this Agreement;
- (7) no Default or Event of Default shall have occurred and is continuing, except for such Defaults or Events of Default relating to the commencement and continuance of the CCAA Proceedings;
- (8) there shall be no: (x) litigation, investigation or proceeding (judicial or administrative) pending or threatened against any Credit Party or its assets, by any agency, division or department of any county, city, state, provincial, territorial or federal government arising out of this Agreement or the Financing Agreement; (y) injunction, writ or restraining order restraining or prohibiting the financing arrangements contemplated under this Agreement or the Financing Agreement; or (z) suit, action, investigation or proceeding (judicial or administrative) pending against any Credit Party or its assets, which, in the opinion of the Agent, if adversely determined, could impair the ability of the Borrower to perform its obligations under the Financing Agreement; and
- (9) the Agent and the Lender shall have received such other documents and instruments as are customary for transactions of this type or as they may reasonably request.

**ARTICLE 5  
REPRESENTATIONS AND WARRANTIES**

**Section 5.1 Representations.** Each Credit Party represents and warrants to the Agent that (after giving effect to this Agreement):

- (1) this Agreement has been duly authorized, executed and delivered, and this Agreement, and the Financing Agreement, as amended hereby, constitute legal, valid and binding obligations and are enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law;
- (2) each Credit Party hereby confirms that the representations and warranties made by it in the Financing Agreement and the other Loan Documents are true and correct on and as of such date, except to the extent that such representation or warranty expressly relates to an earlier date and except for matters relating to the commencement and continuance of the CCAA Proceedings;
- (3) such Credit Party is in full compliance with its covenants in the Financing Agreement and the other Loan Documents, and no Default or Event of Default has occurred and is continuing on the date hereof after giving effect to the amendments set forth herein, except in each case for such

non-compliance of covenants and occurrences of Defaults or Events of Defaults relating to the commencement and continuance of the CCAA Proceedings; and

- (4) the execution, delivery and performance by such Credit Party of this Agreement does not require a consent under, or breach or cause a default under, any agreement or instrument to which such Credit Party is a party, except for such consents, breaches or defaults relating to the commencement and continuance of the CCAA Proceedings.

**Section 5.2 Confirmation of Guarantees and Security.** Each Credit Party other than the Borrower acknowledges, confirms and agrees that the guarantee executed by such Credit Party to and in favour of the Agent (collectively, the “**Guarantees**”) in support of the obligations of the Borrower under the Financing Agreement and the other Loan Documents remains in full force and effect, unamended, and guarantees the repayment of all amounts payable under the Financing Agreement (as amended hereby). In addition, each Credit Party (including the Borrower) acknowledges, confirms and agrees that, other than in respect of any security granted by any Credit Party over any of the Purchased Assets sold to the Purchasers under the Canadian Order dated April 6, 2010 or the U.S. Order dated April 7, 2010, (i) the CIT DIP Charge (as defined in the CIT DIP Term Sheet) and all security granted by each Credit Party to and in favour of the Agent as security for the obligations of such Credit Party under the Financing Agreement (including the Guarantees) and the other Loan Documents to which it is a party (collectively, the “**Credit Party Security**”) remains in full force and effect, and the CIT DIP Charge (as defined in the CIT DIP Term Sheet) and the security interests, mortgages, charges, liens, assignments, transfers and pledges granted by each such Credit Party in favour of the Agent pursuant to the Credit Party Security continue to secure and extend to all debts, liabilities and obligations of such Credit Party to the Agent, whether direct or indirect, absolute or contingent, present or future, pursuant to, arising out of, or in connection with, the Financing Agreement (as amended hereby), the Guarantees and the other Loan Documents to which such Credit Party is a party; and (ii) the Guarantees and the Credit Party Security are all hereby ratified and confirmed.

## ARTICLE 6 MISCELLANEOUS

**Section 6.1 Fees and Expenses.** In consideration of the amendments set out herein, the Borrower agrees to pay to the Agent, for the benefit of the Lenders, a facility fee in an amount equal to 1.0% of the Letter of Credit Commitment, which fee shall be fully earned as of the date hereof and payable on the Amendment Effective Date to the Lender. The Borrower shall also reimburse or pay to the Agent, as the case may be, for all legal fees and other Out-of-Pocket Expenses required to be reimbursed or paid by the Borrower under the Financing Agreement or under any other Loan Document, including all Out-of-Pocket Expenses related to this Agreement, the transactions contemplated by this Agreement or any other documents executed and delivered in connection herewith.

**Section 6.2 Further Assurances.**

Each party shall, from time to time, do and perform any and all acts and execute any and all further instruments which may be reasonably required or which may be reasonably requested by the other party hereto more fully to effect the purpose of this Agreement.

**Section 6.3 Counterparts.**

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

**Section 6.4 No Other Amendments.**

Except as amended hereby, the Financing Agreement remains in full force and effect.

**Section 6.5 Acknowledgement of the Credit Parties.**

Each of the Credit Parties acknowledges and agrees that this Agreement is a Loan Document.

[Balance of this page left blank; signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written by their duly authorized signatories.

**FRASER PAPERS INC.**

**FRASER PAPERS HOLDINGS INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FPS CANADA INC.**

**FRASER TIMBER LIMITED**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRASER PAPERS LIMITED**

**FRASER N.H. LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CIT BUSINESS CREDIT CANADA INC., as  
Agent and as Lender**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**  
**EXISTING LETTERS OF CREDIT**

<b>Applicant</b>	<b>Letter of Credit Number</b>	<b>Beneficiary</b>	<b>Expiry Date</b>	<b>Face Amount (U.S.\$)</b>
Fraser Papers Inc.	SBGT731476	Chartis	July 17, 2010	2,540,500
Fraser Papers Inc.	SBGT736755	Wisconsin Department of Natural Resources	January 12, 2011	200,000
Fraser Papers Inc.	SBGT736756	Wisconsin Department of Natural Resources	January 12, 2011	2,360,875
Fraser Papers Inc.	SBGT736752	Wisconsin Department of Natural Resources	January 12, 2011	161,600
Fraser Papers Inc.	SBGT739822	Old Republic Insurance Company	March 29, 2011	2,643,000
			<b>Total</b>	<b>7,905,975</b>

**SCHEDULE B**  
**SCHEDULE A**  
**COMMITMENTS**

<b>Lender</b>	<b>Commitment</b>
CIT Business Credit Canada Inc.	U.S.\$8,000,000

# **EXHIBIT “F”**

**IRREVOCABLE DIRECTION AND ACKNOWLEDGEMENT**

- TO:** Fraser Papers Inc. ("FPI"), Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited, Fraser N.H. LLC and FPS Canada Inc. (collectively, the "Vendors")
- AND TO:** Brookfield Asset Management Inc. ("Brookfield")
- AND TO:** Twin Rivers Paper Company Inc. (the "Canadian Purchaser")
- AND TO:** Twin Rivers Paper Company LLC (the "US Purchaser", together with the Canadian Purchaser, the "Purchasers")
- AND TO:** PricewaterhouseCoopers Inc., as court-appointed monitor of the Vendors (the "Monitor")
- RE:** Sale of assets pursuant to an asset purchase agreement dated as of December 22, 2009, as amended by the first amendment to asset purchase agreement dated as of February 26, 2010, as further amended by the second amendment to asset purchase agreement dated as of April \_\_\_\_, 2010 (as may be further amended, restated or modified from time to time, the "**Purchase Agreement**") by and among the Vendors and Brookfield or its designate(s), as assigned to the Canadian Purchaser and the US Purchaser pursuant to an assignment and assumption agreement dated as of April \_\_\_\_, 2010
- AND RE:** Final Approval and Vesting Order dated April 6, 2010 issued by the Ontario Superior Court of Justice (Commercial List)

All capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement. Except as otherwise expressly provided, all amounts are stated in US currency.

The Vendors authorize and irrevocably direct the US Purchaser to pay the Purchase Price which is payable to the Vendors on the date hereof pursuant to the Purchase Agreement as follows:

CIT Business Credit Canada Inc.	\$10,000,000 in cash
---------------------------------	----------------------

Canadian Imperial Bank of Commerce	\$25,000,000 in cash
------------------------------------	----------------------

The Vendors authorize and irrevocably direct the Canadian Purchaser to pay the Purchase Price which is payable to the Vendors on the date hereof pursuant to the Purchase Agreement as follows:

PricewaterhouseCoopers Inc, as Escrow Agent	Promissory Note in the amount of \$10,000,000
---	---

FPI, on behalf of itself and the other	Promissory Note in the amount of
--	----------------------------------

Vendors	\$30,000,000
Her Majesty the Queen in Right of the Government of New Brunswick, as Represented by Business New Brunswick	_____ Preferred Shares
FPI, on behalf of itself and the other Vendors	_____ Common Shares
Pension Funding Trust for the Pension Plan for New Brunswick Hourly Employees of Fraser Papers Inc. (the "Trust")	Cdn.\$6,125,000 in cash payable on such dates and in such amounts set out in Schedule "A" attached hereto (each such payment a "Periodic Payment")

This shall be your good and sufficient authority for so doing.

The Canadian Purchaser hereby acknowledges the foregoing direction by FPI to the Trust and that FPI has irrevocably appointed the trustees of the Trust to act as FPI's agent for the sole, non-assignable and exclusive purpose of enforcing payment against the Canadian Purchaser in respect of any Periodic Payment which has not been paid and is due and owing to FPI on or after the date indicated in Schedule "A" attached hereto for such Periodic Payment. For greater certainty, and notwithstanding the foregoing, nothing in or relating to this acknowledgement or the foregoing direction shall derogate from the fact that neither the Canadian Purchaser, the US Purchaser nor any of their respective affiliates has or shall at any time have any liability or obligation whatsoever for or in relation to the Old FP Hourly Plan.

[Remainder of Page Intentionally Left Blank; Signature Page to Follow]

DATED: As of April \_\_\_\_, 2010.

**FRASER PAPERS INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**FRASER PAPERS HOLDINGS INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**FRASER TIMBER LIMITED**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

[Direction re: Purchase Price]

**FRASER PAPERS LIMITED**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**FRASER N.H. LLC**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**FPS CANADA INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**TWIN RIVERS PAPER COMPANY INC.**

By: \_\_\_\_\_  
Name:  
Title:

**Schedule "A"**

**Periodic Payments**

<u>Payment Date</u>	<u>Periodic Payment</u>
October 1, 2011	Cdn.\$437,500
March 31, 2012	Cdn.\$437,500
October 1, 2012	Cdn.\$437,500
March 31, 2013	Cdn.\$437,500
October 1, 2013	Cdn.\$437,500
March 31, 2014	Cdn.\$437,500
October 1, 2014	Cdn.\$437,500
March 31, 2015	Cdn.\$437,500
October 1, 2015	Cdn.\$437,500
March 31, 2016	Cdn.\$437,500
October 1, 2016	Cdn.\$437,500
March 31, 2017	Cdn.\$437,500
October 1, 2017	Cdn.\$437,500
March 31, 2018	Cdn.\$437,500

# EXHIBIT "G"

**PENSION DEFICIT FUNDING TRUST FOR THE PENSION PLAN FOR NEW  
BRUNSWICK HOURLY EMPLOYEES OF FRASER PAPERS INC.**

**THIS DECLARATION AND AGREEMENT OF TRUST** is made as of the **28th** day of **April, 2010**

**BETWEEN:**

**FRASER PAPERS INC., a corporation governed by the laws of  
Canada,**

(the "**Settlor**")

- and -

**COMMUNICATIONS, ENERGY AND PAPERWORKERS UNION OF  
CANADA**

(the "**Union**")

- and -

**Doris Lavoie, Jean Clavette and Mario Thériault**

(the "**Trustees**").

**WHEREAS:**

- (A) The Settlor sponsors the Pension Plan for New Brunswick Hourly Paid Employees of Fraser Papers Inc., New Brunswick Registration #0251264 (the "**Plan**");
- (B) The Settlor filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* on June 18, 2009;
- (C) The parties hereto have entered into a term sheet that was approved by the Ontario Superior Court of Justice (Commercial List) on February 24, 2010, as amended by an Order of the Court on March 22, 2010 (the "**Term Sheet**") and a global agreement incorporating the Term Sheet and all schedules thereto that was approved by the Ontario Superior Court of Justice (Commercial List) on April 6, 2010 ("**the Global Agreement**") to address, *inter alia*, the wind up and terminal funding of the Plan;

- (D) On March 10, 2010 the New Brunswick Superintendent of Pensions (the "**Superintendent**") appointed Morneau Sobeco Limited Partnership as administrator of the Plan;
- (E) On April 1, 2010, the Superintendent issued an Order for a partial wind-up of the Plan as it relates to any defined benefit provisions, effective as of March 31, 2010;
- (F) Morneau Sobeco Limited Partnership shall file a claim in the CCAA proceedings, on behalf of the pension fund established for the Plan (the "**Pension Fund**") with respect to the wind up deficit of the Plan (the "**Wind Up Deficit**") as of March 31, 2010;
- (G) Pursuant to the Global Agreement, the Settlor has agreed to settle a trust to receive, hold, administer, and invest all contributions set out in the Global Agreement to be made by the Settlor or at the Settlor's direction in respect of the claim representing the Wind Up Deficit, in full and final satisfaction of any and all claims against the Settlor and its directors and officers in respect of the Wind Up Deficit;
- (H) The Pension Fund shall be entitled to receive the net cash proceeds arising from the contributions made to the trust described above and investment return earned thereon except as otherwise specifically provided herein;
- (I) The Union is the national trade union whose locals are the exclusive collective bargaining agents for the majority of the active employees, and are the former exclusive bargaining agents for the majority of the terminated and retired individuals who participate in the Plan;
- (J) Pursuant to the April 6, 2010 Order of the Ontario Superior Court of Justice (Commercial List), the Union was specifically authorized to execute all documents as may be contemplated by the Global Agreement, including this Trust Agreement; and
- (K) The Union has selected Doris Lavoie, Jean Clavette and Mario Thériault to be the initial Trustees to administer the trust described above and they have agreed to act as such.

**NOW THEREFORE**, the parties agree as follows:

**ARTICLE 1  
INTERPRETATION**

**1.01 Recitals**

The parties acknowledge and agree that the recitals above are true in substance and in fact.

## 1.02 Definitions

The following terms when used in this agreement shall have the meanings set out below:

- (a) **"APA Consideration"** means the Pension Fund's *pro rata* share among the Settlor's unsecured creditors as determined through the CCAA claims process, after satisfaction of all secured or other priority claims, of the Promissory Note and Common Shares payable under the Asset Purchase Agreement.
- (b) **"Asset Purchase Agreement"** means the asset purchase agreement dated as of December 22, 2009, as amended between the Settlor and certain of its affiliates as vendor, and Brookfield Asset Management Inc. or its designates as purchaser, as amended, which agreement was approved by the Ontario Superior Court of Justice (Commercial List) on April 6, 2010.
- (c) **"Applicable Law"** means domestic or foreign legislation or regulations and policies or administrative practices of any domestic or foreign regulatory authority as may apply to the Trust or the Plan.
- (d) **"Cash"** includes legal tender, cheque, draft or funds received through electronic transfer.
- (e) **"CCAA"** means the *Companies' Creditors Arrangement Act* proceeding commenced by the Settlor and its affiliates in the Ontario Superior Court of Justice (Commercial List) on June 18, 2009;
- (f) **"Common Shares"** has the meaning as defined in the Asset Purchase Agreement, as amended.
- (g) **"Contributions"** means the Periodic Payments, the APA Consideration, and any other amounts paid to the Trustees pursuant to Article 4 of this agreement.
- (h) **"Pension Benefits Act"** means the *Pension Benefits Act* (New Brunswick), as amended as well as any regulations made thereunder, both as applicable to the Plan from time to time.
- (i) **"Periodic Payments"** means the cash payments referenced in Section 3.2(e) of the Asset Purchase Agreement to be received by the Trustees pursuant to the irrevocable Direction of the Settlor to Twin Rivers Paper Company Inc. listed in Schedule "A" hereto.
- (j) **"Plan Members"** means the beneficiaries of the Pension Fund, being the active, deferred and retired members of the Plan as well as other persons who are or may become entitled to receive benefits under the terms of the Plan.

- (k) **“Plan Administrator”** means, at any time, the administrator then appointed for the Plan by the New Brunswick Superintendent of Pensions under the Pension Benefits Act.
- (l) **“Promissory Note”** has the meaning as defined in the Asset Purchase Agreement.
- (m) **“Property”** means, at any time, all tangible and intangible assets, rights, and property of any nature or kind held by the Trust.
- (n) **“Share Terms”** means any terms contained in a shareholders agreement, articles of incorporation, share certificates or otherwise that govern or restrict the rights incident to Common Shares held under this Trust.
- (o) **“Standard of Care”** shall have the meaning ascribed to it in Section 4.14.
- (p) **“Trust”** shall have the meaning ascribed to it in Section 2.01.
- (q) **“Twin Rivers Paper Company Inc.”** means the corporation designated by Brookfield Asset Management Inc. to purchase certain assets of the Settlor pursuant to the terms of the Asset Purchase Agreement.
- (r) **“Wind Up Report Filing Date”** means October 1, 2018 or such other date on which the Plan Administrator becomes required to file with the New Brunswick Superintendent of Pensions, a final wind-up report for the Plan.
- (s) **“Wind Up Report Approval Date”** means the date on which the New Brunswick Superintendent of Pensions approves the final wind-up report for the Plan.

The division of this agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this agreement.

**1.03 Reference to “agreement”, etc.**

Reference in this agreement to “agreement”, “herein”, “hereafter”, “hereby” and other similar expressions shall be deemed to refer to this agreement and not to the Article, Section or other subdivision in which such words appear.

#### **1.04 Inclusive Language**

In this agreement, reference to the masculine gender shall include the feminine and neuter genders. Words importing persons shall include firms and corporations and *vice versa*.

#### **1.05 Consideration**

The parties agree that this agreement has been entered into for good and valuable consideration, the sufficiency of which is hereby acknowledged.

### **ARTICLE 2 CREATION OF THE TRUST**

#### **2.01 Acceptance of Trust**

The Trustees hereby accept their appointment as Trustees. The Trustees agree to hold in trust for the benefit of the Pension Fund CDN\$1.00 paid by the Settlor to the Trustees to settle and form the initial corpus of the Trust, and all Property that is hereafter paid or transferred to the Trustees.

The initial settlement and all Property that is hereafter paid or transferred to the Trustees, together with income or accretions thereon constitute the Trust to be administered by the Trustees in accordance with the terms of this agreement.

#### **2.02 Purpose of the Trust**

The Trust is constituted for the purpose of providing additional Cash funding to the Pension Fund by the Settlor.

#### **2.03 Name of the Trust**

The name of the Trust shall be "Pension Deficit Funding Trust for the Pension Plan for New Brunswick Hourly Employees of Fraser Papers Inc. ".

#### **2.04 Fiscal Year End of the Trust**

The fiscal year of the Trust shall end on the 31<sup>st</sup> day of December in each year.

#### **2.05 Non-Assignment and Non-Alienation**

The Trust is for the sole benefit of the Pension Fund. The Trust is incapable of being assigned or alienated. The Trust and the Property do not confer upon the Settlor, any Plan Member, the Union or any other person any right or interest in the Trust or the Property, including any right or interest that is capable of being assigned or otherwise alienated unless expressly permitted herein.

## 2.06 No Liabilities

None of the parties hereto, nor Twin Rivers Paper Company Inc. or its affiliates nor any Plan Member shall be liable or responsible for any debts, liabilities, or obligations of the Trustees in respect of the Trust.

## ARTICLE 3 CONTRIBUTIONS TO THE TRUST

### 3.01 Contributions

- (a) Within forty-five (45) days following (i) any final determination of the Pension Fund's *pro rata* share as amongst all unsecured creditors (which final determination shall be evidenced by the issuance of all final Orders in CCAA authorizing and directing such distribution); and (ii) all secured or priority claims having been satisfied in full, the Settlor shall cause to be transferred to the Trustees on behalf of the Pension Fund, the Pension Fund's *pro rata* portion of the APA Consideration as a Contribution to the Trust.
- (b) On the dates identified in Schedule A, the Trustees shall be entitled to receive, pursuant to an irrevocable Direction by the Settlor, the Periodic Payments as a Contribution to the Trust.
- (c) Upon receiving the consent of the Plan Administrator, the Trustees shall be entitled to receive such other Contributions from Plan Members as may be determined from time to time.
- (d) The Trustees shall, promptly after receipt, deposit all cash Contributions in an account established for the Trust with a Canadian chartered bank, trust company, credit union or other Canadian financial institution and make all appropriate custodial arrangements for the safekeeping of the APA Consideration and other Property of the Trust.

### 3.02 Collection of Contributions

The Trustees shall use all reasonable means to collect and receive all Contributions payable to the Trust pursuant to this Article 3. The Settlor hereby irrevocably appoints and authorizes the Trustees to act as the agent of Fraser Papers Inc. for the sole and exclusive purpose of enforcing payment by any lawful means that would otherwise have been available to Fraser Papers Inc. against Twin Rivers Paper Company Inc. in respect of any Periodic Payment referred to in Section 3.01(b) which has not been paid and that is due and owing to Fraser Papers Inc. on or after the date indicated in Schedule A for such Periodic Payment. The foregoing irrevocable appointment and authorization shall be operative from the date of this agreement and shall continue notwithstanding any cessation of Fraser Papers Inc.'s corporate existence whether due to wind up, liquidation, bankruptcy or other means. For greater certainty, the foregoing appointment of the Trustees as Fraser Papers Inc.'s agent does not in any manner whatsoever expand the rights of the Trustees other than to allow the Trustees to

enforce payment by Twin Rivers Paper Company Inc. of the Periodic Payments as set out above in a manner that would have been lawfully available to Fraser Papers Inc..

#### **ARTICLE 4 POWERS AND DUTIES OF THE TRUSTEES**

##### **4.01 Custody, Investment and Management of the Trust**

Subject to any specific provisions of this agreement, the custody, investment and management of the Property shall be the sole responsibility of the Trustees.

##### **4.02 General Powers**

In carrying out their responsibilities under this agreement, the Trustees are authorized to exercise the following powers to the extent not inconsistent with the express terms of this agreement:

- (a) **Banking** – To transact with such banks, trust companies or other entities (including for purposes of maintaining an interest-bearing account or accounts to hold some or all of the Property) as may be designated by the Trustees. Such banking business or any part thereof shall be transacted under such agreements, instructions and designations of powers as the Trustees may authorize.
- (b) **Sale, Exchange, Conveyance and Transfer of Property** – To sell, transfer or otherwise dispose of any Property, subject to any and all restrictions in respect of any such Property.
- (c) **Exercise of Shareholder's Rights** – Subject to any Share Terms, to vote upon any shares held by the Trustees hereunder; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options and to make any payments incidental thereto; to oppose, to consent to or to otherwise participate in reorganizations or other changes affecting any shares; to delegate discretionary powers, to pay any assessments or charges in connection therewith and generally to exercise any of the powers of a shareholder with respect to all shares held pursuant to the Trust.
- (d) **Registration of Shares** – Subject to the Share Terms, to have the power to cause legal title to any shares to be held in bearer form by or in the name of the Trust or in the name of a custodian of the Trust or its nominee, on such terms, in such manner and with such powers as the Trustees may determine.
- (e) **Debits and Credits** – To, in their discretion, credit or debit the Trust on a contractual settlement date in respect of any sale, exchange or receipt of shares, subject to the Share Terms (otherwise, such transactions shall be credited or debited to the Trust on the date when

shares are actually received by the Trustees and reconciled to the Trust) and to reverse credits or debits made to the Trust if the related transaction fails to settle within a reasonable time period after the contractual settlement date for the related transaction, or, if any of the shares delivered by the Trustees are returned by the recipient thereof, the Trustees may reverse the credits and debits for the particular transaction at any time.

- (f) **Retention of Property** – To accept and retain Property.
- (g) **Execution of Instruments** – To make, execute, acknowledge and deliver any and all documents (including forms or regulatory filings under Applicable Law) and all other instruments that may be necessary or appropriate to carry out the powers and duties herein provided.
- (h) **Suspension of Sale** – To suspend or limit any acquisition, redemption or sale of shares or other Property if required by Applicable Law, the Share Terms, or other circumstances beyond the Trustees' control.
- (i) **Employment of Agents or Counsel** – To select, retain, employ and supervise agents, advisors, or counsel. The costs associated with the retainer of any such parties shall be payable from the Trust.
- (j) **Settlement of Claims and Debts** – To settle, compromise, release, or submit to arbitration any claims, demands, debts or damages due or owing to or from the Trust, including the collection of Contributions, and to commence or defend suits or legal or administrative proceedings. The costs associated with settlement, compromise, release or arbitration of claims, demands, debts or damages shall be payable from the Trust.
- (k) **Appointment of Custodians** – To appoint or cause to be appointed custodians as to all or part of the Trust. The costs associated with appointment of custodians shall be payable from the Trust.
- (l) **Power to Delegate** – To delegate to any one Trustee or any number of Trustees the power to act on behalf of and bind all the Trustees on any matter that the Trustees deem advisable.
- (m) **Valuation** – To engage professional valuers and other agents at such times as the Trustees deem advisable to value any Property. The costs associated with any such valuation shall be payable from the Trust.
- (n) **Insurance** – To purchase fiduciary liability insurance policies covering the Trustees and to arrange for such other insurance as the Trustees deem advisable. The costs associated with any such insurance shall be payable from the Trust.

- (o) **Receipts** – To issue receipts for any property paid or otherwise transferred to the Trustees.
- (p) **Investment and Reinvestment of Trust Property** – To invest and reinvest such portion of the Trust as is not required for current expenditures or distributions in any type of investments that are permitted by Applicable Law without regard to the limitations contained in the Ontario *Trustee Act* and without consideration of the statement of investment policies adopted by the Plan Administrator or the actual investment of the Plan's assets.
- (q) **Uninvested Cash** – To hold in uninvested cash, without any liability for interest thereon, such sums as the Trustees deem necessary or advisable for the reasonably current cash requirements of the Trust.
- (r) **Appointment of Investment Managers** - To appoint investment managers as to all or part of the Property of the Trust. The costs associated with any such appointment shall be payable from the Trust.
- (s) **Power To Do Any Necessary Act** – To do all such acts, take all such proceedings and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustees may deem necessary to properly administer the Trust.

#### **4.03 Liquidation of Trust Property**

If the Property has not already been sold or otherwise disposed for Cash consideration, the Trustees shall take all action required to ensure that, to the extent possible, all Property then held in the Trust is sold or otherwise disposed for Cash consideration on or before the date that falls fifteen (15) days prior to Wind Up Report Filing Date. The Trustees shall take the provisions of this Section 4.03 into account in making investment decisions for the Trust.

#### **4.04 Investment Decisions Relating to APA Consideration**

Subject to the Section 4.03 and the Share Terms, the Trustees shall have the sole discretion to hold any Common Shares for such duration that the Trustees deem to be advisable, and the Trustees shall have the discretion to determine when and in what manner to dispose of Common Shares.

Subject to Section 4.03 and the terms of the Promissory Note, the Trustees shall have the sole discretion to hold the Promissory Note for such duration that the Trustees deem to be advisable.

#### **4.05 Taxes and Trust Filings**

To pay out of the Trust all taxes of any and all kinds levied or assessed under existing or future laws upon or in respect of the Trust or any money, property or securities forming a part thereof.

To file and distribute, or cause to be filed and distributed, in prescribed form and within prescribed time, such annual income tax returns and other information returns in connection with the Trust as are required by Applicable Law. The costs associated with taxes and Trust filings shall be payable by the Trust.

#### **4.06 Communications**

Only to the extent necessary for the purpose of properly administering the Trust, the Trustees are authorized to provide any information, data, reports or any other documents related to the administration of the Trust or the Property to the Plan Administrator, the Union and to a representative designated by the New Brunswick Council of Carpenters, Millwrights and Allied Workers local 2450 on behalf of its members who are Plan Members, and such other persons that the Trustees deem advisable, and the costs of such communication shall be paid from the Trust.

To the extent any communication is made to any Plan Member by the Trustees, a copy of the communication shall be provided to the Union and the Plan Administrator.

#### **4.07 Information Required by Plan Administrator**

At the request of the Plan Administrator or the Superintendent, the Trustees are required to provide such information or documentation regarding the Trust and the Property held hereunder subject to the Property and Share Terms, as may be reasonably requested from time to time for the purpose of properly administering the Plan. The Trustees shall be entitled to reasonable reimbursement in respect of any out of pocket costs associated with fulfilling such request.

#### **4.08 Deposit for Payment of Fees and Expenses**

The Settlor shall deposit a one time lump-sum payment with the Trustees, within thirty (30) days after the closing of the Asset Purchase Agreement transaction, in the amount of \$15,000 US. This amount shall be available to the Trustees for the purpose of payment of any fees, charges, and expenses pursuant to this agreement. The Settlor shall have no obligation to provide any further or additional deposit to the Trustees in respect of fees, charges and expenses.

#### **4.09 Fees and Expenses**

The Trustees shall have the power:

- (a) to incur and pay from the Trust any fees, charges or expenses that, in the opinion of the Trustees, are necessary or incidental to or proper for carrying out the purpose of this agreement;
- (b) to reimburse others from the Trust for the payment of amounts described in (a); and
- (c) to reimburse themselves as Trustees from the Trust for reasonable out-of-pocket expenses incurred by them in the course of performing their duties hereunder, including fees, charges, expenses, or other amounts paid to banks, custodians, advisors, agents or other similar persons.

#### **4.10 No Trustee Remuneration**

The Trustees shall serve without remuneration payable from the Trust.

#### **4.11 Trustee Decisions and Dispute Resolution**

All decisions of the Trustees shall require approval by the majority of the Trustees. The Trustees shall cooperatively develop a procedure to attempt to address any disputes that arise in the administration of the Trust.

#### **4.12 Trustee Meetings and Minutes**

There shall be a minimum of one annual meeting of the Trustees to review the operation of the Trust, on a date to be determined jointly by the Trustees.

#### **4.13 Limitation of Liability**

The Trustees shall not be liable for any loss as a result of the retention, investment or sale of any Property as herein provided nor for any loss to or diminution of the Trust nor for any debt of the Trust contracted or incurred nor for the non-fulfillment of any contract nor for any other liability arising in connection with the operation or administration of the Trust, except when such loss, debt, diminution or liability is due to a breach of the Standard of Care. No Trustee shall be liable for the act or omission of any other Trustee. For greater certainty, the Trustees shall have no role nor any obligations in respect of the Pension Fund other than as specifically provided herein.

#### **4.14 Standard of Care**

In exercising its powers and performing its duties and responsibilities hereunder, the Trustees shall act honestly and in good faith and shall exercise the care, diligence, and skill that a reasonable person would exercise in dealing with the property of another person, using all relevant knowledge and skill that they possess or ought to possess by

reason of their profession and shall act at all times in the best interests of the Pension Fund and the Plan Members.

#### **4.15 Accounts and Records**

The Trustees shall keep or cause an agent to keep accurate accounts of all investments, receipts and disbursements and other transactions made in connection with the Trust. All records relating thereto shall be open to inspection and audit during normal business hours by any person designated by the Plan Administrator, provided reasonable notice is given to the Trustees. The Trustees may require that such inspection be conducted in the presence of a representative of the Trustees.

The Trustees do not have an independent obligation to maintain a register of Plan Members. The Trustees are authorized to request from the Plan Administrator and to be provided with a listing of Plan Members with current addresses in order to communicate with Plan Members and, pursuant to the terms of this agreement, distribute the Property of the Trust.

#### **4.16 Indemnification of Trustees**

The Trust shall indemnify and save harmless the Trustees and each of them, of from and against any loss, expense, claim, demand, action or any thing of any nature whatsoever arising out of the performance of their duties or responsibilities hereunder, including the cost of defence or litigation (including counsel fees), except that this indemnity shall not in any way extend so as to protect a Trustee where it is finally determined that the circumstances giving rise to an action, suit or proceeding resulted from a Trustee or Trustees acting in bad faith, with wilful misconduct or in breach of the Standard of Care.

### **ARTICLE 5 SUCCESSOR TRUSTEES**

#### **5.01 Incapacity, Death, Resignation or Removal of Trustees**

Each Trustee shall continue to serve until the earlier of the Wind Up Report Approval Date, or the Trustee's death, incapacity, resignation, removal or cessation of Canadian residency for purposes of the *Income Tax Act* (Canada). In the event of any Trustee's incapacity, death, resignation, removal or cessation of Canadian residency, the Trustee (or the personal representatives of his estate, as applicable) shall deliver to the remaining or successor Trustees all certificates, contracts and other documentation in the retiring Trustee's possession that are necessary for the administration of the Trust. The retiring Trustee shall be fully discharged from all future duties and responsibilities in respect of this agreement and the trusts created by this agreement.

The Union shall provide the Plan Administrator with notice of any Trustee's incapacity, death, resignation, removal or cessation of Canadian residency within fifteen (15) days.

### **5.02 Appointment of Successor Trustees Prior to Wind Up Report Approval**

In the event that a vacancy occurs in any of the three offices of Trustee prior to Wind Up Report Approval Date, successor trustee(s) shall be appointed by the Union within fifteen (15) days to fill such vacancy. In the case that the Union declines to appoint a successor Trustee, the Superintendent shall remove the remaining Trustees and appoint a successor trustee for the Trust to serve as the sole Trustee under this agreement.

Upon the Union's appointment of a successor trustee, the Union shall provide the Plan Administrator with the name and contact information of the successor trustee.

### **5.03 Appointment of Successor Trustee Upon Wind Up Report Approval**

If any Property remains in the Trust on Wind Up Report Approval Date, the Union-appointed Trustees' appointments shall automatically terminate and the Superintendent shall appoint a successor trustee for the Trust.

### **5.04 Successor Trustees**

The right, title and interest of the Trustees in the Property shall vest automatically in any person who may hereafter become a Trustee upon his or her due appointment without any further act, and he shall thereupon have all the rights, privileges, powers, obligations and immunities of the Trustees hereunder.

## **ARTICLE 6 DISTRIBUTIONS FROM THE TRUST**

### **6.01 Scheduled Distributions**

Subject only to Section 6.05, within fifteen (15) days of receiving any Periodic Payment, the Trustees shall pay to the Pension Fund an amount equal to such Periodic Payment received by the Trustees (net of any fees and expenses payable under this agreement and any tax and other amounts required to be withheld pursuant to Applicable Law).

### **6.02 Distribution of the Proceeds of Disposition of APA Consideration**

Subject to Section 6.05, and upon obtaining a clearance certificate from the Canada Revenue Agency, upon sale or redemption of any Common Shares and upon the maturity of or payment under any Promissory Note, subject to the Share Terms and the terms of the Promissory Note, respectively, held pursuant to the Trust (for purposes of this Section, such sales, redemptions etc. collectively referred to as a "**Disposition**"), the Trustees shall make a distribution to the Pension Fund of an amount equal to the proceeds of such Disposition (net of any fees and expenses properly payable under this agreement, any reasonable holdback in respect of the Disposition, any reserve in respect of future expenses properly payable under this agreement taking into account any remaining Property, and any tax and other amounts required to be paid pursuant to Applicable Law) within fifteen (15) days of receiving such proceeds.

In no event shall the APA Consideration in the form of Common Shares or Promissory Note be transferred to the Pension Fund.

### **6.03 Additional Interim Distributions**

Subject to Section 6.05, the Trustees may make additional Cash distributions out of income or capital of the Trust to the Pension Fund from time to time, if, in the opinion of the Trustees, it is in the best interests of the Trust to make such distributions. Any income not distributed in a calendar year shall be accumulated and added to the capital of the Trust.

### **6.04 Final Distribution to the Pension Fund**

Subject only to Section 6.05, no later than fifteen (15) days prior to the Wind Up Report Filing Date, all Cash held in the Trust (net of any fees and expenses properly payable under this agreement, any reserve in respect of future expenses properly payable under this agreement taking into account any remaining Property and any tax and other amounts required to be paid pursuant to Applicable Law) shall be paid to the Pension Fund. In the event that the Trustees are unable to liquidate all of the Property of the Trust by the Wind Up Report Filing Date, only the Cash portion will be paid to the Pension Fund. All remaining Property, if any, shall be, to the extent possible sold or otherwise disposed of for Cash, which shall be paid (net of any fees and expenses properly payable under this agreement, any reserve in respect of future expenses properly payable under this agreement taking into account any remaining Property and any tax and other amounts required to be paid pursuant to Applicable Law) to the Pension Fund as soon as possible thereafter. In the event that the Trustees are unable to liquidate any of the Property of the Trust by the Wind Up Report Approval Date, that Property shall become subject to distribution in accordance with Section 6.06.

### **6.05 Prohibited Distributions**

Notwithstanding the foregoing, the Trustees shall not make a distribution referred to in Sections 6.01 through Section 6.04 to the Pension Fund if the Plan's registration under any Applicable Law would be jeopardized by the distribution. For the purpose of this Section 6.05, the Trustees are entitled to rely upon a notice issued by a regulatory authority establishing that the distribution in question would jeopardize the registration of the Plan under Applicable Law or upon the advice of the Plan Administrator.

### **6.06 Alternate Final Distribution**

In the event that the final distribution from the Trust to the Pension Fund required pursuant to Section 6.04 cannot be made by reason of Section 6.05 or to the extent there remains non-cash Property in the Trust on the Wind Up Report Approval Date, the Property held in the Trust shall be distributed to the Plan Members who are residents of Canada for the purposes of the *Income Tax Act* (Canada). No distributions from the Trust shall be made to Plan Members until following the Wind Up Report Approval Date. All such distributions to Plan Members shall, to the maximum extent possible, be made in accordance with the distribution scheme applicable to Plan assets under the Pension

Benefits Act and the Plan based upon the calculations prepared by the Plan Administrator.

Notwithstanding the above, in no event shall the Property in the form of APA Consideration be distributed to the Plan Members. In such event, the Property will be transferred to the same vehicle utilized for other unsecured creditor claims under the CCAA process and held for the benefit of the Plan Members who are residents of Canada for purposes of the *Income Tax Act* (Canada) in accordance with their respective rights as set out in this Section 6.06.

#### **6.07 Effect of Distributions**

Upon the making of any distribution to the Pension Fund or any Plan Member pursuant to the terms of this agreement, the amount thereof shall no longer constitute Property of the Trust.

### **ARTICLE 7 AMENDMENT AND TERMINATION**

#### **7.01 Amendment**

The Trustees shall amend this agreement to accommodate any changes that are identified by the Plan Administrator to be necessary in order to ensure the continued registration of the Plan under Applicable Law.

The Trustees may at any time amend this agreement in whole or in part provided that no amendment shall affect the obligations of the Settlor or the Plan Administrator set out herein, or purport to create any obligations on the part of Twin Rivers Paper Company Inc. or any of its affiliates, or affect, abridge or in any way prejudice the Pension Fund (or Plan Member's) rights to receive any and all distributions from the Trust. Notice of any such amendment shall be provided to the Plan Administrator and the Union.

#### **7.02 Termination of the Trust**

The Trust terminates upon there remaining no Property held under the Trust. The Trust may also be terminated by the mutual agreement in writing of the Trustees and the Union.

#### **7.03 Distribution of Trust Property Upon Termination of the Trust**

In the event the Trust is terminated at a time when there remains Property held under the Trust, the provisions of Article 6 apply with necessary modifications to allow for the distribution of the Property to the Pension Fund or the Plan Members, as appropriate.

**ARTICLE 8  
MISCELLANEOUS**

**8.01 Communication or Notice**

Any communication or notice between the parties to this agreement made in connection with the provisions of this agreement shall be deemed sufficiently made if delivered personally or sent by facsimile or by prepaid first class mail addressed:

If to the Settlor, to:

Fraser Papers Inc.  
Suite 200, PO Box 762  
Brookfield Place, 181 Bay Street  
Toronto, ON M5J 2T3

Attention: Glen McMillan

If to the Union to:

Communications, Energy and Paperworkers Union of Canada  
301 Laurier Avenue West  
Ottawa, ON K1P 6M6

Attention: Fred Wilson

If to the Plan Administrator to:

Morneau Sobeco Limited Partnership  
5151 George Street, Suite 1700  
Halifax, NS B3J 1M5

Attention: Paul Chang

If to the Trustees to:

Doris Lavoie  
295 chemin des Lavoie  
St-Basile, NB E7C 2A1

Jean Clavette  
7 Avenue Ordonnance  
Edmundston, NB E3V 1C3

Mario Thériault  
81 Boul. de la Capitale  
Edmundston NB. E3V 5A2

Any communication or notice so given shall be deemed to have been given and received when delivered personally or when sent by facsimile, or, subject to disruptions in the postal service, on the fifth (5<sup>th</sup>) business day following the day on which it was so mailed. The Settlor and the Trustees may from time to time by written notice change their respective addresses for notice hereunder; however, any communication or notice shall be deemed to have been given and received as aforesaid if delivered, faxed or mailed to the last address of the recipient on file with the sender.

In the event of a postal disruption, all communications and notices hereunder shall be delivered personally or sent by facsimile.

#### **8.02 Notice of Alienation, Assignment and Execution**

The Trustees shall notify the Union and Plan Administrator forthwith upon the receipt by the Trustees of any assignment or attempt of assignment or notice thereof or of any involuntary assignment, seizure, garnishment or any process of law or execution or notice thereof in respect of any amount payable from the Trust.

#### **8.03 Plan Member Information**

The Plan Administrator shall, upon the request of the Trustees, provide the Trustees with a listing of Plan Members with last recorded addresses in order to communicate with Plan Members regarding the status of the Trust and, pursuant to the terms of this agreement, distribute the Property.

#### **8.04 Representations**

The Settlor, the Union, and the Trustees each represent that they have the power and authority to enter into and perform their obligations under this agreement and that the agreement is valid and binding and enforceable in accordance with its terms.

#### **8.05 Residency**

The Settlor and the Trustees each represent that they are a resident of Canada within the meaning of the *Income Tax Act* (Canada).

#### **8.06 Continuation of Agreement**

The Trustees shall continue to be subject to this agreement notwithstanding any cessation of the Settlor's corporate existence whether due to wind up, liquidation, bankruptcy or other means. For greater certainty, this agreement shall terminate only according to the express terms herein and shall not terminate or be deemed to be terminated by reason solely of the cessation of the Settlor's corporate existence.

#### **8.07 Compliance with Applicable Law**

All Contributions to and distributions from the Trust shall be made in compliance with Applicable Law.

**8.08 Entire Agreement**

With the exception of the agreement to require the Plan Administrator to take certain actions in respect of the Trust, this agreement, the Global Agreement and all executed documents and agreements appended as schedules thereto or referred to therein to which the Settlor and the Union are parties, shall constitute the entire agreement between the parties in respect of all matters herein and its execution has not been induced by, nor do any of the parties hereto rely upon or regard as material, any representations or promises whatsoever not incorporated herein or made by a party hereto.

**8.09 Governing Law**

This agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**8.10 Counterparts**

This agreement may be executed and delivered in any number of counterparts with the same effect as if all parties had signed and delivered the same document and all counterparts shall be construed together to be an original and will constitute one and the same agreement.

**IN WITNESS WHEREOF** the parties have executed this agreement with effect as of the date first above written.

**FRASER PAPERS INC.**

By: \_\_\_\_\_  
Peter Gordon

**COMMUNICATIONS, ENERGY AND PAPERWORKERS UNION OF CANADA**

By: \_\_\_\_\_  
Fred Wilson

**TRUSTEES**

By: \_\_\_\_\_  
Doris Lavoie

By: \_\_\_\_\_  
Jean Clavette

By: \_\_\_\_\_  
Mario Thériault

**SCHEDULE "A"**

October 1, 2011:	CDN\$437,500
March 31, 2012:	CDN\$437,500
October 1, 2012:	CDN\$437,500
March 31, 2013:	CDN\$437,500
October 1, 2013:	CDN\$437,500
March 31, 2014:	CDN\$437,500
October 1, 2014:	CDN\$437,500
March 31, 2015:	CDN\$437,500
October 31, 2015:	CDN\$437,500
March 31, 2016:	CDN\$437,500
October 1, 2016:	CDN\$437,500
March 31, 2017:	CDN\$437,500
October 1, 2017:	CDN\$437,500
March 31, 2018:	CDN\$437,500

**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./PAPIERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, 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

**AFFIDAVIT OF GLEN McMILLAN**

**ThorntonGrouFinnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, ON M5K 1K7

**Robert I. Thornton (LSUC# 24266B 1B)**  
**D.J. Miller (LSUC# 34393P)**

Tel: 416-304-1109  
Fax: 416-304-1313

Lawyers for the Applicants

# **TAB 3**

**TO BE PROVIDED  
(CIRCULATED SEPARATELY)**

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./PAPIERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, 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

**MOTION RECORD**

**ThorntonGrouffinnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
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**Robert I. Thornton (LSUC# 24266B 1B)**  
**D.J. Miller (LSUC# 34393P)**

Tel: 416-304-1109  
Fax: 416-304-1313

Lawyers for the Applicants

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**THE HONOURABLE MADAM** ) **WEDNESDAY, THE 28<sup>TH</sup> DAY**  
)  
**JUSTICE PEPALL** ) **OF APRIL, 2010**

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  
LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively,  
the "Applicants")

**ORDER**

**THIS MOTION**, made by the Applicants for an Order amending the Amended and Restated Initial Order of this Court dated July 15, 2009 (the "Amended Initial Order") with respect to the CIT Credit Agreement, Amended CIT Term Sheet and CIT DIP Charge (each as defined therein), was heard this day in a chambers appointment at 9:30 a.m. at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of Glen McMillan sworn April 26, 2010, filed, and on hearing the submissions of counsel for the Applicants and counsel for CIT Business Credit Canada Inc. ("CIT"), no other counsel appearing, and upon being advised that all parties on the regular Service List maintained in this proceeding received notice of the motion as appears from the Affidavit of Service of Annette Fournier sworn April 27, 2010 and no party opposes the relief sought;

1. **THIS COURT ORDERS** that upon the closing of the transaction pursuant to the asset purchase agreement dated as of December 22, 2009 between the Applicants, as vendors, and Brookfield Asset Management Inc. or its designate(s), as purchaser, as such asset purchase

agreement has been and may be further amended from time to time, (the "Asset Purchase Agreement") and repayment in full of all amounts owing to CIT under or in respect of the Amended CIT Term Sheet and the CIT Credit Agreement, other than the letters of credit issued under the CIT Credit Agreement described in the attached Schedule "A" having an aggregate face amount of USD\$7,905,975 (the "CIT Letters of Credit"): (a) all references to "Amended CIT Term Sheet" and "CIT Credit Agreement" in the Amended Initial Order shall be deemed to refer to such documents as they may be amended, supplemented, restated or replaced from time to time, among other things, provide that the availability under the Amended CIT Term Sheet and the CIT Credit Agreement shall be limited to the CIT Letters of Credit; (b) all references in the Amended Initial Order, the Amended CIT Term Sheet and the DIP Term Sheet, as applicable, to the "CIT DIP Facility up to a principal amount of USD\$24,000,000" are hereby amended by replacing "USD\$24,000,000" therein with "USD\$8,000,000"; and (c) all references in the Amended Initial Order and the Amended CIT Term Sheet to the "CIT DIP Charge" in the maximum amount of USD\$24,000,000 are hereby amended by replacing "USD\$24,000,000" therein with "USD\$8,000,000 plus such interest, and reasonable fees and expenses as are payable to CIT pursuant to the terms of Amendment No. 2 to the CIT Credit Agreement dated as of April 28, 2010 ("Amendment No. 2 to the CIT Credit Agreement") solely with respect to the CIT Letters of Credit."

2. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to enter into Amendment No. 2 to the CIT Credit Agreement and to perform all of their obligations thereunder from time to time, and, for greater certainty, the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to CIT under, in connection with and pursuant to the CIT Letters of Credit as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

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**SCHEDULE "A"**

<b>L/C #</b>	<b>Beneficiary</b>	<b>USD Amount</b>
SBGT736755	Wisconsin DNR	\$ 200,000.00
SBGT736756	Wisconsin DNR	2,360,875.00
SBGT736752	Wisconsin DNR	161,600.00
SBGT739822	Old Republic	2,643,000.00
SBGT731476	Chartis	2,540,500.00
	<b>Total:</b>	<b><u>\$7,905,975.00</u></b>

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 LIMITED,  
FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

Applicants

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

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

Proceedings commenced at Toronto

**ORDER**

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