

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 July 7, 2010)

June 30, 2010

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TAB 1

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

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Applicants

NOTICE OF MOTION

The Applicants will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Wednesday, July 7, 2010 at 10:00 o'clock 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. 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 extending to and including October 29, 2010, or such later date as this Court may order, the stay of proceedings granted under the Order of the Honourable Mr. Justice Morawetz dated June 18, 2009, as amended (the “Initial Order”);
3. an Order amending the Initial Order to (i) replace all references to Brookfield Asset Management Inc. as DIP Lender, with BAM US as DIP Lender; (ii) replace all references to Amended DIP Term Sheet, with DIP Loan Agreement; and (iii) confirm that the DIP Charge secures all amounts owing to BAM US at any time under the DIP Loan Agreement, in place of Brookfield Asset Management Inc.;
4. an Order granting approval of the sale transaction contemplated by an asset purchase agreement between Fraser N.H. LLC, as vendor (“Fraser Gorham”), and MB Growth Partners II LP or its designated affiliates, as purchaser (“MB Growth”), dated May 21, 2010 (the “Purchase Agreement”), and authorizing the Applicants to execute and deliver all definitive documentation to permit the closing of the Purchase Agreement in accordance with the draft Order filed at Tab 3 of the Applicants’ Motion Record herein;
5. an Order vesting in MB Growth all the right, title and interest of Fraser Gorham in the Purchased Assets (as defined in the Purchase Agreement) free and clear of all liens, charges and encumbrances save and except the Permitted Encumbrances as defined in the Purchase Agreement, upon the closing of the transaction contemplated by the Purchase Agreement;
6. an Order establishing a process for the solicitation of offers for the Applicants’ lumber mills located in Maine and outlining the terms of such a process as outlined in Schedule “A” to the Order sought by the Applicants (the “Offer Solicitation Process”);

7. an Order approving the appointment of Andrew Diamond as Claims Officer in this proceeding in place of the Honourable John D. Ground; and
8. such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. On June 18, 2009, the Applicants filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and PricewaterhouseCoopers Inc. was appointed as monitor (the "Monitor") of the Applicants pursuant to the Initial Order;
2. The Applicants sought and obtained recognition of these proceedings as foreign main proceedings pursuant to Chapter 15 of the *U.S. Bankruptcy Code* in the United States Bankruptcy Court for the District of Delaware;
3. Fraser Gorham owns and operates a paper mill in Gorham, New Hampshire (the "Gorham Mill"). The Gorham Mill is an operating facility with two paper machines that produce specialty printing and commodity free sheet papers and a third machine that produces towel products for the "away from home" market segment;
4. The Gorham Mill has operated throughout the course of the Applicants' CCAA proceeding but has done so at less than full capacity which has had a detrimental impact on profitability and cash flow, due to the high fixed costs associated with operating the mill;

5. The Applicants have explored all options for the Gorham Mill including considering whether they could secure sufficient new capital and effect certain changes in the steam generating capacity to permit retaining these operations;
6. The Applicants, with the Monitor's assistance, actively marketed the Gorham Mill to potential purchasers, a number of whom executed confidentiality agreements and conducted further due diligence;
7. Fraser Gorham and MB Growth finalized a letter of intent setting out the terms and conditions upon which MB Growth would be willing to purchase the Purchased Assets;
8. On May 21, 2010, Fraser Gorham and MB Growth finalized the terms of the Purchase Agreement and executed same;
9. A sale of the Gorham Mill to MB Growth allows the Applicants to recover more for their stakeholders than they would otherwise receive if the Purchased Assets were liquidated. In particular, significant liabilities, all including environmental liabilities arising from and after the closing of the Purchase Agreement, are being assumed by MB Growth which benefits the Applicants' creditors generally by reducing the number and amount of claims against the Applicants;
10. The Applicants and the Monitor marketed the Gorham Mill in a thorough, fair and open manner with a view to obtaining the best possible price for the Purchased Assets;
11. A sale of the Gorham Mill, pursuant to the terms of the Purchase Agreement, will also allow for the continued employment of approximately 240 employees;

12. The Applicants have served the within motion record on all parties that could reasonably be affected by the transaction contemplated by the Purchase Agreement;
13. The stay of proceedings provided by the Initial Order expires on July 9, 2010. The Applicants require an extension of the stay period in order to: (i) complete the transaction contemplated by the Purchase Agreement; (ii) implement the Offer Solicitation Process for the Maine lumber mills; (iii) continue the Claims Process established by Order of this Honourable Court dated July 15, 2009 in order to finally determine all claims against the Applicants; (iv) continue to realize upon any residual assets of the Applicants; (v) facilitate the termination or wind-up of the Applicants' U.S. pension plan and attempt to implement a resolution as it relates to the existing deficiency under the Applicants' pension plans registered in the Province of Quebec; and (vi) develop a Plan of Arrangement for consideration by the Applicants' creditors;
14. The Applicants are proceeding in good faith and with due diligence;
15. The Monitor supports the relief requested by the Applicants;
16. Sections 11(4) of the CCAA;
17. Rules 2.03, 3 and 37 of the *Rules of Civil Procedure*, R.R.O. 1994, Reg. 194, as amended; and
18. 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 June 30, 2010 and the exhibits thereto;
2. the Twelfth Report of the Monitor, to be filed separately; and
3. such further and other materials as counsel may advise and this Honourable Court may permit.

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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.,
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

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*, 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 (THE "APPLICANTS")

Applicants

AFFIDAVIT OF GLEN MCMILLAN
(Sworn June 30, 2010)

I, GLEN MCMILLAN, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY:**

1. I am the Chief Restructuring Officer ("CRO") of Fraser Papers Inc. ("Fraser Papers" or the "Company") and Secretary of the other 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. All monetary amounts referred to in this Affidavit are in United States ("U.S.") currency unless otherwise stated, and all capitalized terms used herein and not otherwise defined are as defined in the Initial Order of Mr. Justice Morawetz dated June 18, 2009, as amended, the Claims Order of the Honourable Madam Justice Pepall dated July 15, 2009 (the "Claims Order") or the asset purchase agreement between Fraser N.H. LLC ("Fraser Gorham") and MB Growth

II, LP ("MB Growth") dated May 21, 2010 (the "Gorham Purchase Agreement") which is annexed hereto and marked as Exhibit "A".

3. This Affidavit is made in support of a motion brought by the Applicants for the relief set out in the Notice of Motion dated June 30, 2010. In particular, this Affidavit is sworn in support of the following relief requested by the Applicants:

- (i) an Order approving the terms of the Gorham Purchase Agreement between Fraser Gorham, as vendor, and MB Growth, as purchaser and authorizing the completion of the transaction described in the Gorham Purchase Agreement, subject to waiver or satisfaction of all conditions contained therein;
- (ii) an Order vesting title to the Purchased Assets (as defined in the Gorham Purchase Agreement) in MB Growth or its designate upon closing of the sale transaction (the "Vesting Order");
- (iii) an Order establishing a process for the solicitation of offers for the Applicants' lumber mills located in Maine, as described in greater detail herein (the "Offer Solicitation Process");
- (iv) an Order amending the Initial Order to replace all references to Brookfield Asset Management Inc. ("BAM") as DIP Lender and beneficiary of the DIP Lender's Charge, with Brookfield (US) Corporation ("BAM US") and replacing all references to the Amended DIP Term Sheet with DIP Loan Agreement, as defined herein ;
- (v) an Order approving the inclusion of Andrew Diamond as a Claims Officer in this proceeding, having been designated by the Applicants and approved by the Monitor pursuant to paragraph 11 of the Claims Order; and
- (vi) an Order extending the stay of proceedings granted under the Initial Order to and including October 29, 2010.

4. Part I of this Affidavit provides an update as to the status of the Applicants' operations and restructuring efforts, including as it relates to the sale of assets not covered by the Gorham

Purchase Agreement. Part II relates to the Applicants' request for approval of the Gorham Purchase Agreement and a Vesting Order.

PART I: Update Since Last Attendance

5. The Applicants have previously filed affidavits in this proceeding including an Affidavit of J. Peter Gordon sworn March 30, 2010 in support of the final approval and a vesting Order to facilitate the sale of the specialty papers business (the "Gordon Affidavit") and an Affidavit I swore on April 8, 2010 in support of the sale of the Applicants' mill in Thurso, Quebec (the "McMillan Affidavit"). Since the Gordon Affidavit was sworn, the Applicants have taken significant steps to restructure the business, including completing the sale of the Applicants' specialty papers business and completing the sale of the Applicants' mill located in Thurso, Quebec. In addition, the Applicants have entered into the Gorham Purchase Agreement and commenced the Offer Solicitation Process. The assets sold in the aforementioned transactions represented a significant portion of the Applicants' total assets and the sale of all of the Applicants' operations in Canada.

A. Market and Business Conditions

6. Demand for paper products produced at the Applicants' Gorham paper mill (the "Gorham Mill") has remained stable, albeit at levels below those experienced in 2008. Order backlogs at the Gorham Mill have been short, requiring market-related downtime on an intermittent basis.

7. The Gorham Mill is a non-integrated paper manufacturing facility, meaning that it purchases all of its pulp requirements from third party suppliers. Recent supply reductions by pulp producers worldwide, including the extended shutdown of approximately 8% of global pulp production after the Chilean earthquake in February 2010, have resulted in significant increases in pulp prices. These increased pulp prices have increased overall manufacturing costs at the Gorham Mill and have made it unprofitable for Gorham to meet the pricing levels being offered by its larger, integrated competitors on many of Gorham's paper grades.

8. Owing to these market conditions, the Gorham Mill has intermittently taken market downtime over the course of the last three (3) months to reduce losses. The total market downtime taken during April and May 2010 amounted to approximately 30% of the Gorham

Mill's production capacity. The Applicants will continue to critically evaluate all paper orders at the Gorham Mill and will take market downtime as necessary.

9. As a result of the increased cost of purchasing pulp from third parties and the decreased production due to the market downtime taken, the Gorham Mill generated an EBITDA loss of \$1.2 million during the two month period between April and May 2010.

10. The Applicants own two (2) lumber mills in northern Maine, one of which is currently operating. The price of lumber increased briefly from March through May 2010 due to incremental demand increase and low industry-wide inventories, but quickly returned to the lower levels experienced over the past two years as the housing construction market in the U.S. continues to suffer due to the weak U.S. economy. During the two month period of April and May 2010, the Applicants' lumber operations in Maine generated positive EBITDA in the amount of \$0.7 million.

B. DIP Financing

11. Pursuant to the Initial Order, DIP financing was made available by each of CIBC Asset Based Lending (formerly CIT Business Credit Canada Inc.) ("CIT") pursuant to the CIT DIP Facility and BAM pursuant to the Amended DIP Term Sheet approved by the Court on July 15, 2009. In addition, further DIP financing was made available under an existing credit facility with Her Majesty the Queen in Right of the Province of New Brunswick as represented by the Minister of Business New Brunswick ("GNB").

12. Upon the closing of the specialty papers business purchase agreement (the "SPB Purchase Agreement"), the DIP financing from GNB was satisfied by way of a preferred equity interest in the Canadian purchaser, Twin Rivers Paper Company Inc. In addition, all cash amounts owing to CIT were repaid and the CIT DIP Facility was reduced to the principal amount of \$8.0 million to support outstanding letters of credit. As of June 25, 2010, the Applicants have borrowed approximately \$12.5 million under the Amended DIP Term Sheet. Pursuant to an Order of this Honourable Court dated April 6, 2010, available borrowings under the Amended DIP Term Sheet were increased from \$20 million to \$25 million. Based on the cash flow forecast prepared by the Applicants for the period of the requested stay extension, which is

annexed to the Monitor's Twelfth Report that will be filed with the Court, further borrowings under the Amended DIP Term Sheet will be required during the period. However, it is anticipated that borrowings will be reduced once the transaction under the Gorham Purchase Agreement has closed.

13. On the closing of the SPB Purchase Agreement, the Applicants borrowed approximately \$11.4 million under the Amended DIP Term Sheet to repay amounts owing to CIT and to pay certain critical suppliers and unpaid interest and other costs.

14. During May and June, 2010, the Applicants received a number of one-time receipts, including GST refunds and deposit returns which were used to repay amounts outstanding under the Amended DIP Term Sheet.

15. The Applicants have \$7.9 million in letters of credit outstanding under the CIT DIP Facility. The CIT DIP Facility is collateralized by the working capital of the Gorham Mill and cash, as required. Following a sale of the Gorham Mill, the Applicants will have insufficient collateral to support these outstanding letters of credit. As such, the Applicants will require an alternate means to issue letters of credit.

16. Pursuant to an Agreement of Purchase and Sale dated June 3, 2010, BAM sold and transferred all commitments under the Amended DIP Term Sheet and the benefit of the DIP Lender's Charge to its U.S. affiliate, BAM US. BAM US has agreed to amend the Amended DIP Term Sheet to provide for the issuance of letters of credit. BAM US has incorporated the terms of the Amended DIP Term Sheet (together with an amendment to permit the issuance of letters of credit) into a loan agreement (the "DIP Loan Agreement") which the Applicants are prepared to sign once the definitive documentation for the DIP Loan Agreement has been finalized. This will allow the Applicants to eliminate the CIT DIP facility soon after the closing of the Gorham Purchase Agreement. Annexed hereto and marked as Exhibit "B" is a true copy of the DIP Loan Agreement in draft form.

C. Changes to Head Office and Management Functions

17. Most of the Applicants' senior management team was hired by Twin Rivers Paper Company Inc. and Twin Rivers Paper Company LLC (collectively, "Twin Rivers"), the

designated purchasers under the SPB Purchase Agreement. This included 8 out of 10 full-time employees in the Company's former offices in Portland, Maine.

18. Following the sale of the Applicants' specialty papers business and the Applicants' pulp mill in Thurso, Quebec, the number of personnel at the Applicants' head office has been reduced from six employees as at January 1, 2010, to two full-time employees. Two employees left employment with the Applicants as a result of the uncertainty surrounding the CCAA proceedings while the other two employees, including Peter Gordon, the Company's former Chief Executive Officer, resigned following the sale of the operating businesses in Canada. Peter Gordon remains on the board of directors of Fraser Papers.

19. I was appointed Chief Restructuring Officer of the Company effective May 16, 2010 by the Applicants' Board of Directors and as part of my responsibilities, will oversee the completion of the Applicants' restructuring efforts together with Bill Manzer, Senior Vice-President – Business Strategy and Projects of Fraser Papers.

D. Sale of Specialty Papers Business

(i) Closing Matters

20. All capitalized terms used in this section of the Affidavit in referring to the SPB Purchase Agreement are as defined in the SPB Purchase Agreement. The sale transaction for the Applicants' specialty papers business closed on April 28, 2010.

21. At the time of closing the SPB Purchase Agreement, Twin Rivers was required to pay certain amounts to various suppliers, CIT and others. As a result of a delay in Twin Rivers' banking arrangements being finalized, certain amounts totalling less than \$700,000, in the aggregate, were funded by Fraser Papers, subject to reimbursement.

22. Between April 27, 2010 and April 28, 2010, Fraser Papers funded \$105,000 and CDN\$566,393.00 of costs on behalf of Twin Rivers. On April 30, 2010, all of these amounts were reimbursed by Twin Rivers to Fraser Papers.

23. Section 3.8 of the SPB Purchase Agreement provides for a purchase price adjustment based on the closing balance sheet of Fraser Papers (the "Closing Balance Sheet"). The Closing

Balance was to be prepared by Fraser Papers and provided to Twin Rivers no later than 60 days after closing. The 60 day period was due to expire on or about June 28, 2010. As the Applicants have not yet completed the financial statement for the period ending April 30, 2010, the Applicants and Twin Rivers have agreed to extend the period by which this calculation is to be completed, for an additional thirty (30) days. Annexed hereto and marked as Exhibit "C" is a true copy of the Third Amendment to the SPB Purchase Agreement reflecting this extension of time.

24. A portion of the purchase price payable under the SPB Purchase Agreement included preference shares of the Canadian Purchaser issued to GNB in satisfaction of its secured claim against the Applicants. The closing documents were drafted to reflect the value of the preference shares issued by Twin Rivers to GNB as being calculated in US Dollars, with the value calculated by converting the amount of the GNB debt from Canadian to US dollars.

25. At closing, GNB and its counsel advised that GNB had received Ministerial approval to accept preference shares denominated in Canadian dollars in exchange for the release of the GNB debt owing by the Applicants. Any change to that approval (including as to currency) could not be obtained on any reasonable timeline to permit closing to proceed. Accordingly, at closing, Twin Rivers delivered to GNB an undertaking to deliver after closing, among other things, a replacement share certificate for 3,865,359 class B preference shares at CDN\$10 per share for a total value of CDN\$38,653,590. This amount represents the principal amount of the outstanding GNB debt as at the closing. A replacement share certificate was issued by Twin Rivers to GNB at the end of May, 2010 to replace the original preference share certificate issued to GNB at closing.

(ii) Establishment of Outside Trusts and Purchase of Life Insurance Annuities

26. The Term Sheets executed by the Applicants in respect of the New Brunswick Pension Plan for Hourly Employees (the "NB Hourly Plan") and the New Brunswick Pension Plan for Salaried Employees (the "NB Salaried Plan") each contemplate the establishment of an Outside Trust to hold any consideration distributed by the Applicants under a Plan of Arrangement or

otherwise, until such time as it could be converted to cash and contributed to the NB Hourly Plan and the NB Salaried Plan.

27. The Outside Trust in respect of the NB Hourly Plan has been established and Trustees have been appointed. The Outside Trust in respect of the NB Salaried Plan has not yet been settled, and discussions are continuing with counsel representing the beneficiaries of the NB Salaried Plan.

28. During the Applicants' court attendance on April 6, 2010 when court approval of the SPB Purchase Agreement and a vesting Order was sought, the Applicants engaged in extensive negotiations with various stakeholders, primarily as a result of the initial opposition to the requested relief that was advanced on behalf of certain Quebec employee and retiree constituents. An Undertaking was executed by the Applicants which provided, among other things, that arrangements would be made by the Applicants to either purchase a dedicated annuity, a prepaid arrangement or to otherwise make arrangements satisfactory to the representative of the Quebec employees to continue life insurance coverage for certain salaried retirees and certain former salaried retirees of the Thurso facility.

29. The Applicants have maintained life insurance for those affected salaried retirees and former employees of the Thurso facility, in accordance with this Undertaking. Further details regarding the status of the life insurance pursuant to this Undertaking are set out below.

(iii) Distribution of Cash Proceeds

30. As part of the SPB Purchase Agreement, the cash proceeds received by the Applicants were directed as follows: (i) \$25 million to CIBC to fully discharge the obligations guaranteed by BAM and secured by the Applicants' assets; and (ii) \$10 million to CIT pursuant to its existing secured indebtedness.

31. As part of the SPB Purchase Agreement, BAM agreed to convert its pre-filing secured claim against the Applicants into a 51% common equity interest in Twin Rivers as evidenced by the issuance of 2,500,000 common shares issued by Twin Rivers. The remaining 49% interest in Twin Rivers, as evidenced by the issuance of 2,401,961 common shares, is held by the Applicants for the benefit of their creditors. In addition, GNB agreed to convert its entire

secured claim against the Applicants in the amount of approximately CDN\$38.7 million into preferred shares in Twin Rivers.

32. Pursuant to section 3.2(e) of the SPB Purchase Agreement, Twin Rivers was obligated to assume a maximum of \$47.6 million in Assumed Liabilities. The Assumed Liabilities based on the Closing Date Estimated Balance Sheet was \$46.7 million and included current liabilities such as trade payables, accrued payroll and benefits and taxes in the amount of approximately \$28,351,000 and non-current liabilities including asset retirement obligations and post-retirement benefits in the amount of approximately \$18,321,000.

33. All property tax liabilities relating to the Applicants' specialty papers business were assumed by Twin Rivers. I have been advised by Wayne Johnson, Vice President, Finance for Twin Rivers, that as at June 28, 2010, \$5.6 million and CDN\$3.0 million of property taxes assumed by Twin Rivers have been paid. I have also been advised by Mr. Johnson that Twin Rivers expects to pay the remaining CDN\$3.1 million in property taxes owed by August 31, 2010 in accordance with arrangements reached by Twin Rivers with the relevant municipalities.

(iv) Status of Transitional Agreements Relating to Specialty Papers Business

34. In order to ensure that the Applicants and Twin Rivers are able to continue to benefit from the centralized administrative and support services established by Fraser Papers while Fraser Papers works to liquidate its remaining assets, the Applicants and Twin Rivers entered into a number of agreements (the "Ancillary Agreements") whereby Twin Rivers or Fraser Papers will provide transitional administrative services for the other party. Copies of these Ancillary Agreements were attached to the Gordon Affidavit.

35. The Applicants and Twin Rivers continue to provide services under the Ancillary Agreements as Twin Rivers works to develop processes to eliminate the need to use transitional services being provided by the Applicants.

(v) Lien Claims

36. Pursuant to the Order of this Honourable Court dated April 6, 2010 (the "SPB Vesting Order"), all right, title and interest of the Applicants to the Purchased Assets was conveyed to Twin Rivers free and clear of any claims, liens or encumbrances, with the exception of any

permitted encumbrances provided for in the SPB Purchase Agreement. Paragraph 22 of the SPB Vesting Order also provides that the net proceeds from the sale of the Purchased Assets (subject to certain exclusions) stand in place and instead of the Purchased Assets such that all claims and encumbrances shall attach to the net proceeds with the same priority as they had with respect to the Purchased Assets.

37. Pursuant to the Order of the U.S. Bankruptcy Court for the District of Delaware (the "U.S. Court") dated April 7, 2010, the U.S. Court issued an Order recognizing the SPB Vesting Order and separately approved the SPB Purchase Agreement (the "US Sale Order"). Pursuant to paragraphs 6 and 7 of the US Sale Order, the Company settled the following lien claims for the following amounts: (i) Stantec Consulting Limited (CDN\$55,000); (ii) Sullivan & Merritt Constructors, Inc. (\$40,000); and Warehouse Specialists Inc. (\$37,428.77). As part of the SPB Purchase Agreement, Twin Rivers also assumed the debt outstanding and owed to LMS Acquisition Corporation, which claimed a possessory lien on certain Purchased Assets. Pursuant to paragraph 22 of the US Sale Order, LMS received \$50,000 on closing of the SPB Purchase Agreement and instalments over the course of ninety (90) days following closing for a total payment of \$201,014.43.

38. As outlined in prior affidavits filed in this proceeding, the Company retained the services of KMW Energy Inc. ("KMW") to install a biomass fired energy system, pursuant to an agreement dated September 18, 2008 (the "KMW Contract"). In addition to the KMW Contract, the Company and KMW entered into an agreement with RHI Canada Inc. ("RHI") dated August 5, 2009 (the "RHI Agreement"). RHI worked on the Plaster Rock modernization project providing certain materials and services to the project as a subcontractor to KMW.

39. A dispute exists between RHI on the one hand, and KMW and the Company on the other, regarding the proper amount due and owing to RHI pursuant to the RHI Agreement. The Company paid CDN\$553,937.11 to RHI on or about March 2, 2010, representing the maximum amount that the Company believes could be payable to RHI. RHI continues to assert that further amounts are owing. I am advised by Danny Nunes, an associate with the Applicants' counsel, ThorntonGroutFinnigan LLP ("TGF") and do verily believe, that counsel for RHI and KMW

have agreed that the dispute should be determined by way of motion brought before this Honourable Court.

40. KMW retained a number of subcontractors throughout the course of the Plaster Rock modernization project and a number of liens were registered against the Plaster Rock facility, which formed part of the Purchased Assets under the SPB Purchase Agreement. I am advised by Mr. Nunes and do verily believe that TGF has not been contacted by any of the parties who registered liens on the Plaster Rock facility (with the exception of RHI as described above) since the closing of the SPB Purchase Agreement. The Company's position is that it has paid all amounts owing to KMW under the KMW Contract and KMW has failed to remit payment to certain of its subcontractors. The Company has worked with KMW to try and address the outstanding liens, however, I have been advised by Mr. Nunes that little progress has been made due to an apparent lack of funds on the part of KMW.

E. Sale of Thurso Mill

41. All capitalized terms used in this section in describing the sale of the Thurso facility that are not otherwise defined, are as defined in the agreement of purchase and sale between the Applicants and Fortress Specialty Cellulose Inc. ("Fortress") dated March 18, 2010 (the "Thurso Purchase Agreement"). The sale transaction under the Thurso Purchase Agreement closed on April 30, 2010.

(i) Closing Matters

42. The Thurso Purchase Agreement provided for an adjustment to the purchase price in the amount of CDN\$175,000. The adjustment would be payable to Fortress if they entered into an agreement with Hydro Quebec based on criteria outlined in the Thurso Purchase Agreement. The adjustment would be payable to Fraser Papers if an agreement on those terms was not entered into. On May 5, 2010 Fortress entered into an agreement with Hydro Quebec. However, the Applicants and Fortress disagree as to whether the agreement meets the criteria outlined in the Thurso Purchase Agreement, and therefore which party is entitled to receive the adjustment of CDN\$175,000.

43. A motion has been scheduled before this Honourable Court for August 25, 2010 and counsel for the Applicants and Fortress have agreed to a schedule for the delivery of all material, cross-examinations and the hearing in August.

(ii) Receipt and Distribution of Cash Proceeds

44. The cash proceeds payable by the purchaser on the closing of the Thurso Purchase Agreement was CDN\$3 million. From these proceeds the Applicants paid property taxes including arrears for the period up to the closing date in the aggregate amount of CDN\$1.4 million, vacation pay owed to the Applicants' employees at the Thurso mill in the amount of CDN\$175,694 and related amounts payable on closing. Accordingly, the net proceeds from the sale of the Thurso mill totalled CDN\$1.1 million. The net proceeds from the Thurso Purchase Agreement were used to reduce the Applicants' indebtedness under the Amended DIP Term Sheet.

45. In addition to the net proceeds, the Applicants received payment of CDN\$1.7 million representing reimbursement by the Province of Quebec for the care and maintenance costs associated with keeping the Thurso facility available for a potential re-start during the months of January, 2010 up to the date of closing. This reimbursement was in accordance with an agreement reached by the Applicants with the Province of Quebec, as described in earlier affidavits filed in this proceeding.

(iii) Communications with Retirees Regarding Life Insurance

46. Coincident with the closing of the Thurso Purchase Agreement, the Company terminated all post-retirement benefit programs with the exception of the life insurance program for certain former salaried employees and retirees of the Thurso facility pursuant to the Undertaking, as described above.

47. Included among the benefit programs terminated by the Company were life insurance and certain other benefit plans which had been offered to retirees who were formerly members of the CEP and the IBEW. The Company paid the life insurance premiums on policies for these individuals until the end of May at which time the CEP was informed that, consistent with its new collective agreement with Fortress, the Company had notified the insurer of the termination

of these programs in respect of retirees who were formerly members of the CEP. Similarly, the retirees who were formerly members of the IBEW were each sent a letter informing them of the termination of the benefit programs and provided them with contact information to enquire about the possibility of obtaining continued coverage.

F. Pension Plans

(i) New Brunswick Pension Plans

48. On March 10, 2010 Morneau Sobeco was appointed as Administrator of the NB Hourly Plan and the NB Salaried Plan by the NB Superintendent of Pensions. On April 28, 2010, the NB Superintendent of Pensions issued an order winding up the NB Pension Plans in their entirety, with an effective date of April 27, 2010. At the request of the Superintendent, Morneau Sobeco is preparing actuarial valuation reports for each of the NB Pension Plans (in accordance with Bill 51, *An Act to Amend the Pension Benefits Act*, addressing the wind up of the NB Pension Plans). These reports, referred to in Bill 51 as interim wind up reports, will set out the wind up deficiency for each of the NB Pension Plans as at the effective date of the wind up of the NB Pension Plans and are required by Bill 51 to be completed within six months following the wind up date of April 27, 2010. The amount of the wind up deficit set out in the interim wind up report for each of the NB Pension Plans will form the basis for a new or amended proof of claim to be filed by the Administrator on behalf of each of the NB Hourly Plan and the NB Salaried Plan. We are advised by the Administrator that it may be a few months before the actual deficiency amount is known but the Administrator has indicated that its "best estimates" with respect to the amount of the new or amended proof of claim will be higher than the initial claim filed and have indicated a possible range of \$115 million to \$130 million compared to the currently filed claim of \$87.7 million.

49. On June 8, 2010, the Administrator advised the Company and the Monitor that, in addition to the Proof of Claim in relation to the wind up deficiency for each of the NB Pension Plans referred to above, it intended to file a Proof of Claim in relation to a deemed trust that the Administrator asserts arose in connection with certain pre-filing pension contributions. The Administrator and the Company subsequently had discussions about this matter and the Administrator has since advised the Company that it is seeking legal advice in relation to this

matter and that a decision on whether a deemed trust claim will be asserted cannot be made until it receives such legal advice and has an opportunity to review it, which is not anticipated to occur until mid-July, 2010.

(ii) U.S. Pension Plan

50. Fraser Papers Limited sponsors a defined benefit pension plan for salaried and hourly employees in the United States (the "US Plan"). The Applicants have been in active discussions with the Pension Benefits Guarantee Corporation ("PBGC") in the U.S. with a view to having the PBGC terminate the US Plan, thereby entitling the beneficiaries to obtain the benefit offered by the PBGC.

51. The process employed by PBGC to determine whether it will terminate a pension plan involves many steps. I have been advised by Elizabeth Brown, a partner with Hicks Morley and counsel to the Applicants, that the PBGC Committee met on June 17, 2010 and accepted the Company's recommendation that was put forward to terminate the US Plan. Formal minutes of the meeting will be sent to the decision makers for final approval. It is my understanding that several internal steps remain within the PBGC before it makes a final determination.

52. Upon a final determination by the PBGC, a Trusteeship Agreement and Notification to the Administrator will be sent to Fraser Papers for execution. We anticipate receiving this documentation for signature within the next few weeks. It is my understanding that once this documentation has been signed and returned to the PBGC, a Notice of Determination will be issued by PBGC, which will have the effect of terminating the US Plan and the US Plan will then have been assumed entirely by the PBGC.

(iii) Quebec Pension Plans

53. With respect to the Applicants' salaried and hourly pension plans in Quebec (collectively, the "Quebec Pension Plans"), the Applicants engaged in discussions with counsel for the beneficiaries of the Quebec Pension Plans and a consensus pension proposal was developed to address the deficits that exist under the Quebec Pension Plans (the "Quebec Pension Proposal"). The Quebec Pension Proposal was delivered to the Régie des rentes du Québec, a Pension

Supervisory Authority (the “Régie”) and the Minister of Finance on May 3, 2010 with a request for a meeting with the Régie to discuss the Quebec Pension Proposal.

54. The Régie requested a meeting with the Applicants to answer some questions related to the Quebec Pension Proposal. On May 26, 2010, Bernie Leblanc, Director of Pension for Fraser Papers, Ms. Brown and I met with the Régie by conference call to address certain factual questions they had concerning the Quebec Pension Proposal. The Régie advised that the Quebec Pension Proposal had been sent to the Quebec Government for review and input. To date, no feedback has been received from the Quebec Government, and we are continuing to pursue this dialogue.

(iv) Other Benefit Programs

55. The Superintendent of Pensions for Ontario (the “Ontario Superintendent”) filed a contingent Proof of Claim on behalf of the Ontario Pension Benefits Guarantee Fund (the “PBGF”) for approximately \$3 million as a deemed trust claim for any amounts that it might subsequently be called upon to make under the PBGF guarantee program. Based on discussions undertaken by the Applicants and their counsel, the Ontario Superintendent and the Administrator, the Superintendent has indicated that its Proof of Claim may be withdrawn and replaced by a Proof of Claim filed by the Administrator of the NB Plans on behalf of the Ontario retirees, provided satisfactory terms can be worked out with the Administrator.

G. Overview of Remaining Assets and Realization Efforts

56. Following a sale of the Gorham Mill, the Applicants’ remaining operating assets will consist of two lumber mills in Masardis and Ashland, Maine. As part of the relief sought in the within motion, the Applicants request court approval for the establishment of an Offer Solicitation Process for the sale of the Masardis and Ashland mills. Annexed hereto and marked as Exhibit “D” are the terms of the proposed Offer Solicitation Process prepared by the Applicants with the assistance of the Monitor.

57. Given the importance of a continuous wood supply to the Masardis and Ashland mills, the timing of the negotiation of wood supply contracts for the mills will largely dictate the timeline for the Offer Solicitation Process. Wood supply contracts are generally negotiated for

six (6) month harvesting periods, the first from January to May and the second from June to December. Contracts for the respective harvesting periods are generally negotiated in December and May. The Offer Solicitation Process envisages a target sale date of November 15, 2010 which would ensure that any new owner of these mills could participate in the next semi-annual negotiations anticipated to take place in December.

58. The Offer Solicitation Process contemplates the passage of forty-five (45) days from the execution of a purchase agreement for the Masardis and Ashland mills to closing. As a result, purchase agreements are targeted to be finalized by September 30, 2010.

59. The Offer Solicitation Process is similar to the process utilized in the sale of the Applicants' specialty papers business and the Thurso pulp mill. The Applicants, with the assistance of the Monitor, have thoroughly canvassed the industry and contacted approximately fifty (50) parties who might be interested in purchasing the lumber mills. All potentially interested parties have been provided with a "teaser" document, which provides a brief overview of the operations of the lumber mills. A copy of the teaser document is attached as Exhibit "E" to this affidavit.

60. Prospective parties with an interest in purchasing the mills will be asked to sign a confidentiality agreement which will allow them to conduct preliminary due diligence.

61. Commencing in mid-July, those who sign a confidentiality agreement will be provided access to due diligence materials through an on-line data room established by the Applicants. Once the due diligence period is complete, the Applicants expect to receive letters of intent from those parties interested in making an offer and, with the Monitor's assistance, will select the best offers to proceed to a more detailed due diligence stage. Those parties will be allowed to conduct further due diligence and will be provided with a form of asset purchase agreement. The Applicants will aim to finalize an asset purchase agreement with one party with a target signing date of September 30, 2010 and a closing date of November 15, 2010.

62. As of this date, the Applicants have sent "teaser" letters and confidentiality agreements to thirty-five (35) parties, including ten (10) private equity groups and twenty-five (25) industry groups and have received eleven (11) executed confidentiality agreements.

H. Wisconsin Landfills

63. Fraser Papers Limited ("Fraser US") has posted letters of credit with the Wisconsin Department of Natural Resources ("WDNR") (the "WDNR LCs") in the aggregate amount of \$2,722,475 to secure Fraser US's long-term care obligations with respect to two non-hazardous solid waste disposal facilities located in the Town of Eisenstein, Price County, Wisconsin (the "Landfills"). The WDNR LCs were issued by CIT at the request of the Applicants, and represent a portion of the outstanding indebtedness owing to CIT.

64. Pursuant to a certain Asset Sale Agreement dated June 22, 2006 (the "Flambeau Sale Agreement"), Flambeau River Papers LLC ("Flambeau"), a Wisconsin limited liability company, acquired a wood refuse burning cogeneration plant and related equipment (the "Boiler") from Fraser US. To secure payment under the Flambeau Sale Agreement, Fraser US was granted a security interest in the Boiler. Approximately \$2.4 million remains outstanding and payable to Fraser US under the terms of the Flambeau Sale Agreement, with \$1.5 million due and payable July 27, 2010 and a further \$900,000 payable July 27, 2011. In addition to the \$2.4 million, additional consideration may be due based on the profitability of Flambeau in the years 2011-2014.

65. Flambeau, the WDNR and the Applicants have been in discussions whereby Flambeau would assume all of Fraser US's obligations and liability with respect to the long-term care of the Landfills. Flambeau will post letters of credit in an amount satisfactory to the WDNR, which will result in WDNR irrevocably releasing the WDNR LCs. Flambeau will also provide a release and indemnity to the Applicants for all liability arising from the Applicants' obligations under the Landfills' long-term care licenses from their respective effective dates.

66. In exchange for Flambeau assuming all of Fraser US's obligations pursuant to the Landfill licenses and providing certain releases and indemnities, Fraser US has agreed to release its security in the Boiler and forego all outstanding payments due under the Flambeau Sale Agreement.

67. The release of the WDNR LCs represents a net benefit to the Applicants since the WDNR LCs are fully cash secured and their release would result in the equivalent amount of

money returning to the Applicants to reduce outstanding liabilities under the CIT DIP Facility. Although the indebtedness under the Flambeau Sale Agreement is secured by Flambeau's assets, the settlement alleviates any uncertainty as to future collectability of amounts owing, and any actions required to be taken by the Applicants to enforce its security interest in the Boiler in the event of default by Flambeau.

I. Status of Claims Process

68. The Applicants and their counsel continue to work closely with the Monitor in reviewing the Proofs of Claim filed, the Notices of Disallowances issued and the Dispute Notices received. Some claims have been affected by the closing of the sale transactions for the Applicants' specialty papers business and Thurso facility, as certain liabilities have been assumed by the purchasers in these transactions. Throughout the course of the Claims Process, the Applicants have responded to numerous requests for information from various creditors, employees and former employees.

69. As at the date of this Affidavit, the aggregate amount of claims filed with the Monitor is \$1,264.8 million of which \$320.9 million, representing 1,001 claims, has been allowed. With the closing of the sales of the operating businesses, the Applicants and the Monitor have been increasingly involved in identifying and resolving duplicative claims, and resolving claims with a view to further refining the aggregate amount of claims filed.

70. As at the date of this Affidavit, there are seventy (70) pending Dispute Notices relating to Claims that have been disallowed, whether wholly or in part, in the total aggregate amount of \$204.3 million. A number of these Dispute Notices, representing a substantial portion of the total aggregate amount, are employee Claims and are disputed by the Applicants on the basis that they are duplicative of Claims that have already been filed on the employees' behalf by other parties. The Applicants have determined that certain other disputed Claims will likely be brought directly before this Honourable Court for a determination, due to the size of the Claim, the legal issues involved and the likelihood of any appeal resulting from any determination by the Claims Officer's decision. Included among those Claims that are expected to be brought before this Honourable Court is a claim filed by MGP Papier in the amount of \$26.7 million. All

other Claims in respect of which Dispute Notices have been filed with the Monitor will be sent to the Claims Officer unless the Claims can be resolved.

71. A total of sixty-eight (68) late Claims, in the total aggregate amount of \$4.3 million, were filed with the Monitor, all of which were disallowed on the basis that they were filed after the Claims Bar Date. Nineteen (19) Dispute Notices, in the total aggregate amount of approximately \$2 million, were filed with the Monitor in response to the disallowance. A number of the late filed Claims in respect of which Dispute Notices were filed are also considered duplicative and would have been disallowed on that basis even if they had not been filed late.

72. Pursuant to the Claims Order, the Honourable John D. Ground was appointed as the Claims Officer for the Applicants' Claims Process. A request was made of the Applicants to have Andrew Diamond of ADR Chambers appointed as Claims Officer in place of the Honourable John D. Ground. The Applicants are satisfied with Mr. Diamond's inclusion as Claims Officer and the Monitor also supports his appointment. The Applicants respectfully request that the Court approve this amendment to the Claims Order.

J. Considerations Regarding CCAA Plan

73. The Applicants have continued to consider the framework of a Plan of Arrangement ("POA") for the purpose of making a distribution to creditors. The Applicants are working diligently to resolve all outstanding issues with respect to the determination of claims and the sale of remaining assets as efficiently and cost-effectively as possible. Resolution of these matters will allow the Applicants to determine the likely distribution available for all creditors. The Applicants continue to believe that the sale of the remaining assets and a distribution of proceeds of those asset sales to creditors is the most efficient and effective means dealing with the outstanding claims.

74. The Applicants believe a POA should be presented to creditors within the next few months, and that in order to do so, all claim disputes should be resolved as quickly and cost-effectively as possible. It is not in the best interest of creditors that the Applicants expend cash resources on time-consuming disputes to obtain resolution or engage in protracted court proceedings, as the funding required will only serve to deplete the limited assets that might otherwise be available for distribution to creditors.

75. In considering the framework for a POA, the Applicants are also considering, among other things, the high degree of integration among the Applicants, the status of intercompany debts, the claims of the Applicants' various stakeholders and various issues that may exist as to allocation among the entities.

76. The Applicants have started developing a POA and anticipate that discussions with their major stakeholders concerning the framework for a POA will begin in early August. Upon Closing of the Gorham Purchase Agreement, the Applicants will be better able to evaluate any available distribution to unsecured creditors and engage in discussions with their major stakeholders about the POA and the framework for same.

PART II: Sale of the Gorham Mill

A. Proposed Gorham Sale Transaction

77. Fraser Gorham owns and operates the Gorham Mill.. The Gorham Mill is an operating facility with five paper machines. Two of those machines have been closed since 2008. Two of the operating paper machines produce specialty printing and commodity free sheet papers and the third operating machine produces towel products for the "away from home" market segment.

78. The Gorham Mill is a non-integrated facility, meaning that it purchases all of its pulp requirements from third party suppliers. Increased pulp prices over the past year have increased overall manufacturing costs at the Gorham Mill, making it more difficult for Gorham to compete against larger, integrated competitors, requiring intermittent downtime at the Gorham Mill.

79. During the course of the CCAA proceedings, the Applicants considered a number of strategic initiatives to restructure the operations at the Gorham Mill. Each of these initiatives would have required additional capital which is not available to the Applicants.

80. The Applicants had discussions with several parties, a number of whom expressed an interest in conducting further due diligence to determine whether they would submit a letter of intent to purchase the mill.

81. Based on this interest and with the Monitor's assistance, the Applicants actively marketed the Gorham Mill to prospective purchasers. A "teaser" letter was sent to prospective purchasers,

along with a confidentiality agreement. In total, the letter and confidentiality agreement were sent to forty-five (45) parties, fifteen (15) of whom executed the confidentiality agreement. Those prospective purchasers were given access to an electronic data room for the purpose of conducting preliminary due diligence.

82. Parties that executed a confidentiality agreement were advised that non-binding letters of intent (“LOIs”) were to be submitted on March 16, 2010 outlining terms of their proposed offers. As detailed in the Monitor’s Ninth Report to the Court dated February 22, 2010, the Applicants would then select one or more prospective parties that had submitted an LOI to conduct further due diligence to negotiate a definitive agreement of purchase and sale.

83. The Applicants received a number of LOIs from other prospective purchasers and commenced negotiations on agreements of purchase and sale with those parties. On May 21, 2010, Fraser Gorham executed the Gorham Purchase Agreement with MB Growth.

(i) Terms of Gorham Purchase Agreement

84. The Gorham Purchase Agreement provides that upon Closing, Fraser Gorham will receive the following consideration:

- (a) cash in an amount equal to:
 - (i) \$1,250,000; plus
 - (ii) The Accounts Receivable, at the Time of Closing; plus
 - (iii) the book value of the Inventory at the Time of Closing; plus
 - (iv) the aggregate dollar amount of the Prepaid Expenses at the Time of Closing; minus
 - (v) the aggregate dollar amount of the Trade Credit; minus
 - (vi) the aggregate dollar amount of the Accrued Pay and Welfare Benefits.and
- (b) the assumption of the Assumed Liabilities.

85. The Purchase Price is subject to the following adjustments on Closing:

- (i) an adjustment for the prorated current portion of the real estate taxes relating to the Purchased Assets;
- (ii) an adjustment for any Emergency Capital Expenditures made in accordance with the Gorham Purchase Agreement; and
- (iii) an adjustment for the reserve, established by mutual agreement between Fraser Gorham and MB Growth, for Unknown Workers' Compensation Claims, to the extent that such Unknown Workers' Compensation Claims are not already otherwise included in Accrued Pay and Welfare Benefits.

86. Pursuant to the terms of the Gorham Purchase Agreement, a portion of the consideration payable to Fraser Gorham is MB Growth's assumption of the Assumed Liabilities. The Assumed Liabilities include, among other things, all obligations and liabilities under the Purchased Contracts, all Environmental Liabilities with respect to the Purchased Assets from and after the Closing Date and the Accrued Pay and Welfare Benefits at the date of closing.

87. Section 6.2(g) of the Gorham Purchase Agreement provides that, as a condition of Closing, MB Growth shall have negotiated New Collective Bargaining Agreements with Local 4-0075 of the United Steel Workers union (the "USW"). I have been advised by Willis Blevins, General Manager of the Gorham Mill, that the New Collective Bargaining Agreements were approved by 92% of the membership of the USW who voted on June 10, 2010.

88. As part of the SPB Purchase Agreement, Fraser Gorham had entered into a Non-Competition Agreement and a Custom Production Agreement with Twin Rivers. As a condition precedent to Closing of the Gorham Purchase Agreement, section 6.2(e) of the Gorham Purchase Agreement provides that MB Growth and Twin Rivers shall have negotiated an amendment to the existing Non-Competition Agreement and a Custom Production Agreement on terms satisfactory to MB Growth, within fifteen (15) days of the Gorham Purchase Agreement's Effective Date. I have been advised by Mr. Manzer that this condition will be satisfied over the course of the next week.

89. With respect to the remaining conditions precedent under the Gorham Purchase Agreement, I have been advised by Mr. Manzer and Jeff Pollock, Managing Director of MerchantBanc LLC, that, with the exception of the agreements to be finalized between MB Growth and Twin Rivers, all but two of the remaining conditions have been satisfied or waived

by MB Growth. The conditions that have not yet been satisfied are Section 6.2(i) (under which MB Growth shall be satisfied that the necessary regulatory, construction and financing approvals are in place regarding the supply of natural gas to the Gorham Mill) and Section 6.2(j) (under which MB Growth shall have negotiated a loan agreement or definitive documentation regarding financing of the acquisition).

90. I am advised by Mr. Pollock that progress has been made in satisfying these material conditions.

91. I am also advised by Mr. Pollock that the financial institutions providing the financing to MB Growth will need sixty (60) days to conduct further due diligence and complete definitive documentation. In addition, certain government grants related to the construction of a natural gas pipeline are at various stages of approval and are not expected to be approved until later in July or in August. As such, the Gorham Purchase Agreement is expected to close on or before August 31, 2010.

92. Section 6.2(i) and Section 6.2(j) represent material conditions to the Closing of the Gorham Purchase Agreement. Notwithstanding these material conditions, the Applicants are seeking the Court's approval of the Gorham Purchase Agreement as progress continues to be made in satisfying these conditions. I understand from my counsel that it may be difficult to schedule court dates for further motions in this proceeding prior to the end of August. Court approval of the Gorham Purchase Agreement in late August could further delay the Closing until September or later. As such, the Applicants have chosen to proceed in seeking the Court's approval of the Gorham Purchase Agreement, notwithstanding these outstanding conditions, in order to proceed with the Closing immediately upon these conditions being satisfied. In the event that the material conditions represented by Section 6.2(i) and Section 6.2(j) are not satisfied and the Gorham Purchase Agreement does not or is not expected to close, the Applicants will return to Court after consultation with the Monitor as to the best manner of proceeding with the Gorham Mill.

93. The sale of the Purchased Assets pursuant to the Gorham Purchase Agreement provides the Applicants with the opportunity to recover a greater amount than they would have otherwise received had they shut the Gorham Mill and liquidated the Purchased Assets. Furthermore, the

sale of the Purchased Assets as a going concern will provide for the continued employment of 240 employees and direct benefits to suppliers of the Gorham Mill, in addition to the indirect economic benefits to the greater region surrounding the Gorham Mill.

94. The Applicants' secured lenders, namely BAM US and CIT, support the Applicants' request for approval of the Gorham Purchase Agreement and the Vesting Order.

95. The Applicants, with the assistance of the Monitor, have worked diligently to market the Purchased Assets in an open, fair and thorough manner. The Monitor provided input with respect to certain of the terms of the Gorham Purchase Agreement and I am advised by John McKenna of PricewaterhouseCoopers that the Monitor also supports the transaction contemplated by the Gorham Purchase Agreement.

96. I am advised by Mr. Nunes and Fred Coolbroth of Devine, Millimet & Branch, the Applicants' U.S. counsel in respect of the Gorham Purchase Agreement, that the parties to the Gorham Purchase Agreement have cooperated to ensure that those parties with potential interests to be vested out pursuant to the Vesting Order receive service of the motion materials in respect of which this Affidavit is sworn. I am further advised by Mr. Nunes and Mr. Coolbroth that service will be effected on, among others, the following stakeholder groups:

- (i) the regular Service List in the Applicants' CCAA proceeding;
- (ii) the regular Service List in the Applicants' Chapter 15 proceeding;
- (iii) all parties with registered security interests against the Purchased Assets pursuant to the Uniform Commercial Code;
- (iv) the USW; and
- (v) applicable state and federal regulatory agencies and departments, including the Departments of Environmental Protection, Revenue Administration, Transportation and Resources and Economic Development of the State of New Hampshire.

97. In addition to the approval of this Honourable Court, the Applicants will seek approval of the Gorham Purchase Agreement from the U.S. Court. The Applicants have scheduled a motion before the U.S. Court returnable on July 14, 2010 to seek the U.S. Court's approval of the

Gorham Purchase Agreement, with such Order also being subject to closing of the sale transaction upon satisfaction or waiver of all outstanding material conditions.

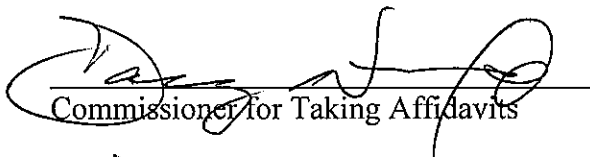
B. Stay Extension and Supporting Cash Flow

98. The Applicants are proceeding in good faith and require an extension of the Stay Period in order to complete the Gorham Purchase Agreement, continue with the Offer Solicitation Process for the Maine lumber mills, continue to resolve all claims, and develop a POA. The Applicants seek an extension of the stay to October 29, 2010 which extension is supported by the Monitor, CIT and BAM US.

99. The Applicants have prepared the Cash Flow Forecast for the period ending October 29, 2010 in support of the requested stay extension. The forecast indicates that the Applicants will have adequate liquidity to fund the required cash outflow during the extended Stay Period and, based on the anticipated closing of the Gorham Purchase Agreement, are expected to reduce their borrowings under the DIP Loan Agreement.

100. I swear this Affidavit in support of the relief requested in the Applicants' Notice of Motion dated June 30, 2010 and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 30th day of
June, 2010.


Commissioner for Taking Affidavits
DANNY NUNES


GLEN McMILLAN

EXHIBIT A

ASSET PURCHASE AGREEMENT

BETWEEN

MB Growth Partners II, LP

(a Delaware limited partnership)

AND

Fraser N.H. LLC

(a Delaware limited liability company)

Dated May 21, 2010

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SCHEDULES TO THIS AGREEMENT

SCHEDULE A	- Draft Forms of Court Orders
SCHEDULE B	- Collective Bargaining Agreements
SCHEDULE C	- Lands
SCHEDULE D	- Personal Property
SCHEDULE E	- Purchased Contracts
SCHEDULE F	- Allocation of Purchase Price
SCHEDULE G	- Known Workers' Compensation Claims
SCHEDULE H	- Permitted Encumbrances
SCHEDULE I	- Licenses and Permits

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made the 21st day of May, 2010 (the "**Effective Date**").

BETWEEN:

MB Growth Partners II, LP, a limited partnership organized under the laws of Delaware having an office at 66 Hanover Street, Manchester, NH 03101 and a limited liability company to be formed for the purpose of acquiring the Purchased Assets (hereinafter defined)

(jointly and severally, the "**Purchaser**")

AND:

FRASER N.H. LLC, a limited liability company organized under the laws of Delaware having an office at 72 Cascade Flats, Gorham, NH 03581

(the "**Vendor**")

WHEREAS:

A. The Vendor owns and operates a non-integrated facility that produces a wide range of uncoated fresh sheet grades for printing appliances situated at Gorham, New Hampshire, as well as ancillary operations related thereto;

B. on June 18, 2009 the Vendor, together with certain of its affiliates, commenced proceedings (the "**CCAA Proceedings**") in the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") under the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c.C-36, as amended (the "**CCAA**"), pursuant to which, *inter alia*, PricewaterhouseCoopers Inc. was appointed as monitor (the "**Monitor**");

C. on June 19, 2009, the Vendor sought recognition and provisional relief in an ancillary proceeding pursuant to Chapter 15 of Title 11 of the *United States Bankruptcy Code* 11 U.S.C. §§ 101-1532C, as amended (the "**U.S. Bankruptcy Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**"), and such relief has been obtained; and

D. the Vendor wishes to sell and the Purchaser wishes to purchase substantially all of the assets used by the Vendor in connection with the Business (as defined herein) on the terms and subject to the conditions set out herein.

NOW, THEREFORE, in consideration of the covenants, representations, warranties and agreements contained herein, the Parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions

Unless otherwise specifically provided or the context otherwise requires, where used in this Agreement (including the Schedules hereto) and the recitals to this Agreement, the following terms shall have the meanings set forth or as referenced below:

"Accounts Receivable" means amounts owing from customers as a result of the sale or supply of goods or services in the Ordinary Course of the Business that, on the last Business Day prior to the Closing Date, meet all of the following qualifications, as determined by mutual agreement of Vendor and Purchaser as of the last Business Day prior to the Closing Date, and shown on Schedule F-1: (i) the invoice date for the account is not more than 60 days prior to the Closing Date, (ii) the account arose from the outright sale of goods by Vendor, such goods having been shipped to the account debtor, and Vendor has delivered to Purchaser shipping and delivery receipts evidencing such shipment, (iii) the account debtor has not asserted any right to claim a set-off, credit, allowance or adjustment, except for discount allowed for prompt payment or as otherwise agreed between Vendor and Purchaser; (iv) the account debtor has not formally disputed its liability thereon and has not returned any of the goods from the sale of which the account arose, (v) the account arose in the ordinary course of Vendor's business and did not arise from the performance of services or a sale of goods to an employee of the Vendor, (vi) the account is not owed by an entity which is an affiliate or employee of Vendor, (vii) the account is not evidenced by a promissory note, (viii) the account did not arise out of any sale made on a bill and hold, dating or delayed shipment basis, (ix) the account does not arise out of a progress billing prior to completion of the order therefor, (x) the account is not subject to any prior assignment, claim, lien, or security interest that will not be discharged by the Court Orders or otherwise, and (xi) Purchaser, in accordance with its normal credit policies, has not deemed the account to be unacceptable for any reason.

"Accrued Pay and Welfare Benefits" means Vendor's unpaid obligations for 1) accrued regular payroll for Employees of the Business for up to one pay period; 2) medical benefits provided to Employees under the Vendor's self-funded group medical benefit plan for Employees and their dependents; 3) unused vacation time earned by Employees eligible to be used during 2010 and 4) Worker's Compensation Claims;

"Agreement" means this agreement, the recitals hereto and all Schedules attached hereto, in each case, as they may be amended or supplemented from time to time in accordance with this Agreement, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby", and similar expressions, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

"Applicable Law" means any domestic or foreign statute, law, ordinance, rule, regulation, by-law (zoning or otherwise), or Order, including but not limited to any Order made in the CCAA Proceedings or the U.S. Bankruptcy Proceedings, in each case binding on the Person referred to in the context in which such words are used;

"Assumed Liabilities" means:

- (i) all obligations and liabilities relating to the ownership, operation and use of Purchased Assets from and after the Time of Closing;

- (ii) all obligations and liabilities under the Purchased Contracts that are required to be paid or assumed by the Purchaser as a condition of obtaining any necessary Consent ;
- (iii) all Environmental Liabilities with respect to the Purchased Assets from and after the Closing Date;
- (iv) all obligations and liabilities of the Vendor arising subsequent to the Time of Closing in respect of the Permitted Encumbrances
- (v) all liabilities for real estate taxes relating to the Purchased Assets for the period subsequent to the Time of Closing;
- (vi) the Trade Credit; and
- (vii) the Accrued Pay and Welfare Benefits.

"Books and Records" means all books, data and records (or appropriate extracts) in the possession or control of the Vendor related principally to the Business or the Purchased Assets including operating, inventory, documents of title, personnel, payroll and customer and supplier lists and records, any legal and accounting records, all plans and specifications in the Vendor's possession or control relating to the plant, buildings, structures, improvements and fixtures situated on the Lands used in the Business (including all electrical, mechanical and structural drawings related thereto), customer and supplier correspondence and files. To the extent any books and records pertain to both the Business and other activities of the Vendor, "Books and Records" shall mean, to the extent reasonably possible, copies, whether in paper or electronic format, of such items with information relating to other activities of the Vendor removed;

"Business" means the business of manufacturing and selling paper products and related activities carried on by the Vendor including owning and operating the non integrated paper operations in the State of New Hampshire at or relating to the Gorham Mill;

"Business Day" means any day other than a Saturday, a Sunday or a statutory holiday in Gorham, New Hampshire;

"Canadian Court" shall have the meaning ascribed thereto in the recitals;

"CCAA" shall have the meaning ascribed thereto in the recitals;

"CCAA Proceedings" shall have the meaning ascribed thereto in the recitals;

"Closing" means the completion of the purchase and sale of the Purchased Assets as set out in Section 3.1;

"Closing Date" means sixty (60) days after the Effective Date of this Agreement (or if the Closing Date is not a Business Day, the first Business Day after the Closing Date), or such other date as the Parties agree in writing that the Closing shall take place;

"Consents" means all required third party notices, consents and approvals to the assignment by the Vendor of the Purchased Assets to the Purchaser and all required consents, authorizations,

registrations and approvals required by any Governmental Authority relating to the transactions contemplated by this Agreement;

"Contaminants" means any pollutant, contaminant, waste, toxic, corrosive or hazardous substance, deleterious substance, dangerous substance, or hazardous or special waste as defined in, or prohibited or regulated by, any Environmental Laws including asbestos, asbestos-containing materials, radioactive materials, urea formaldehyde and PCBs (polychlorinated biphenyls);

"Contracts" means any oral or written agreement, indenture, contract, lease, deed of trust, licence, covenant, right-of-way, easement, right-to-purchase, option, instrument or other commitment that is connected to the current operation of the Business;

"Court Orders" means final orders of the Canadian Court and the U.S. Bankruptcy Court in the Proceedings: (i) approving the entry by the Vendor into this Agreement and the consummation of the transactions contemplated hereby; and (ii) vesting in the Purchaser or providing for a vesting in the Purchaser of all the right, title and interest of the Vendor in the Purchased Assets free and clear of all Encumbrances, other than the Permitted Encumbrances, substantially in the form of the draft court orders attached hereto as Schedule A;

"Devine Millimet" means Devine, Millimet & Branch, Professional Association, the Vendor's New Hampshire counsel;

"Emergency Capital Expenditures" means any capital expenditures outside of the Ordinary Course which the Vendor and the Purchaser agree, acting reasonably, are required to be made between the date of this Agreement and the Time of Closing in order to preserve the ability of the Gorham Mill to operate in the Ordinary Course.

"Employee" means each of the Vendor's employees who are Salaried Employees or Hourly Employees;

"Employment Contract" means each employment contract, whether or not in writing, and retention agreement, between the Vendor and an Employee or former Employee of the Business, other than the Old Collective Bargaining Agreements;

"Encumbrance" means any encumbrance of any kind whatsoever and includes, without limitation, a security interest, mortgage, lien, hypothec whether legal or conventional, prior claims, pledge, charge, title retention agreement, option, any covenant or other agreement, restriction or limitation relating to the transfer of the Purchased Assets and any (a) easement, (b) restrictive covenant, (c) right of way, (d) restriction, (e) encroachment or (f) title reservation of any kind with respect to real property including, for greater certainty, the security interests held by the Lenders;

"Environment" means the air above the land (wherever located), the water (including surface water and groundwater) in, on and under the lands and the land (including soil, sediments and lands submerged under water) as well as all animals, plants, fish and other species using or living in such areas;

"Environmental Laws" means any domestic or foreign statute, law ordinance, rule, regulation, by-law or Order relating to the Environment, in each case binding on the Person referred to in the

context in which such words are used including, for greater certainty, relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, remediation, release or disposal of any Contaminants, but excluding those relating to occupational health and safety;

"Environmental Liabilities" means any and all liability, claim, lien, demand, obligation, cause of action, remediation, cost recovery action, investigation, proceeding, Order, violation, damage, Loss, judgment, penalty, or fine asserted by any third party (including any private party or Government Authority), arising out of, or relating to the Environment or Environmental Laws. "Environmental Liabilities" includes, without limitation, any cost of removing or disposing of any Contaminants, any cost relating to enforcement or legally required remedial actions, and any other cost or expense whatsoever, related to emissions or effluent containing Contaminants, whether onto or from the Lands;

"Environmental Permits" means all permits, certificates, approvals, consents, authorizations, registrations, licences, exemptions, waivers or other Orders issued, granted, conferred, created or required by any Governmental Authority pursuant to any Environmental Laws;

"Excluded Assets" means any of the following property or assets:

- (i) any cash, cash equivalents or securities of the Vendor of any description;
- (ii) the minute books and corporate records of the Vendor;
- (iii) any Consents for the Business which are not transferable;
- (iv) Amounts owing to the Vendor that are not Accounts Receivable, inventory that is not Inventory and other assets that are excluded from the respective category of Purchased Assets; and
- (v) any refund or abatement arising in respect of a tax which may be due and payable to the Vendor at any time whether before or after Closing, including without limitation all income tax refunds and research and development credits, whether or not related to the Business; provided, however, that any refund or abatement of any *ad valorem* real estate tax related to the Purchased Assets made after the Closing Date shall not constitute an Excluded Asset under this Agreement, and shall be for the benefit of the Purchaser;

"Excluded Liabilities" means any and all Contracts that are not Purchased Contracts, Encumbrances that are not Permitted Encumbrances, Employment Contracts, Indebtedness, income taxes owing by the Vendor or past due as at the Time of Closing, and any and all obligations and liabilities of the Vendor whether existing, accrued or accruing, whether direct, indirect or contingent and whether known or unknown at the Closing Date, relating to the Business or the Purchased Assets, and specifically including, but not limited to:

- (i) any and all obligations to the Lenders;
- (ii) liabilities related to any default existing prior to the Time of Closing under the Purchased Contracts, unless such liabilities are (a) Trade Credit or (b) required to

be paid as a condition of obtaining the Consent of any Third Party for the assignment of any Purchased Contract that is not otherwise assignable;;

- (iii) any assessment or reassessment for income, corporate, capital, sales, excise, or other taxes, duties or imports of any kind whatsoever of the Vendor or, if incurred or accruing prior to the Time of Closing, relating to the Business or Purchased Assets;
- (iv) liabilities of the Vendor incurred in connection with any business of the Vendor other than the Business;
- (v) any other obligation or liability which the Vendor expressly retains under this Agreement;
- (vi) any and all obligations and liabilities under the Old Collective Bargaining Agreements;
- (vii) any and all obligations and liabilities of any sort or nature owing to Employees for compensation (including, without limitation, termination or post-termination compensation, and deferred compensation) and benefits (including, without limitation, post-termination health, welfare and pension benefits) owing or payable to Employees at the Time of Closing, save and except for Accrued Pay and Welfare Benefits, which are Assumed Liabilities hereunder; and
- (viii) all statutory amounts due and payable to Salaried Employees as a result of such Salaried Employees not being offered employment by, or not accepting employment with the Purchaser on Closing pursuant to Article 8 hereof;

but, in all cases, not including the Assumed Liabilities;

"Fraser NH" means Fraser N.H. LLC a Delaware limited liability company;

"GAAP" means generally accepted accounting principles applied consistently;

"Gorham Mill" means the Vendor's paper mill located at Gorham, New Hampshire;

"Governmental Authority" means any domestic or foreign government whether federal, provincial, municipal, state or local and any Person, agency, registry, authority, court, tribunal, commission, commissioner or other public or regulatory body of any kind whatsoever constituted by such government;

"Hourly Employees" means the individuals employed at or in connection with the Gorham Mill on an hourly basis whose employment is governed, immediately preceding the Time of Closing, by the terms and conditions of the Old Collective Bargaining Agreements;

"Indebtedness" means, without duplication, any liability of the Vendor for borrowed money or under any reimbursement obligation relating to a letter of credit, banker's acceptance or note purchase facility or evidenced by a bond, note, debenture, indenture, guaranty or similar instrument;

"Intangible Property" means all right, title and interest of the Vendor in and to the intangible and incorporeal assets and property used in or related exclusively to the Business including all telephone numbers, facsimile numbers, customer and supplier lists and including the Intellectual Property;

"Intellectual Property" means all right, title and interest of the Vendor in and to the intellectual property used in or related to the Business including issued patents, inventions, pending applications for patents, copyrights, copyright registrations and applications, industrial designs and process, royalty rights, or other proprietary rights (and any applications related thereto), ISO registrations, dedicated computer software other than commercial off-the-shelf software, (including licences to use such computer software), engineering drawings and plans, technical specifications and ratings data, know-how, trade secrets, instruction manuals, formulae, industrial and production technology, process control technology, quality specifications, and similar rights used in the Ordinary Course of the Business but excluding URLs and world wide web domain names;

"Inventory" means inventory of the Vendor relating to the Business that, at the Time of Closing, is of good quality and fit for use in the Business after the Closing Date including: (i) raw materials of the Business, including all fiber supplies, all chemicals and all filler; (ii) operating supplies of the Business, including fuel and other consumables; (iii) all goods or materials in the process of being manufactured or otherwise characterized as work in process; (iv) all finishing supplies utilized in the wrapping and transportation of the finished product; and (v) all finished goods that are in the current product line for the Business and that are of good, merchantable, and saleable quality as at the Closing Date.

"Lands" means the lands and other real and immovable property owned by the Vendor relating to the Business and upon which the Purchased Assets are situated, all of which are listed and described in the attached Schedule C, together with all premises, buildings, structures, appurtenances, fixtures, easements, rights of way, private roads and other improvements situated thereon, therein and thereunder;

"Lenders" means Brookfield Asset Management Inc. and CIT Business Credit Canada;

"Licences and Permits" means all the licences, permits, certificates, approvals, consents, registrations, orders, grants and other authorizations and rights held by the Vendor and related to the Business or the Purchased Assets that form part of the Purchased Assets, including but not limited to those listed on Schedule I hereto subject to the obtaining of any Consents that may be required for the transfer thereof;

"Loss" and "Losses" means any and all loss, liability, damage, cost or expense actually suffered or incurred by a Party (including the costs and expenses of all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, assessments, judgments, Orders, rulings, dues, penalties, fines, amounts paid in settlement or compromise, including court costs and reasonable legal fees and expenses);

"Material Adverse Change" or "Material Adverse Effect" means with respect to a Person, fact, circumstance, event, thing, term, right, obligation or other matter that (alone or in combination with one or more related Persons, facts, circumstances, events, things, terms, rights, obligations or other matters) such Person, fact, circumstance, event, thing, term, right, obligation

or other matter significantly adversely affects or could reasonably be expected to significantly adversely affect the Purchased Assets, or the financial condition, results of operations, or liabilities of the Business, taken as a whole, other than any change, circumstance or effect which results from: (a) any change in domestic or international economic conditions, including fluctuations in currencies; (b) any change in the general market conditions in the paper industry or the forest products industry, including commodity price changes or fluctuations in market demand; (c) any change in financial, banking, securities or commodities markets (including any disruption thereof and any decline in the price of any security or any market index); or (d) the taking of any action contemplated in this Agreement or the other agreements contemplated hereby, including the announcement of the transactions contemplated by this Agreement;

“**Monitor**” shall have the meaning ascribed thereto in the recitals;

“**New Collective Bargaining Agreements**” means collective bargaining agreements negotiated by the Purchaser and the Hourly Employees, in form and substance acceptable to the Purchaser in its sole discretion, which become effective at the Time of Closing, and which replace the Old Collective Bargaining Agreements;

“**Old Collective Bargaining Agreements**” means all of the existing collective bargaining agreements of the Vendor related to the Hourly Employees, as listed in Schedule B;

“**Order**” means any legally binding order, decision, determination, judgment, injunction, decree, award or writ of any court, arbitrator or Governmental Authority, or other Person who is authorized to make legally binding determinations;

“**Ordinary Course**” means the ordinary course of business, operations and activities conducted by the Vendor, taken as a whole, taking into account the commencement and continuation of the CCAA proceedings;

“**Parties**” means the Purchaser and the Vendor, and “**Party**” means any one of them;

“**Permitted Encumbrances**” means, and is expressly limited to, those Encumbrances listed on Schedule H;

“**Person**” means any individual, corporation, partnership, limited partnership, limited liability company, joint venture, association, joint-stock company, trust, society, incorporated organization or any other similar entity;

“**Personal Property**” means:

- (i) all the machinery, plant, equipment, trade fixtures, furnishings and accessories that are owned by the Vendor and are now used in or related to the operation of the Business and situated on the Lands and/or with a bailee as at the date of this Agreement, including without limitation the steam/power plant (and associated turbine and boiler), all spare parts, mill stores, supplies and equipment including, but not limited to, those described in Schedule D, and the interest of the Vendor in any machinery and equipment held under a lease or title retention agreement;

- (ii) all tangible personal property related to the operation of the Business which is stored or situate upon the Lands and/or with a bailee as at the Time of Closing, other than Inventory;
- (iii) all of the Vendor's right, title and interest in and to all computer hardware located at the Gorham Mill;
- (iv) the trucks, cars, mobile equipment and other vehicles, plants, machinery and other equipment at or upon the Lands, the Gorham Mill and/or used by the Vendor in connection with the Business, including, but not limited to, those listed in Schedule D;
- (v) the interests of the Vendor under any lease or conditional sales agreement of any equipment, plant, machinery or vehicles used in connection with the Business including, but not limited to, those listed in Schedule D; and
- (vi) any additional personal or movable property related to the Business and acquired by the Vendor subsequent to the date of this Agreement in the Ordinary Course of the operation of the Business or as otherwise acquired in accordance with the terms of this Agreement;

"Prepaid Expenses" means all prepaid Business expenses and advances to suppliers paid by Vendor prior to the Closing Date that are of benefit to the Purchaser in its operation of the Business after the Closing Date, as determined by mutual agreement of Vendor and Purchaser on the last Business Day prior to the Closing Date and shown on Schedule F-3.

"Proceedings" means the proceedings commenced by the Vendor in the Canadian Court and the U.S. Bankruptcy Court for the purpose of obtaining the Court Orders;

"Purchased Assets" means the Vendor's right, title and interest in and to the following assets, but excluding the Excluded Assets:

- (i) the Accounts Receivable;
- (ii) the Prepaid Expenses;
- (iii) the Lands;
- (iv) the Personal Property;
- (v) the Purchased Contracts;
- (vi) the interest of the Vendor in and to the Licences and Permits (including, in the case of any Licences and Permits that cannot be assigned, the rights and interest of the Vendor in and to any replacement or new Licences and Permits issued to the Purchaser in their place and stead);
- (vii) the Rights of the Vendor as an insured party under policies of insurance to the extent that they cover Workers' Compensation Claims; to be assumed by the Purchaser as Assumed Liabilities, to the extent assignable by the Vendor;

- (viii) the Inventory;
- (ix) the Books and Records; and
- (x) the Intangible Property;

"Purchased Contracts" means the Contracts, agreements and equipment leases described in Schedule E, subject to any Consents that may be required to be obtained, but excluding any items listed on Schedule E which the Purchaser notifies the Vendor pursuant to Section 5.10 that Purchaser declines to accept;

"Rights" shall have the meaning ascribed thereto in Section 7.3;

"Salaried Employees" means the non-unionized individuals employed at or in connection with the Gorham Mill on a salaried basis immediately prior to the Time of Closing;

"Tax" means all taxes, duties, levies, charges, withholding charges, assessments, reassessments and fees (including interest and penalties on any such amounts), of whatsoever nature or kind lawfully levied, assessed or imposed by any Governmental Authority, including contributions to governmental plans or programs;

"Tax Return" shall mean any return, declaration, report, claim for refund, or information return or statement relating to any Tax;

"Time of Closing" means 9:00 a.m. (Eastern Time), on the Closing Date, with Closing to be effective as of 12:01 a.m. on the Closing Date;

"Title Insurance Commitment" means, at Purchaser's cost, an owner's title insurance commitment, in form and substance acceptable to Purchaser, insuring good and marketable title to the Lands, at standard commercial rates, subject to no Encumbrances other than Permitted Encumbrances.

"Trade Credit" means trade credits advanced to Vendor that, at the Time of Closing, meet all of the following qualifications, as determined by mutual agreement of Vendor and Purchaser as of the last Business Day prior to the Closing Date, and shown on Schedule F-4: (i) the trade credit was advanced to Vendor after the commencement of the Proceedings, (ii) the trade credit was advanced to Vendor not more than 60 days prior to the Closing Date, (iii) the trade credit arose in the ordinary course of the Business, (iv) the trade credit is not owed to the Lenders or to an entity which is an affiliate or employee of Vendor, (v) the trade credit is not evidenced by a promissory note or loan agreement; and (vi) Purchaser, in accordance with its normal credit policies, has not deemed the trade credit to be unacceptable for any reason.

"U.S. Bankruptcy Court" shall have the meaning ascribed thereto in the recitals;

"U.S. Bankruptcy Proceedings" shall have the meaning ascribed thereto in the recitals;

"Unknown Workers' Compensation Claims" shall mean any and all Workers' Compensation Claims not listed in Schedule G for which the injury giving rise to the claim occurs before the Closing Date; and

“Workers’ Compensation Claims” shall mean any and all claims of present, past or future employees at the Gorham Mill, or past employees at the pulp mill formerly operated by the Vendor in Berlin New Hampshire, against Vendor or for which Vendor or an affiliate of the Vendor is or is alleged to be liable under the New Hampshire Workers’ Compensation Law (RSA 281-A or predecessor or successor statutes). Such claims include, but are not limited to, the known claims listed on Schedule G.

1.2 Other Terms

Other terms may be defined elsewhere in the text of this Agreement and, unless otherwise indicated, shall have such meaning throughout this Agreement.

1.3 Gender and Number

Words and defined terms importing the singular shall include and have a comparable meaning when used in the plural, and vice versa, and words importing gender include all genders.

1.4 Currency

All references to currency shall mean United States Dollars unless otherwise expressly provided.

1.5 Schedules

The following Schedules attached hereto are integral to and form part of this Agreement:

SCHEDULE A	- Form of Court Orders
SCHEDULE B	- Collective Bargaining Agreements
SCHEDULE C	- Lands
SCHEDULE D	- Personal Property
SCHEDULE E	- Purchased Contracts
SCHEDULE F	- Allocation of Purchase Price
SCHEDULE G	- Known Workers’ Compensation Claims
SCHEDULE H	- Permitted Encumbrances
SCHEDULE I	- Licenses and Permits

The Vendor and the Purchaser, by mutual agreement and acting reasonably, shall update the Schedules for events and information that becomes known between the Effective Date and the Closing Date.

1.6 Section Headings and References

All Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Unless otherwise indicated, references to Articles or Sections are to Articles or Sections in the main body of this Agreement.

1.7 Knowledge

All statements in this Agreement that are qualified “to the best knowledge of the Vendor”, “to the knowledge of the Vendor”, “its information and belief” and terms of similar import shall

mean to the actual knowledge of the signatories to this Agreement after reasonable inquiry of senior management employees at the Gorham Mill.

1.8 Time

Time is of the essence of this Agreement. Any reference to a time of day in this Agreement shall be Eastern Time unless otherwise expressed. Any reference to days shall refer to calendar days, unless expressly stated to be Business Days.

1.9 Conflict

In the event of any conflict between the provisions of the body of this Agreement and the Schedules, the provisions of the body of this Agreement shall prevail.

1.10 Construction

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any Applicable Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

2. PURCHASE AND SALE OF ASSETS

2.1 Purchase and Sale of Assets

Upon and subject to the terms and conditions of this Agreement, the Vendor hereby agrees to sell and transfer to the Purchaser, and the Purchaser hereby agrees to purchase and acquire from the Vendor, the Purchased Assets.

2.2 Purchase Price

Subject only to the adjustments to the Purchase Price set out in Section 7.1 hereof, the consideration payable by the Purchaser to the Vendor, or any one of them as directed by the Vendor, for the Purchased Assets is:

- (a) cash (the "**Cash Purchase Price**") in an amount equal to;
 - (i) \$1,250,000; plus
 - (ii) the Accounts Receivable, at the Time of Closing; plus
 - (iii) the book value of the Inventory at the Time of Closing; plus
 - (iv) the aggregate dollar amount of the Prepaid Expenses at the Time of Closing; minus
 - (v) the aggregate dollar amount of the Trade Credit; minus

(vi) the aggregate dollar amount of the Accrued Pay and Welfare Benefits.

and

(b) the assumption of the Assumed Liabilities;

(collectively, the "**Purchase Price**").

2.3 Payment

The Purchaser shall pay the Purchase Price to the Vendor on Closing by:

(a) paying to or to the order of Fraser NH, or as it may direct, the Cash Purchase Price by bank draft, certified cheque or wire transfer, or where required by the Vendor, by electronic funds transfer, of immediately available funds on the Closing Date to be deposited in trust with Devine Millimet as attorneys for the Vendor, and released to the Vendor immediately upon recording of the deeds of transfer pertaining to the Lands at the Coos County Registry of Deeds and any other relevant land registry office and of the Court Orders at all relevant registry offices, free and clear of any Encumbrances, other than Permitted Encumbrances; and

(b) assuming the Assumed Liabilities.

2.4 Allocation of Purchase Price

The Purchase Price shall be allocated in accordance with Schedule F. The Parties shall report the purchase and sale of the Purchased Assets in any Tax Returns and other agreements and instruments in accordance with such allocations.

2.5 Adjustments to Purchase Price

The Parties agree that the only adjustments to the Purchase Price on the Closing Date will be in accordance with Section 7.1 hereof.

3. CLOSING MATTERS

3.1 Closing

The Closing of the sale and purchase of the Purchased Assets shall, subject to the satisfaction or waiver of the conditions set out in Article 6, take place at the offices of Devine Millimet at 43 North Main Street, Concord, New Hampshire 03301 at the Time of Closing or at such other place or earlier or later time and date as the Parties may mutually agree, unless terminated in accordance with Section 6.4. Any extensions to the Closing Date shall require the consent of both Parties.

3.2 Transfer and Delivery of Purchased Assets

On the Closing Date, the Vendor shall execute and deliver to the Purchaser all such bills of sale, assignments, instruments of transfer, deeds, notarial deeds, certificates, assurances, and other documents, in each case without warranties or covenants as to title, as shall be reasonably necessary or desirable to transfer the Purchased Assets to the Purchaser and the Purchaser shall

be entitled to possession of the Purchased Assets, upon payment of the Purchase Price to the Vendor.

3.3 Assumed Liabilities

On the terms and subject to the conditions herein contained, at the Time of Closing the Purchaser will assume and thereafter pay, perform, discharge and satisfy (without duplication) the Assumed Liabilities and the Purchaser will indemnify and save the Vendor harmless against any claims, demands, actions, causes of action, damages and Loss suffered by the Vendor by reason of the failure of the Purchaser to pay or discharge any of the obligations in connection with the Assumed Liabilities and all other obligations and liabilities arising in connection with the Purchaser's ownership, operation and use of the Purchased Assets from and after the Closing Date.

3.4 Excluded Liabilities

The Purchaser will not assume and will not be liable for any of the Excluded Liabilities.

4. REPRESENTATIONS AND WARRANTIES

4.1 The Vendor

The Vendor represents and warrants to the Purchaser as follows, subject to the continuation of the Proceedings and to the issuance of the Court Orders:

(a) Status. The Vendor is a limited liability company duly incorporated and validly subsisting in good standing under the laws of the State of Delaware and has all necessary corporate power, capacity and authority to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement, and to sell, assign and transfer the Purchased Assets to the Purchaser as set forth in this Agreement and to perform the transactions contemplated by this Agreement.

(b) Due Authorization. This Agreement has been duly authorized by all necessary corporate action of the Vendor, has been duly executed and delivered by the Vendor and constitutes, legal, valid and binding obligations of the Vendor enforceable in accordance with its terms. Subject to obtaining the Consents, no other proceedings on the part of the Vendor are necessary to authorize the entering into of this Agreement and the consummation of the transactions contemplated hereby.

(c) Absence of Legal Conflict. Neither the execution and delivery of this Agreement by the Vendor, nor the performance of this Agreement by the Vendor and the consummation by it of the transactions contemplated by this Agreement will conflict with or violate the organizational documents of the Vendor or any resolution of its directors or shareholders.

4.2 The Purchaser

The Purchaser represents and warrants to the Vendor as follows:

- (a) Status. MB Growth Partners II, LP is a limited partnership and the special purpose entity formed to acquire the Purchased Assets shall be a limited liability company, in each case duly organized and validly subsisting in good standing under the laws of its jurisdiction of organization with all necessary corporate power, capacity and authority to own its property and assets, to carry on its business as now conducted, to enter into this Agreement and all other agreements, documents and instruments to be delivered by the Purchaser hereunder and to perform the transactions contemplated by this Agreement.
- (b) Due Authorization. This Agreement and all other agreements, documents and instruments required to be delivered by the Purchaser hereunder have been duly authorized and this Agreement has been, and all such other agreements, documents and instruments will be, duly executed and delivered by the Purchaser and constitute and will constitute legal, valid and binding obligations of the Purchaser, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. No other proceedings on the part of the Purchaser are necessary to authorize the entering into of this Agreement and the consummation of the transactions contemplated hereby.
- (c) Consents. The execution, delivery and performance of this Agreement and the agreements and transactions contemplated hereby will not require the Purchaser to obtain any consent, waiver, authorization, order or approval of, or make any filing with or give notice to, any Person, including any Governmental Authority, such consents, waivers, authorizations or approvals which the failure to obtain would not be reasonably likely to prohibit or materially delay the Purchaser's ability to perform its obligations under this Agreement.
- (d) Notice to Limited Partners. The Purchaser is required under its organization documents to provide notice to its limited partners of a proposed capital call in connection with the acquisition of the Purchased Assets.
- (e) Absence of Legal Conflict. Neither the execution and delivery of this Agreement by the Purchaser, nor the performance of this Agreement by the Purchaser and the consummation by it of the transactions contemplated by this Agreement will:
- (i) conflict with or violate the organizational documents of the Purchaser or any resolution of its directors or shareholders;
 - (ii) conflict with or violate any law, rule, regulation, permit, Order, judgment or decree applicable to the Purchaser or by which its properties are bound or affected, the conflict with which or violation of which would prohibit or materially delay the Purchaser's ability to perform its obligations under this Agreement; or
 - (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under any agreement to which the Purchaser is a party or by which the Purchaser or any of its properties is

bound or affected and which would prohibit or materially delay the Purchaser's ability to perform its obligations under this Agreement.

- (f) Financing. The Purchaser will have at Closing sufficient funds on hand necessary to pay the Purchase Price.

4.3 Survival of Warranties by the Vendor

The representations and warranties made by the Vendor contained in this Agreement will survive the Closing and, notwithstanding the Closing, shall continue in full force and effect for the benefit of the Purchaser for a period of one year after the Closing Date.

4.4 Survival of Warranties by Purchaser

The representations and warranties made by the Purchaser and contained in this Agreement will survive the Closing and, notwithstanding the Closing, shall continue in full force and effect for the benefit of the Vendor for a period of one year after the Closing Date.

4.5 Purchaser's Acknowledgement

THE PURCHASER ACKNOWLEDGES THAT THE VENDOR IS SELLING THE PURCHASED ASSETS ON AN "AS IS, WHERE IS" BASIS AS THEY SHALL EXIST ON CLOSING, AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, NO ADJUSTMENTS SHALL BE MADE FOR ANY CHANGES IN THE CONDITION OF ANY PURCHASED ASSETS. THE PURCHASER FURTHER ACKNOWLEDGES THAT IT HAS ENTERED INTO THIS AGREEMENT ON THE BASIS THAT VENDOR DOES NOT WARRANT, COVENANT OR GUARANTEE TITLE TO THE PURCHASED ASSETS AND THAT THE PURCHASER HAS CONDUCTED SUCH INSPECTIONS OF THE CONDITION OF AND TITLE TO THE PURCHASED ASSETS, AND THE NATURE AND QUANTUM OF THE CLAIMS AGAINST THE PURCHASED ASSETS, IN EACH CASE AS IT DEEMED APPROPRIATE AND HAS SATISFIED ITSELF WITH REGARD TO THESE MATTERS; NO REPRESENTATION, WARRANTY OR CONDITION IS EXPRESSED OR CAN BE IMPLIED AS TO TITLE, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, CONDITION, ASSIGNABILITY, COLLECTABILITY, QUANTITY, OUTSTANDING AMOUNT, VALUE OR QUALITY OF, OR IN RESPECT OF ANY PURCHASED ASSETS OR ANY OTHER MATTER OR THING WHATSOEVER CONCERNING THE PURCHASED ASSETS OR THE RIGHT OF THE VENDOR TO SELL SAME OR OF THE BUSINESS OR THE ASSETS OR LIABILITIES ASSOCIATED THEREWITH, SAVE AND EXCEPT AS EXPRESSLY REPRESENTED OR WARRANTED HEREIN.

5. COVENANTS

5.1 Access and Information

To the extent in the Vendor's possession or reasonably available to it, the Vendor shall make available to the Purchaser, its representatives and legal, accounting, financial, engineering and other consultants and professional advisors after the date of execution of this Agreement reasonable access to the Purchased Assets, any Books and Records, Contracts, the Old Collective Bargaining Agreements, title documents, any owner's title insurance policies, plans, reports

(including forecasts, although Purchaser acknowledges that it is not entitled to rely on same), Licenses and Permits, environmental site assessments, orders, books of account, accounting records, financial statements, performance results, correspondence and all other documents and information relating thereto (including, if requested, copies thereof), and the senior management of the Business and of the Vendor during regular business hours and upon reasonable advance notice, and shall forthwith furnish, or cause to be furnished, to the Purchaser any existing financial and operating data or other information that is or becomes available in the Ordinary Course with respect to the Purchased Assets and the Business in order to assist the Purchaser in the preparation and review of transfer documents necessary for Closing, assist the Purchaser in connection with the transition of the Business and the Employees and facilitate the requests of the Purchaser.

5.2 Operations Until Closing

Except as otherwise consented to in writing by the Purchaser, from the date of this Agreement until the Closing Date, the Vendor shall:

- (a) use commercially reasonable efforts to satisfy all conditions set out herein required to complete the transactions contemplated by this Agreement including by obtaining prior to the Closing Date all Consents required in order to transfer to the Purchaser the Purchased Assets, including all Purchased Contracts, Licenses and Permits, all being subject to Section 5.4 hereof;
- (b) operate the Gorham Mill, in good faith and in a commercially reasonable manner, consistent with operations during the CCAA proceedings subject to market conditions and notify Purchaser of any planned shutdowns of any of the paper machines at the Gorham Mill which could reasonably be expected to extend beyond 10 days;
- (c) manage and maintain the Purchased Assets, conduct the Business and maintain the Books and Records in the Ordinary Course subject to the ongoing Proceedings, the Court Orders and any further orders that may be issued by the Canadian Court or the U.S. Bankruptcy Court;
- (d) do repairs and maintenance to the Purchased Assets in the Ordinary Course and take all such steps as are reasonably necessary or advisable in the Ordinary Course and to pay all expenses therefor in the Ordinary Course;
- (e) promptly advise the Purchaser of any Material Adverse Change or the need for the making of any Emergency Capital Expenditures;
- (f) promptly advise the Purchaser of any event occurring after the date of this Agreement of which the Vendor becomes actually aware that would render any representation or warranty of the Vendor untrue in any material respect if made on and as of the Closing Date (unless such representation and warranty is already subject to a materiality qualification, in which case it would render such representation or warranty of the Vendor untrue in any respect as of the Closing Date), or would result in a material breach by the Vendor of its obligations under this Agreement;
- (g) comply in all material respects with all Applicable Laws;

- (h) continue and maintain, or cause to be continued and maintained, in full force and effect, policies of insurance or renewals thereof on the Purchased Assets as they are insured on the date of this Agreement up to the Time of Closing, and shall give all notices and present all claims under all policies of insurance in a due and timely fashion.

5.3 Negative Covenants of the Vendor

Except as contemplated by this Agreement, or otherwise consented to in writing by the Purchaser, and subject to the terms of any Order issued by the Canadian Court overseeing the CCAA Proceedings involving the Vendor or the U.S. Bankruptcy Court, the Vendor covenants not to do or permit to be done any of the following, from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement:

- (a) sell, transfer or otherwise dispose of, or agree to sell, transfer, pledge, lease, encumber or otherwise dispose of, any Purchased Assets or enter into any agreement or transaction which would result in the creation of any Encumbrance on any of the Purchased Assets, other than Permitted Encumbrances, except for the sale, transfer or other disposal of Purchased Assets sold in the Ordinary Course of the Business consistent with past practice;
- (b) take any action that would interfere with the completion of the transactions contemplated under this Agreement in accordance with the terms of this Agreement or would render, or that reasonably may be expected to render, any representation or warranty made by the Vendor in this Agreement untrue or incorrect in any material respect at any time prior to the Time of Closing if made at that time;
- (c) take any action that would, or that would reasonably be expected, to increase, in a material respect, any of the Assumed Liabilities, other than in the Ordinary Course of the Business;
- (d) enter into any new material contract, agreement, commitment or understanding, whether oral or written, that will affect the Business or the Purchased Assets and that will be in effect or force after the Closing, except in the Ordinary Course of the Business;
- (e) establish, adopt or enter into any agreements relating to or amendments to any collective bargaining agreement, bonuses, profit sharing, compensation, stock option, stock ownership, stock compensation, pension, retirement, deferred compensation, employment termination, severance or other plan, agreement, trust fund, policy or arrangement for the benefit of any officers, directors or Employees of the Business;
- (f) acquire any additional inventories, raw materials or supplies other than those which would reasonably be expected to be disposed of and/or utilized by the Vendor in connection with the operation of the Business in the Ordinary Course;
- (g) except in the Ordinary Course of the Business, relinquish any contractual rights of material value to the Business with respect to any Purchased Contracts or Licences and Permits or terminate, modify or amend any of the Purchased Contracts or any of the Licences and Permits;

- (h) make any capital expenditures, other than Emergency Capital Expenditures or capital expenditures pursuant to the plans disclosed and approved prior to the date of this Agreement and of which the Purchaser is aware or approve any new capital projects without providing reasonable notice to the Purchaser;
- (i) enter into any derivative transactions in relation to the Business;
- (j) make, cause or allow any material change to or any construction work related to the Gorham Mill or the Business, not including any changes in general business conditions or changes in markets or prices for the principal products of the Gorham Mill; and
- (k) solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to the acquisition of any portion of the Purchased Assets or participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any Person to do or seek any of the foregoing.

5.4 Consents, Regulatory Approvals and Other Authorizations

Each of the Parties shall take, or cause to be taken, commercially reasonable actions and efforts and do, or cause to be done, all commercially reasonable things and promptly execute and file, or join in the execution and filing of, any application, filing or other document that may be necessary, proper or advisable to permit and diligently pursue the completion of the transactions contemplated by this Agreement and the performance of their obligations hereunder in accordance with the terms hereof, including obtaining the authorizations, consents, orders and approvals of all Governmental Authorities or other Person which may be reasonably required, or which the Vendor may reasonably request, in connection with the consummation of the transactions contemplated by this Agreement and the performance of its obligations hereunder, and shall co operate with each other in connection therewith and provide such other information to any Governmental Authority as such Governmental Authority may reasonably request in connection therewith. The obligations set forth in this Section 5.4 shall include, without limitation, but expressly subject to Section 7.3, the obligation of the Parties to use all commercially reasonable efforts to obtain as soon as reasonably possible and in any event, prior to the Closing Date:

- (a) the Consents;
- (b) as applicable, the re-issuance in the name of the Purchaser of new rights in replacement of any Licences and Permits which cannot, or because of the practice of the applicable Governmental Authority will not, be transferred to the Purchaser by way of assignment; and
- (c) provide notice to, and obtain all necessary waivers, consents and approvals or releases from other parties to Purchased Contracts, Licences and Permits and other agreements, understandings and documents to which the Vendor is a party or by which it or its properties are bound or affected.

The Vendor shall have primary responsibility to obtain the Consents to the assignment of the Purchased Contracts and the Licences and the Permits, provided that such obligation does not include the payment of money or incurring of any obligation by the Vendor in respect of the

Purchased Contracts, Licences and Permits. The Purchaser will also notify the Vendor from time to time prior to the Closing Date of contracts it has determined not to acquire as Purchased Contracts. From and after Closing the Vendor shall have no further obligations or liability under the Purchased Contracts.

5.5 Court Orders

The Vendor will use all commercially reasonable efforts to promptly bring a motion before the Canadian Court within fifteen (15) days (subject only to court availability) following the waiver or satisfaction of all conditions that are required to be satisfied or waived by the Purchaser within thirty (30) days following the Effective Date, to seek the Court Order from the Canadian Court substantially in the form of the draft Order attached at Schedule A. The Vendor will use all commercially reasonable efforts to bring a motion before the U.S. Bankruptcy Court to be heard promptly following the issuance of the Canadian Court Order, to obtain the U.S. Court Order substantially in the form of the draft Order attached at Schedule A. The Vendor will consult with the Purchaser regarding any changes to the Court Orders requested by the Canadian Court or the U.S. Bankruptcy Court prior to the granting of the respective Court Orders, it being agreed that the Purchaser shall have no obligation or liability to proceed with the Closing under this Agreement in the absence of a Court Order being obtained from the Canadian Court and the U.S. Bankruptcy Court substantially in the form of Schedule A hereto. The Vendor shall provide the Purchaser with copies of all materials in respect of the Court Orders in advance of the filing of the same and give reasonable consideration to any comments of the Purchaser thereon. Drafts of the proposed forms of the Canadian Court Order and the U.S. Court Order are attached to this Agreement as Schedule A.

5.6 Notification Covenant Regarding Representations

Each of the Parties will promptly advise the other of any event or circumstance which becomes known to it after the date of this Agreement that would render any representation or warranty of such other Party untrue in any material respect if made on and as of the Closing Date or would result in a material breach by such Party of its obligations under this Agreement. Prior to the Closing, each Party shall notify the others if such Party obtains knowledge that any representation or warranty in this Agreement is not true and correct in all material respects, or if such Party obtains knowledge of any material errors in, or omissions from, the Schedules hereto.

5.7 Offers of Employment

On Closing, the Purchaser shall be permitted, but shall be under no obligation, to make offers of employment to certain Employees on terms and conditions satisfactory to the Purchaser in its sole discretion, in accordance with Article 8 of this Agreement.

5.8 Meetings

Upon reasonable prior notice and subject to the consent of the Vendor, not to be unreasonably withheld or delayed, the Purchaser and its legal counsel, if desired, shall be entitled to meet with Employees of the Gorham Mill and the Vendor for the purposes of discussing the operations of the Gorham Mill; and the new employment of the Employees which Purchaser, acting in its discretion, determines to rehire after the Closing Date; and the negotiation of the New Collective Bargaining Agreement.

5.9 Financial Statements

From the date of this Agreement until the Time of Closing, Vendor will and will cause the Gorham Mill to allow the Purchaser and its agents reasonable access, during normal business hours, and subject to reasonable notice provided by the Purchaser, to files, books, records, properties, assets, operations, personnel and offices of the Vendor with respect to the Business and will provide the Purchaser with any and all information reasonably related to taxes, commitments, the Purchased Assets, financial condition, results of operation, Business and prospects (including forecasts and projections, although Purchaser acknowledges that same may not be relied on) of the Gorham Mill and will request that its accountants, agents and other advisors cooperate with the Purchaser and its agents in making all such information available.

5.10 Excluded Contracts

The Purchaser shall deliver to the Vendor not later than seven (7) days prior to the Closing Date a list of any of the Contracts, agreements or leases listed in Schedule E which the Purchaser declines to accept. The Purchaser shall assume and accept the assignment of all of the other items listed in Schedule E at the Closing.

6. CONDITIONS OF CLOSING

6.1 Mutual Conditions

The obligation of the Vendor to complete the sale of the Purchased Assets contemplated by this Agreement and of the Purchaser to complete the purchase of the Purchased Assets as contemplated by this Agreement is subject to the satisfaction of each of the following conditions:

- (a) *Court Approval.* The Vendor shall have obtained the Court Orders in the forms set forth in Schedule A hereto or with such changes as shall be satisfactory to the Purchaser acting reasonably, and satisfactory to the Monitor, the Vendor and the Lenders; and
- (b) *No Action or Proceeding.* No action or proceeding that is reasonably likely to prevent the consummation of the transaction of purchase and sale contemplated in this Agreement or the right of the Purchaser to own the Purchased Assets shall be pending or, to the knowledge of the Vendor, threatened.

The foregoing conditions are inserted for the mutual benefit of the Vendor and the Purchaser and may be waived in whole or in part only if jointly waived in writing by the Vendor and the Purchaser.

6.2 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the purchase of the Purchased Assets at the Closing as contemplated by this Agreement is subject to the satisfaction of each of the following conditions:

- (a) *Representations and Warranties.* The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects at the date hereof and at the Time of Closing as if made at and as of each such date and time;

- (b) *Covenants.* The covenants and agreements of the Vendor to be performed prior to or at the Time of Closing, shall have been duly performed;
- (c) *Consents.* The Consents shall have been obtained to the satisfaction of the Purchaser, acting reasonably;
- (d) *Compliance with Applicable Laws, Licenses and Permits.* Subject to any Order issued in the Proceedings, the Business is in material compliance with all Applicable Laws, Licenses and Permits, and the Purchased Assets can be transferred by Vendor to Purchaser in compliance with all Applicable Laws, Licenses and Permits;
- (e) *Satisfactory Agreements with Twin Rivers.* The Purchaser and Twin Rivers Paper Company, LLC ("**Twin Rivers**") shall have negotiated an amendment to the existing Non-Competition Agreement and a Custom Production Agreement, on terms satisfactory to Purchaser (acting reasonably) within fifteen (15) days of the Effective Date of this Agreement;
- (f) *Satisfactory Transitional Services Agreement with Twin Rivers.* The Purchaser and Twin Rivers shall have negotiated an agreement for a period of up to one year after the Closing Date in which Twin Rivers shall provide the Purchaser with transitional services as required by the Purchaser and on terms acceptable to the Purchaser (acting reasonably) within twenty-one (21) days of the Effective Date of this Agreement;
- (g) *New Collective Bargaining Agreement.* The Purchaser shall have negotiated, within fourteen (14) days of the Effective Date of this Agreement, a New Collective Bargaining Agreement in form and substance acceptable to Purchaser which, by its terms, becomes effective at 12:01 a.m. on the Closing Date, and shall replace the Old Collective Bargaining Agreement;
- (h) *Power Purchase Agreement.* The Purchaser and Brookfield Power shall have negotiated a power purchase contract for the supply of electric power to the Lands on terms and conditions acceptable to Purchaser acting reasonably, within twenty one (21) days of the Effective Date of this Agreement;
- (i) *Conversion to Natural Gas-Fired Boilers.* The Purchaser shall, within twenty one (21) days of the Effective Date of this Agreement, be satisfied, acting reasonably, that all material contracts, permits, approvals, rights of way, tariffs, grants to be applied for, natural gas supply agreements, natural gas transport agreements, and other agreements and arrangements reasonably required in order for a natural gas main supplying natural gas, on demand, to the Lands (the "**Natural Gas Project**") have advanced to the stage where the Purchaser is satisfied, acting reasonably, that the Natural Gas Project is reasonably likely to proceed;
- (j) *Financing Term Sheet.* The Purchaser shall have obtained and provided to the Vendor, within twenty-five (25) days of the Effective Date of this Agreement, a committed term sheet in a form acceptable to the Vendor, acting reasonably, outlining the details of investment commitments from co-investors and a financing commitment from a senior lender sufficient to complete the purchase of the Purchased Assets pursuant to this Agreement on Closing, and to provide adequate working capital for continuing operations of the Gorham Mill after the Closing Date;

- (k) *Financing Commitment.* The Purchaser shall have completed, within thirty-nine (39) days of the Effective Date of this Agreement, a loan agreement or other definitive documentation satisfactory to the Vendor that the Purchaser will have sufficient funds to pay the Purchase Price at the Time of Closing;
- (l) *Material Adverse Change.* There shall have been no Material Adverse Change since the date of this Agreement, nor shall any change of law or any regulation, rule or policy of any Governmental Authority have been enacted or proposed by any government or Governmental Authority which, in the opinion of the Purchaser, has or will have a Material Adverse Effect;
- (m) *No Violations of Laws.* Subject to any orders made in the Proceedings, no Applicable Law is in force, and no action has been taken under any Applicable Law or by any Governmental Authority, and no Order of a court or Governmental Authority shall be in effect that: (a) makes it illegal or otherwise, directly or indirectly, restrains, enjoins or prohibits the completion of the transactions contemplated by this Agreement; (b) results in an Order or assessment of damages, directly or indirectly, relating to the transactions contemplated by this Agreement that has a Material Adverse Effect; or (c) would impose any condition or restriction that, after giving effect to the transactions contemplated by this Agreement, has a Material Adverse Effect; and
- (n) *Covenant Not to Sue.* The Purchaser shall have received from the State of New Hampshire not later than twenty-one (21) days of the Effective Date of this Agreement a covenant not to sue providing substantially the same protection to the Purchaser from Environmental Liabilities for the period through the Closing Date as that provided through May 30, 2002 to the Vendor under The Covenant Not to Sue in Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets dated May 30, 2002, among The State of New Hampshire, The New Hampshire Department of Environmental Services, Fraser N.H. LLC, GNE LLC and Mt. Carberry Landfill, LLC, recorded at Book 996, Page 331

The foregoing conditions are for the exclusive benefit of the Purchaser and may be waived, in writing, by the Purchaser, in whole or in part.

6.3 Conditions for the Benefit of the Vendor

The obligation of the Vendor to complete the sale of the Purchased Assets at the Closing as contemplated by this Agreement is subject to the satisfaction of each of the following conditions:

- (a) *Representations and Warranties.* The representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects at the date hereof and at the Time of Closing as if made on and as of each such date and time;
- (b) *Covenants.* The covenants and agreements of the Purchaser to be performed prior to or at the Time of Closing shall have been duly performed
- (c) *Collective Bargaining Agreement.* Effective as of the Closing Date, either (i) the New Collective Bargaining Agreement shall have become effective to replace the Old Collective Bargaining Agreement or (ii) the Purchaser shall have assumed the Old

Collective Bargaining Agreement and the Vendor shall have been released and discharged from any and all liabilities and obligations thereunder; and

- (d) *Satisfaction of Purchaser's Conditions.* The Vendor shall be satisfied that each of the conditions in favor of the Purchaser shall have been satisfied or waived on or before each date stipulated in Section 6.2 herein.

The foregoing conditions are for the exclusive benefit of the Vendor and may be waived, in writing, by the Vendor, in whole or in part.

6.4 Termination

This Agreement may be terminated by notice given prior to or at the Closing as follows:

- (a) by mutual written agreement of the Parties;
- (b) by the Purchaser by giving notice in writing to the Vendor if any condition in Section 6.2 is not satisfied by the date(s) stipulated therein and the Purchaser has not waived such condition on or before such date, or if any condition in Section 6.1 has not been satisfied by the Closing Date and the Purchaser has not waived such condition on or before the Closing Date;
- (c) by the Vendor by giving notice in writing to the Purchaser if any condition in Section 6.1 and 6.3 has not been satisfied by the Closing Date and the Vendor have not waived such condition on or before such date;
- (d) by either Party by notice in writing to the other Party if any of the conditions specified in Sections 6.1, 6.2 or 6.3 to be satisfied on a date prior to the Closing Date shall not have been satisfied by the specified date unless the time for satisfaction of such condition shall have been extended or waived by both Parties; or
- (e) unless the Closing Date shall have been extended pursuant to Section 3.1, by any Party if Closing has not occurred on or before the sixtieth (60th) day after the Effective Date of this Agreement (or if such date is not a Business Day, the first Business Day after such date);

provided that either the Vendor or the Purchaser may also bring an action against the other for damages suffered where the non-performance or non-fulfillment of the relevant condition is a result of a breach of a covenant, representation or warranty contained in this Agreement by the others and such Party has not used all reasonable commercial efforts to cure such breach prior to the Closing. The Vendor and Purchaser may not bring an action for any other reason under this Agreement except where the breach giving rise to such action was committed without justification and in bad faith.

7. CLOSING MATTERS

7.1 Adjustments to Purchase Price on Closing

The only adjustments to the Purchase Price on Closing shall be the following:

(a) Real Estate Tax Proration

Ad valorem real estate taxes imposed on the Purchased Assets for the current period shall be prorated as of the Closing Date. On or prior to the Closing Date, the Vendor shall pay in full all such taxes for tax years ending on or before March 31, 2010. For the tax year commencing April 1, 2010, the Parties shall calculate a *per diem* rate based on the taxes imposed in the prior tax year, and the Vendor will be responsible for such taxes for the number of days commencing on April 1, 2010 and ending on the day before the Closing Date. The Purchaser shall be responsible for paying for all taxes for all days including and after the Closing Date. The Parties shall make full settlement of Vendor's prorated liability for real estate taxes at the Closing. The Purchaser shall pay, and hold the Vendor indemnified and harmless from, liability under any and all real estate tax bills issued after the Closing.

(b) Emergency Capital Expenditures

The Vendor shall be entitled to an adjustment to the Purchase Price in its favor and the Purchaser shall pay on Closing as part of the Purchase Price, the dollar amount of any Emergency Capital Expenditure made in accordance with this Agreement.

(c) Unknown Workers' Compensation Claims

The Vendor and the Purchaser, by mutual agreement and acting reasonably, shall calculate a reserve for Unknown Workers' Compensation Claims, and the dollar amount of this reserve shall be a reduction of the Purchase Price, to the extent that such Unknown Workers Compensation Claims are not already otherwise included in Accrued Pay and Welfare Benefits..

7.2 Sales and Transfer Taxes

The Purchaser shall be responsible to pay when due any property transfer, sales, social service, goods and services and similar transfer Taxes, any Governmental Authority filing fees, and registration and transfer charges and fees payable in respect of the sale and transfer of the Purchased Assets, provided, however, that the Vendor and the Purchaser shall each be liable for its own respective share of the New Hampshire Real Estate Transfer Tax. The Vendor and the Purchaser, as the case may be, shall each pay directly to the appropriate Governmental Authority all such Taxes, charges and fees payable by it in respect of the purchase and sale of the Purchased Assets under this Agreement.

7.3 Non-Assignable Contracts, Licences and Permits

Neither this Agreement nor any document delivered hereunder shall constitute an assignment of any rights, benefits or remedies ("**Rights**") under any of the Purchased Contracts or Consents that are not by the terms and conditions thereof assignable by the Vendor to the Purchaser (the

"Non-Assignable Assets") or may not be assigned without the consent of the other party thereto (the "Third Party"). If any such Rights under any of the Purchased Contracts, Consents, Licences and Permits are not by the terms and conditions thereof assignable by the Vendor to the Purchaser, Vendor shall promptly notify Purchaser in writing within three (3) Business Days of becoming aware of such fact. The Purchaser acknowledges that it is not a condition of Purchaser's obligation to complete the purchase of the Purchased Assets as provided in this Agreement that such Non-Assignable Assets be assigned to the Purchaser at the Time of Closing. Notwithstanding the foregoing, both before and after the Time of Closing:

- (a) the Vendor will at the request, direction and cost of the Purchaser, promptly assist the Purchaser in applying for and use all commercially reasonable efforts to obtain all consents or approvals, in a form satisfactory to the Purchaser, acting reasonably, necessary to assign the Non-Assignable Assets to the Purchaser, provided that nothing in this Section shall require the Vendor to discharge any obligation to, or assume any obligations to pay any other Person; and
- (b) the Vendor will use reasonable commercial efforts (which shall not be deemed to include the payment of money) to take such actions and do such things as may be reasonably and lawfully designed to provide the benefits of the Non-Assignable Assets to the Purchaser, including without limitation, holding the Non-Assignable Assets in trust for the benefit of the Purchaser or acting as agent for the Purchaser.

The obligations of the Vendor under this Section 7.3 shall continue for 60 days after the Closing Date. The Purchaser undertakes to pay all reasonable costs and expenses of the Vendor incurred in carrying out its obligations under this Section 7.3 and indemnifies the Vendor for all liabilities, costs and expenses incurred by the Vendor in taking any actions at the request or direction of the Purchaser. The Purchaser's obligations hereunder shall not terminate until satisfied by full payment to the Vendor.

7.4 Vendor's Closing Documents

On the Closing Date, the Vendor will deliver the following to the Purchaser:

- (a) certified copies of the Court Orders in form recordable in the Coos County Registry of Deeds and any other necessary recording locations;
- (b) evidence of the receipt of any Consents, approvals and authorizations referred to in Section 5.4 obtained by the Vendor;
- (c) an executed copy of the Monitor's Certificate;
- (d) a certified copy of a resolution of the Board of Directors or other authorizing resolution of the Vendor, respectively, authorizing the sale and transfer of the Purchased Assets as contemplated by this Agreement and the execution and delivery of this Agreement and all documents to be executed and delivered by the Vendor pursuant hereto;
- (e) a certificate of a senior officer of each of the Vendor as to the incumbency of the signatories on behalf of such Vendor and certifying the accuracy as of the Closing Date of such Vendor's representations and warranties and the performance of its covenants to be performed at or before the Closing;

- (f) the proposed purchase price allocation in the form of Schedule H hereto prepared by the Vendor subject to agreement by the Purchaser, both Parties acting reasonably; and
- (g) all deeds, documents of title, conveyances, bills of sale, transfers, assignments, and indentures and other documents necessary or desirable in the Purchaser's opinion, acting reasonably, to effect the assignment, transfer and sale of the Purchased Assets, as contemplated by this Agreement, in form and substance satisfactory to the Purchaser, acting reasonably.

7.5 Purchaser's Closing Documents

At the Closing, the Purchaser will deliver the following to the Vendor:

- (a) payment of the Purchase Price pursuant to Section 2;
- (b) evidence of the receipt of any Consents, approvals and authorizations referred to in Section 5.4 obtained by the Purchaser;
- (c) a certified copy of resolutions of the directors of the Purchaser authorizing the purchase of the Purchased Assets as contemplated by this Agreement and the execution and delivery of this Agreement and all documents required to be executed by the Purchaser pursuant hereto;
- (d) a certificate of a senior officer of the Purchaser certifying the accuracy as of the Closing Date of the representations and warranties of the Purchaser and the performance by the Purchaser of its covenants to be performed at or before the Closing;
- (e) an assumption agreement providing for the assumption by the Purchaser of the Assumed Liabilities, duly executed by the Purchaser;
- (f) a copy of the New Collective Bargaining Agreement or instruments evidencing the assumption by the Purchaser of the Old Collective Bargaining Agreement and the discharge of the Vendor from liability thereunder;
- (g) copies of the offers of employment made to each Employee for which the Purchaser has extended an offer of employment;
- (h) copies of agreements reached between the Purchaser and Twin Rivers including an amendment to the Non-Competition Agreement, Custom Production Agreement and Transitional Services Agreement;
- (i) a copy of the power purchase contract negotiated by the Purchaser with Brookfield Power;
- (j) payment or evidence of payment of applicable Taxes that are required to be paid by the Purchaser pursuant to the terms of this Agreement;
- (k) an Indemnity in favor of the Vendor pursuant to Sections 3.3 and 7.3 hereof; and
- (l) such other documents as may be requested by the Vendor, acting reasonably.

7.6 Terms of Closing

Closing shall not be completed, nor shall the documents tabled for delivery at Closing be delivered, until all conditions of Closing have been fulfilled or waived.

7.7 Books and Records

Following the Closing, the Vendor will deliver or make available to the Purchaser, all Books and Records in its possession.

8. EMPLOYEE MATTERS

8.1 Hourly Employees

On the Closing Date, the Old Collective Bargaining Agreement shall terminate, and shall be replaced by the New Collective Bargaining Agreements, and the Purchaser shall make an offer of employment to all Hourly Employees in accordance with the terms and conditions set out in the New Collective Bargaining Agreements. The Vendor will, at any time or times before the Closing Date, comply with the Old Collective Bargaining Agreements in the Ordinary Course and subject to such orders as have been made or may hereafter be made in the CCAA Proceedings and the U.S. Bankruptcy Proceedings.

8.2 Salaried Employees

As of the Closing Date, the Purchaser will provide certain Salaried Employees, as selected by the Purchaser acting in its sole discretion, written offers of employment, effective as of the Closing Date on terms and conditions satisfactory to the Purchaser in its sole discretion. The Salaried Employees who will not be offered employment by the Purchaser shall be terminated by the Vendor prior to Closing. The Purchaser shall provide the Vendor with the names of the Salaried Employees who will not be offered employment by no later than five (5) Business Days prior to Closing.

9. RISK OF LOSS

9.1 Risk of Loss

Until the Time of Closing, the Purchased Assets will be and remain at the sole risk of the Vendor.

9.2 Pre-Closing Loss

If prior to the Closing Date any of the Purchased Assets are destroyed or damaged by fire or any other casualty (collectively "Damage") or shall be expropriated or seized by any Governmental Authority (collectively "Expropriation"), and such Damage or Expropriation is eligible for reimbursement or the payment of the replacement value, as the case may be, for the repair or replacement of such Purchased Assets from the proceeds of insurance or compensation from any Governmental Authority or other Party paid or payable to the Vendor (the "Proceeds"), the Vendor will inform the Purchaser of such Damage or Expropriation as soon as practicable. The Purchaser acting in its sole discretion, shall be entitled to terminate this Agreement by written notice given to Vendor on the earlier of i) thirty (30) days after the Vendor notifies the Purchaser

in writing of such Damage or Expropriation; and ii) the day immediately preceding the Closing Date. If the Purchaser does not so elect to terminate this Agreement, then:

the Purchaser may elect to repair or replace the subject Purchased Assets by written notice given to Vendor within ten (10) days of Vendor's receipt of Purchaser's election not to terminate this Agreement. In such case, where the Purchaser elects to repair or replace the subject Purchased Assets, the Proceeds paid or payable to the Vendor shall, to the extent not applied to the repair or replacement of the subject Purchased Assets prior to the Closing Date, be deemed to be included in the Purchased Assets without any adjustment to the Purchase Price and, the Vendor shall forthwith assign and transfer all such Proceeds to the Purchaser and the Purchaser shall accept such Proceeds, or the right to recover the same, in replacement for the Purchased Assets so destroyed, damaged, expropriated or seized. An election made pursuant to this Subsection (a) is a binding obligation. Within ten (10) business days of the Purchaser receiving final payment with respect to the Proceeds it shall provide the Vendor with a detailed accounting of the estimated or actual costs, as the case may be, associated with repairing and/or replacing the subject Purchased Assets and the total of the Proceeds received. In the event that the estimated or actual costs, as the case may be, associated with repairing and/or replacing the subject Purchased Assets are less than the amount of the Proceeds (the "Excess Proceeds"), the Purchaser shall pay the Excess Proceeds to the Vendor by way of certified cheque to be delivered concurrent with the detailed accounting. Where such settlement is determined on the basis of estimated costs, the difference between the actual and estimated costs will be settled in a manner acceptable to the Parties, acting reasonably. The Purchaser's obligation to pay over Excess Proceeds to the Vendor pursuant to this Section 9.2 shall survive the Closing.

10. POST-CLOSING MATTERS

10.1 Possession Following Time of Closing

From and after the Time of Closing the Purchaser will be entitled to take sole and exclusive possession of and enjoy the Purchased Assets to the exclusion of the Vendor and the Purchased Assets will be at the sole risk of the Purchaser.

10.2 Post-Closing Access

In addition to any other rights contemplated or provided herein, the Purchaser will provide to the Vendor and the Monitor all reasonable access to such of the Books and Records generated by Vendor prior to Closing, as the Vendor may reasonably request during normal business hours from time to time after the Closing Date for the purposes of accounting, audit, tax or litigation matters pertaining to the Vendor or in connection with the ongoing Proceedings. Such post-Closing access shall be granted to the Monitor and to the Vendor, and to its directors, officers, employees, agents and other authorized representatives designated in writing by the Vendor to the Purchaser from time to time for the purposes of such access, within a reasonable time after the Vendor have delivered written notice to the Purchaser specifying the type of access the Vendor desire and the pre-Closing Books and Records the Vendor wish to have access to. The Vendor shall be responsible for the acts or omissions of themselves and any of the aforesaid Persons in the course of such access and shall ensure that any and all said access does not disrupt the Purchaser or the operation of the Business. The Vendor and the Monitor shall be entitled to

take extracts from the Books and Records in respect of periods prior to the Closing Date, but shall not be entitled to information relevant to periods from and after the Closing Date. The Vendor will bear all reasonable out-of-pocket costs and expenses of the Purchaser relating to any such access and the provision of extracts of information requested from time to time. The Vendor covenants and agrees that they shall not, and shall cause their directors, officers, employees, agents and other representatives not to, disclose, divulge, furnish, publish or use for their benefit, or for the direct or indirect benefit of any other Person, any confidential or proprietary information relating to the Business, the Purchased Assets or the Purchaser obtained by the Vendor or their directors, officers, employees, agents and other representatives in accordance with this Section 10.2. The Vendor shall restrict access to, and use of, such confidential and proprietary information to those Persons requiring such access and only to the extent of such requirement, and shall advise each such Person that such information is the proprietary property of the Purchaser and is highly confidential and that access thereto is restricted except as directly required for use in accordance with the terms of this Section 10.2. The Purchaser has the right to have its representative present during any such inspection.

10.3 Confidentiality

The Vendor shall continue to hold in confidence, in the same manner after Closing as before, all confidential information related to the Business and the Purchased Assets remaining in their possession after Closing including any information provided pursuant to Section 10.2 unless otherwise required to be disclosed to the Canadian Court or to the U.S. Bankruptcy Court. In the event disclosure to either such court is required, the Vendor shall (i) promptly provide notice to the Purchaser of such requirement so as to provide the Purchaser with the opportunity to challenge such disclosure and (ii) cooperate reasonably with such challenge.

11. MISCELLANEOUS

11.1 Amendment and Modification; Waiver

This Agreement may only be amended or modified in writing, signed by all of the Parties. No waiver in writing 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. Any Party, in its sole discretion, may extend any deadline in its favor under this Agreement by seven (7) calendar days by providing written notice to the other Parties provided such extension shall not be available where the extension would have the effect of altering the Closing Date. Notwithstanding anything else contained herein, the dates by which the conditions under Section 6.2 are to be satisfied or waived cannot be extended except by mutual consent in writing of both Parties.

11.2 Expenses

Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, the Parties shall bear their own respective expenses (including, but not limited to, all compensation and expenses of counsel, consultants, actuaries and independent accountants) incurred in connection with this Agreement and the transactions contemplated hereby.

11.3 Public Disclosure

Except as may be required to comply with the requirements of Applicable Law, no press release or similar public announcement or communication will be made or caused to be made concerning the execution, performance, terms and conditions of this Agreement unless specifically approved in advance by all Parties, acting reasonably and without delay; provided, however, that to the extent that any Party to this Agreement is required by Applicable Law to make such a public disclosure, such public disclosure shall only be made after prior consultation with the other Party to this Agreement. The Purchaser acknowledges that the Vendor is subject to a court supervised proceeding and that the Monitor and the Vendor will make such disclosure and provide such reporting to the Canadian Court and the U.S. Bankruptcy Court as the Monitor feels is necessary in order to fulfill its mandate pursuant to the Order dated June 18, 2009 wherein it was appointed by the Canadian Court, provided that the Vendor agrees to advise the Monitor that the terms of this Agreement must be kept confidential by the Monitor unless and until the Parties hereto agree to the release of information with respect to this Agreement. The Vendor agrees to further advise the Monitor that the Monitor may only issue a report or other disclosure with respect to the terms of this Agreement after the parties have issued their own press release or public disclosure with respect to the existence and terms of this Agreement in accordance herewith. This Agreement is also subject to public disclosure to the extent required under applicable law in the U.S. Bankruptcy Proceedings.

11.4 Assignment

No Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other Parties hereto.

11.5 Entire Agreement

This Agreement (including the agreements and documents in writing contemplated to be delivered hereunder or herewith as of the date of this Agreement) contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

11.6 Parties in Interest

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns and, to the extent third parties are named as beneficiaries of a release, indemnity or other covenant hereunder or under any document or instrument delivered pursuant hereto, such third parties shall be entitled to enforce such provisions even though they are not a party hereto and any Party hereto may, with the consent of such third party, enforce such provisions on their behalf. Except as expressly provided in this Section 11.6, no third parties shall be beneficiaries of or have any interest in this Agreement.

11.7 Further Assurances

Prior to, on and following the Closing Date, each of the Parties agrees that it shall act in good faith with respect to the satisfaction of its obligations under this Agreement, and, at the reasonable request of the other Party, shall, at its own expense, take such actions and do such things and, as the case may be, execute and deliver or furnish such additional agreements, documents and instruments as may, from time to time, be necessary or reasonably desirable to

better effectuate the transactions contemplated by this Agreement. The Vendor shall cause its affiliates Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited and Fraser Papers Limited to execute, acknowledge and deliver such additional documents or instruments of conveyance, transfer and assignment or to take such further actions as are reasonably necessary to assign, transfer and convey any interest in the Purchased Assets to the Purchaser, and to fully vest title thereto in the Purchaser.

11.8 Counterparts

This Agreement and any amendments hereto may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be considered one and the same agreement. A signed facsimile, telecopied or electronic copy of this Agreement shall be effectual and valid proof of execution and delivery.

11.9 Notices

All notices hereunder shall be deemed given if in writing and delivered personally or sent by facsimile or by registered or certified mail (return receipt requested), but not by email, to the Parties at the following addresses (or at such other addresses as shall be specified by like notice):

- (a) if to the Purchaser, to:

MB Growth Partners II, LP66 Hanover Street, Manchester, NH 03101

Attention: Jeffrey M. Pollock, Managing Director :

Fax: (603) 623-3972

Email: jpollock@merchantbanc.com

With a copy to:

Gallagher, Callahan & Gartrell, PC

214 North Main Street, Concord, NH 03301

Attention: Dodd S. Griffith, Esq.

Fax: (603) 228-8396

Email: griffith@gcglaw.com

- (b) if to the Vendor, to:

Fraser NH LLC.

C/O #300 - 181 Bay Street

Brookfield Place, P.O. Box 762

Toronto, Ontario

M5J 2T3

Attention: Glen McMillan

Fax: (416) 359-8606

Email: gmcmillan@toronto.fraserpapers.com

and

Devine Millimet and Branch
Professional Association
43 North Main Street
Concord, New Hampshire

Attention: Frederick J. Coolbroth
Fax: (603) 226-1001
Email: fcoolbroth@devinemillimet.com

With a copy to:

ThorntonGroutFinnigan LLP
Canadian Pacific Tower
100 Wellington Street West, Suite 3200
Toronto, Ontario
M5K 1G8

Attention: D.J. Miller
Fax: (416) 304 1313
Email: djmiller@tgf.ca

and a copy to:

PricewaterhouseCoopers Inc. as Monitor of Fraser NH LLC
Royal Trust Tower
20th Floor, 77 King Street West
Toronto, Ontario
M5K 1K7

Attention: John McKenna
Fax: (416) 941-8378
Email: john.p.mckenna@ca.pwc.com

Any notice given by mail shall be effective, if mailed at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, on the fourth Business Day after the post-marked date thereof. Any notice given by facsimile shall be effective on the Business Day following the sending. Any notice delivered personally shall be effective at the time it is delivered to the applicable address noted above either to the individual designated above or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices and communications shall be delivered personally by facsimile or electronic transmission only.

11.10 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Hampshire.

11.11 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

[signature page follows]

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the Parties as of the date first written above.

MB Growth Partners II, LP
A Delaware limited partnership

By: Its sole general partner,

MB Venture Management II, LLC,
A Delaware limited liability company

Per: _____
Name: **Jeffrey M. Pollock**
Title: **Its General Manager**

FRASER N.H. LLC

Per: _____
Name: **William R. Manzer**
Title: **Vice President**

Per: _____
Name: **Glen McMillan**
Title: **Secretary**

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A Delaware limited partnership

By: Its sole general partner,

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A Delaware limited liability company

Per: _____

Name: **Jeffrey M. Pollock**

Title: **Its General Manager**

FRASER N.H. LLC

Per: _____

Name: **William R. Manzer**

Title: **Vice President**

Per: _____

Name: **Glen McMillan**

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Per: _____
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Title: **Its General Manager**

FRASER N.H. LLC

Per: William R. Manzer
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Per: _____
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A Delaware limited liability company

Per: _____
Name: Jeffrey M. Pollock
Title: Its General Manager

FRASER N.H. LLC

Per: _____
Name: William R. Manzer
Title: Vice President

Per:  _____
Name: Glen McMillan
Title: Secretary

SCHEDULE A

Form of Court Orders

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

	)	Chapter 15
In re	)	
	)	Case No. 09-12123 (KJC)
FRASER PAPERS INC., et al. ¹	)	
	)	Jointly Administered
Debtors in Foreign Proceedings.	)	
	)	RE: D.I.

**ORDER PURSUANT TO 11 U.S.C. §§ 105(a) AND 363 AUTHORIZING AND
APPROVING ASSET PURCHASE AGREEMENT AND AUTHORIZING THE SALE OF
DEBTORS' GORHAM NEW HAMPSHIRE MILL AND RELATED ASSETS FREE AND
CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES**

Upon the motion (the "Motion"),² of Fraser Papers Inc. ("Fraser"), as foreign representative of Fraser and its affiliated captioned debtors and participants (collectively, with Fraser, the "Debtors") in proceedings (the "Canadian Proceedings") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pending before the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"), for entry of an order, as more fully described in the Motion, authorizing and approving sale of the Debtors' right, title and interest to the Gorham New Hampshire Mill (the "Gorham Mill"), and all of the other property and assets of every kind and description used by or in connection with or otherwise relating, in whole or in part, to the Gorham Mill (collectively the "Purchased Assets") to the Purchaser, free and clear of all liens, claims, interests and Encumbrances pursuant to section 363 of the Bankruptcy Code, except as set forth in the Sale Agreement (defined below)

¹ These jointly administered cases are those of the following debtors: Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited, and Fraser N.H. LLC

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Sale Motion or the Sale Agreement, as the case may be.

executed with the Purchaser as of [DATE] (as may be further amended, modified or restated from time to time, the "Sale Agreement"); and the Court having reviewed and considered the Motion; and upon the McMillan Affidavit; and after due deliberation thereon, and good cause appearing therefore it is hereby

FOUND AND DETERMINED THAT:³

A. The Court has jurisdiction to hear and determine the Motion and to grant the relief requested in the Motion pursuant to 28 U.S.C. § 157(b)(1) and 1334(b);

B. Venue of these cases and the Motion in this district is proper under 28 U.S.C. § 1410. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2);

C. Adequate notice of the Motion has been given as set forth therein and no other or further notice is necessary;

D. The legal and factual bases set forth in the Motion and the record in these proceedings establish just cause for the relief requested therein, and that such relief is in the best interests of the Debtors, their estates, their creditors and the parties in interest;

E. The Sale Agreement and the Transaction were negotiated and have been and are undertaken by the Debtors and the Purchaser on commercially reasonable terms without collusion or fraud, and in good faith within the meaning of Bankruptcy Code section 363(m). As a result of the foregoing, the Debtors and the Purchaser are entitled to the protections of section 363(m) of the Bankruptcy Code;

F. Cause has been shown as to why this Order should not be subject to the stay provided by Rule 6004 of the Federal Rules of Bankruptcy Procedure;

G. The total consideration provided by the Purchaser for the Purchased

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

Assets being conveyed pursuant to the Sale Agreement constitutes fair consideration and fair value for the Purchased Assets;

H. A sale of the Purchased Assets other than one free and clear of all interests and Encumbrances (as defined in the Motion) would yield substantially less value for the Debtors' estates than the Transaction. Therefore, the Transaction contemplated by the Sale Agreement is in the best interests of the Debtors, their estates and creditors, and all other parties in interest;

I. The Debtors are the owners of the Purchased Assets and they may sell the Purchased Assets free and clear of all interests and Encumbrances to the extent provided in the Sale Agreement and this Order because, with respect to each creditor asserting an interest, one or more of the standards set forth in Bankruptcy Code § 363(f)(1)-(5) has been satisfied. Those holders of interests who did not object or who withdrew their objections to the Sale or the Motion are deemed to have consented to the Motion and Sale pursuant to Bankruptcy Code § 363(f)(2). Any holders of interests who did object fall within one or more of the other subsections of Bankruptcy Code section 363(f);

J. Neither the Debtors nor the Purchaser engaged in any conduct that would cause or permit the Sale Agreement or the consummation of the Transaction to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code;

K. No bulk sales law or any similar law of any state or other jurisdiction shall apply in any way to the Sale. No brokers were involved in consummation of the Sale, and no brokers' commissions are due to any Person in connection with the Sale; and

L. The Sale contemplated by the Sale Agreement is in the best interests of the Debtors and their estates, creditors, interest holders and all other parties in interest; and therefore:

M. The Debtors have established that they lack the financial means to adequately fund the future operations of the Gorham Mill and that therefore, there exists a sound

business justification for an all asset sale to Purchaser in order to preserve the going concern value of the enterprise.

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is GRANTED.
2. All objections with regard to the relief sought in the Motion that have not been withdrawn, waived, or settled, are hereby overruled on the merits.
3. Pursuant to sections 105 and 363 of the Bankruptcy Code and as set forth in the Vesting Order, the Debtors and the Purchaser are each hereby authorized to take any and all actions necessary or appropriate to: (i) consummate the Sale of the Purchased Assets to the Purchaser and the Closing of the Sale in accordance with the Motion, the Sale Agreement and this Order; and (ii) perform, consummate, implement and close fully the Sale Agreement together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Sale Agreement and the Transaction contemplated therein.
4. Pursuant to section 363(f) of the Bankruptcy Code, the Sale of the Purchased Assets in accordance with this Order will vest the Purchaser with all rights, title and interest of the Debtors to the Purchased Assets and will be a legal, valid and effective transfer of the Purchased Assets free and clear of all liens, claims and interests, whether known or unknown, fixed, liquidated, contingent or otherwise, including any claims held by any of the Debtors' or their affiliates' creditors, vendors, suppliers, employees (individually or under successor employer provisions of federal and state legislation) or lessors, and any other person, except as expressly provided by the Sale Agreement.
5. Except as expressly provided in the Sale Agreement, pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon the Closing the Purchased Assets, including without limitation the Purchased Contracts, shall be sold, transferred or otherwise conveyed to Purchaser free and clear of all liens claims and interests, and, for greater certainty,

Encumbrances, with all such liens and claims, and, for greater certainty, Encumbrances, to attach to the proceeds of Sale of the Purchased Assets in the order of their priority, and with the same validity, priority, force and effect which they now have as against the Purchased Assets, subject to the rights, claims, defenses, and objections, if any, of the Debtors and all parties in interest with respect to such liens, claims and interests and for greater certainty, Encumbrances. All persons or entities holding liens and claims, and, for greater certainty, Encumbrances, in, to or against the Purchased Assets shall be, and they hereby are, forever barred from asserting such liens, claims and interests against the Purchaser, its successors and assigns or such Purchased Assets after Closing, except as expressly provided in the Sale Agreement or this Order.

6. Any and all Purchased Assets in the possession or control of any person or entity, including, without limitation, any vendor, supplier or employee of the Debtors shall be transferred to the Purchaser free and clear of all liens, claims and interests, and, for greater certainty, Encumbrances, and all such persons or entities are hereby directed to surrender possession of the Purchased Assets to the Purchaser at the time of Closing.

7. The Purchaser is found to be a good faith purchaser and granted all of the protections provided under section 363(m) of the Bankruptcy Code.

8. The consideration to be paid by the Purchaser for the Purchased Assets under the Sale Agreement and the terms and conditions thereunder constitute transfers for reasonably equivalent value and fair consideration and may not be avoided under section 363(n) of the Bankruptcy Code.

9. This Order (a) is and shall be effective as a determination that, upon the Closing, except as expressly provided in the Sale Agreement, all liens, claims and interests, and, for greater certainty, Encumbrances, existing as to the Purchased Assets prior to the closing have been unconditionally released, discharged and terminated in each case as to the Purchased Assets and (b) shall authorize all entities, including, without limitation, all filing agents, filing officers,

title agents, title companies, recorders of mortgages, recorders of fees, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities, who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments that reflect that the Purchaser is the owner or assignee of the Purchased Assets free and clear of all liens, claims and interests, except as expressly provided in the Sale Agreement.

10. Except with respect to enforcing the terms of the Sale Agreement or this Order, absent a stay pending appeal, no person shall take any action to prevent, enjoin or otherwise interfere with consummation of the Transaction contemplated in or by the Sale Agreement or this Order.

11. In the absence of a stay of the effectiveness of this Order, in the event that the Purchaser and the Debtors consummate the Transaction contemplated by the Sale Agreement at any time after entry of this Order, then with respect to the transaction approved and authorized herein, the Purchaser, as a purchaser in good faith within the meaning of section 363(m) of the Bankruptcy Code, shall be entitled to all of the protections of section 363(m) of the Bankruptcy Code in the event this Order or any authorization contained herein is reversed or modified on appeal.

12. Each and every federal, state, and local governmental agency or department is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the Transaction contemplated by the Sale Agreement and this Order.

13. Until these cases are closed or dismissed, the Court shall retain exclusive jurisdiction in the United States: (a) to enforce and implement the terms and provisions of this Order and the Sale Agreement, all amendments thereto, any waivers and consents thereunder, and each of the agreements, documents and instruments executed in connection therewith; (b) to

compel transfer of the Purchased Assets in the United States to the Purchaser; (c) to compel the Purchaser to perform all of its obligations under the Sale Agreement with respect to Purchased Assets in the United States; (d) to resolve any disputes, controversies or claims arising out of or relating to the Sale Agreement relating to the Purchased Assets in the United States; and (e) to interpret, implement and enforce the provisions of this Order.

14. The terms and provisions of this Order and the Sale Agreement shall be binding on and inure to the benefit of the Debtors, the Purchaser, the Debtors' estates, the Debtors' creditors and all other parties in interest, and any successors of the Debtors, the Purchaser and the Debtors' creditors, including any trustee(s), examiner(s) or receiver(s) appointed in these cases or under any chapter of the Bankruptcy Code or any other law, and all such terms and provisions shall likewise be binding on such trustee(s), examiner(s) or receiver(s) and shall not be subject to rejection or avoidance by the Debtors, the Debtors' estates, the Debtors' creditors or any trustee(s), examiner(s) or receiver(s).

15. The failure to include any particular provision of the Sale Agreement in this Order shall not diminish or impair the effectiveness of that provision, it being the intent of the Court and the parties that the Sale Agreement be approved and authorized in its entirety.

16. Any conflict between the terms and provisions of this Order and the Sale Agreement shall be resolved in favor of this Order.

17. The Debtors are hereby authorized to perform each of their covenants and undertakings as provided in the Sale Agreement prior to Closing without further order of the Court.

18. Notwithstanding any provision in the Federal Rules of Bankruptcy Procedure to the contrary: (i) the terms of this Order shall be immediately effective and enforceable upon its entry; (ii) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and (iii) the Debtors may, in their

discretion and without further delay, take any action and perform any act authorized under this Order. Time is of the essence in closing the transaction and parties to the Sale Agreement shall be authorized to close the Sale as soon as possible consistent with the terms of this Order.

19. The Sale Agreement and any related agreements, documents, or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by both parties, and in accordance with the terms thereof, without further of this Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates.

20. The Purchaser shall not be liable in any way (as a successor entity or otherwise) for any claims that any creditor of the Debtors or any other third party may have against the Debtors or the Purchased Assets except as set forth in the Sale Agreement.

21. Neither the purchase of the Purchased Assets nor the subsequent operation of any businesses relating to the Purchased Assets previously operated by the Debtors shall cause the Purchaser to be deemed a successor in any respect to the Debtors. The Purchaser shall not have any successor liability for any liabilities of the Debtors (whether under federal or state law or otherwise) as a result of the sale of the Purchased Assets. The Purchaser shall not be deemed a joint employer, co-employer or successor employer with the Debtors and shall have no obligation to pay wages, severance pay, WARN Act claims, benefits or any other payment to employees of the Debtors except as expressly set forth in the Sale Agreement. By entering into the Sale Agreement, the Purchaser has not assumed or otherwise become obligated to pay or perform any of the Debtor's liabilities or obligations except as set forth in the Sale Agreement.

22. Consummation of the Sale Agreement and the transactions contemplated therein and thereby do not effect a *de facto* merger or consolidation of the Debtors with the Purchaser. The Purchaser is not the alter ego of, a successor-in-interest to, or a continuation of the Debtor and shall not be liable for the Debtors' debts and obligations, except as otherwise

expressly provided in the Sale Agreement.

23. Except as specifically set forth in the Sale Agreement, following the Closing, no holder of any interest (including any alleged ownership interest), lien, claim or Encumbrance shall assert such interest, lien, claim, or Encumbrance in or against the Purchased Assets.

24. As provided by Fed. R. Bankr. P. 6004(h), 6006(d) and 7062, this Order shall be effective and enforceable immediately upon its entry.

25. The provisions of this Order are nonseverable and mutually dependent.

26. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: _____, 2010
Wilmington, Delaware

THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

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

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

THE HONOURABLE MADAM) , THE DAY
JUSTICE PEPALL) OF , 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 LIMITED, FRASER PAPERS
LIMITED and FRASER N.H. LLC** (collectively, the "Applicants")

APPROVAL AND VESTING ORDER
(Gorham)

THIS MOTION, made by the Applicants for an order seeking approval of the sale transaction (the **“Transaction”**) contemplated by an asset purchase agreement between the Applicants, as vendors, and ► and/or such other Person(s) as it may designate as designated purchaser of the Purchased Assets (the **“Purchaser”**) made as of ► [date], a copy of which is attached as Exhibit **“►”** to the affidavit of Glen McMillan sworn ►, 2010, and as may be further amended, modified or restated from time to time (collectively, the **“Purchase Agreement”**), and vesting in the Purchaser the Applicants’ right, title and interest in and to the Purchased Assets was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated ►, 2010, the Monitor's ► report (the "► Report") of PricewaterhouseCoopers Inc., in its capacity as monitor of the Applicants (the "Monitor") and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for the Purchaser, counsel for CIT Business Credit Canada Inc., counsel for Brookfield Asset Management Inc., 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, and no one appearing for any other person on the service list although all properly served as appears from the affidavit of service of Annette Fournier sworn ►, 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.
2. **THIS COURT ORDERS** that the time for service of the notice of motion, the Monitor's ► 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 Monitor's ► 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 as being in the best interests of the Applicants and their stakeholders. 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**"); 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 the Purchaser or in furtherance of this Order and the performance of their obligations thereunder.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser 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 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 "**Real Property**"), shall vest absolutely in the Purchaser 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, as amended); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), the *Uniform Commercial Code* ("UCC") 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 any legislation; (iv) Claims in respect of any pension plans to which the Applicants are a party; (v) those Claims in respect of the Real Property listed on Schedule "D" hereto; and (vi) those Claims listed on Schedule "E" hereto (all of the above set out in subparagraphs (i), (ii), (iii), (iv), (v) are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "F" 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 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.

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

7. **THIS COURT ORDERS** that the net proceeds from the sale of the Purchased Assets (the "Proceeds") 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.

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

9. **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 Purchaser, the Purchased Assets, the Transferred Employees and/or the Unionized Employees, the Applicants are authorized and permitted to disclose and transfer to the Purchaser 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 Purchaser 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.

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

(a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order 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 Related Documents and the transactions and actions contemplated therein;
 - (ii) the sale of the Purchased Assets to the Purchaser;
 - (iii) the entering into of the Purchase Agreement and the Related Documents by any of the Applicants;
 - (iv) the vesting of title in the Purchased Assets in the Purchaser, 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,

1. 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.

11. **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 are located.

12. **THIS COURT ORDERS AND DECLARES** that all persons shall co-operate fully with the Applicants, the Purchasers, 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.

13. **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.

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States (including the U.S. Bankruptcy Court for the District of Delaware) 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 U.S. Bankruptcy Court for the District of Delaware) 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.

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

- 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 as amended, PricewaterhouseCoopers Inc. was appointed as monitor (the “Monitor”) of the Applicants.
- B. Pursuant to an Order of the Court dated ► (the “Approval and Vesting Order”) the Court approved an asset purchase agreement made as of ►, 2010 between the Applicants, as vendors, and ► as purchaser (the “Purchaser”), as same may be amended from time to time (the “Purchase Agreement”), and provided for the vesting in the Purchaser of the Applicants’ right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets, upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets, (ii) that the conditions to Closing as set out in the Purchase Agreement have been satisfied or waived by the Applicants and the Purchaser, as the case may be; and (iii) the Transaction as

contemplated in the Purchase Agreement 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 Purchaser has 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 and the Purchaser, respectively; and
3. The Transaction has been completed in accordance with the terms of the Purchase Agreement 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./Papiers Fraser Inc., Fraser Papers Limited and FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC, and not in its personal or corporate capacity

Per: _____

Name: _____

Title: _____

SCHEDULE B

Old Collective Bargaining Agreements

(Redacted)

SCHEDULE C

Lands

Note: As used herein "recorded" shall mean "recorded in the Coos County Registry of Deeds" and "Paper Mill", "Gorham Mill" and "Cascade Mill" are one and the same.

Section One

Parts IV and V [reference from 996-420]

Cascade Mill - Berlin and Gorham

Cascade Absorbent Plant - Gorham

Easements - Berlin and Gorham

CASCADE MILL (a/k/a Paper Mill): Certain real property with the improvements thereon situate in the City of Berlin and the Town of Gorham, County of Coos, State of New Hampshire, and comprised of parcels designated as numbers 5 and 6, which are separated by the Berlin-Gorham Town Line, and the Cascade Absorbent Plant, and are more particularly described herein, and as approximately shown on Brown Company drawing entitled "Property ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin" - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 to show Parcel No. 5 and 6, said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcels described as follows:

Parcel No. 5 Land within Parcel No. 5 and located in the City of Berlin, County of Coos, and State of New Hampshire; and being a part of Lot 4, Range 11 of Lots and Ranges of said Berlin; and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad; on the south by the Berlin-Gorham Town Line; on the west by Glen Avenue so-called, also known as State Highway Route 16; and on the north by land belonging to the City of Berlin and the centerline of the Berlin Mills Railroad; and more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the centerline of said Berlin Mills Railroad and further located westerly from the railroad underpass and easterly from the railroad bridge;

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 2,100 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 2 - thence running westerly along said Berlin-Gorham Town Line a distance of 1,080 feet, more or less, to a point, on the easterly right of way line of said Glen Avenue, so-called, also known as State Route No. 16;

Line No. 3 - thence running northerly along the easterly right of way line of said State Route No. 16 a distance of 1,980 feet, more or less, to a point, said point being the southwesterly corner of land belonging to said City of Berlin;

Line No. 4 - thence running easterly along said southerly boundary of land belonging to said City of Berlin and across the southerly end of Watson Street, so-called, a distance of 180 feet, more or less, to a point on the easterly right of way line of said Watson Street at the southerly end;

Line No. 5 - thence at a slight deflection angle to the right and continuing in an easterly direction a distance of 120 feet, more or less, to a point on the centerline of the Berlin Mills Railroad track at the westerly bridge abutment;

Line No. 6 - thence running easterly along the centerline of said Berlin Mills Railroad track and across the railroad bridge a distance of 420 feet, more or less, to the point of beginning.

Parcel No. 6 Land within Parcel No. 6 and located in the Town of Gorham, County of Coos, and State of New Hampshire; and being a part of Lot Numbers 152, 153, 154 and 179 of Lots of said Gorham and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad, the westerly right of way line of Cascade Flats Road, so-called, and the centerline of Tinker Brook so-called; on the south by the land belonging to Public Service Company of New Hampshire and the lot line between Lot Numbers 154 and 155; on the west by the easterly right of way line of the Grand Trunk Railroad, land reserved for the Absorbent Products Division, and the easterly right of way line of Glen Avenue, so-called, also known as State Route 16; and on the north by the Town Line between Berlin and Gorham; and as more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the Town Line between said Berlin and Gorham:

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 3,300 feet, more or less, to a point, said point being the northeasterly corner of land belonging to the Public Service Company of New Hampshire;

Line No. 2 - thence running westerly along the northerly boundary of land belonging to said Public Service Company and continuing beyond for a total distance of 400 feet, more or less, to a point on the centerline of the Androscoggin River, so-called;

Line No. 3 - thence running northerly along the centerline of said Androscoggin River a distance of 1,260 feet, more or less, to a point;

Line No. 4 - thence running westerly across the westerly part of said Androscoggin River and along the northerly boundary of land belonging to others a distance of 250 feet, more or less, to a point on the easterly side of River Street, so-called;

Line No. 5 - thence running northerly along the easterly boundary of land belonging to others a distance of 200 feet, more or less, to a point on the northeasterly corner of land belonging to the Town of Gorham;

Line No. 6 - thence running westerly along the northerly boundary of land belonging to said Town of Gorham and across the Cascade Flats Road, so-called a distance of 160 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 7 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 115 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 8 - thence running westerly along the northerly boundary of land belonging to others a distance of 99 feet, more or less, to a point at the northwesterly corner of said land belonging to others;

Line No. 9 - thence running southerly along the westerly boundary of land belonging to others a distance of 165 feet, more or less, to a point at the southwesterly corner of land belonging to Anthony Ferrante;

Line No. 10 - Thence running easterly along the southerly boundary of land belonging to said Ferrante a distance of 99 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 11 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 1,400 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 12 - thence running westerly along the northerly boundary of land belonging to others a distance of 190 feet, more or less, to a point on the centerline of Tinker Brook;

Line No. 13 - thence running southerly along the centerline of Tinker Brook a distance of 1,000 feet, more or less, to a point on the lot line between the said Lot Numbers 154 and 155;

Line No. 14 - thence running westerly along said lot line between Lot Numbers 154 and 155, across said State Route No. 16 a distance of 240 feet, more or less, to a point on the easterly right of way line of said Grand Trunk Railroad, and said point on the right of way line being located a distance of 44 feet easterly from the centerline of the railroad tracks.

Line No. 15 - thence running northerly along the easterly right of way line of said Grand Trunk Railroad and located 44 feet easterly from the centerline of the railroad tracks, a distance of 3,500 feet, more or less, to a point at the southwesterly corner of land belonging to others;

Line No. 16 - thence running easterly along the southerly boundary of land belonging to others a distance of 85 feet, more or less, across State Route No. 16 to a point on the easterly right of way line of said State Route No. 16;

Line No. 17 - thence running northeasterly a distance of 140 feet, more or less, to a point;

Line No. 18 - thence running easterly a distance of 30 feet, more or less, to a point on the southwesterly right of way line of said Cascade Flats Road;

Line No. 19 - thence running southeasterly along the southwesterly right of way line of said Cascade Flats Road a distance of 1,060 feet, more or less, to a point;

Line No. 20 - thence running easterly, parallel to and 75 feet southerly from the southerly wall of the existing Absorbent Products Building and running across said Cascade Flats Road and along the southerly boundary of land reserved for the Absorbent Products Division a distance of 240 feet, more or less, to a point on a chain link fence;

Line No. 21 - thence running southeasterly along said chain link fence a distance of 110 feet, more or less, to a point;

Line No. 22 - thence at a left deflection angle of $37^{\circ} 30'$ and running easterly a distance of 35 feet, more or less, to a point located 24 feet from the northwest corner of the existing Brown Company Time Office and 24 feet from the northeast corner of said Time Office;

Line No. 23 - thence at a left deflection angel of 90° and running northerly parallel to and 15 feet easterly from the easterly wall of said Absorbent Products Building a distance of 840 feet, more or less, to a point;

Line No. 24 - thence at a left deflection angle of 90° and running parallel to and 200 feet northerly from the northerly wall of said Absorbent Products Building a distance of 300 feet, more or less, to a point on the easterly right of way line of said Cascade Flats Road;

Line No. 25 - thence running northerly along the easterly right of way line of said Cascade Flats Road and said State Route No. 16 a distance of 900 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 26 - thence running easterly along said Town Line and across said Androscoggin River a distance of 1,080 feet, more or less, to the point of beginning.

ALSO CONVEYING to the extent the same are in force and effect, the right and easements granted by both the Town of Gorham and Rose Pare to excavate, lay, maintain, and renew underground process lines across the said Cascade Flats Road and the land formerly belong to Rose Pare. See Deed of the Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (page 291).

CASCADE ABSORBENT PLANT, GORHAM, NEW HAMPSHIRE - All that certain parcel of land with the improvements thereon located in Gorham, New Hampshire as shown on plan entitled, "Brown Company Ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 and designated "Reserved for A.P.D."

said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcel more particularly bounded and described as follows:

BEGINNING at a point along the easterly right of way line of Cascade Flats Road, so-called, also known as State Route #16, 900 feet, more or less, southerly along said right of way line from the Berlin-Gorham Town Line to the point of beginning; thence

from the point of beginning easterly for 300 feet, more or less, to a point; thence

southerly 840 feet, more or less, to a point, thence

westerly 30 feet, more or less, to a point; thence

making a slight deflection in a northwesterly direction for a distance of 110 feet; more or less, thence

in a westerly direction for 240 feet, more or less, to the easterly right of way line of Cascade Flats Road; thence

along said right of way for a distance of 1,060 feet, more or less, to the point of beginning.

EASEMENTS IN CITY OF BERLIN AND TOWN OF GORHAM - The following rights and easements to the extent the same have not been merged with the title acquired by Fraser N.H. LLC under the Deed of Androscoggin Valley Regional Refuse Disposal District recorded at Book 1171, Page 94 (Section Seven below): The right and easement across land in the City of Berlin reserved unto Crown Paper Co., its successors and assigns in the deed of Crown Paper Co. to John Hancock Mutual Life Insurance Company, dated October 29, 1997 and recorded at Coos County Registry of Deeds, Book 884, Page 57:

The non-exclusive perpetual and assignable right and easement to enter the property conveyed to John Hancock Mutual Life Insurance Company for purposes of maintaining and operating the existing fire protection system for the paper mill in the Town of Gorham known as the Cascade Mill, and making improvements to the same, including but not limited to the following:

- (a) The right to operate, maintain, inspect, repair, replace or alter the existing dam with reservoir and flowage rights located on Cascade Brook, so-called in Lot 3, Range 11 in the City of Berlin and the right to enter said Lot for such purposes;
- (b) The right to operate, maintain, inspect, repair, replace or alter the existing fire protection water line crossing Lot 3, Range 11 in the City of Berlin and right to enter said Lot for such purposes; and
- (c) The right to operate, maintain, inspect, repair, replace or alter all components of said fire protection system, including a thirty (30) foot wide right of way leading from the southerly line of Champlain Street, so-called, and running along the westerly side of Lot 3, Range 10 to the

northerly side of Lot 3, Range 11 and continuing across said Lot 3, Range 11 to the reservoir area, and the right to use said right of way and the right to enter said Lots for such purposes.

Also conveying the non-exclusive perpetual and assignable right and easement to operate, maintain, repair, replace or alter the fire protection system and lines for the Cascade Mill crossing land in Gorham, New Hampshire, and the right of access to Lots 178 and 179 in Gorham for such purpose, as reserved to Crown Paper Co., its successors and assigns reserved in quitclaim deed of Crown Paper Co. to Yankee Forest Limited Liability Company, dated October 29, 1997 and recorded Coos County Registry of Deeds Book 884, Page 91.

EXCLUDING from Section One the following property:

- a. the bed of the Androscoggin River to the extent granted to the State of New Hampshire at Book 996, Page 319;
- b. any and all personal property, comprising the internal electric delivery system, transmission and distribution, facilities and equipment used or useful (i) for the delivery of electricity from the six FERC licensed hydroelectric stations conveyed by American Tissue-New Hampshire Electric, Inc. to GNE, LLC (later known as Great Lakes Hydro America, LLC) by deed dated on or about May 31, 2002, at Book 996, Page 457; and/or (ii) for delivery of electricity to the facilities and properties located on land conveyed deeds of Pulp of America LLC and Paper of America LLC to Fraser N.H. LLC dated on or about May 31, 2002, which internal electric delivery system facilities and equipment are considered personal property and were conveyed separately by Bills of Sale recorded at Book 996, Pages 447, 467, 478, and 492.
- c. the land conveyed by Fraser N.H. LLC to Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
- d. the property conveyed by Deed of Fraser N. H. LLC to North American Dismantling Corp., recorded October 3, 2006 at Book 1190, Page 932.

For source of title see Deed of Paper of America LLC to Fraser N. H. LLC recorded May 31, 2002, at Book 996, Page 420.

Section Two Also conveying the rights and benefits accruing to the Cascade Mill under the Undivided Ownership, Operation and Maintenance Agreement between Fraser N.H. LLC and GNE, LLC (later known as Great Lakes Hydro America, LLC) dated May 31, 2002, at Book 996, Page 512.

Section Three Also conveying all those rights and benefit accruing to the Paper Mill under an Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.

Section Four A certain tract or parcel of land located in the City of Berlin, Coös County, New Hampshire, together with the so-called Cascade Alpine Brook Fire Pond and the dam located

thereon or thereunder, and together with any other improvements and appurtenances thereto, being bounded and described as follows:

Beginning at an iron pin located 3251.54 feet westerly along the Berlin-Gorham town line from a concrete monument marking the southeast corner of Berlin, New Hampshire; thence

along land of Androscoggin Valley Regional Refuse Disposal District (AVRRDD) the following five courses:

1. North 01°20'26" East for 428.99 feet to an iron pin;
2. North 59°22'10" West crossing Cascade Alpine Brook for 293.29 feet to an iron pin;
3. South 50°43'33" West for 330.67 feet to an iron pin;
4. South 05°31'24" East for 360.55 feet to an iron pin on the Berlin-Gorham town line; thence
5. South 88°38'32" East along the Berlin-Gorham town line for 463.72 feet to the point of beginning.

Being Lot A as shown on Plan prepared by York Land Services, LLC titled "Minor Subdivision Prepared for Androscoggin Valley Regional Refuse Disposal District, Tax Map 414, Parcel 4, Berlin, New Hampshire" dated March 17, 2006, recorded in the Coös County Registry of Deeds as Plan #2636. Said Lot A shown to contain 5.45 acres, more or less.

Also conveying the dam structure, equipment, flashboards, gates, pipes, penstocks and fences and the rights and easements appurtenant thereto, as the same were acquired by Fraser N.H. LLC in the Quitclaim Deed of Androscoggin Valley Regional Refuse Disposal District to Fraser N.H. recorded May 9, 2006, at Book 1171, Page 94.

Section Five Also conveying the rights and benefits of Fraser N.H. LLC under the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.

Section Six Also conveying the rights and benefits under the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.

Section Seven Also conveying the rights and benefits accruing to the Gorham Mill under an Amendment and Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. among North American Dismantling Corp., Fraser N.H. LLC, and PJP Holdings, LLC recorded December 23, 2008, at Book 1265, Page 981. Also conveying, to the extent the premises have not previously been conveyed, all right, title and interest in and to the premises depicted as Lot 0054.0L2 on the City of Berlin's Tax Map No.129. Being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374 of the Coös County Registry of Deeds [description to be later supplemented].

Section Eight. Also conveying certain tracts or parcels of land, together with any buildings and improvements thereon, depicted on the City of Berlin's tax maps as follows:

Map 113, Lot 0010.000, which is located on Wentworth Avenue;
 Map 114, Lot 0073.000, which is located on Western Avenue;
 Map 116, Lot 0017.000, which is located on Watson Street;
 Map 134, Lot 0004.000, which is located on Hutchins Street;
 Map 134, Lot 0005.000, which is located on Hutchins Street;
 Map 134, Lot 0007.000, which is located on Perry Street; and
 Map 134, Lot 0011.000, which is located on Napert Street.

Being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374 of the Coös County Registry of Deeds [description to be later supplemented].

Section Nine Also conveying all right, title and interest in and to the following discontinued streets:

Beach Street, which is depicted on Map 114 as Lot 0060.000 on the City of Berlin's tax maps;
 and

Alder Street, which is depicted on the City of Berlin's Tax Map 114, as Lot 0062.000.

Being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374 of the Coös County Registry of Deeds [description to be later supplemented].

Section Ten The benefits flowing to the Paper Mill under the Covenant Not to Sue In Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets from the State of New Hampshire dated May 30, 2006, recorded at Book 996, Page 331 as is more particularly described and subject to the terms in the Assignment and Assumption Agreement between the parties hereto.

All of the above property is conveyed SUBJECT TO the following:

1. Streets: Title to and rights of the public and others entitled thereto in and to those portions of the premises lying within the bounds of adjacent streets, ways, and paper streets.
2. Hydros: Lands, dams, hydro-generating stations, steam generating stations, transmission facilities, easements, right of ways, et al, conveyed in the Deed of Brown Company to Brown-New Hampshire, Inc., (later known as James River-New Hampshire Electric, Inc., Crown Vantage-New Hampshire Electric, Inc. and American Tissue-New Hampshire Electric, Inc.), its successors and/or assigns, dated April 30, 1965, recorded at Book 490, Page 3.
3. Railroads:

- a. Lands, buildings, railroad tracks, bridges, easements, etc., and right of ways conveyed by Brown Company to Berlin Mills Railway, Inc., as described in deed dated January 31, 1970, and recorded at Book 527, Page 65.
 - b. All rights of way, railroad tracks, and facilities owned and operated by the Grand Trunk Railroad, its successors and assigns (the current owner/operator is believed to be the St. Lawrence & Atlantic Railroad Company, which followed Canadian National Railways as owner/operator) located on the westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements.
 - c. All rights of way, railroad tracks, and facilities owned by the Berlin Mills Railway, Inc. (successor in interest to The Whitefield and Jefferson Railroad, the Concord & Montreal Railroad, the Boston and Maine Corporation and New Hampshire and Vermont Railroad Company) located on the easterly and westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements. See quitclaim deed of New Hampshire and Vermont Railroad Company to Berlin Mills Railway, Inc., dated October 25, 1996 and recorded at 867, Page 427.
4. Water lines: The right to renew, maintain, repair, etc. all underground and above-grade water lines and related facilities now owned and operated by the Berlin Water Works, the Town of Gorham Sewer and/or Water Departments, their successors and/or assigns, in accordance with previous easements and rights of way.
5. Sewer and Storm Drainage: The right to renew, maintain, repair, etc. all underground sanitary sewer and storm drains and related facilities now owned and operated by the City of Berlin, the Town of Gorham, or the departments within said City and/or Town, their successors and/or assigns, in accordance with previous easements and right of ways.
6. Electric easements: The right to renew, maintain, repair, etc. all underground and above-ground electric power transmission facilities now owned and operated by the Public Service Company of New Hampshire, its successors and/or assigns, as stipulated in previous easements and right of ways.
7. Telephone easements: The right to renew, maintain, repair, etc. all underground and above-grade telephone lines and operating facilities now owned and operated by the New England Telephone Company, its successors and/or assigns, as stipulated in previous easements and right of ways.
8. Riverbed and Water:
 - a. Title or rights of the Federal government or the State of New Hampshire to the area occupied by the normal water surface of the Androscoggin River, together with access right of way that may be required by interested Federal and State agencies, including but not limited to the Federal Energy Regulatory Commission, Corps of Engineers, State of New Hampshire Water Resources Board and State of New Hampshire Water Supply & Pollution Control Commission.

- b. Title to that portion of the property within the normal bounds of Androscoggin River.
 - c. Any and all rights of the United States of America, State of New Hampshire and the public in and to the Androscoggin River arising pursuant to the Commerce Clause of the United States Constitution.
- 9. Terms and provisions of New Hampshire Water Resources Board Order #9410, dated August 22, 1974 recorded at Book 572, Page 693, pertaining to Cascade Aeration Lagoon Waste Water Treatment Facilities.
- 10. Permit No. 24.17 Registration of an Existing Dam from New Hampshire Dept. of Environmental Services Water Resources Board dated November 24, 1987, recorded at Book 719, Page 740, relative to the Cascade Paper Mill Fire Pond Dam in the Town of Berlin.
- 11. Rights of the State of New Hampshire, the Town of Gorham and/or the public in and to Route 16 and the Cascade Flats Road.
- 12. Highway layout for Route 16 by the State of New Hampshire dated May 4, 1961, recorded at Book 544, Page 22.
- 13. Highway layout for Route 16 by the State of New Hampshire dated October 23, 1959 recorded at Book 446, Page 337 and 338.
- 14. Land taken along with slope and embankment easements by the State of New Hampshire against the Brown Company, dated December 3, 1980, recorded at Book 635, Page 321. Affects property along Route 2 in Gorham.
- 15. Courses 13-19 missing in the property description of the Deed of Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (should be between Pages 289 and 290). Affects Parcel 6.
- 16. The Deed of James River Paper Co., Inc. to Crown Paper Co. at Book 847, Page 190 (Page 217) dated August 22, 1995, reserves the paper machine no. 6 and right to remove same. Affects Parcel 6.
- 17. Right, title and interest of the Town of Gorham in and to a fire station located on or near Cascade Flats Road on the west side of the Androscoggin River in Gorham, New Hampshire, and the terms of any lease re same.
- 18. Pole Line easements from Brown Company to Public Service Company of New Hampshire, both dated June 7, 1947, recorded at Book 354, Page 291.
- 19. Easement described in deed of Brown Company to Portland Pipeline Co. dated August 21, 1941, recorded in Book 318, Page 152.
- 20. Riparian rights and rights of others thereto entitled in and to the continuous and uninterrupted flow of brooks, streams and ponds.

21. Administrative Order of New Hampshire Dept. of Environmental Services dated October 19, 2000, recorded at Book 949, Page 381 to Pulp and Paper of America LLC. No. WD 00-29. Re Cascade Mill in Gorham.
22. Statement of Intent by N.H. Water Resources Board to Brown Company relative to the construction of a dam, said instrument recorded at Book 572, Page 693 on September 13, 1974. (It is likely this should have been in the name of Brown-New Hampshire, Inc. as the owner of the dams at Book 490, Page 3). Property in Gorham.
23. Terms of the Covenant Not to Sue in Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets dated May 30, 2002, among The State of New Hampshire, The New Hampshire Department of Environmental Services, Fraser N.H. LLC, GNE LLC and Mt. Carberry Landfill, LLC, recorded at Book 996, Page 331.
24. The effects, if any, of current use assessment and any change of use tax arising thereunder, including but not limited to, the notices recorded as follows :
 - a. Berlin - Book 649, Pages 546 and 547 – filed in the name of James River Corporation
 - b. Berlin – Book 712, Page 3 – filed in the name of James River Corp.
 - c. Gorham – Book 780, Pages 538, 539, 540, 541, 542, and 543 – filed in the name of James River Timber Corporation.
 - d. Gorham – Book 780, Page 544 – filed in the name of James River Paper Co., Inc.
25. Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.
26. Recorded Plan 2698 Cascade Lot Line Adjustment recorded June 15, 2006;
27. Recorded Plan 2787 Easements retained by Fraser at Cascade Dam Parcels, recorded September 28, 2006.
28. The right, title and interests conveyed by Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
29. Terms of the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.
30. Terms of the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.
31. Terms of the Amendment & Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. Among North American Dismantling Corp;

Fraser N.H. LLC; PJPD Holdings, LLC; recorded December 23, 2008 at Book 1265, Page 981.

32. Taxes due and owing the Town of Gorham and the City of Berlin including, but not limited to the taxes referenced in the Berlin tax liens against Fraser N.H. LLC for the levy of 2009 at Book 1300, Page 1, but see pages 26, 27, and 28 for listings, recorded March 26, 2010.

SCHEDULE D**Personal Property**

All of Vendor's remaining right title and interest in and to the following:

1. The property described on the "Fraser NH LLC Fixed Asset Listing" attached hereto and made a part hereof as Schedule D-1.
2. The property conveyed to the Vendor in the Bill of Sale and Assignment (Internal Electric Delivery Assets - Pulp and Paper Mills) from Pulp & Paper of America LLC et al to Fraser N.H. LLC recorded May 31, 2002, at Book 996, Page 447 together with any additions thereto and replacements thereof.
3. The property conveyed to the Vendor in the Bill of Sale and Assignment (Joint Electric Delivery Assets) from Pulp & Paper of America LLC et al to Fraser N.H. LLC and GNE, LLC (later known as Great Lakes Hydro America, LLC) recorded May 31, 2002, at Book 996, Page 467 together with any additions thereto and replacements thereof.
4. The property conveyed to the Vendor in the Bill of Sale (Assets Other Than Hydro, Landfill and Electric Delivery Assets) of Pulp & Paper of America, LLC to Fraser N.H. LLC recorded May 31, 2002, at Book 996, Page 492 together with any additions thereto and replacements thereof.

SCHEDULE D-1

Fraser NH LLC Fixed Asset Listing

Paper Machines

1904 Bragley & Sewall Paper Machine (PM 11) –

Consisting of

- 150" Web Width, 148.75" Trim Width, 100 to 180-Tons/Day
- 1,800 feet/min. Operating Speed,
- Vintage 1988 Sectional Drives 2009 HP, Variable Speed Control,
- Measurex Vision Stock Blending,
- (5) Nash Vacuum Pumps, (1) Seimens Vacuum Pump,
- Beloit Dynapulper w/ Tile Tank and Agitator,
- (4) Beloit Jones "DD 4000" Refiners,
- 1988 Celleco 4-Stage CentriCleaners and RCC,
- Beloit Low Pulse Rotary Screen,
- Blend Chest, Machine Chest, Multi Chest, Broke Chest, Saveall, All Related Piping, Valves and Pumps
- 1988 Escher Wyss Headbox, Step Diffusor Type, 162.7" Face, 34-Rod Profile Jack, Thermatrol Slice Rods
- 1961 Beloit Roll Out Type Fourdrinier Section, 169" Face x 49"D Breast Roll, (2) Rails, 168"W x 95"7" Wire Size, Tension Roll, 1993 Guide Roll, support rolls, Forming Board w/ (2) Trailing Blades, (30) Poly Foil Blades, (6) Suction Boxes, 182.75" Face x 36"D Couch Roll,
- 1988 Escher Wyss Tri-Nip Press Section, 37-17/64"D Suction Roll, 35.744"D Granite Roll, (2) 21.1" x 167" Stainless Steel Nipco Rolls, 169"W x 64"L Pick-Up Felt w/ Tension and Guide Rolls, 169"W x 57"L Bottom Felt w/ Tension and Guide Rolls, 169"W x 57"L Third Felt with Tension and Guide Rolls
- (42) 48"D x 160" 75PSI Dryers, 350HP Blower, JHK Exhaust,
- Valley Size Press, Stonite Roll 23" Dia, Rubber Roll 23" Dia.,
- 2002 Thermatrol Aquatrol,
- 1982 Caltrol,
- 1961 Beloit 2-Roll Calendar,
- 1976 Jagenberg "Vari-Dur" Rewinder (Rebuilt 1984 and 2009)

1904 Bagley & Sewall Paper Machine (PM 12) –

Consisting of

- 152" Web Width, 150" Trim Width, 147" Smooth Trim Width, 100 to 150 Tons/Day,
- 1,025'/min. Operating Speed,
- Couch Electric Drive, Lineshaft Drive, Variable Speed, 900 HP Total,
- (2) Nash Vacuum Pumps, (1) Seimens Vacuum Pump, High/Low Dynapulper,
- (2) Beloit Jones "DD 4000" Refiners,
- 1986 Celleco 4-Stage CentriCleaners and RCC, (2) Selectifier Screens,
- Pulper Chest, Machine Chest, Broke Chest, WW Tank, Saveall, All Related Piping, Valves and Pumps,
- 1973 Valley Iron Headbox w/ (2) Rectifier Rolls, 160" Face, 26-Rod Profile Jack, Thermatrol Rod System,

- 1983 Black Clawson Knockdown Fourdrinier Section, 169" Face x 18-3/16"D Breast Roll, 166" x 853.5" Wire Size, Tension Roll, Guide Roll, support rolls
- Escher Wyss Forming Board, (3) Trailing, (29) PolyFoil Blades, (5) Suction Boxes, 167" Face x 31"D Couch Roll, Dandy Roll -28" Sinclair, Belt Driven on Trunions, 7.5 HP,
- 2 Beloit Straight Through Presses, 28"D Suction Roll, 24"D 1st Press Top Roll, 34"D 2nd Press Top Roll Granite, 165"Wx535"L 1st Felt w/ Tension and Guide Roll, 167"W x 55'L 2nd Felt w/ Tension, Guide and support rolls,
- (32) 48"D x 160"W 75PSI Dryers, 180HP Blower, Energysaver Hood Exhaust,
- Valley Size Press, Stonite Roll 23" Dia, Rubber Roll 23" Diameter
- 2002 Thermatrol Aquatrol, Basis Weight and Moisture Control
- 1982 Caliper Caltrol
- 2 Roll Calender,
- 1950 Pussey & Jones Reel,
- 1987 Beloit Rewinder, 5,000'/min., 150"Wx60"D, (16) Automatic Slitters

1904 Escher Wyss Paper Machine (PM 13) –

Consisting of

- 149" Web Width, 147" Trim Width, 90 to 150-Tons per Day,
- 1,075'/min. Operating Speed,
- Lineshaft Drive, Variable Speed, 1400 HP Total,
- 1984 Measurex Vision Stock Prep System,
- (4) Vacuum Pumps,
- Beloit Tile Pulper, Machine Room Jones "DD" Refiner, Shared Deflaker,
- Bauer CentriCleaners - (48) Primary, (10) Secondary, (3) Tertiary, (2) "24P" Selectifier Screens,
- Blend Chest, Machine Chest, Multi Chest, Broke Chest, Saveall, All Related Piping, Valves and Pumps,
- Allis Chalmers Single Pass Headbox, Bunched Tube Type, 160" Face, (2) Rectifier Rolls, 6" Profile Jacks, Thermotrol Rod Profile System,
- Escher Wyss Fourdrinier Section, 169" Face x 18-13/16" Breast Roll, (2) Rails, 165" x 71.5' Wire Size, (4) Tension Rolls, Guide Roll, Poly Forming Board, (3) Foils, (24) Hydrafoils, Low Blade, (4) High Blades, (2) Suction Boxes, 167" Face x 31"D Couch Roll, NEF 39.5" x 169" Dandy Roll
- (2) Sandy Hill Straight Through Design Presses, 28"D Suction Roll, 24.5"D 1st Roll, 19.75"D to 29.5"D 2nd Press Roll, 168"W Tension and Guide Rolls, 168"W x 55'L 2nd Press Felt w/(6) Tension and Guide Rolls, Air Driven Screw Jacks,
- Beloit and Black Clawson 48"D x 160"W Dryers - (22) Main, (8) After Size, 50HP Blower, Straight Through Fan Exhaust,
- Valley Horizontal Configuration Size Press, 23"D Top Roll w/ Stonite Cover, 23"D Wire Roll w/ Rubber Cover, Color Additive System
- Measurex Basis Weight, Moisture Controls, Caltrol Caliper,
- Pussey Jones 36"D Reel,
- Lenox "6000" Rewinder, 5,000'/min., 150"W x 60"D, 12 Rotating Knife Slitter

1904 Escher Wyss Paper Machine (PM 14)

Consisting of:

- 149" Web Width, 146" Trim Width, 110 to 180-Tons/Day,
- 1,500 feet/min. Operating Speed,

- Variable Speed Sectional Drives, 1950 Total HP,
- Measurex Vision Stock Blending,
- (4) Vacuum Pumps,
- Beloit Shark Dynapulper,
- Machine Room Jones "DD" Refiner, Shared Deflaker,
- Bauer CentriCleaners - (60) Primary, (16) Secondary, (3) Tertiary, (2) "24P" Selectifier Screens,
- Machine Chest, Blend Chest, Multi Chest, Broke Chest, Saveall, All Related Piping, Valves and Pumps,
- Voith-Allis Valley Headbox, Bunched Tube Type, 160" Face, (2) Rectifier Rolls, 6" Profile Jacks, Thermotrol Adjustment,
- Escher Wyss Fourdrinier Section, 169" Face x 18-3/16"D Breast Roll, (2) Rails, 165" x 71.5' Wire Size, (4) Tension Rolls, Guide Roll Entry, Poly Forming Board w/ (4) Foils, (22) Hydrafoils, (2) Low Blades, (4) High Blades, Suction Box, 167" Face x 31"D Couch Roll, NEF 39.5" x 169" Dandy Roll
- (2) Sandy Hill Straight Through Design Presses, 28"D Suction Roll, 24.5"D 1st Press Roll, 19.75"D to 29.5"D 2nd Press Roll, 168"W x 54"L 1st Press Felt w/ (8) Tension and Guide Rolls, 168"W x 55"L 2nd Press Felt w/ (7) Tension and Guide Rolls,
- Beloit and Black Clawson 48"D x 160" Dryers - (24) Main, (10) After Size, 180HP Blower, JHK Exhaust,
- Valley Inclined Configuration Size Press, 23"D Top Roll w/ Stonite Cover, 23"D Wire Roll w/ Rubber Cover
- Wright Thermotrol, Accutrol Moisture, Caltrol Caliper,
- Pussey Jones 36"D Reel,
- Lenox "6000" Rewinder, 5,000'/min., 150"W x 60"D, 12-Rotating Knife Slitters,

1948 Rice Barton Layton Greenfield and Beloit Paper Machine (PM 19)

Consisting of:

- 180" Web Width, 176" Trim Width, 115-Tons/Day,
- 1,750'/min. Reel Speed,
- Westinghouse Sectional Variable Speed Drives, Variable Speed,
- Wet End: Morden Chest w/ Pumps, Pulper Chest w/ (2) Pumps, Voith Separation and Flat Screen, Cycling Chest w/ Pump, Machine Chest w/ (2) Pumps, Agitator, Beloit Jones Saveall 3000 Series" 8-Disk Saveall, All Related Piping, Valves and Pumps,
- (4) "H10" Vacuum Pumps, (2) "K6" Vacuum Pumps, (1) "CL4001" Vacuum Pump, (1) "K8" Vacuum Pump,
- Dilts Hydrapulper, Morden Pulper w/ Shark Rotor,
- (2) Jones DD 30" Refiners,
- (2) Bird Johnson 24" Deflakers,
- Albia 300 Series Primary CentriCleaners, Celleco Secondary and Tertiary CentriCleaners,
- Finckh 25" Rotary Screen, Beloit 38" Low Pulse Rotary Screen,
- Jones "Hi-Lo" Pulper w/ Pump, Yankee Pit w/ (2) Shark "Rotorsa" Pump, Couch Pit w/ Pump and Agitator, Broke Chest w/ Pump and Agitator, WW Chest w/ (2) Pumps,
- Valley Velocity Former Headbox, Bunched Tube Type, 192" Face, (3) Rectifier Rolls, Thermatrol Profile Jacks, Manual A-Heat Adjustment,
- Rice Barton Roll-Out Fourdrinier Section, 200.5" Face x 30"D Hard Rubber Solid Breast Roll, 198" x 100'2" Wire Size, Tension Roll, Automatic Guide Roll, Forming Board w/

- Ceramic Inserts, (6) Hydrafoils, (3) Blades, (2) Ceramic Suction Boxes, (2) Poly Suction Boxes, (6) Showers,
- 202.5" Face x 36"D Solid Rubber Couch Roll,
- Layton Greenfield Double Felted Press Section, 27"D Solid Rubber Pick-Up Roll, 36"D Suction Roll, 36"D 1st Press Roll, 27"D Rubber Coated Blind Drill Roll, 203"W x 126'L Top Felt w/ Automation Tension and Guide Rolls, 205"W x 82'L Bottom Felt w/ Automatic Tension and Guide Rolls, Manual Adjustment,
- Beloit 12' Yankee- Straight Bore Spiral Syphon, James Ross Yankee Finger-Type Creping Doctor w/ OSC
- (25) Rice Barton 5' Dryer, 60"D x 180"W , (4) Exhaust fans,
- 2002 ET Measurex Moisture and Profile Controls,
- Beloit Inline Slitter w/ Spreader Bar,

Process Systems

- **Honeywell Experion DCS** - - 2 each 1800 servers, 1 each E-server, 6 each C200 controllers, 22 associated I/O racks
- **#11PM Scanning System:** Measurex System Number 1982, Single Size Press Scanner with infrared temperature sensor. Single Reel Scanner with Basis Weight, Moisture, Opacity, Ash and Caliper Sensor. Connected to Measurex HP QCS installed in 1982.
- **#11PM DCS:** Measurex System Number 2991, Measurex Vision DCS with one processor and single I/O rack. Installed 1989.
- **#12 PM Scanning System:** Measurex System Number 1983, Single Size Press Scanner with infrared temperature sensor. Single Reel Scanner with Basis Weight, Moisture, Ash (Disabled) and Caliper Sensor. Connected to Measurex HP QCS installed in 1982.
- **#13PM Scanning System:** Honeywell/Measurex System Number 6069, Single Size Press Scanner with infrared temperature sensor. Single Reel Scanner with Basis Weight, Moisture, 4215 Color Sensor and Caliper Sensor. Connected to Honeywell/Measurex OPEN installed in 1998.
- **#13PM DCS:** Measurex System Number 3423, Measurex Vision DCS with one processor and single I/O rack. Installed around 1989 +/-.
- **#14PM Scanning System:** Measurex System Number 2532, Single Size Press Scanner with infrared temperature sensor. Single Reel Scanner with Basis Weight, Moisture, Ash and Caliper Sensor. Connected to HP QCS installed around 1982.
- **#14PM DCS:** Measurex System Number 2509, Measurex Vision DCS with one processor and single I/O rack. Installed around 1989 +/-.
- **#19PM Scanning System:** Measurex System Number 3556, Single Reel Scanner with Basis Weight, Moisture only. Connected to Measurex DEC Based ET QCS installed in 1991.
- **Common System DCS:** Measurex System Number 2796, Measurex Vision DCS with one processor and three I/O racks. Installed around 1987 +/- . Controls Stock Prep (Pulpers 1,3,5 and various wet end additives) Serving the fine paper machines only.

Other Equipment associated with Paper Machines

- Voith-Morden Pulper, 17 FT-7" diameter X 17FT-5" High, 1600 CU.FT., Type BR, 16" Discharge, 6,000# Nominal Capacity, with 43" H112 Blade-Type, Stainless steel pulping unit (S/N: GV15-54), and 400 HP, 1800 RPM, 2300 Volt, 509US Frame Motor, Material: 316 Stainless steel tub, Model: 43HAGV Brute complete with approximately 100 feet of bale conveyor, De-wiring Station and bale destacker.

- 1974 Jagenburg "Vari Dur" 100W Salvage Winder, 4,000'/min. ,S/N: 3022028 w/ (13) Rotating Slitting Knives
- Starch Chemical Prep Systems - Consisting of: Stainless Steel Mixing Tanks, Agitators, Pumps, Valves, Platform, Scales, Distribution System, Pumps, Control Panels and All Related Equipment
- Color Mix and Distribution System - Consisting of: Stainless Steel Filters, Pumps, Valves, Distribution System, Pumps, and Operator Controls
- Hydrapulper w/ Beloit 300HP Shark Dual Drives
- 1980 Sunds Ltd. "D3410" Wrapline System - Consisting of: Paper Unwind Stand, Load Cell Weigh Station, Roll Infeed and Transfer System, Wrap Station, Heated End Sealing Station, Discharge Conveyors, All Operators Controls, PLC System and Label Printing System
- Mechadyne Roll Wrapping System w/ Infloor Infeed Rollers, Wrap Stand, Exit Conveyors, Scale, Label Printer and Operators Control
- Lab Testing Equipment - Consisting of: Gurley Digital Stiffness Tester w/Read Out, Autoline Teartester, L & W Autoline 300 Tester, Alfa Sample Cutter, Ohaus MB45 Balance, (3) Hercules Sizing Testers, Scott "B" Internal Bond Tester, Sample Cutters, Precisions Gauge Smooth Checker, Thermoline Incubator, Hagerty Air permeability Tester, MK Formation Tester, VIR "11" Electronic Thickness Tester, Lab Hood, Liebert Air Conditioner, Pulp Evaluation Tester, Freeness Tester, Thwining Albert "Intellect 2000" Tensile Tester, Buckman Mutek "PCD-30" Particle Charge Detector, Macbeth Spectra Light, Assorted Balances, Furnaces Viccometer and Related Glassware
- Air Supply System - Consisting of: Turbo Air 3000 700HP Compressor - S/N: F12030 w/ (2) Refrigerated Air Dryers
- Wulftec "WHP200" Pallet Wrapper S/N: 0499-4385 w/ 5' x 5' Table, est. 70" Wrap Height, Zebra Printer and PC
- Undercut Sheet Cutter, Sample Cutter
- Muller "HP-800" Shrink Wrap Machine S/N: 56930788 w/ 5' x 5' Table, 7' Wrap Height
- 2000 Galbraith "HD22003060" 30" x 60" Compactor Baler S/N: GVB0377
- Associated Controls, Pumps, Motors, Valves, Filters, Work Stations, Blowers, Piping, Storage Tanks, Conveyors, Elevators Throughout the Facility

Repair Shop

- 2 - Autoquip "CFL-200" 20,000 lbs. Hydraulic Lifters S/N: 1884962-A, 1884963-A
- Miscellaneous Equipment - Consisting of: Napa Battery Charger, Double-End Pedestal Grinder, Sanchin 16-Speed Floor Model Drill Press, Parts Washer, Degreaser, Work Bench w/ Vise, Hydraulic H-Frame Press w/ Power Operated Valve and Cylinder, Oxy-Acetylene Torch and Cart Set, Gaslink "LT" Emissions Analyser w/ Stand, Black & Decker 14" Abrasive Chop Saw on Stand

Machine Shop

- Do-All 16" Wood Cutting Vertical Band Saw w/ 12" Under the Guide • Delta "28-203" 14" Vertical Band Saw S/N: 89178392 w/ 7" Under the Guide
- 12" Disc Sander on Fabricated Steel Frame
- Delta "Unisaw Cat. 34-802" 10" Table Saw S/N: 87L73741 w/ Overarm, Unifence and Guard
- Delta 12" Radial Arm Saw w/ Left Hand Gauging, Fabricated Table Frame
- Newman Machine "S248" 10HP 24" Surface Planer S/N: 11733

- 2 - Miller "Bobcat 225 CC/CV" AC/DC LPG Welder/Generators w/ Perfoliner 16 Onan Gas Engine
- 9 - Sets Oxy Acetylene Torch and Cart Sets
- Phoenix "9C" Dry-Rod Type 900-Rod Oven
- 5HP 20" Abrasive Chop Saw S/N: 0053 w/ Manual Feed, Manual Clamping
- Thermo Dynamics "Pac Master 100XL Plus" Portable Air Plasma Cutting System on Stand
- Miller "Synchrowave 250 CC" AC/DC Welding Power Supply
- Lincoln "Idealarc Tig 300/300" AC/DC Variable Voltage Arc Welder S/N: AC555022 w/ Miller "Coolmate 3" Cooling System
- Lincoln "Idealarc DC400" 400-Amp @ 100% Duty Cycle Power Supply S/N: AC574479 w/ Wire Feed
- Miller "SRH444" 400-Amp @ 60% Duty Cycle Constant Current DC Arc Welder w/ Miller "Radiator 1" Cooler
- Miller "Goldstar 400SS CC/DC" 400-Amp @ 60% Duty Cycle Arc Welder S/N: KC313326
- Miller "Goldstar 400SS" 400-Amp @ 60% Duty Cycle S/N: JK673112
- Miller "Synchrowave 350" 300-Amp @ 60% Duty Cycle Constant Current AC/DC Tig Welder S/N: KA883921 w/ Miller "Coolmate 3" Cooling
- 4 4' x 6' Acorn Type Welding Tables w/ Vises
- Assorted Welding Screens
- Hammond Double-End Pedestal Grinder
- 5' x 10' Steel Welding Table w/ (2) Vises
- 2 - CM Lodestar 1-Ton Electric Hoists w/ Pendant Control
- 2 - Westinghouse 80-Amp @ 60% Duty Cycle Arc Welders
- Oster "716" Pipe Threader S/N: LE13 w/ 1" to 6" Pipe Thread Capacity
- Marvel "8" Vertical Band Saw S/N: 811592-LC w/ Roller Conveyor Infeed and Outfeed
- 1950's Marvel "8/M2/M8" Vertical Band Saw S/N: 88939-LC
- Blast-All 24" x 36" Sandblast Cabinet w/ Recirculating Filter
- 2 - Ridgid "1822-1" Bench Type Pipe Threaders S/N: 104756, 104752 w/ Assorted Heads
- est. 1930's Grey Cincinnati Double-Column Planer Mill w/ 24" x 38" Belt Drive
- Hanchet "104HD" Slitter S/N: 218
- Ridgid "535" Pipe Threader S/N: 361891 w/ Assorted Dies
- Davis "15" Key Seater S/N: 15-946
- 1930's Vintage Grey Cincinnati 4' x 10' Double-Column Planer w/ (2) Rail Heads, Side Head
- 1930's Brown & Sharpe Horizontal Milling Machine w/ 10" x 50" Table, Universal Head, 15 to 350 RPM Spindle Speeds, Morse Taper Spindle
- Bridgeport 2HP Vertical Milling Machine S/N: BR235116 w/ Variable Speed Head, Rapid "8" Power Draw Bar, 3-Axis Digital Read-Out, Power Longitudinal Feed, Power Feed to the Knee, Dividing Head, R8 Spindle Taper, 60 to 4,200 RPM
- 1930's Double-Column Vertical Boring Mill w/ 66"D Table, (2) Rail Heads
- 5HP Universal Horizontal Boring Mill w/ #4 Morse Taper Spindle, 16 to 650 RPM Spindle Speeds, 20" x 48" Table
- 1940's Vintage Leblonde Engine Lathe w/ 24" Swing Over the Bed, 20' Between Centres, Taper Attachment, 18" 4Jaw Chuck, 15 to 350 RPM Spindle Speeds
- Maximat "V13" Toolroom Lathe w/ 13" Swing, 36" Between Centres, 30 to 2,500 RPM Spindle Speeds, Work Light, Chip Guard

- Sigma Gap Bed Engine Lathe w/ 22" Swing Over the Bed, 10' Between Centres, 18" 4-Jaw Chuck, Taper Attachment, Coolant, 10 to 1,000 RPM Spindle Speeds
- 1930's Niles Bement Pond 18" x 44' Engine Lathe S/N: 76561 w/ 48" Swing x 44' Between Centres, 48"D 4-Jaw Chuck, Standard American Tool Post, (2) Steady Rests, Power Cross Slide
- Cincinnati Bickford 4' Radial Arm Drill S/N: 5D206 w/ #4 Morse Taper Spindle, Manual Clamping
- Magnaflux "XB-2A" Particle Inspection Machine S/N: 581302
- 1987 Leblonde Makino "Regal Servo Shift" Lathe S/N: 14E-477 w/ 20" Swing, 60" Between Centres, 25 to 1,000 RPM Spindle Speeds, Wizard 2-Axis Digital Read-Out 16" 4-Jaw Chuck, Coolant, Splash Guard
- Leblonde Makino "Regal Servo Shift" Lathe S/N: 14E-575 w/ 25 to 1,000 RPM Spindle Speeds, 100" Between Centres, Coolant
- Excello Double-End Tool Grinder w/ 12"D Wheels, Tool Rest
- Republic "RL16 60G" 16" Engine Lathe S/N: 16689010230 w/ 16" Swing x 60" Between Centres, 40 to 2,000 RPM Spindle Speeds, Trionics 2-Axis Digital Read-Out, 10" 3-Jaw Chuck, Taper Attachment, Coolant, Splash Guard, Steady Rest
- Bridgeport 2HP Variable Speed Vertical Milling Machine S/N: BR203040 w/ 60 to 4,200 RPM Spindle Speed, 9" x 42" Table, Power Longitudinal Feed, Mitutoyo 2-Axis Digital Read-Out, Automatic Lubrication, Automatic Coolant Spray
- Greenerd 4-Ton Hand Arbour Press on Stand
- Small Double-End Pedestal Grinder w/ 2 HP
- Racine 10" Hydraulic Shear Cut Reciprocating Hack Saw w/ 18" Blade
- Strongbridge 20" Horizontal Shaper
- Cincinnati Bickford 3' Radial Arm Drill w/ Manual Clamping, Box Table, 150 to 700 RPM Spindle Speeds, #3 Morse Taper Spindle
- 1940's to 1950's Blanchard "#11" 15HP Rotary Surface Grinder S/N: 2280 w/ 20"D Table, Electro Magnetic Chuck, Rectifier
- Hanchet "SK24" Universal Surface Grinder S/N: 66
- Nider "24514" Gear-Head Drill Press S/N: 73299 w/ 18"D Rotary Table, 85 to 1,460 RPM Spindle Speeds

Sheet Metal Shop

- D & K Chicago "HPU812-6" 8' x 12-Gauge Power Leaf Brake S/N: 326967T
- Roper Whitney "PH52A", 50" x 16-Gauge Hydraulic Shear S/N: 277-12-79 w/ Rear Operated Manual Back Gauge
- Welding Bench w/ Vise and Hand Crimping Machine
- Beverly "B3" Shear w/ Pneumatic Actuated Cylinder
- Thermal Dynamics "Pacmaster 38XL" Portable Plasma Cutting System
- Lockformer 20-Gauge Top Mounted Right Angle Flanging Attachment S/N: 20496
- Peck Stow & Wilcox "390E" 36"W 16-Gauge Hand-Operated Slip Roll Former S/N: 70/73 w/ 1.5"D Cylinders
- Peck Stow 24" 20-Gauge Hand-Operated Slip Roll w/ 1.5" Cylinders
- "OR2501F" 12-Speed Floor Model Industrial Drill Press
- 2 - Double-End Pedestal Grinders on Stands
- Oxy-Acetylene Torch and Cart Set
- Miller "Dialarc HF" 250-Amp @ 40% Duty Cycle Welder w/ Cable and Clamps
- 4' x 10' Steel Welding Table

- Assorted Hand and Power Tools
- Dreis & Krump "818" 8' x 18-Gauge Hand Brake
- Wayne Advance "Retriever 56" LPG Floor Sweeper/Scrubber

Electrical Shop

- Robinson Myers 2-Ton Single Girder Underslung Crane
- Cincinnati "15" Tray-Top Engine Lathe w/ 15" Swing, 60" Between Centres, 37 to 1,470 RPM Spindle Speeds, 10" 4Jaw Chuck, Taper Attachment, Coolant, Work Light
- Steel Bench w/ 6" Work Vise
- Delta "17-900" Floor Model Drill Press S/N: 8821
- Double-End Pedestal Grinder
- 2 - Lodestar 1-Ton Overhead Hoists w/ Pendant Control
- Dayton 1/2-Ton Electric Hoist w/ Pendant Control
- Jet 1-Ton Electric Hoist w/ Pendant Control
- 7.5HP Double-End Pedestal Grinder
- Scatblast 24" x 36" Sandblast Cabinet
- Snap-On Small Hydraulic Press
- Everclear Parts Cleaner

Rolling Stock

- 6 - Clark "CGC30" 4,000 lbs. Forklift Trucks S/N: C365L-666-9464, C365L-197-9393-395, 11079399FB, 100729529FB, 11119404, 04459460 w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- Elpar "L15-41010 Type E" 10,000 lbs. Stand-On Electric Pallet Truck S/N: 24560
- Schrek "SPR-LS-DDE" 15,000 lbs. Electric Stand-On Electric Pallet Truck S/N: 15941 w/Charger
- Clark "CGP30" 3,000 lbs. LPG Forklift Truck S/N: P365L1-71-9529 w/ 189" Lift, Custom Made Clamp Rotator
- Clark "GPS30MC Type LP" 5,000 lbs. Forklift Truck S/N: GP138MC-0087-6016K0F w/ 188" Lift, 3-Stage Mast
- Clark "CGP30" 4,450 lbs. LPG Forklift Truck S/N: P365L1-0073-9529FB w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- 2000 Clark "CGP25" 5,000 lbs. Forklift Truck S/N: P365L1-0055-9529FB w/ 170" Lift, 3-Stage Mast, Clamp Rotator
- 3 - 2000 Clark "CGP25" 5,000 lbs. Forklift Truck S/N: P365L1-00629529FB, 539529, 569529 w/ 170" Lift, 3-Stage Mast
- 2 - 1996 Clark "CGP25" 5,000 lbs. Forklift Truck S/N: P365L11109399, 11099399 w/ 170" Lift, 3-Stage Mast
- Clark "CGC30" 3,600 lbs. Forklift Truck S/N: 365L-196-9393 w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- Clark "CGC25" 4,800 lbs. Forklift Truck S/N: C365L-0193-9538FB w/ 189" Lift, 3-Stage Mast
- 2000 Clark "CGC32" 4,000 lbs. Forklift Truck S/N: C365L1-0104-9524FB w/ 189" Lift, Mast Rotator and Clamp Rotator
- 3 - 2000 Clark "CGC30" 4,000 lbs. Forklift Truck S/N: C365009524FB, 00509524FB, 00539524FB w/ 189" Lift, Mast Rotator and Clamp Rotator
- Tennant "235" LPG Floor Scrubber S/N: 235-1543

- Clark "CGC32" 4,000 lbs. Forklift Truck S/N: C365L1-103-9524 w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- Clark "CGC30" 4,300 lbs. Forklift Truck S/N: C365L-47-9524 w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- Clark "CGC30" 3,800 lbs. Forklift Truck S/N: C365L-40-9464 w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- Clark "CGC30-365L" 4,500 lbs. Forklift Truck S/N: 365L0049-9524 w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- Cat "246 Turbo" Skidsteer S/N: 00246T5SZ06927
- Clark "CGP25" 4,800 lbs. LPG Forklift Truck S/N: P365L1-0063-9529FB w/ 189" Lift, 3-Stage Mast
- 1997 Clark "CGC30-365L" 4,500 lbs. Forklift Truck S/N: 365L12139464 w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- 1997 Clark "CGP25" 4,500 lbs. Forklift Truck S/N: 365L100629529FB w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- 5 - 2000 Clark "CGP25" 4,500 lbs. Forklift Truck S/N: 365L100789529FB, 0589529FB00599529, 2499485, 2499485, w/ 189" Lift, 3-Stage Mast
- 2000 Clark "CGP30" 4,500 lbs. Forklift Truck S/N: 365L100619529 w/ 189" Lift, 3-Stage Mast.
- Clark "CGC40" 5,000 lbs. Forklift Truck S/N: 4701126806FB w/ 189" Lift, 3-Stage Mast.
- 1991 Clark "CGP25" 4,500 lbs. Forklift Truck S/N: GP138MC00707615FB w/ 189" Lift, 3-Stage Mast, Clamp Rotator
- 2 - 1989 Yale 4000 LPG Forklift S/N: N484874, N473281
- 1998 Hyster "H90XLS" 8000 LPG Forklift S/N: F005A05142H
- 1975 Clark "C500Y50" 5,000 lbs. Forklift Truck S/N: 355884181 w/ 189" Lift, 3-Stage Mast.

Boiler House

- #1 Boiler – 1936 Combustion Engineering Boiler 90,000 #/hr , 250 psig., 530 degrees Lungstrom Air heater, Coen "DAF" Low NOX burners
- #2 Boiler – 1936 Babcock & Wilcox Boiler 110,000 #/hr, 250 psig., 530 degrees Lungstrom Air Heater, Coen "DAF" Low NOX burners
- #3 Boiler – 1961 Erie City Iron Works Boiler 50,000 #/hr., 250 psig., 580 degrees Tubular air heater
- Deaerator, water softeners, (2) steam driven boiler feed pumps, (1) electric drive boiler feed pump,

Waste Water Treatment Plant

- Constructed in the early 1970's. Design capacity of 11.5 MGD.
- Lift station, bar rake, pump and motor.
- 1 Million gallon primary clarifier with floating scum baffle system
- Sludge pump and holding tank inside the treatment plant building.
- Sludge pump and 2 meter wide Andritz belt press, conveyors to storage containers which are transported to the local landfill.
- Chemical and polymer systems
- 11 Million gallon horseshoe-shaped aeration basin, four fixed 25 HP slow speed aerators.
- 11 Million gallon polishing pond, nylon scum baffle, log booms at outfall

SCHEDULE E
Purchased Contracts
(Redacted)

SCHEDULE F
Allocation of Purchase Price

SCHEDULE G

Known Workers' Compensation Claims

(Redacted)

SCHEDULE H**Permitted Encumbrances**

- (a) Encumbrances listed or referenced in Schedule C;
- (b) Liens for taxes, assessments or other governmental charges or levies not yet due;
- (c) Carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's liens or other like liens arising in the Ordinary Course which are not overdue for a period of more than 30 days;
- (d) Easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the Business;
- (e) Any interest or title of lessor under any lease which is a part of the Purchased Assets; and
- (f) Liens of a collecting bank under Section 4-208 of the UCC in "items" incurred in the Ordinary Course or attaching to commodity trading accounts or other commodities brokerage accounts incurred in the Ordinary Course, and customary liens (including the right of set-off) arising as a matter of law in favor of banking institutions encumbering deposits held by such banking institutions incurred in the Ordinary Course.

SCHEDULE I

Licenses and Permits

Assigned Permits: All franchises, approvals, permits, authorizations, licenses, orders, registrations, certificates, variances and other permits or rights obtained from any governmental authority relating to the Cascade Mill a/k/a Paper Mill a/k/a Gorham Mill in Berlin and Gorham, Coös County, New Hampshire, or the business of operating said Cascade Mill, including, without limitation, the following:

1. State of New Hampshire, Department of Environmental Services, Administrative Order by Consent No. 08-039 ARD August 21, 2008;
2. State of New Hampshire, Department of Environmental Services, Air Resources Division, Title V Operating Permit TV-OP-048, dated February 27, 2004, Administrative Amendments August 15, 2006, and March 9, 2007;
3. State of New Hampshire, Department of Environmental Services, Air Resources Division, Temporary Permit TP-B-0534 dated August 25, 2007 for Power Boilers 1, 2 and 3;
4. United States of America, Department of Transportation, Pipeline and Hazardous Materials Safety Administration, Hazardous Materials Certificate of Registration, for Registration Years 2009-2010;
5. Statement of New Hampshire, Department of Environmental Services, Subsequent Notification Form for EPA ID #NHD000842575, dated November 18, 2008;
6. State of New Hampshire, Department of Environmental Services, Groundwater Discharge Permit, dated December 19, 2008, GWP 198908055-G-004;
7. Report of Haley & Aldrich dated 5 March, 2002, ASTM Phase I Environmental Site Assessment, Pulp and Paper of America, Cascade Mill, Gorham, New Hampshire;
8. NPDES Permit No. NH0000655 Authorization to Discharge Under the National Pollutant Discharge Elimination System dated September 30, 2008.
9. The rights, powers and benefits granted to Vendor under the "Covenant Not to Sue In Re: Acquisition of Berlin/Gorham Mills; the Mt. Carberry Landfill; and Certain Hydroelectric Assets" dated May 30, 2002, recorded in the Coös County Registry of Deeds at Book 996, Page 331 (the "Covenant Not to Sue") to the extent, and only to the extent, that such rights, powers and benefits related to the Paper Mill a/k/a Cascade Mill a/k/a Gorham Mill. Purchaser assumes, and agrees to perform and be fully liable for, the obligations under the covenant Not to Sue to the extent, and only to the extent, that such obligations related to the Paper Mill. In accordance with the provisions of Section 5(c) of

the Covenant Not to Sue, Vendor shall also retain all of the protections provided to it under the Covenant Not to Sue.

10. State of New Hampshire Department of Health and Human Services Radiological Health Section Certificate of Registration for Radiation Machines, Certificate Number 5401, August 1, 2009 through July 31, 2010.
11. Pressure vessel and elevator permits per attached list.
12. State of New Hampshire Department of Agriculture, Markets & Food, Division of Weights and Measures, Weighing and Measuring Device License, Account Number 1909, expiring May 31, 2010.
13. U.S. Environmental Protection Agency/NPDES Stormwater Multi-sector General Permit.
14. State of New Hampshire Department of Environmental Services Status Summary April 21, 2010 and attached documents.



**State of New Hampshire
Department of Health and Human Services
Radiological Health Section**

**Certificate of Registration for Radiation Machines
Certificate Number 5401**

This certifies that the person named below as the registrant has registered the listed types and numbers of radiation machines at the site named hereon for the period August 1, 2009 through July 31, 2010 and has paid all applicable fees.

Registrant: FRASER NH LLC
ATTN: ROBERT CHAUVETTE
72 CASCADE FLATS
GORHAM, NH 03581

Site: FRASER NH LLC
ATTN: ROBERT CHAUVETTE
72 CASCADE FLATS
GORHAM, NH 03581

Machines registered for this site:

Machine ID:	Manufacturer:	Storage:	Machine Type:	Serial Number:	Serial Location:	Sources:
2580	MEASUREX	N	INDUSTRIAL CERTIFIED CABINET RADIOGRAPHIC	136	G	1
2581	MEASUREX	Y	INDUSTRIAL CERTIFIED CABINET RADIOGRAPHIC	336	G	1
2582	MEASUREX	N	INDUSTRIAL CERTIFIED CABINET RADIOGRAPHIC	2237	G	1

Issued at Concord under the provisions of New Hampshire Revised Statutes Annotated 125:F-7 and the New Hampshire Rules for the Control of Radiation.

Dennis P. O'Dowd

Dennis P. O'Dowd, Administrator
Radiological Health Section

Issuance Date: 08/11/2009

Fraser NH LLC

Subject: Pressure Vessels & Elevators Requiring Inspection, Paper Mill

BOILERS - Annual Inspections

Description	Built By	Year	N.H.Tag #	N.B. #	Date Inspected
#1-450/275	Combustion Eng.	1936	3461	531	8/13/09 - SENECA - AI Gallugi
#2-450/275	Babcock Wilcox	1937	3460	NB-11094	6/11/09 - SENECA - AI Gallugi
#3-500/275	Zurn	1961	3286	NB-16509	10/21/09 - SENECA - AI Gallugi

AIR RECEIVERS - Biannual Inspections

Description	Built By	Year	N.H.Tag #	N.B. #	Date Inspected
Boiler House(S.W.)					[All Receivers due in August 2011]
150/130	Bell & Gossett	1946	NH-3309	NB-4495	8/13/09 - SENECA - AI Gallugi
Boiler House Compressor					
125/125	Niles	1961	NH-3307	NB-4825	8/13/09 - SENECA - AI Gallugi
Mach.Shop Comp. 200/125	Brunner	1989	NH-3308	NB-920066	8/13/09 - SENECA - AI Gallugi
Mill Receiver - North 125/130	Buffalo	1947	NH-3306	NB-6867	8/13/09 - SENECA - AI Gallugi
Mill Receiver - South 135/130	Buffalo	1941	NH-3305	NB-657	8/13/09 - SENECA - AI Gallugi
Sahara Air Dryer (2)					
(East) #1 150/150	Henderson	1999	NH-32881	NB-7015	8/13/09 - SENECA - AI Gallugi
(West) #2 150/150	Engineering	1999	NH-32882	NB-7016	8/13/09 - SENECA - AI Gallugi
W.W.T.P. Tank 1 - 200/75	Buffalo	1988	NH-3304	NB-829402	8/13/09 - SENECA - AI Gallugi
W.W.T.P. Tank 2 - 200/200	Manchester	2003	NH-3989	NB-144583	8/13/09 - SENECA - AI Gallugi
CEM #1 Boiler 200/125	Buffalo	1993	NH-3312	NB-16285H	8/13/09 - SENECA - AI Gallugi
Sheeter Air Comp. 165/135	Brunner	2000	NH-14557	NB-12692M	8/13/09 - SENECA - AI Gallugi

PAPER MACHINES - Biannual Inspections

N0. 11 Paper Machine			NH-3436		10/21/09 - SENECA -AI(DUE IN OCT '11)
N0. 13 Paper Machine			NH-3438		6/11/09 - SENECA -AI (DUE IN JUNE '11)
N0. 14 Paper Machine			NH-3439		9/11/08 - SENECA -AI (DUE IN SEPT '10)
N0. 19 Paper Machine			NH-3440		10/21/09 - SENECA -AI(DUE IN OCT '11)
Crepe 100/100				NB-899(CREPE) DOM 1961, Rice Barton, Part of NH-3440	
Yankee Dryer			NH-4108	NB-489(YANKEE) 9/11/08 - SENECA -AI (DUE IN SEPT '10)	

ELEVATORS - Annual
CORE ROOM #5

NHE-574

7/2/09



STATE OF NEW HAMPSHIRE
Department of Agriculture, Markets & Food
Division of Weights and Measures

65071

May 05, 2009

WEIGHING AND MEASURING DEVICE LICENSE

FRASER NH LLC
72 CASCADE FLATS
GORHAM, NH 03581-1015

Account Number
1909

This is to certify that the commercial weighing or measuring device/s listed below has/have been licensed
in accordance with RSA 438:8(g).

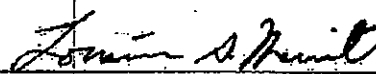
>>>>>POST IN CONSPICUOUS AREA<<<<<
>>>>>DEVICES MUST BE CERTIFIED ANNUALLY<<<<<

FAIRBANKS 9201 5000-LB SCALE H376751, H554602, H596826 FAIRBANKS 514
10000-LB SCALE H530368 FAIRBANKS 9201 10000-LB SCALE H376752

Expiration Date:
May 31, 2010

License Number:
1001909

POST THIS LICENSE AT THE
LOCATION OF THE DEVICE/S



Commissioner of Agriculture, Markets & Food



U.S. ENVIRONMENTAL PROTECTION
AGENCY (EPA)
NATIONAL POLLUTANT DISCHARGE
ELIMINATION SYSTEM (NPDES)
EPA's NOI PROCESSING CENTER



12/01/2008

Company: FRASER NH LLC
ATTN: WILLIS BLEVINS
72 Cascade Flats
Gorham, NH 03581
Permit Number: NHR05BL31

Facility: GORHAM PAPER MILL
72 Cascade Flats
Gorham, NH 03581

This email/letter acknowledges that you have submitted a complete Notice of Intent form to be covered under the NPDES General Permit for Stormwater Discharges for Multi-Sector General Permit Activity (Multi-Sector General Permit). Coverage under this permit begins at the conclusion of your sixty-day waiting period, on 12/31/2008.

As stated above, this letter acknowledges receipt of a complete Notice of Intent. However, it is not an EPA determination of the validity of the information you provided. Your eligibility for coverage under the Permit is based on the validity of the certification you provided. Your signature on the Notice of Intent certifies that you have read, understood, and are implementing all of the applicable requirements. An important aspect of this certification requires that you correctly determine whether you are eligible for coverage under this permit.

As you know, the Multi-Sector General Permit requires you to have developed and begun implementing a Stormwater Pollution Prevention Plan (SWPPP) and outlines important inspection and record keeping requirements. You must also comply with any additional location-specific requirements applicable to your state or tribal area. A copy of the Multi-Sector General Permit must be kept with your SWPPP. An electronic copy of the Permit and additional guidance materials can be viewed and downloaded at www.epa.gov/npdes/stormwater.

For tracking purposes, the following number has been assigned to your Notice of Intent Form:
NHR05BL31.

If you have general questions regarding the stormwater program or your responsibilities under the Multi-Sector General Permit, please call

EPA Region 1

Thelma Murphy (617) 918-1615



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner
WATER DIVISION, DAM BUREAU



(chk #: 401791)

INVOICE

FRASIER NH LLC
ATTN ACCTS PAYABLE DEPT CUST SERV
72 CASCADE FLAT
GORHAM NH 03581 1015

Invoice #: DAM 10087

Date: 10/26/09

**2010 ANNUAL
DAM REGISTRATION FEE**

Total amount due: \$1,150.00

Please return a copy of this bill with payment and updates

2010 ANNUAL DAM REGISTRATION FEE

Invoice #: DAM 10087

Dam#	Hazard Classification	Dam Name	Annual Fee	Amount Due
024.17	L	ALPINE CASCADE BROOK DAM	\$400.00	\$400.00
<i>Tax map:</i>	<i>Tax lot:</i>	<i>Deed Volume:</i> <i>Deed Pg:</i>		
094.10	S	CASCADE WASTE WATER LAGOON DAM	\$750.00	\$750.00
<i>Tax map:</i>	<i>Tax lot:</i>	<i>Deed Volume:</i> <i>Deed Pg:</i>		

Total amount due: \$1,150.00

PLEASE DO NOT COMBINE THIS PAYMENT WITH PAYMENTS DUE TO OTHER STATE DEPARTMENTS OR OTHER BUREAUS WITHIN DES
PLEASE CONFIRM, PROVIDE OR CORRECT THE TAX MAP AND DEED INFORMATION.

VENDOR #	
VOUCHER #	
OCT 26 2009	
INVOICE #	

Please make checks payable to; TREASURER, STATE OF NEW HAMPSHIRE
Reference the invoice # on your check and return the top portion of this invoice with payment to:
STATE OF NEW HAMPSHIRE
WATER DIVISION, DAM BUREAU
PO BOX 95
CONCORD NH 03302-0095

Per RSA 482:8a the Annual Dam Registration Fee is due January 1 of each calender year

DES Web site: www.des.nh.gov
P.O. Box 95, 29 Hazen Drive, Concord, New Hampshire 03302-0095
Telephone: (603) 271-3503 • Fax: (603) 271-2982 • TDD Access: Relay NH 1-800-735-2964

From: Igoe, Bill @Berlin
Sent: Wednesday, May 19, 2010 11:52 AM
To: Blevins, Willis @Berlin
Subject: FW: MSGP transfer process
 Willis,

Below is the transfer process for our Storm Water Multi-Sector General Permit (MSGP).

Bill

From: Carrier, Ryan @Berlin
Sent: Wednesday, May 19, 2010 8:29 AM
To: Igoe, Bill @Berlin
Subject: MSGP transfer process

Bill,

The information below is quoted right from the NOI/NOT forms. The new company would have to submit the NOI at least 30 days prior to the date the transfer of ownership takes place. Fraser would have to submit a NOT within 30 days after the ownership change.

-Ryan

Who May File Notice of Termination (NOT) Form

Permittees currently covered by EPA's NPDES Stormwater Multi-Sector General Permit may submit a Notice of Termination (NOT) form. You must submit an NOT within 30 days after one or more of the following conditions have been met:

- a new owner or operator has assumed responsibility for the facility; or
- you have ceased operations at the facility and there are not or no longer will be discharges of stormwater associated with industrial activity from the facility, and you have already implemented necessary sediment and erosion controls as required by Part 2.1.2.5;
- you are a Sector G, H, or J facility and you have met the applicable termination requirements; or
- you have obtained coverage under an individual or alternative general permit for all discharges required to be covered by an NPDES permit

NOI Submittal Deadlines/Discharge Authorization Dates		
Category	NOI Deadline	Discharge Authorization Date:
Existing Dischargers - in operation as of October 30, 2005 and authorized for coverage under MSGP 2000.	No later than January 5, 2009.	30 days after EPA posts your NOI. Your authorization under the MSGP 2000 is automatically continued until you have been granted coverage under this permit or an alternative permit, or coverage is otherwise terminated.
New Dischargers or New Sources - have commenced discharging between October 30, 2005 and January 5, 2009.	As soon as possible but no later than January 5, 2009.	30 days after EPA posts your NOI.
New Dischargers or New Sources - commence discharging after January 5, 2009.	A minimum of 60 days prior to commencing operation of the facility, or a minimum of 30 days if your SWPPP is posted on the Internet during this period and the Internet address (i.e., URL) to your SWPPP is provided on the NOI form.	If you post your SWPPP on the Internet, 30 days after EPA posts your NOI. Otherwise, 60 days after EPA posts your NOI.
New Owner/Operator of Existing Discharger - transfer of ownership and/or operation of a facility whose discharge is authorized under this permit	A minimum of 30 days prior to date that the transfer will take place to the new owner/operator.	30 days after EPA posts your NOI.
Other Eligible Dischargers - in operation prior to October 30, 2005 but not covered under the MSGP 2000 or another NPDES permit.	Immediately, to minimize the time discharges from the facility will continue to be unauthorized.	If you post your SWPPP on the Internet, 30 days after EPA posts your NOI. Otherwise, 60 days after EPA posts your NOI.



**Fraser Paper Environmental Permits
Gorham, NH Facility**

Status Summary*

April 21, 2010

Permit Name	DES #	Status	Transferable?	Notes
			(See below)	
1. NPDES ¹	(EPA ID#): NH0000655	Active	Yes	EPA Effective Date: 1/1/09 through 12/31/13
2. Air Emission Permits	(See attached list)	Active	Yes	(See attached email from Gary Milbury, below)
3. Groundwater Management Permit ²	GWP- 198908055-G-004	Active	Yes	Issued 12/19/08; Expires 12/18/13
4. Hazardous Waste Generator Registration ³	NHD000842575	Active	Yes	(See attached email from Susan Francesco, below)
5a. Cascade Wastewater Lagoon Dam ⁴	094.10 (S) – Class: Significant Hazard Dam	Active	Yes	Inspection due 2010, no violations
AND				
5b. Alpine Dam ⁴	024.17 (L) – Class: Low Hazard Dam	Active	Yes	Outstanding 2004 Letter of Deficiency (LoD); Revised LoD to be issued June 2010; Dam in poor condition
6. Water User Registration & Reporting ⁵	20179	Active	Yes	Registered since 1989; consistent reporting through 12/31/09

Links to additional information:

***For one-stop coordination, please contact Timothy Drew, Administrator for Public Information and Permitting, NH Department of Environmental Services at (603) 271-3306 or by email at timothy.drew@des.nh.gov.**

Notes from Table (above):

1. National Pollutant Discharge Elimination System (NPDES) Permit: See http://www.epa.gov/ne/npdes/permits_listing_nh.html and scroll to Gorham to find Fraser Paper's currently active permit.

2. Groundwater Management Permit:
http://www2.des.state.nh.us/OneStop/ORCB_GWPermit_Results.aspx?MASTERID=15383

3. Hazardous Waste Generator Registration:

http://www2.des.state.nh.us/OneStop/Hazardous_Waste_Generator_Results.aspx?Town=%&Name=&Street=&RCRAId=NHD000842575&Status=%&GenSize=%

4. James Weber, from the DES Dam Bureau, should be contacted to gain further information regarding the two dams owned by Fraser Paper in Gorham. His direct telephone number is (603) 271-8699 and his email address is: james.weber@des.nh.gov.

5. The New Hampshire Geological Survey maintains this program and its resulting data collection. Please contact Debra McDonnell at (603) 271-4086 or by email at debra.mcdonnell@des.nh.gov.

Transferability Processes:

1. NPDES Permit Transfers:

Reporting Requirements:

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=2cdb962792f447007ee6dbe4a00b7d5&rgn=div8&view=text&node=40:21.0.1.1.12.3.6.1&idno=40>

40 CFR 122.41 (l) (3) *Transfers*. This permit is not transferable to any person except after notice to the Director. The Director may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary under the Clean Water Act. (See §122.61; in some cases, modification or revocation and reissuance is mandatory.)

Permit Transfers:

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=2cdb962792f447007ee6dbe4a00b7d5&rgn=div8&view=text&node=40:21.0.1.1.12.4.6.1&idno=40>

40 CFR 122.61

§ 122.61 Transfer of permits (applicable to State programs, see §123.25).

(a) *Transfers by modification*. Except as provided in paragraph (b) of this section, a permit may be transferred by the permittee to a new owner or operator only if the permit has been modified or revoked and reissued (under §122.62(b)(2)), or a minor modification made (under §122.63(d)), to identify the new permittee and incorporate such other requirements as may be necessary under CWA.

(b) *Automatic transfers*. As an alternative to transfers under paragraph (a) of this section, any NPDES permit may be automatically transferred to a new permittee if:

(1) The current permittee notifies the Director at least 30 days in advance of the proposed transfer date in paragraph (b)(2) of this section;

(2) The notice includes a written agreement between the existing and new permittees containing a specific date for transfer of permit responsibility, coverage, and liability between them; and

(3) The Director does not notify the existing permittee and the proposed new permittee of his or her intent to modify or revoke and reissue the permit. A modification under this subparagraph may also be a minor modification under §122.63. If this notice is not received, the transfer is effective on the date specified in the agreement mentioned in paragraph (b)(2) of this section.

EPA NPDES Contacts

The administrative contact person for NH NPDES permits is Shelley Puleo, 617-918-1545

The NPDES Industrial Permits Branch Chief is David Webster, 617-918-1791

2. Air Emission Permit Transfers: The new owner would submit:

- 1) New ARD-1 form signed by the new responsible official (I attached this form so you can see the information that is required)
- 2) New affidavit of ownership or permissible use (sample affidavit attached)
- 3) Cover letter describing when and how permit responsibilities (submittal of reports, fees, etc.) will be allocated between old/new owners during the transition.
- 4) Cover letter and certification statement indicating that the new owner accepts the pending Title V renewal application as their own.

3. Groundwater Management Permit Transfer:

Prior to transfer to a new permittee, the current permittee must submit a completed Application for Groundwater Permit Transfer including a summary of all monitoring results to date in an acceptable format. The current permittee and the new permittee will be notified in writing within 45 days.

4. Hazardous Waste Generator Registration Transfer:

Declassification Form (for current owner):

http://des.nh.gov/organization/commissioner/pip/forms/hwc/documents/declass_request.pdf

Declassification Form Example:

http://des.nh.gov/organization/commissioner/pip/forms/waste/documents/sample_declassification.pdf

Notification Instructions:

http://des.nh.gov/organization/commissioner/pip/forms/waste/documents/notification_instructions.pdf

Notification Form (for new owner):

http://des.nh.gov/organization/commissioner/pip/forms/waste/documents/waste_notification.pdf

5. Dam Permit Transfer:

Env-Wr 303.08 Transfer of Ownership.

(a) The owner shall provide the information specified in (b), below, to any prospective owner prior to transferring:

- (1) Title to the dam; or
- (2) If ownership of the dam is tied to ownership of the property, the property on which the dam is located.

(b) The owner shall provide the following information:

- (1) The existence of the dam;
 - (2) The dam number assigned by the department; and
 - (3) Any letters or orders issued by the department relative to the condition of the dam.
- (c) Within 30 days of the transfer of ownership of a dam or the property on which a dam is located, the new owner shall inform the department in writing of the transfer of ownership by providing the following information:

- (1) The name of the former owner;
- (2) The dam number assigned by the department;

NEW HAMPSHIRE CODE OF ADMINISTRATIVE RULES

23 Env-Wr 100-800

- (3) The name, mailing address, and daytime telephone number of the new owner;
- (4) The tax map and lot number of the dam; and
- (5) The volume and page number of the deed which transferred ownership of the dam or the property on which the dam is located.

Source. #8414, eff 8-20-05

6. Water User Registration & Reporting Transfer:

The Water Use Registration and Reporting Program at DES must be informed in writing of ownership transfers. Send notification to Debra McDonnell, NH Geological Survey, NHDES, 29 Hazen Drive, Concord, NH 03302-0095.

Email message from Gary Milbury, Air Resources Division, NHDES:

Fraser is currently operating under 2 air permits:

1. Title V Operating Permit #TV-OP-048 issued 02/27/04 (with later amendments), expired 02/28/09. While this permit has expired, the facility submitted an application to renew this permit and until a new Title V Operating permit is issued, the facility can continue to operate under the terms and conditions of the expired permit.
2. Temporary Permit #TP-B-0534 issued 10/23/07, expired 04/30/09. This permit allowed Fraser to remove their NOx continuous emissions monitor (CEM) provided that they do an annual stack test to verify NOx emissions.

Fraser also has two current air permit applications on file with NHDES:

Application# 08-0339 - Application to renew the facility-wide Title V Operating Permit (this is the permit application I mentioned above and covers the two above permits).

Application# 08-0446 - Application for a Temporary Permit to install a new wood-fired boiler and rotary dryer

In addition to the above, there is an Administrative Order by Consent (AOC) that was issued in August 2008 and is associated with the wood-fired boiler permit application. Among other items, the AOC requires Fraser to accept a cap on facility-wide emissions and also contains provisions regarding the use of NOx reductions (from equipment shut down at their former Berlin mill) towards permitting of the wood boiler project. We have had some initial discussions with Fraser personnel regarding how the AOC could be addressed if the facility is sold, but I cannot say right now exactly how that would work because we are still discussing the issue with Fraser.

Notwithstanding the AOC issue, after the purchase of the Gorham facility, the new owner would need to transfer the existing permits (and pending permit applications) from Fraser through an Administrative Amendment. In order to do this, the following actions would need to be taken.

The new owner would submit:

- 1) New ARD-1 form signed by the new responsible official (I attached this form so you can see the information that is required)
- 2) New affidavit of ownership or permissible use (sample affidavit attached)
- 3) Cover letter describing when and how permit responsibilities (submittal of reports, fees, etc.) will be allocated between old/new owners during the transition.
- 4) Cover letter and certification statement indicating that the new owner accepts the pending Title V renewal application as their own.

Regarding inspections – Fraser was last inspected in July 2009. I understand the inspection report will be finalized in the near future. They were also inspected in 9/07 (offsite record review only), 8/05 and 9/04 (both full onsite inspections). Our database indicates that there were no issues found during those inspections.

I hope this answers your initial questions, but please contact me if you need further information. I will be out of the office Wednesday morning, but if you have any questions between now and Wednesday afternoon, you can contact Todd Moore at (603) 271-2630 or at todd.moore@des.nh.gov

Gary
 Gary Milbury
 Air Permit Programs Manager
 NH Department of Environmental Services
 Air Resources Division
 phone: (603) 271-2630
 fax: (603) 271-1381
 email: gary.milbury@des.nh.gov



sample_ownership_a
ffidavit 1 .pdf



ARD-1.pdf

Email message from Susan Francesco, Waste Management Division, NHDES:

The following documents regarding the 72 Cascade Flats, Fraser NH LLC facility in Gorham, NH.

1. SQG form requesting updated Notification
2. Most current notification form dated 11/3/2008
3. SQG form from 2006 – fees paid
4. SQG form from November 2008 (for 2009) fees paid
5. Copy of the last Quarterly report filed - no fees due (Indicates that no hazardous waste has been shipped since first quarter of 2009.)
6. Summary of the Fraser Hazardous waste shipments from 1/1/07 to date

Seller should declass site using this form:

http://des.nh.gov/organization/commissioner/pip/forms/hwc/documents/declass_request.pdf

Buyer should submit initial notification using RCRA C Identification form (Notification form) with \$150 fee – if hazardous waste will be generated. http://des.nh.gov/organization/commissioner/pip/forms/waste/documents/waste_notification.pdf

Susan Francesco, HW Certification Supervisor
Hazardous Waste Certification Section
Hazardous Waste Management Bureau
Department of Environmental Services
PO Box 95
Concord, NH 03302
603-271-2967
603-271-0869 (fax)



Fraser



SQG form



SQG form



Most current



2009 Q1



SQG form Oct 30

NHD000842575.PDF Nov08_20100421_122006_20100421_122Notificatio form Nov3,submitted_20100421,2008_20100421_122

Hazardous Waste Compliance Section
Hazardous Waste Generator Inspection Report

Inspector's Initials & date: _____

Monthly Summary of Hazardous Waste Generator Activity

EPA ID: NHD000842575

DBA Name: _____

Inspection Date: _____

Reporting Period: 01/01/2007 - 04/21/2010

Site Information

Facility Name: FRASER NH LLC
EPA ID Number: NHD000842575
Street: 72 CASCADE FLATS
City: GORHAM
County: COOS
Zip Code: 03581-
Gen. Status: ACTIVE

State: NH

Notif. Eff. Date: 11/03/2008

Contact Information

Name: RYAN CARRIER
Street: 72 CASCADE FLATS
City: GORHAM
State: NH
Zip Code: 03581-
Phone Number: (603) 342-3363

Notification Information

Last Notification Date: 11/03/2008
Type of Notification: FORM
Reported Generator Size: SQG(CESQG)
Reported Generator Type: RCRA REGULATED
Emerg/Temp: _____

Month

Manifest No.	Gen. Sign. Date	Waste Code	Waste Description	Copy 2?	Copy 7?	Pounds	Transporter ID#	TSD# ID#
000356399VES03/18/2009				Y	Y		NJD080631369	NJD980536593
	D002		Corrosivity-SULFURIC ACID, MERCURIC SULFATE			100	ASSESSED FEE	
Sub-Total for Hazardous Waste Only						100		
Sub-Total for Non-Hazardous Waste						0		
Total for March						100		

May

000199593VES05/07/2008				Y	Y		NJD080631369	NJD980536593
	D001		Ignitability-WASTE AEROSOLS			40	ASSESSED FEE	
	D001		Ignitability-WASTE AEROSOLS			240	ASSESSED FEE	
000244926VES05/07/2008				Y	Y		NJD080631369	NYD980756415
	D006		Cadmium-LEAD, NICKEL			3,100	ASSESSED FEE	
000244927VES05/07/2008				Y	Y		NJD080631369	NJD002454544
	D001		Ignitability-METHYL METHACRYLATE			135	ASSESSED FEE	
	D001		Ignitability-WASTE PETROLEUM OIL			10	ASSESSED FEE	
Sub-Total for Hazardous Waste Only						3,525		
Sub-Total for Non-Hazardous Waste						0		
Total for May						3,525		

July

000913500FLE 07/02/2007				Y	N		MAD039322250	MAD053452637
	D008		Lead-LEAD NICKEL			1,600	ASSESSED FEE	
Sub-Total for Hazardous Waste Only						1,870		
Sub-Total for Non-Hazardous Waste						250		
Total for July						2,120		

Hazardous Waste Compliance Section
Hazardous Waste Generator Inspection Report

Inspector's Initials & date: _____

Monthly Summary of Hazardous Waste Generator Activity

EPA ID: NHD000842575

DBA Name: _____

Inspection Date: _____

Reporting Period: 01/01/2007 - 04/21/2010

Month

Manifest No.	Gen. Sign. Date	Copy 2?	Copy 7?	Transporter ID#	TSDF ID#
Waste Code	Waste Description	Pounds	Waste Status		
July					
000919511FLE 07/02/2007		Y	Y	MAD039322250	NCD000648451
D001	Ignitability-ISOPROPYL ALCOHOL, CHROMIUM CHLORIDE	60		ASSESSED FEE	
D001	Ignitability-WASTE POTASSIUM PERMANGANATE	150		ASSESSED FEE	
D002	Corrosivity-CHROMIC ACID, MERCURIC SULFATE	60		ASSESSED FEE	
NONE	Non-Hazardous Waste-NON DOT REGULATED	150		NON NH OR NON-HAZ	
NONE	Non-Hazardous Waste-NON DOT REGULATED	100		NON NH OR NON-HAZ	

February

000876727FLE 02/16/2007		Y	N	MAD039322250	NCD000648451
D002	Corrosivity-WASTE FORMIC ACID	10		ASSESSED FEE	
D008	Lead-HAZARDOUS WASTE, LIQUID	2,400		ASSESSED FEE	
D039	Tetrachloroethylene-WASTE TETRACHLOROETHYLENE	5		ASSESSED FEE	
NONE	Non-Hazardous Waste-CADMIUM COMPOUNDS	10		NON NH OR NON-HAZ	
NONE	Non-Hazardous Waste-BATTERIES WET FILLED WITH ACID	1,200		NON NH OR NON-HAZ	
NONE	Non-Hazardous Waste-R Q POLYCHLORINATED BIPHENYLS, LIQUID	1,033.96		NON NH OR NON-HAZ	
NONE	Non-Hazardous Waste-LITHIUM BATTERY	5		NON NH OR NON-HAZ	

Sub-Total for Hazardous Waste Only

2,415

Sub-Total for Non-Hazardous Waste

2,248.96

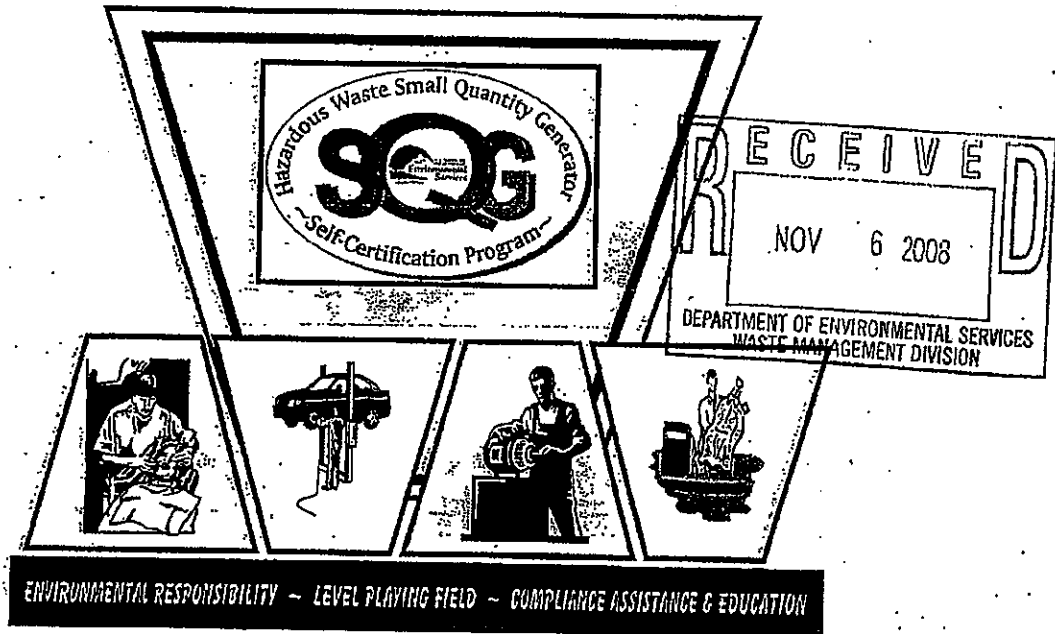
Total for February

4,663.96

Grand Total

10,408.96

Discrepancies to Quarterly Reporting (RIMS)



Self-Certification and Declaration of Compliance Form

STATE OF NEW HAMPSHIRE'S HAZARDOUS WASTE RULES
Chapter Env-Wm 514

Actual Facility Location Address Here (Please Verify by checking box if accurate):

Company Name:	FRASER NH LLC	☒
Facility Street Address:	72 CASCADE FLATS	☒
Town/County:	GORHAM/COOS	☒
EPA ID #:	NH0000842575	☒

PLEASE COMPLETE AND RETURN THIS FORM BY 1/1/09

State of New Hampshire
Department of Environmental Services
Waste Management Division
HAZARDOUS WASTE
CERTIFICATION PROGRAM
PO Box 95, 29 Hazen Drive
Concord, NH 03302-0095
Phone #: (603) 271-2942
Fax #: (603) 271-0869

Toll-Free (In-State Only) #:
(866) HAZWAST -OR- (866) 429-9278
www.des.nh.gov

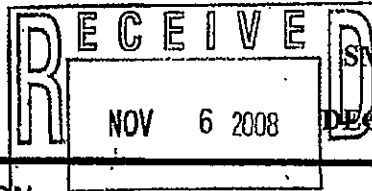
DATA ENTERED



ENTERED

FOR DES OFFICE USE ONLY	
DATE REC'D:	11/6/08
TYPE OF PAYMENT REC'D: Amount Paid: \$ <u>270.00</u> ☐ CREDIT CARD: Receipt #: _____ Init: _____ Credit Cards (VISA OR MASTERCARD ONLY) can be processed via (603) 271-2990 ☐ INTERNAL PAYMENT VOUCHER: Date Processed: _____ Init: _____ Internal State of NH Account #: 010-044-5392-3155 ☒ CHECK #: <u>309901</u> A-15 #: _____ Date: <u>11/6</u> Init: <u>LOD</u> ☐ NO FEE REC'D: ☐ Exempt ☐ Check Returned: N/A Date: _____ Init: _____	
COMPLETE ☒ YES Date Complete: <u>11/14/08</u> Init: <u>LOD</u> ☐ NO Date Incomplete: _____ Init: _____ If NO, Reason: _____ ☐ No Signature ☐ No Fee ☐ Manifest History indicates: Not on W/Mgm ☐ Other _____ ☐ Other _____	

PLEASE KEEP COVER PAGE ATTACHED TO APPLICATION



HAZARDOUS WASTE SMALL QUANTITY GENERATOR (SQG) SELF-CERTIFICATION AND DECLARATION OF COMPLIANCE FORM

A. GENERAL INFORMATION:

1. Facility Name: Fraser NH LLC EPA ID #: NHD000842575
(Please Note That The EPA ID # IS Site-Specific)
2. Mailing Address: (Physical Address of Facility is listed on cover page- please put Mailing Address here.)
Street or PO Box: 72 Cascade Flats
City/Town: Gorham State: NH Zip Code: 03581
3. Name/Title of Individual Completing This Form: (Should we have questions regarding this form)
Name: Ryan Carrier Title: Env. Engineer/WWTP Supervisor
Daytime Phone Number: 603-342-3363 E-mail (optional): carrier@bg.fraserpapers.com
4. Date(s) of Self-Certification Inspection(s) and File Review(s): 10/31/08
5. a. Property Owner Name: _____
b. Mailing Address of Property Owner: _____ -or- ☒ Same as #2 above
Street or PO Box: _____
City/Town: _____ State: _____ Zip Code: _____

B. APPLICABILITY - Check all of the following that apply to your facility:

1. ☒ **Used Oil for Recycling:** If used oil is recycled, is the only hazardous waste generated by your facility, and is managed in accordance with Env-Wm 807 (Requirements for Management of Used Oil Being Recycled) of the New Hampshire Hazardous Waste Rules, there is no fee required. Please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
2. ☐ **On-Site Silver Recovery Unit:** If photo-fixer solution is the only hazardous waste generated by your facility and the silver is immediately recovered without any on-site storage prior to recovery, there is no fee required. Please complete Sections C.1 and C.2 on page 2, sign on page 4, and return this form.
3. ☐ **Full Quantity Generator:** If you generate greater than 220 pounds of hazardous waste in any single month, you are a Full Quantity Generator (FQG) and not a Small Quantity Generator (SQG). There is no SQG Program fee required. Please sign on page 4, return this form, and contact the New Hampshire Hazardous Waste Coordinator Program at (603) 271-2942.
4. ☐ **No Hazardous Waste Generated:** If you no longer generate hazardous waste, please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
5. ☒ **Universal Waste:** If universal waste (for example, batteries, antifreeze, computer monitors, television monitors, fluorescent lamps, or mercury containing devices) is the only hazardous waste generated, and it is managed in accordance with Env-Wm 1100 (Requirements for Universal Waste Management) of the New Hampshire Hazardous Waste Rules, there is no fee required. Please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
6. ☐ **Political Subdivision:** For political subdivisions (for example, municipally owned facilities) there is no fee required. If items 1, 2, 3, 4, or 5 of this section (Applicability, Section B of this form) do not apply, please complete the remainder of this form, sign on page 4, and return this form.
7. ☒ **NH Small Quantity Generator:** If your facility generates less than 220 pounds of hazardous waste in each and every month and items 1, 2, 3, 4, or 5 in the section above do not apply, please complete the remainder of this form, sign on page 4, and return with the required fee.

For NH DES Office Use Only: ☐ Payment Noted on Cover Page -or-

☐ Check #:

Amt. \$:

Init.:

Would you like help filling out this form? Visit www.des.nh.gov - or call 1-866-429-9278 (in-state only)

Page 1 of 5

☐ Credit Card Rkt:
☐ No Fee Rec'd

Date: _____

C. NOTIFICATION (Env-Wm 504):

1. Please verify, sign and date the attached yellow RCRA C Site Identification Form (Notification Form).

In addition to completing this SQG form, this is an opportunity to review the hazardous waste notification information that we have for your facility. Please make any necessary changes (i.e. changes in regulated waste activity, waste names, etc.) on the Notification Form, sign the Notification Form, and return it to DES with this SQG Self-Certification Form (see Notes attached to this form for more guidance).

2. Have hazardous waste activities (other than used oil for recycle, universal waste for recycle, and/or on-site silver recovery) at this facility ceased? ☐ Yes ☒ No

If you checked yes to this question, please provide the date that hazardous waste activities have ceased and follow the instructions in Items a. and b. below.

Date: _____

If you no longer generate hazardous waste (other than used oil for recycle, universal waste for recycle, and/or on-site silver recovery), please follow these instructions:

- a. On the attached Notification Form under Item 12, "Comments", indicate that the facility no longer generates hazardous waste or that the facility only generates used oil for recycle, universal waste for recycle, and/or utilizes an on-site silver recovery unit. Please also include whether or not the facility closed, relocated, or ceased generating hazardous waste. By doing this the EPA ID # can be declassified or inactivated. Declassification typically relates to facilities that close or move. Facilities that cease hazardous waste activity, but continue to operate, typically inactivate the EPA ID #.
- b. Please sign and return the Notification Form along with this SQG Self-Certification Form. There is no fee required for filing subsequent notification in regard to the Notification Form. Please sign this form on page 4 and return it along with the signed Notification Form.

D. WASTE GENERATION AND WASTE TYPE:

1. **Waste Type:** Please list the hazardous waste(s) generated at the facility in the first column of the table below. In the second column, please describe how the hazardous waste is generated.

List the Hazardous Waste(s)	How is it generated?
Corrosive liquids	Obsolete process and trial chemicals
Corrosive liquids, toxic, etc.	used chemical oxygen demand vials

2. **Quantity of Waste:** In the table below please identify the total amount of hazardous waste generated per month for the past 12 months (please use pounds or kilograms):

Month/Year (specify)	Amount of Hazardous Waste generated	Month/Year (specify)	Amount of Hazardous Waste generated
10/07	5 lbs.	4/08	140 lbs.
11/07	5 lbs.	5/08	5 lbs.
12/07	5 lbs.	6/08	5 lbs.
1/08	145 lbs.	7/08	5 lbs.
2/08	145 lbs.	8/08	5 lbs.
3/08	15 lbs.	9/08	5 lbs.

3. **Waste Determination (Env-Wm 502.01):** In general, how do you determine if your waste(s) is hazardous or not (check all that apply)?

- ☒ Waste has been tested.
☒ Waste is hazardous based on the knowledge of the hazardous materials used in the process.
☐ Rely on the transporter or consultant.

E. STORAGE REQUIREMENTS (Env-Wm 507) (please note, this section does NOT need to be filled out if you are a mineral spirits generator only and the mineral spirits are only used in a parts washer and managed under a contractual agreement):

		Storage Area 1 (identify the location)	Storage Area 2 (identify the location)
1.	Location of Hazardous Waste Storage Area(s) (describe the location of each hazardous waste storage area; please copy this page if there are three or more storage areas):	Paper Mill Store house	Paper Mill WWTP
2.	Type and size of container(s) or tank(s) (for example, steel, plastic, fiber; 5-gallon, 55-gallon, cubic yard box):	55 gal. plastic 5 gal. plastic	55 gal. plastic
3.	Container(s)/Tank(s) are in good condition?	☒ Yes ☐ No	☒ Yes ☐ No
4.	Container(s)/Tank(s) compatible with the waste stored in the tank or container?	☒ Yes ☐ No	☒ Yes ☐ No
5.	Container(s)/Tank(s) are closed except when adding/removing wastes?	☒ Yes ☐ No	☒ Yes ☐ No
6.	Container(s)/Tank(s) are stored on impervious surfaces?	☒ Yes ☐ No	☒ Yes ☐ No
7.	Does the storage area have a functional floor drain?	☐ Yes ☒ No	☒ Yes ☐ No
a.	If yes, is the secondary containment capable of containing the volume of the largest capacity hazardous waste container/tank present?	☐ Yes ☐ No ☒ N/A	☒ Yes ☐ No ☐ N/A
8.	Are hazardous waste containers stored outside?	☐ Yes ☒ No	☐ Yes ☒ No
a.	If yes, are the containers covered to prevent precipitation from coming in contact with the tops of the containers?	☐ Yes ☐ No ☒ N/A	☐ Yes ☐ No ☒ N/A
b.	If the containers are stored outside, are they at least 50 feet away from any surface water?	☐ Yes ☐ No ☒ N/A	☐ Yes ☐ No ☒ N/A

Are container(s)/tank(s) marked with the following information at the time they are first used to accumulate waste(s)?

9.	The beginning accumulation date. * This does not apply to SQG extended storage (see item 18 of this section)	☐ Yes ☐ No ☒ N/A*	☐ Yes ☐ No ☒ N/A*
10.	The words "hazardous waste"	☒ Yes ☐ No	☒ Yes ☐ No
11.	Words that specifically identify the contents of the container/tank	☒ Yes ☐ No	☒ Yes ☐ No
12.	The EPA or state waste number	☒ Yes ☐ No	☒ Yes ☐ No
13.	Are the labels with the above information fully visible?	☒ Yes ☐ No	☒ Yes ☐ No

Are the following available at each hazardous waste storage area?

14.	Spill control equipment, such as speedi-dry or absorbent rags?	☒ Yes ☐ No	☒ Yes ☐ No
15.	Fire control equipment, such as fire extinguishers?	☒ Yes ☐ No	☒ Yes ☐ No
16.	"No smoking" signs near ignitable or reactive wastes? *No ignitable or reactive wastes	☒ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☒ N/A*
17.	A minimum of 2 feet of aisle space on at least one side of each container to allow for inspections and emergency access?	☒ Yes ☐ No	☒ Yes ☐ No

Small Quantity Generator Extended Storage (Env-Wm 508.03):

18.	Small Quantity Generator Extended Storage Checklist: Does the facility accumulate greater than 220 pounds (100 kilograms) or approximately 26 gallons of non-acutely hazardous waste on-site? If you checked this option please complete the extended storage checklist on page 5 of this form.	☒ Yes ☐ No

F. RECORDKEEPING REQUIREMENTS (Env-Wm 512):

- Are manifests kept by the facility for at least 3 years? ☒ Yes ☐ No
- Is one copy of the manifest sent to DES at the time of shipment?
(If no, please make a copy and provide to DES. It is required.) ☒ Yes ☐ No

G. PRE-TRANSPORT/DELIVERY REQUIREMENTS (Env-Wm 507 & 511):**1. Method of Transportation**

How is hazardous waste transported? Please check all that apply.



Transporter



Self Transport

2. Transportation by valid NH Hazardous Waste Transporter

If the waste is hauled by a hazardous waste transporter, is the transporter registered with DES?



Yes



No



Don't Know

H. CORRECTIVE ACTION PLAN:

If your facility is not in compliance, please complete this form indicating any areas of non-compliance, and prepare a schedule with a list of steps to follow to bring those areas into compliance. This is known as a Corrective Action Plan and it describes the actions your facility will take to come into compliance within a specified time frame. Please note that the Corrective Action Plan shall specify the date by which all corrective actions shall have been completed, which shall be as soon as practicable but in no event later than 90 days from the date this declaration is due. If a Corrective Action Plan, that is, the list of steps with a schedule to bring areas into compliance, is needed, please provide it to DES along with this form.

CERTIFICATION

I hereby affirm that the information provided and other statements made on this Self-Certification Checklist and Declaration of Compliance and any attachments hereto, including but not limited to the Notification Form and any Corrective Action Plan, is correct and complete to the best of my knowledge and belief. I further affirm that I am familiar with the NH Hazardous Waste Rules applicable to Small Quantity Generators and with this Facility's operations and procedures with respect to hazardous waste. I acknowledge that RSA 641:3 provides penalties for making false or otherwise misleading statements with a purpose to deceive a public servant in the performance of official duties.

Signature of Owner or Executive Officer:Willis Blevins

Date:

11/3/08

Name:

Willis Blevins
(please print or type)

Title:

General Manager**Before You Return This Form, Please:**

- ☐ Review the Self-Certification Form to Make Sure it is Complete
- ☐ Sign and Date the Self-Certification Form
- ☐ Include the \$270 Fee Due by January 1, 2009 (Unless Fee Exempt; See Item B. 6., Political Subdivision, of this Form) Made Out To "Treasurer, State of New Hampshire"
- ☐ Verify, Make Any Changes or Comments If Needed, Sign, and Date the yellow RCRA C Site Identification Notification Form
- ☐ If Needed, Include the Corrective Action Plan with this Form (See Item H., Corrective Action Plan)

When you complete this form please return it along with the fee, the Notification form, and the Corrective Action Plan (if needed), to:

New Hampshire Department of Environmental Services (NH DES)
Waste Management Division
Hazardous Waste Compliance Bureau- SQG Program
P.O. Box 95, 29 Hazen Drive
Concord, NH 03302-0095

If you answered YES to question E.18. on page three (3) of the Self-Certification Form you must also fill out this form.



HAZARDOUS WASTE SMALL QUANTITY GENERATOR EXTENDED STORAGE CHECKLIST

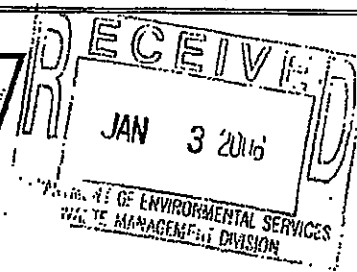
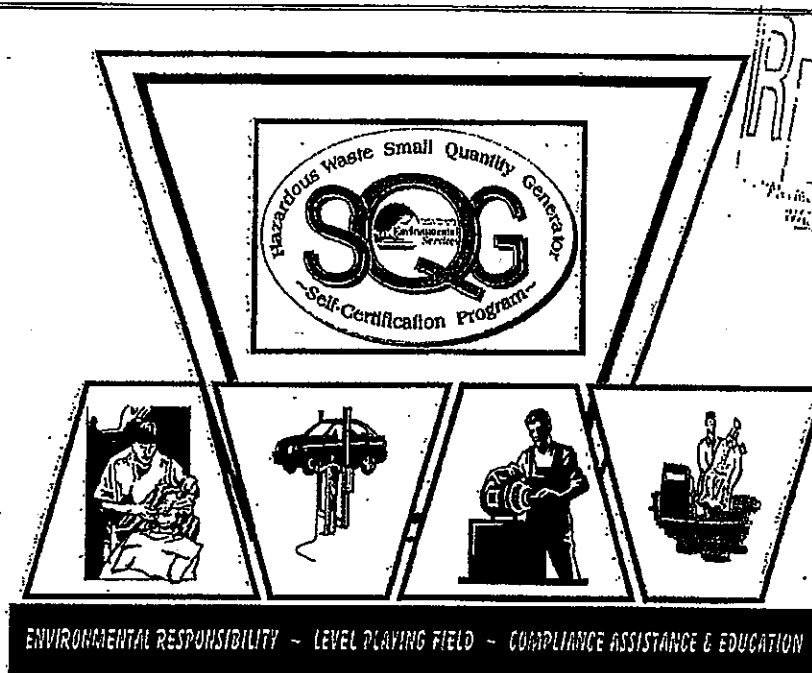
Facility Name: Fraser NH LLC

EPA ID #: NH0000842575

SQG Extended Storage Checklist (Env-Wm 508.03):

Complete and submit this form only if the SQG facility accumulates greater than 220 pounds on-site. Under Env-Wm 508.03 of the NH Hazardous Waste Rules, SQGs may accumulate up to 2,200 pounds of non-acutely hazardous waste on-site for greater than 90 days.

1. Can the facility demonstrate weekly inspections of all hazardous waste containers? ☒ Yes ☐ No
2. If the facility uses tanks, can it demonstrate daily inspections of all hazardous waste tanks? (Leave blank if there are no tanks.) ☐ Yes ☐ No
3. Are the containers and tanks under the management of a designated hazardous waste manager or emergency coordinator or their designee? ☒ Yes ☐ No
4. Does the facility have a designated emergency coordinator who is either on the premises or on call and available to respond to an emergency at the premises? ☒ Yes ☐ No
5. Is there access to communication and alarm systems capable of summoning emergency assistance? ☒ Yes ☐ No
6. Has the facility posted the following information next to the telephone nearest to each hazardous waste storage area:
 - a. The names and telephone number, both work and home, of the emergency coordinator and his/her designee? ☒ Yes ☐ No
 - b. The telephone numbers of the fire department, police department, hospital, and State of New Hampshire and local emergency response teams that may be called upon to provide emergency services? ☒ Yes ☐ No
 - c. The location of fire extinguishers and spill control material and, if present, fire alarm? ☒ Yes ☐ No
7. Are all employees thoroughly familiar with proper waste handling and emergency procedures relevant to their responsibilities during normal facility operations and emergencies? ☒ Yes ☐ No
8. Has the facility attempted to make arrangements (for example, letter or tour) to familiarize local authorities (for example, the local fire department) with the:
 - a. Facility layout? ☒ Yes ☐ No
 - b. Properties of hazardous waste handled at the facility? ☒ Yes ☐ No
9. Is the on-site accumulation of up to 2,200 pounds of hazardous waste ever reached? ☒ Yes ☐ No
 - a. If Yes, are hazardous waste containers/tanks marked with the date the accumulation limit of 2,200 pounds was reached? ☒ Yes ☐ No
 - b. If Yes, is the hazardous waste shipped off-site within 90 days of the accumulation limit date? ☒ Yes ☐ No



Self-Certification and Declaration of Compliance Form

STATE OF NEW HAMPSHIRE'S HAZARDOUS WASTE RULES
Chapter Env-Wm 514

Actual Facility Location Address Here:

Company Name: FRASER NH LLC
Facility Street Address: CASCADE FLATS
Town/ County: GORHAM / COOS
EPA ID #: NHD000842575

PLEASE COMPLETE AND RETURN THIS FORM BY 1/1/06

State of New Hampshire
Department of Environmental Services
Waste Management Division
HAZARDOUS WASTE MANAGEMENT
PO Box 95, 29 Hazen Drive
Concord, NH 03302-0095
Phone #: (603) 271-2990
Fax #: (603) 271-0869

Toll-Free (In-State Only) #:
(866) HAZWAST -OR- (866) 429-9278
www.des.nh.gov/SQG

DATA ENTERED:

ENTERED

FOR DES OFFICE USE ONLY

DATE REC'D: 1/3/06

TYPE OF PAYMENT REC'D:

Amount Paid: \$300.00

☐ CREDIT CARD: Receipt #: _____ Init: _____

Credit Cards can be processed via (603) 271-2942

☐ INTERNAL VOUCHER: Date Processed: _____ Init: _____

Internal State of NH Account #: 010-044-6392-3152Y

☒ CHECK #: 288289 A-15 #: _____ Date: _____ Init: LL

☐ NO FEE REC'D: ☐ Exempt ☐ Check Returned: N/A Date: _____ Init: _____

COMPLETE: ☒ YES: Date Complete: 1/11/06 Init: ojl

☐ Declassification to RIMS ☐ Declassification to RIMS

☐ NO: Date Incomplete: _____ Init: _____

IF NO, Reason:

☐ No Signature ☐ No Fee ☐ Manifest History Indicates Active HW Mgmt.

☐ Other: _____

☐ Other: _____

PLEASE KEEP COVER PAGE ATTACHED TO APPLICATION



**HAZARDOUS WASTE
SMALL-QUANTITY GENERATOR (SQG)
SELF-CERTIFICATION AND
DECLARATION OF COMPLIANCE FORM**

A. GENERAL INFORMATION:

1. **Facility Name:** Fraser N.H. LLC
2. **Mailing Address:** *(Physical Address of Facility is listed on cover page- please put Mailing Address here.)*
 Street or PO Box: 650 Main Street
 City/Town: Berlin State: NH Zip Code: 03570
3. **Name/Title of Individual Completing This Form:** *(Should we have questions regarding this form)*
 Name: David Bolstridge Title: Sr. Environmental Engineer
 Daytime Phone Number: 342-2363 E-mail (optional): bolstridged@bg.fraserpapers.com
4. **Date(s) of Self-Certification Inspection(s) and File Review(s):** December 20, 2005
5. a. **Property Owner Name:** Fraser N.H. LLC
 b. **Mailing Address of Property Owner:** _____ -or- ☒ Same as #2 above
 Street or PO Box: _____
 City/Town: _____ State: _____ Zip Code: _____

B. APPLICABILITY - Check which of the following that apply to your facility:

1. ☒ **Used Oil for Recycling:** If used oil is recycled and is the only hazardous waste generated by your facility, and is managed in accordance with Env-Wm 807 (*Requirements for Management of Used Oil Being Recycled*) of the New Hampshire Hazardous Waste Rules, there is no fee required. Please sign on page 4 and return this form.
2. ☐ **On-Site Silver Recovery Unit:** If photo-fixer solution is the only hazardous waste generated by your facility and the silver is immediately recovered without any on-site storage prior to recovery, there is no fee required. Please sign on page 4 and return this form.
3. ☐ **Full Quantity Generator:** If you generate greater than 220 pounds of hazardous waste in any single month you are a Full Quantity Generator (FQG) and not a Small Quantity Generator (SQG). There is no SQG Program fee required. Please sign on page 4, return this form and contact the New Hampshire FQG Program at (603) 271-2942.
4. ☐ **No Hazardous Waste Generated:** If you no longer generate hazardous waste, follow the instructions in item C. 2., *Notification (this form)*, please sign on page 4 and return this form.
5. ☒ **Universal Waste:** If universal waste (for example, batteries, antifreeze, computer monitors, television monitors, fluorescent lamps, or mercury containing devices) is the only hazardous waste you generate, and it is managed in accordance with Env-Wm 1100 (*Requirements for Universal Waste Management*) of the New Hampshire Hazardous Waste Rules, there is no fee required. Please sign on page 4 and return this form.
6. ☐ **Political Subdivision:** For political subdivisions (for example, municipally owned facilities) there is no fee required. If items 1, 2, 3, 4, or 5 of this section (*Applicability*, Section B of this form) do not apply, please complete, sign on page 4 and return this form.
7. ☒ **NH Small Quantity Generator:** If your facility generates less than 220 pounds of hazardous waste in each and every month and items 1, 2, 3, 4, or 5 of this section (*Applicability*, Section B of this form) do not apply, please complete, sign on page 4 and return this form with the required fee.

For NH DES Office Use Only: ☐ Payment Noted on Cover Page -or-

☐ Check #:

☐ Credit Card R#:

Amt. \$

Intl.:

Date:

Would you like help filling out this form? - Visit www.des.state.nh.us/sqg - or call 1-866-429-9278 (In-state only)

Page 1 of 5

C. NOTIFICATION (Env-Wm 504):

1. Please verify, sign and date the attached ("yellow form") RCRA C Site Identification Form (Notification form). In addition to completing this SQG form this is an opportunity to review the hazardous waste notification information that we have for your facility. Please make any necessary changes on the Notification form and return it to DES with this form.
2. Have hazardous waste activities at this facility ceased? ☐ Yes ☒ No
 If you checked item 1B.4 of this form and "Yes" to this question, please note the following: You have received this SQG Self-Certification form and the Notification form because DES received information that hazardous waste is managed at your facility. If you no longer generate hazardous waste, please follow these instructions:
- a. On the attached Notification form under item 12, "Comments", indicate that the facility no longer generates hazardous waste. Please include whether or not the facility closed, relocated, or ceased generating hazardous waste. By doing this the EPA Identification Number can be declassified or inactivated. Declassification typically relates to facilities that close or move. Facilities that cease hazardous waste activity but continue to operate typically inactivate the EPA Identification Number.
- b. Please sign and return the Notification form along with this SQG Self-Certification form. If you have ceased generating hazardous waste prior to the schedule established by RSA 147-A:5, IV, (for reference please see DES fact sheet WMD-HW-27 Hazardous Waste Small Quantity Generator Self-Certification Program) there is no fee required. STOP here.

D. WASTE GENERATION AND WASTE TYPE:

1. **Waste Type:** Please list the hazardous waste(s) generated at the facility in the first column of the table below. In the second column, please describe how the hazardous waste is generated.

List the Hazardous Waste(s)	How is it generated?
CORROSIVE LIQUIDS	OBsolete PROCESS CHEMICALS
Lead	LEAD PAINT REMOVAL

2. **Quantity of Waste:** In the table below please identify the total amount of hazardous waste generated per month for the past 12 months (please use pounds or kilograms)

Month/Year (specify)	Amount of Hazardous Waste generated	Month/Year (specify)	Amount of Hazardous Waste generated
None generated in review period		12/20/04	12/20/05

3. **Waste Determination (Env-Wm 502.01):** In general, how do you determine if your waste(s) is hazardous or not (check all that apply)?

- ☒ Waste has been tested
- ☒ Waste is hazardous based on the knowledge of the hazardous materials used in the process.
- ☒ Rely on the transporter or consultant

E. STORAGE REQUIREMENTS (Env-Wm 507) (please note, this section does NOT need to be filled out if you are a mineral spirits generator only and the mineral spirits are only used in a parts washer and managed under a contractual agreement):

1.	Location of Hazardous Waste Storage Area(s) (describe the location of each hazardous waste storage area; please copy this page if there are three or more storage areas):	Storage Area 1 (Identify the location) Stores	Storage Area 2 (Identify the location)
2.	Type and size of container(s) or tank(s) (for example, steel, plastic, fiber; 5-gallon, 55-gallon, cubic yard box):	5 gallon plastic	
3.	Container(s)/Tank(s) are in good condition?	☒ Yes ☐ No	☐ Yes ☐ No
4.	Container(s)/Tank(s) compatible with the waste stored in the tank or container?	☒ Yes ☐ No	☐ Yes ☐ No
5.	Container(s)/Tank(s) are closed except when adding/removing wastes?	☒ Yes ☐ No	☐ Yes ☐ No
6.	Container(s)/Tank(s) are stored on impervious surfaces?	☒ Yes ☐ No	☐ Yes ☐ No
7.	Does the storage area have a functional floor drain?	☐ Yes ☒ No	☐ Yes ☐ No
a.	If yes, is the secondary containment capable of containing the volume of the largest capacity hazardous waste container/tank present?	☐ Yes ☐ No ☒ N/A	☐ Yes ☐ No ☐ N/A
8.	Are hazardous waste containers stored outside?	☐ Yes ☒ No	☐ Yes ☐ No
a.	If yes, are the containers covered to prevent precipitation from coming in contact with the tops of the containers?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A
b.	If the containers are stored outside, are they at least 50 feet away from any surface water?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A

Are container(s)/tank(s) marked with the following information at the time they are first used to accumulate waste(s)?

9.	The beginning accumulation date. * This does not apply to SQG extended storage (see Item 18 of this section)	☒ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☐ N/A*
10.	The words "hazardous waste"	☒ Yes ☐ No	☐ Yes ☐ No
11.	Words that specifically identify the contents of the container/tank	☒ Yes ☐ No	☐ Yes ☐ No
12.	The EPA or state waste number	☒ Yes ☐ No	☐ Yes ☐ No
13.	Are the labels with the above information fully visible?	☒ Yes ☐ No	☐ Yes ☐ No

Are the following available at each hazardous waste storage area?

14.	Spill control equipment, such as speedi-dry or absorbent rags?	☒ Yes ☐ No	☐ Yes ☐ No
15.	Fire control equipment, such as fire extinguishers?	☒ Yes ☐ No	☐ Yes ☐ No
16.	"No smoking" signs near ignitable or reactive wastes? *No ignitable or reactive wastes	☒ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☐ N/A*
17.	A minimum of 2 feet of aisle space on at least one side of each container to allow for inspections and emergency access?	☒ Yes ☐ No	☐ Yes ☐ No

Small Quantity Generator Extended Storage (Env-Wm 508.03):

18.	Small Quantity Generator Extended Storage Checklist: Does the facility accumulate greater than 220 pounds (100 kilograms; or approximately 26 gallons) of non-acutely hazardous waste on-site? If you checked this option please complete the extended storage checklist on page 5 of this form.	☐ Yes ☒ No

F. RECORDKEEPING REQUIREMENTS (Env-Wm 512):

- Are manifests kept by the facility for at least 3 years? ☒ Yes ☐ No
- Is one copy of the manifest sent to DES at the time of shipment? ☒ Yes ☐ No

G. PRE-TRANSPORT/DELIVERY REQUIREMENTS (Env-Wm 507 & 511)**1. Method of Transportation**

How is hazardous waste transported? Please check all that apply.



Transporter



Self Transport

2. Transportation by valid NH Hazardous Waste TransporterIf the waste is hauled by a hazardous waste transporter, is the transporter registered with DES? ☒ Yes ☐ No ☐ Don't Know**H. CORRECTIVE ACTION PLAN**

If your facility is not in compliance, please complete this form indicating any areas of non-compliance (by checking the "No" box), and prepare a schedule with a list of steps to follow to bring those areas into compliance. This is known as a Corrective Action Plan and it describes the actions your facility will take to come into compliance within a specified time frame. Please note that the Corrective Action Plan shall specify the date by which all corrective actions shall have been completed, which shall be as soon as practicable but in no event later than 90 days from the date this declaration is due. If a Corrective Action Plan, that is, the list of steps with a schedule to bring areas into compliance is needed, please provide it to DES along with this form.

CERTIFICATION

I hereby affirm that the information provided and other statements made on this Self-Certification Checklist and Declaration of Compliance, and any attachments hereto, including but not limited to the Notification Form and any Corrective Action Plan, is correct and complete to the best of my knowledge and belief. I further affirm that I am familiar with the NH Hazardous Waste Rules applicable to Small Quantity Generators and with this Facility's operations and procedures with respect to hazardous waste. I acknowledge that RSA 644:3 provides penalties for making false or otherwise misleading statements with a purpose to deceive a public servant in the performance of official duties.

Signature of Owner or Executive Officer:**Please Sign Here**

Date

12/28/05

Name Douglas L. Twardog
(please print or type)Title MHI Manager**Before You Return This Form, Please:**

- ☐ Review the Self-Certification form to make sure it is complete;
- ☐ Sign and date the Self-Certification form;
- ☐ Include the \$300 fee (Belknap, Carroll, Coos, Grafton, Merrimack & Sullivan Counties) due by January 1, 2006 (unless fee exempt, see Item B. 6, Political Subdivision, of this form) made out to "Treasurer, State of New Hampshire";
- ☐ Verify, make any changes if needed, sign, and date the yellow Notification form;
- ☐ If needed, include the Corrective Action Plan with this form (see Item H., Corrective Action Plan).

When you complete this form please return it along with the fee, the Notification form, and the Corrective Action Plan (if needed), to:

New Hampshire Department of Environmental Services (NH DES)
Waste Management Division
Hazardous Waste Compliance - SQG Program
P.O. Box 95
Concord, NH 03302-0095

*MOST CURRENT
NOTIFICATION*

 NEW HAMPSHIRE DEPARTMENT OF Environmental Services	RCRA C SITE IDENTIFICATION FORM; Notification of Hazardous Waste Activity NH DES Waste Management Division-RIMS PO Box 3900, Concord NH 03302-3900 (603) 271-2921		STANDARD FORM NO. 101 5010-101-01
EPA ID No. <i>NHD000842575</i>			
1. Reason for Submittal and Effective Date	Enter effective date here: _____ then check the correct box. ☒ To provide initial notification (to obtain an EPA ID Number for hazardous waste, including universal waste or used oil activities). <i>To ensure that your notification is processed promptly, please include the \$150 fee (if applicable).</i> ☐ To provide subsequent notification and/or update biennial reporting data (to update site identification information). Reason: _____		
2. Site Name	Company Name: <i>FRASER PAPER INC.</i>		
3. Site Location Information	Street Address: <i>72 CASCADE FLATS</i> City or Town: <i>GORHAM</i> State: <i>NH</i> County Name: <i>COOS</i> Zip Code: <i>03581</i>		
4. Site Land Type	☒ Private ☐ Federal ☐ Municipal ☐ State ☐ Other		
5. NAICS Code(s) (available at www.naics.com)	A. <i>32212</i> B. _____ C. _____ D. _____		
6. Site Contact Person	First and Last Name: <i>RYAN CARRIER</i> Title: <i>ENVIRONMENTAL ENG.</i> Phone Number and Extension: <i>(603) 942-3663</i> Email address: <i>CARRIERR@BC.FRASERPAPERS.COM</i>		
7. Site Mailing Address	Street or P. O. Box: <i>72 CASCADE FLATS</i> City or Town: <i>GORHAM</i> State: <i>NH</i> Zip Code: <i>03581</i>		
8a. Legal Owner of the Site (List additional owners in the comments section.)	Name of Site's Legal Owner: <i>FRASER PAPER INC.</i> Date Became Owner (mm/dd/yyyy): <i>5/31/2002</i> Street or P. O. Box: <i>72 CASCADE FLATS</i> Phone Number: <i>(603) 942-3622</i> City or Town: <i>GORHAM</i> State: <i>NH</i> Zip Code: <i>03581</i> Owner Type: ☒ Private ☐ Federal ☐ Municipal ☐ State ☐ Other		
8b. Legal Operator of the Site (List additional operators in the comments section.)	Name of Site's Operator: <i>FRASER PAPER INC.</i> Date Became Operator (mm/dd/yyyy): <i>5/31/2002</i> Street or P. O. Box: <i>72 CASCADE FLATS</i> Phone Number: <i>(603) 942-3622</i> City or Town: <i>GORHAM</i> State: <i>NH</i> Zip Code: <i>03581</i> Operator Type: ☒ Private ☐ Federal ☐ Municipal ☐ State ☐ Other		

This form should have instructions with it; if not, please visit www.des.nh.gov/rims/ or call (603) 271-2921.

EPA ID No. NHD000842575

9. Type of Regulated Waste Activity (Mark 'X' in the appropriate boxes.)**A. Hazardous Waste Activities:****1. Generator of Hazardous Waste**

(Choose only one of the following four categories. Do not calculate Used Oil For Recycle toward your generator size.)

NH Full Quantity Generator (FQG); Federal LQG

- ☒ Generate greater than 1,000 kg/mo (2,200 lbs.) of *non-acute* hazardous waste; or generate in a calendar month or accumulate at any time 1 kg (2.2 lbs.) or more of *acute* hazardous waste

NH Full Quantity Generator (FQG); Federal SQG

- ☒ Generate equal to or greater than 100 and not more than 1,000 kg/mo (220 - 2,200 lbs.) of *non-acute* hazardous waste

NH Small Quantity Generator (SQG); Federal CESQG

- ☒ Generate less than 100 kg/mo (220 lbs.) of *non-acute* hazardous waste; or generate in a calendar month or accumulate at any time less than 1 kg (2.2 lbs.) of *acute* hazardous waste

Not a Generator

- ☒ This site does not presently generate hazardous waste.

In addition, indicate other generator activities that will affect how you are regulated. (Please check all that apply.)

- ☒ Precious Metal Recovery accumulated on-site (e.g., Silver)
☒ Emergency Temporary Generator (valid for 30 days)
☒ Household Hazardous Waste Collector
☒ Importer of HW from a foreign country
☒ Mixed Waste (hazardous and radioactive) Generator

For Items 2 through 5, check all that apply. Please note that a hazardous waste permit or transporter registration may be required for activities in items 2 through 4.

☒ 2. Transport Hazardous Waste**☒ 3. Treat, Store, or Dispose Hazardous Waste (at your site)****☒ 4. Recycle Hazardous Waste (at your site)****☒ 5. Consolidate NH Small Quantity Generator Waste**

This site will accumulate waste from a NHSQG site owned by the same owner. (Please be sure that the box checked off in item 9A1 reflects the additional quantities of waste that will be received.)

B. Universal Waste Activities**1. Total quantity of Universal Waste on site at any time:**

- ☒ a. Greater than 20,000 kg (44,000 lbs.); VLQH
☒ b. Greater than 5,000 kg but less than 20,000 kg (11,000 lbs to 44,000 lbs.); LQH

2. If you checked an item above, please indicate the types of universal waste generated and/or accumulated at your site. (Check all boxes that apply.)

	Generate	Accumulate
a. Batteries	☒	☒
b. Pesticides	☒	☒
c. Thermostats	☒	☒
d. Lamps	☒	☒
e. Antifreeze	☒	☒
f. Mercury Containing Devices (excluding Thermostats)	☒	☒
g. Cathode Ray Tubes	☒	☒

☒ 3. Destination Facility for Universal Waste (any amount)
(Note: A hazardous waste permit may be required for this activity.)**☒ 4. Lamp handler intentionally crushing or dismantling lamps** (Note: A hazardous waste permit is required for this activity.)**C. Used Oil Activities****1. Used Oil Transporter - Indicate Type(s) of Activity(ies)**

- ☒ a. Transporter
☒ b. Transfer Facility

2. Used Oil Processor and/or Re-refiner - Indicate Type(s) of Activity(ies)

- ☒ a. Processor
☒ b. Re-refiner

3. Used Oil Burner

- ☒ a. Off-Specification
☒ b. Specification

4. Used Oil Fuel Marketer - Indicate Type(s) of Activity(ies)

Spec	Off-Spec	
☒	☒	a. Marketer who directs shipment of used oil to a used oil burner
☒	☒	b. Marketer who collects and blends or processes used oil collected
☒	☒	c. Marketer who collects and distributes used oil collected

☒ 5. Used Oil Collection Center accepting used oil other than household "Do-It-Yourselfer"**☒ 6. Aggregation Point**

Our hazardous waste hotline can help you determine your regulated activities. Call toll free (866)HAZWAST.
 [Web] NH Equivalent (Revised 7/02/07) to EPA Form 8700-12 "RCRA Subtitle C Site Identification Form"

EPA ID No. N1D000842575

10. **Description of Hazardous Wastes.** Please list the waste name (excluding universal wastes and used oil for recycling), source code, waste numbers and estimated monthly volume of the hazardous waste handled at your site. Use all waste codes for each waste stream. Source codes can be found in Appendix A of your instructions. Please use an additional page if more spaces are needed.

Waste Name			Source Code	EPA/State Hazardous Waste Numbers	Estimated Monthly Volume (include unit of measure)
Corrosive Liquid	10002			D002	Unknown - varies
Waste Extractive Hydraulic Fluid	10006		6-12	D002, D007, D009, D011	5 TB
Oil Spill Cleanup					
Flammable Liquid					
Flammable Solid					
Corrosive Solid					
Reactive Solid					
Flammable Gas					
Corrosive Gas					
Reactive Gas					
Flammable Liquid					
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11. Certification Programs: All hazardous waste generators are required to be in a certification program. Please complete the appropriate certification program documentation A or B below.

A: FQG Certification; Hazardous Waste Coordinator Certification: Please list the certificate number and name of your primary Certified Hazardous Waste Coordinator (HWC).

Cert. Number: 2008-1522 First Name: RYAN Last Name: CARRIER

B. SQG Self-Certification: Please list the date of your last SQG self certification ~~if applicable~~ if applicable*.

* See instruction page 4 for SQG implementation schedule.

Month Day Year

12. Comments:

13. Form Certification.

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature of owner, operator, or authorized representative	Printed name of owner, operator, or authorized representative	Official Title	Date Signed (mm-dd-yyyy)
<i>Willis Blevins</i>	Willis Blevins	General Manager	1/3/05

Additional information, forms and instructions can be found at www.des.nh.gov/rims/.

LAST ~~manifest~~ sent
Quarterly.



NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES
WASTE MANAGEMENT DIVISION - RIMS

PO BOX 3900
Concord, NH 03302
(603) 271-2921



HAZARDOUS WASTE QUARTERLY ACTIVITY REPORT

Date- Apr. 28, 2009
RCRA Id - NHD000842576

RYAN
FRASER NH LLC
72 CASCADE FLATS
GORHAM

CARRIER
NH 03581

Location:
72 CASCADE FLATS
GORHAM
NH 03581

Review this report for accuracy and completeness. Please correct any discrepancies and include a copy of the manifest(s) or discrepancy letter(s) documenting the corrections. If your company has manifested shipments not included in the Manifest Detail, enclose a copy of each when returning the report. Even if there is no fee due, the data must be verified and the report signed and returned to DES.

Return a signed, accurate report and payment due (if any) to the above address within thirty (30) days of receipt.

Quarter-1 -2009 Manifest Detail

Manifest No:	Gen Sig Date:	Waste Code:	Pounds:	Copies:	Exempt Status:
000356399VES	Mar. 18, 2009	D002	100	2	Y Y ASSESSED FEE
Line Item Count:	1	Total Pounds:	100	Total Assessed Pounds:	100
				Current Quarter Fee:	\$0.00
				Payments Applied:	\$0.00
				Credits Applied:	\$0.00
				Unpaid Balance to Date:	\$0.00

*No fee is charged for assessed weight less than 660 pounds. If fee amount due is \$0, you owe \$0; just return the signed report.
Starting 7/1/2007:

A minimum \$100 fee is charged for assessed weights in excess 660 pounds, up to 1,666 pounds.
A \$.06 per pound is charged for assessed weight in excess of 1,666 pounds.

Make check payable to: Treasurer, State of New Hampshire.

Please reference the Site EPA ID number: **NH0000842575** and reporting quarter 1. on your check.

REG-147-B: If a filer fails to file a report by the required date or to enclose the fees due, the filer shall be assessed a 10 percent penalty to be added to the amount of fees due for that month. If no fees are due, a penalty of \$5 per day shall be assessed. Said penalty shall immediately occur and thereafter, the overdue fees and the penalty shall bear interest at the rate established by the Internal Revenue Service effective on the first business day of the calendar year. To this rate shall be added 2 percent. (In determining the monthly rate, the figure shall be rounded off to the nearest quarter percent.)

Certification: I hereby certify that the information provided here is complete and accurate to the best of my knowledge. I understand that all information in this report (excluding credit card information) can be disclosed to the public according to the Freedom of Information Act, unless a claim of confidentiality is made in accordance with ENV-WM 213.

☒ I am authorized to sign official documents for my organization.

Authorized Signature

RYAN CARRIER
Printed Name

Environmental Engineer
Title:

Date 5/6/08

Email Address: Carciere@hq.frasnapers.com

Payment Type: VISA Mastercard Check

Fee Amount Paid :\$

Card #:

Exp. Date



10/30/08
Do NOT
SEND self-cert.
form - only notification
- per Christie Peshka








RECEIVED

FEB 18 2009

DEPARTMENT OF ENVIRONMENTAL SERVICES
WASTE MANAGEMENT DIVISION

ENVIRONMENTAL RESPONSIBILITY ~ LEVEL PLAYING FIELD ~ COMPLIANCE ASSISTANCE & EDUCATION

Self-Certification and Declaration of Compliance Form

STATE OF NEW HAMPSHIRE'S HAZARDOUS WASTE RULES
Chapter Env-Wm 514

Actual Facility Location Address Here (Please Verify by checking box if accurate):

Company Name:	FRASER NH LLC	☒
Facility Street Address:	72 CASCADE FLATS PAPER MILL WWTP	☒
Town/ County:	GORHAM / COOS	☒
EPA ID #:	NHD510193162	☒

PLEASE COMPLETE AND RETURN THIS FORM BY 1/1/09

State of New Hampshire
Department of Environmental Services
Waste Management Division
HAZARDOUS WASTE
CERTIFICATION PROGRAM
PO Box 95, 29 Hazen Drive
Concord, NH 03302-0095
Phone #: (603) 271-2942
Fax #: (603) 271-0869

Toll-Free (In-State Only) #:
(866) HAZWAST-OR- (866) 429-9278
www.des.nh.gov

DATA ENTERED:

ENTERED

FOR DES OFFICE USE ONLY

DATE REC'D: 2/18/09

TYPE OF PAYMENT REC'D: Amount Paid: \$

☐ CREDIT CARD: Receipt #: _____ Init: _____
Credit Cards (VISA OR MASTERCARD ONLY) can be processed via (603) 271-2990

☐ INTERNAL PAYMENT VOUCHER: Date Processed: _____ Init: _____
Internal State of NH Account #: 010-044-5392-3152

☐ CHECK #: _____ A-15 #: _____ Date: _____ Init: _____

☒ NO FEE REC'D: ☐ Exempt ☐ Check Returned: N/A Date: 2/19 Init: CLW

COMPLETE: ☒ YES: Date Complete: 2/20/09 Init: CLW
☐ Declassification to RIMS ☐ Notification to RIMS

☐ NO: Date Incomplete: _____ Init: _____

IF NO, Reason:

☐ No Signature ☐ No Fee ☐ Manifest History Indicates Active HW Mgmt.

☐ Other: _____

☐ Other: _____

PLEASE KEEP COVER PAGE ATTACHED TO APPLICATION



**HAZARDOUS WASTE
SMALL QUANTITY GENERATOR (SQG)
SELF-CERTIFICATION AND
DECLARATION OF COMPLIANCE FORM**

A. GENERAL INFORMATION:

1. Facility Name: Fraser NH LLC EPA ID #: NHD510193162
(Please Note That The EPA ID # IS Site-Specific)
2. Mailing Address: (Physical Address of Facility is listed on cover page- please put Mailing Address here.)
Street or PO Box: 72 Cascade Flats, Paper Mill WWTP
City/Town: Gorham State: NH Zip Code: 03581
3. Name/Title of Individual Completing This Form: (Should we have questions regarding this form)
Name: Ryan Carrier Title: Env. Engineer/WWTP Supervisor
Daytime Phone Number: 603-342-3363 E-mail (optional): carrier@bg.fraserpapers.com
4. Date(s) of Self-Certification Inspection(s) and File Review(s): 10/31/08
5. a. Property Owner Name: Fraser NH LLC
b. Mailing Address of Property Owner: 72 Cascade Flats -or- ☒ Same as #2 above
Street or PO Box: _____
City/Town: Gorham State: NH Zip Code: 03581

B. APPLICABILITY - Check all of the following that apply to your facility:

1. ☐ **Used Oil for Recycling:** If used oil is recycled, is the **only hazardous waste** generated by your facility, and is managed in accordance with Env-Wm 807 (Requirements for Management of Used Oil Being Recycled) of the New Hampshire Hazardous Waste Rules, there is **no fee required**. Please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
2. ☐ **On-Site Silver Recovery Unit:** If photo-fixer solution is the **only hazardous waste** generated by your facility and **the silver is immediately recovered without any on-site storage prior to recovery**, there is **no fee required**. Please complete Sections C.1 and C.2 on page 2, sign on page 4, and return this form.
3. ☐ **Full Quantity Generator:** If you generate greater than 220 pounds of hazardous waste in any single month, you are a Full Quantity Generator (FQG) and not a Small Quantity Generator (SQG). There is no SQG Program fee required. Please sign on page 4, return this form, and contact the New Hampshire Hazardous Waste Coordinator Program at (603) 271-2942.
4. ☒ **No Hazardous Waste Generated:** If you no longer generate hazardous waste, please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
5. ☐ **Universal Waste:** If universal waste (for example, batteries, antifreeze, computer monitors, television monitors, fluorescent lamps, or mercury containing devices) is the **only hazardous waste** generated, and it is managed in accordance with Env-Wm 1100 (Requirements for Universal Waste Management) of the New Hampshire Hazardous Waste Rules, there is **no fee required**. Please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
6. ☐ **Political Subdivision:** For political subdivisions (for example, municipally owned facilities) there is **no fee required**. If items 1, 2, 3, 4, or 5 of this section (Applicability, Section B of this form) do **not** apply, please complete the remainder of this form, sign on page 4, and return this form.
7. ☐ **NH Small Quantity Generator:** If your facility generates less than 220 pounds of hazardous waste in each and every month and items 1, 2, 3, 4, or 5 in the section above do **not** apply, please complete the remainder of this form, sign on page 4, and return with the required fee.

For NH DES Office Use Only: ☐ Payment Noted on Cover Page -or- ☐ Check #:

Amnt.: \$ _____ Init.: _____

Would you like help filling out this form? - Visit www.des.nh.gov - or call 1-866-429-9278 (in-state only)

Page 1 of 5

☐ Credit Card R#:
☐ No Fee Rec'd

Date:

C. NOTIFICATION (Env-Wm 504):

1. Please verify, sign and date the attached yellow RCRA C Site Identification Form (Notification Form).

In addition to completing this SQG form, this is an opportunity to review the hazardous waste notification information that we have for your facility. Please make any necessary changes (i.e. changes in regulated waste activity, waste names, etc.) on the Notification Form, sign the Notification Form, and return it to DES with this SQG Self-Certification Form (see Notes attached to this form for more guidance).

2. Have hazardous waste activities (other than used oil for recycle, universal waste for recycle, and/or on-site silver recovery) at this facility ceased? ☒ Yes ☐ No

If you checked yes to this question, please provide the date that hazardous waste activities have ceased and follow the instructions in items a. and b. below.

Date: 10/3/2006

If you no longer generate hazardous waste (other than used oil for recycle, universal waste for recycle, and/or on-site silver recovery), please follow these instructions:

- a. On the attached Notification Form under Item 12, "Comments", indicate that the facility no longer generates hazardous waste or that the facility only generates used oil for recycle, universal waste for recycle, and/or utilizes an on-site silver recovery unit. Please also include whether or not the facility closed, relocated, or ceased generating hazardous waste. *By doing this the EPA ID # can be declassified or inactivated. Declassification typically relates to facilities that close or move. Facilities that cease hazardous waste activity, but continue to operate, typically inactivate the EPA ID #.*
- b. Please sign and return the Notification Form along with this SQG Self-Certification Form. There is no fee required for filing subsequent notification in regard to the Notification Form. Please sign this form on page 4 and return it along with the signed Notification Form.

D. WASTE GENERATION AND WASTE TYPE:

1. **Waste Type:** Please list the hazardous waste(s) generated at the facility in the first column of the table below. In the second column, please describe how the hazardous waste is generated.

List the Hazardous Waste(s)	How is it generated?

2. **Quantity of Waste:** In the table below please identify the total amount of hazardous waste generated per month for the past 12 months (please use pounds or kilograms):

Month/Year (specify)	Amount of Hazardous Waste generated	Month/Year (specify)	Amount of Hazardous Waste generated

3. **Waste Determination (Env-Wm 502.01):** In general, how do you determine if your waste(s) is hazardous or not (check all that apply)?

- ☐ Waste has been tested.
☐ Waste is hazardous based on the knowledge of the hazardous materials used in the process.
☐ Rely on the transporter or consultant.

E. STORAGE REQUIREMENTS (Env-Wm 507) (please note, this section does NOT need to be filled out if you are a mineral spirits generator only and the mineral spirits are only used in a parts washer and managed under a contractual agreement):

		Storage Area 1 (identify the location)	Storage Area 2 (identify the location)
1.	Location of Hazardous Waste Storage Area(s) (describe the location of each hazardous waste storage area; please copy this page if there are three or more storage areas):		
2.	Type and size of container(s) or tank(s) (for example, steel, plastic, fiber; 5-gallon, 55-gallon, cubic yard box):		
3.	Container(s)/Tank(s) are in good condition?	☐ Yes ☐ No	☐ Yes ☐ No
4.	Container(s)/Tank(s) compatible with the waste stored in the tank or container?	☐ Yes ☐ No	☐ Yes ☐ No
5.	Container(s)/Tank(s) are closed except when adding/removing wastes?	☐ Yes ☐ No	☐ Yes ☐ No
6.	Container(s)/Tank(s) are stored on impervious surfaces?	☐ Yes ☐ No	☐ Yes ☐ No
7.	Does the storage area have a functional floor drain?	☐ Yes ☐ No	☐ Yes ☐ No
a.	If yes, is the secondary containment capable of containing the volume of the largest capacity hazardous waste container/tank present?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A
8.	Are hazardous waste containers stored outside?	☐ Yes ☐ No	☐ Yes ☐ No
a.	If yes, are the containers covered to prevent precipitation from coming in contact with the tops of the containers?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A
b.	If the containers are stored outside, are they at least 50 feet away from any surface water?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A

Are container(s)/tank(s) marked with the following information at the time they are first used to accumulate waste(s)?

9.	The beginning accumulation date. * This does not apply to SQG extended storage (see item 18 of this section)	☐ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☐ N/A*
10.	The words "hazardous waste"	☐ Yes ☐ No	☐ Yes ☐ No
11.	Words that specifically identify the contents of the container/tank	☐ Yes ☐ No	☐ Yes ☐ No
12.	The EPA or state waste number	☐ Yes ☐ No	☐ Yes ☐ No
13.	Are the labels with the above information fully visible?	☐ Yes ☐ No	☐ Yes ☐ No

Are the following available at each hazardous waste storage area?

14.	Spill control equipment, such as speedi-dry or absorbent rags?	☐ Yes ☐ No	☐ Yes ☐ No
15.	Fire control equipment, such as fire extinguishers?	☐ Yes ☐ No	☐ Yes ☐ No
16.	"No smoking" signs near ignitable or reactive wastes? *No ignitable or reactive wastes	☐ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☐ N/A*
17.	A minimum of 2 feet of aisle space on at least one side of each container to allow for inspections and emergency access?	☐ Yes ☐ No	☐ Yes ☐ No

Small Quantity Generator Extended Storage (Env-Wm 508.03):

18.	Small Quantity Generator Extended Storage Checklist: Does the facility accumulate greater than 220 pounds (100 kilograms; or approximately 26 gallons) of non-acutely hazardous waste on-site? If you checked this option please complete the extended storage checklist on page 5 of this form.	☐ Yes ☐ No

F. RECORDKEEPING REQUIREMENTS (Env-Wm 512):

- Are manifests kept by the facility for at least 3 years? ☐ Yes ☐ No
- Is one copy of the manifest sent to DES at the time of shipment?
(If no, please make a copy and provide to DES. It is required.) ☐ Yes ☐ No

G. PRE-TRANSPORT/DELIVERY REQUIREMENTS (Env-Wm 507 & 511):**1. Method of Transportation**

How is hazardous waste transported? Please check all that apply.

☐

Transporter

☐

Self Transport

2. Transportation by valid NH Hazardous Waste Transporter

If the waste is hauled by a hazardous waste transporter, is the transporter registered with DES?

☐

Yes

☐

No

☐

Don't Know

H. CORRECTIVE ACTION PLAN:

If your facility is not in compliance, please complete this form indicating any areas of non-compliance, and prepare a schedule with a list of steps to follow to bring those areas into compliance. This is known as a Corrective Action Plan and it describes the actions your facility will take to come into compliance within a specified time frame. Please note that the Corrective Action Plan shall specify the date by which all corrective actions shall have been completed, which shall be as soon as practicable but in no event later than 90 days from the date this declaration is due. If a Corrective Action Plan, that is, the list of steps with a schedule to bring areas into compliance, is needed, please provide it to DES along with this form.

CERTIFICATION

I hereby affirm that the information provided and other statements made on this Self-Certification Checklist and Declaration of Compliance and any attachments hereto, including but not limited to the Notification Form and any Corrective Action Plan, is correct and complete to the best of my knowledge and belief. I further affirm that I am familiar with the NH Hazardous Waste Rules applicable to Small Quantity Generators and with this Facility's operations and procedures with respect to hazardous waste. I acknowledge that RSA 641:3 provides penalties for making false or otherwise misleading statements with a purpose to deceive a public servant in the performance of official duties.

Signature of Owner or Executive Officer:Willis BlevinsDate: 2-16-09Name: Willis Blevins
(please print or type)Title: General Manager**Before You Return This Form, Please:**

- ☐ Review the Self-Certification Form to Make Sure it is Complete
- ☐ Sign and Date the Self-Certification Form
- ☐ Include the \$270 Fee Due by January 1, 2009 (Unless Fee Exempt; See Item B. 6., Political Subdivision, of this Form) Made Out To "Treasurer, State of New Hampshire"
- ☐ Verify, Make Any Changes or Comments If Needed, Sign, and Date the yellow RCRA C Site Identification Notification Form
- ☐ If Needed, Include the Corrective Action Plan with this Form (See Item H., Corrective Action Plan)

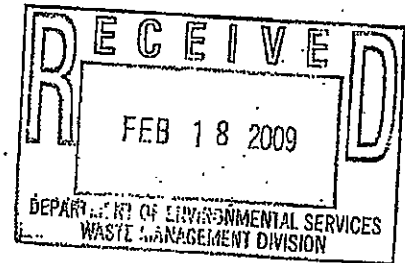
When you complete this form please return it along with the fee, the Notification form, and the Corrective Action Plan (if needed), to:

New Hampshire Department of Environmental Services (NH DES)
Waste Management Division
Hazardous Waste Compliance Bureau- SQG Program
P.O. Box 95, 29 Hazen Drive
Concord, NH 03302-0095

Fraser N.H. LLC

72 Cascade Flats
Gorham, NH 03581

February 16, 2009



NH Department of Environmental Services
Waste Management Division
Hazardous Waste Compliance Bureau – SQG Program
PO Box 95, 29 Hazen Drive
Concord, NH 03302-0095

RE: NHD510193162 SQG Form – In response to Second Notice

Dear Sir/Madame:

Enclosed please find the SQG form for the declassified site EPA ID#: NHD510193162, 72 Cascade Flats Paper Mill WWTP. This site is being managed under the ID# NHD000842575, which covers the whole paper mill facility. The WWTP is located on the same property and we have determined that there is no need for two separate site ID's. That being said, Fraser does not believe that a separate fee is due for this site. Please note that the RCRA Notification Form was submitted and received by NHDES on November 6, 2008 which was also found on "One Stop Data and Information" along with the declassification acknowledgment.

Please feel free to call me at (603) 342-3363 if there are any concerns or questions regarding this submittal.

Sincerely,

A handwritten signature in cursive script that reads "Ryan Carrier".

Ryan Carrier
Environmental Engineer/WWTP Supervisor

Enc.

**First Amendment
to
Asset Purchase Agreement
dated May 21, 2010**

This First Amendment to Asset Purchase Agreement dated May 21, 2010, is made the _____ day of June, 2010

Between:

MB Growth Partners II, LP, a limited partnership organized under the laws of Delaware having an office at 66 Hanover Street, Manchester, NH 03101 and a limited liability company to be formed for the purpose of acquiring the Purchased Assets (hereinafter defined) (jointly and severally, the "Purchaser")

AND:

FRASER N.H. LLC, a limited liability company organized under the laws of Delaware having an office at 72 Cascade Flats, Gorham, NH 03581 (the "Vendor")

Whereas:

- A. The Vendor and the Purchaser have executed an Asset Purchase Agreement dated May 21, 2010 (the "Agreement") regarding certain assets in Berlin and Gorham, Coös County, New Hampshire (the "Purchased Assets"); and
- B. The Vendor and the Purchaser agree that Schedule C to the Agreement must be modified to accommodate legal descriptions and an additional parcel of land in Berlin, Coös County, New Hampshire.

Now, therefore, the Vendor and the Purchaser hereby agree:

- 1. That Schedule C to the Agreement shall be substituted with the attached Schedule C as Amended & Restated and all references to Schedule C in the Agreement shall mean the Schedule C as Amended & and Restated attached hereto.
- 2. In all other respects the Agreement shall remain in full force and effect. Time remains of the essence.

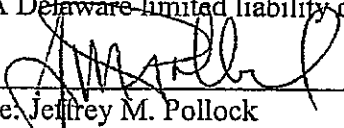
continue for signatures

Dated as of the _____ day of June, 2010.

MB Growth Partners II, LP
A Delaware limited partnership

By: Its sole general partner,

MB Venture Management II, LLC,
~~A Delaware limited liability company~~

Per: 
Name: Jeffrey M. Pollock
Title: Its General Manager

FRASER N.H. LLC

Per: _____
Name: William R. Manzer
Title: Vice President

Per: _____
Name: Glen McMillan
Title: Secretary

Dated as of the _____ day of June, 2010.

MB Growth Partners II, LP
A Delaware limited partnership

By: Its sole general partner,

MB Venture Management II, LLC,
A Delaware limited liability company

Per: _____
Name: Jeffrey M. Pollock
Title: Its General Manager

FRASER N.H. LLC

Per: WR Manzer
Name: William R. Manzer
Title: Vice President

Per: Glen McMillan
Name: Glen McMillan
Title: Secretary

SCHEDULE C as Amended & Restated

Lands

Note: As used herein "recorded" shall mean "recorded in the Coos County Registry of Deeds" and "Paper Mill", "Gorham Mill" and "Cascade Mill" are one and the same.

Section One

Parts IV and V [reference from 996-420]
 Cascade Mill - Berlin and Gorham
 Cascade Absorbent Plant - Gorham
 Easements - Berlin and Gorham

CASCADE MILL (a/k/a Paper Mill): Certain real property with the improvements thereon situate in the City of Berlin and the Town of Gorham, County of Coos, State of New Hampshire, and comprised of parcels designated as numbers 5 and 6, which are separated by the Berlin-Gorham Town Line, and the Cascade Absorbent Plant, and are more particularly described herein, and as approximately shown on Brown Company drawing entitled "Property ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin" - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 to show Parcel No. 5 and 6, said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcels described as follows:

Parcel No. 5 Land within Parcel No. 5 and located in the City of Berlin, County of Coos, and State of New Hampshire; and being a part of Lot 4, Range 11 of Lots and Ranges of said Berlin; and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad; on the south by the Berlin-Gorham Town Line; on the west by Glen Avenue so-called, also known as State Highway Route 16; and on the north by land belonging to the City of Berlin and the centerline of the Berlin Mills Railroad; and more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the centerline of said Berlin Mills Railroad and further located westerly from the railroad underpass and easterly from the railroad bridge;

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 2,100 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 2 - thence running westerly along said Berlin-Gorham Town Line a distance of 1,080 feet, more or less, to a point, on the easterly right of way line of said Glen Avenue, so-called, also known as State Route No. 16;

Line No. 3 - thence running northerly along the easterly right of way line of said State Route No. 16 a distance of 1,980 feet, more or less, to a point, said point being the

southwesterly corner of land belonging to said City of Berlin;

Line No. 4 - thence running easterly along said southerly boundary of land belonging to said City of Berlin and across the southerly end of Watson Street, so-called, a distance of 180 feet, more or less, to a point on the easterly right of way line of said Watson Street at the southerly end;

Line No. 5 - thence at a slight deflection angle to the right and continuing in an easterly direction a distance of 120 feet, more or less, to a point on the centerline of the Berlin Mills Railroad track at the westerly bridge abutment;

Line No. 6 - thence running easterly along the centerline of said Berlin Mills Railroad track and across the railroad bridge a distance of 420 feet, more or less, to the point of beginning.

Parcel No. 6 Land within Parcel No. 6 and located in the Town of Gorham, County of Coos, and State of New Hampshire; and being a part of Lot Numbers 152, 153, 154 and 179 of Lots of said Gorham and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad, the westerly right of way line of Cascade Flats Road, so-called, and the centerline of Tinker Brook so-called; on the south by the land belonging to Public Service Company of New Hampshire and the lot line between Lot Numbers 154 and 155; on the west by the easterly right of way line of the Grand Trunk Railroad, land reserved for the Absorbent Products Division, and the easterly right of way line of Glen Avenue, so-called, also known as State Route 16; and on the north by the Town Line between Berlin and Gorham; and as more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the Town Line between said Berlin and Gorham:

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 3,300 feet, more or less, to a point, said point being the northeasterly corner of land belonging to the Public Service Company of New Hampshire;

Line No. 2 - thence running westerly along the northerly boundary of land belonging to said Public Service Company and continuing beyond for a total distance of 400 feet, more or less, to a point on the centerline of the Androscoggin River, so-called;

Line No. 3 - thence running northerly along the centerline of said Androscoggin River a distance of 1,260 feet, more or less, to a point;

Line No. 4 - thence running westerly across the westerly part of said Androscoggin River and along the northerly boundary of land belonging to others a distance of 250 feet, more or less, to a point on the easterly side of River Street, so-called;

Line No. 5 - thence running northerly along the easterly boundary of land belonging to others a distance of 200 feet, more or less, to a point on the northeasterly corner of land belonging to the Town of Gorham;

Line No. 6 - thence running westerly along the northerly boundary of land belonging to said Town of Gorham and across the Cascade Flats Road, so-called a distance of 160 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 7 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 115 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 8 - thence running westerly along the northerly boundary of land belonging to others a distance of 99 feet, more or less, to a point at the northwesterly corner of said land belonging to others;

Line No. 9 - thence running southerly along the westerly boundary of land belonging to others a distance of 165 feet, more or less, to a point at the southwesterly corner of land belonging to Anthony Ferrante;

Line No. 10 - Thence running easterly along the southerly boundary of land belonging to said Ferrante a distance of 99 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 11 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 1,400 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 12 - thence running westerly along the northerly boundary of land belonging to others a distance of 190 feet, more or less, to a point on the centerline of Tinker Brook;

Line No. 13 - thence running southerly along the centerline of Tinker Brook a distance of 1,000 feet, more or less, to a point on the lot line between the said Lot Numbers 154 and 155;

Line No. 14 - thence running westerly along said lot line between Lot Numbers 154 and 155, across said State Route No. 16 a distance of 240 feet, more or less, to a point on the easterly right of way line of said Grand Trunk Railroad, and said point on the right of way line being located a distance of 44 feet easterly from the centerline of the railroad tracks.

Line No. 15 - thence running northerly along the easterly right of way line of said Grand Trunk Railroad and located 44 feet easterly from the centerline of the railroad tracks, a distance of 3,500 feet, more or less, to a point at the southwesterly corner of land belonging to others;

Line No. 16 - thence running easterly along the southerly boundary of land belonging to others a distance of 85 feet, more or less, across State Route No. 16 to a point on the easterly right of way line of said State Route No. 16;

Line No. 17 - thence running northeasterly a distance of 140 feet, more or less, to a point;

Line No. 18 - thence running easterly a distance of 30 feet, more or less, to a point on the southwesterly right of way line of said Cascade Flats Road;

Line No. 19 - thence running southeasterly along the southwesterly right of way line of said Cascade Flats Road a distance of 1,060 feet, more or less, to a point;

Line No. 20 - thence running easterly, parallel to and 75 feet southerly from the southerly wall of the existing Absorbent Products Building and running across said Cascade Flats Road and along the southerly boundary of land reserved for the Absorbent Products Division a distance of 240 feet, more or less, to a point on a chain link fence;

Line No. 21 - thence running southeasterly along said chain link fence a distance of 110 feet, more or less, to a point;

Line No. 22 - thence at a left deflection angle of $37^{\circ} 30'$ and running easterly a distance of 35 feet, more or less, to a point located 24 feet from the northwest corner of the existing Brown Company Time Office and 24 feet from the northeast corner of said Time Office;

Line No. 23 - thence at a left deflection angel of 90° and running northerly parallel to and 15 feet easterly from the easterly wall of said Absorbent Products Building a distance of 840 feet, more or less, to a point;

Line No. 24 - thence at a left deflection angle of 90° and running parallel to and 200 feet northerly from the northerly wall of said Absorbent Products Building a distance of 300 feet, more or less, to a point on the easterly right of way line of said Cascade Flats Road;

Line No. 25 - thence running northerly along the easterly right of way line of said Cascade Flats Road and said State Route No. 16 a distance of 900 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 26 - thence running easterly along said Town Line and across said Androscoggin River a distance of 1,080 feet, more or less, to the point of beginning.

ALSO CONVEYING to the extent the same are in force and effect, the right and easements granted by both the Town of Gorham and Rose Pare to excavate, lay, maintain, and renew underground process lines across the said Cascade Flats Road and the land formerly belong to Rose Pare. See Deed of the Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (page 291).

CASCADE ABSORBENT PLANT, GORHAM, NEW HAMPSHIRE - All that certain parcel of land with the improvements thereon located in Gorham, New Hampshire as shown on plan entitled, "Brown Company Ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 and designated "Reserved for A.P.D." said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcel more particularly bounded and described as follows:

BEGINNING at a point along the easterly right of way line of Cascade Flats Road, so-called, also known as State Route #16, 900 feet, more or less, southerly along said right of way line from the Berlin-Gorham Town Line to the point of beginning; thence

from the point of beginning easterly for 300 feet, more or less, to a point; thence southerly 840 feet, more or less, to a point, thence

westerly 30 feet, more or less, to a point; thence

making a slight deflection in a northwesterly direction for a distance of 110 feet; more or less, thence

in a westerly direction for 240 feet, more or less, to the easterly right of way line of Cascade Flats Road; thence

along said right of way for a distance of 1,060 feet, more or less, to the point of beginning.

EASEMENTS IN CITY OF BERLIN AND TOWN OF GORHAM - The following rights and easements to the extent the same have not been merged with the title acquired by Fraser N.H. LLC under the Deed of Androscoggin Valley Regional Refuse Disposal District recorded at Book 1171, Page 94 (Section Seven below): The right and easement across land in the City of Berlin reserved unto Crown Paper Co., its successors and assigns in the deed of Crown Paper Co. to John Hancock Mutual Life Insurance Company, dated October 29, 1997 and recorded at Coos County Registry of Deeds, Book 884, Page 57:

The non-exclusive perpetual and assignable right and easement to enter the property conveyed to John Hancock Mutual Life Insurance Company for purposes of maintaining and operating the existing fire protection system for the paper mill in the Town of Gorham known as the Cascade Mill, and making improvements to the same, including but not limited to the following:

- (a) The right to operate, maintain, inspect, repair, replace or alter the existing dam with reservoir and flowage rights located on Cascade Brook, so-called in Lot 3, Range 11 in the City of Berlin and the right to enter said Lot for such purposes;
- (b) The right to operate, maintain, inspect, repair, replace or alter the existing fire protection water line crossing Lot 3, Range 11 in the City of Berlin and right to enter said Lot for such purposes; and
- (c) The right to operate, maintain, inspect, repair, replace or alter all components of said fire protection system, including a thirty (30) foot wide right of way leading from the southerly line of Champlain Street, so-called, and running along the westerly side of Lot 3, Range 10 to the northerly side of Lot 3, Range 11 and continuing across said Lot 3, Range 11 to the reservoir area, and the right to use said right of way and the right to enter said Lots for such purposes.

Also conveying the non-exclusive perpetual and assignable right and easement to operate, maintain, repair, replace or alter the fire protection system and lines for the Cascade Mill crossing land in Gorham, New Hampshire, and the right of access to Lots 178 and 179 in Gorham for such purpose, as reserved to Crown Paper Co., its successors and assigns reserved in quitclaim deed of Crown Paper Co. to Yankee Forest Limited Liability Company, dated October 29, 1997 and recorded Coos County Registry of Deeds Book 884, Page 91.

EXCLUDING from Section One the following property:

- a. the bed of the Androscoggin River to the extent granted to the State of New Hampshire at Book 996, Page 319;
- b. any and all personal property, comprising the internal electric delivery system, transmission and distribution, facilities and equipment used or useful (i) for the delivery of electricity from the six FERC licensed hydroelectric stations conveyed by American Tissue-New Hampshire Electric, Inc. to GNE, LLC (later known as Great Lakes Hydro America, LLC) by deed dated on or about May 31, 2002, at Book 996, Page 457; and/or (ii) for delivery of electricity to the facilities and properties located on land conveyed deeds of Pulp of America LLC and Paper of America LLC to Fraser N.H. LLC dated on or about May 31, 2002, which internal electric delivery system facilities and equipment are considered personal property and were conveyed separately by Bills of Sale recorded at Book 996, Pages 447, 467, 478, and 492.
- c. the land conveyed by Fraser N.H. LLC to Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
- d. the property conveyed by Deed of Fraser N. H. LLC to North American Dismantling Corp., recorded October 3, 2006 at Book 1190, Page 932.

For source of title see Deed of Paper of America LLC to Fraser N. H. LLC recorded May 31, 2002, at Book 996, Page 420.

Section Two Also conveying the rights and benefits accruing to the Cascade Mill under the Undivided Ownership, Operation and Maintenance Agreement between Fraser N.H. LLC and GNE, LLC (later known as Great Lakes Hydro America, LLC) dated May 31, 2002, at Book 996, Page 512.

Section Three Also conveying all those rights and benefit accruing to the Paper Mill under an Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.

Section Four A certain tract or parcel of land located in the City of Berlin, Coös County, New Hampshire, together with the so-called Cascade Alpine Brook Fire Pond and the dam located thereon or thereunder, and together with any other improvements and appurtenances thereto, being bounded and described as follows:

Beginning at an iron pin located 3251.54 feet westerly along the Berlin-Gorham town line from a concrete monument marking the southeast corner of Berlin, New Hampshire; thence along land of Androscoggin Valley Regional Refuse Disposal District (AVRRDD) the following five courses:

1. North 01°20'26" East for 428.99 feet to an iron pin;
2. North 59°22'10" West crossing Cascade Alpine Brook for 293.29 feet to an iron pin;
3. South 50°43'33" West for 330.67 feet to an iron pin;
4. South 05°31'24" East for 360.55 feet to an iron pin on the Berlin-Gorham town line; thence
5. South 88°38'32" East along the Berlin-Gorham town line for 463.72 feet to the point of beginning.

Being Lot A as shown on Plan prepared by York Land Services, LLC titled "Minor Subdivision Prepared for Androscoggin Valley Regional Refuse Disposal District, Tax Map 414, Parcel 4, Berlin, New Hampshire" dated March 17, 2006, recorded in the Coös County Registry of Deeds as Plan #2636. Said Lot A shown to contain 5.45 acres, more or less.

Also conveying the dam structure, equipment, flashboards, gates, pipes, penstocks and fences and the rights and easements appurtenant thereto, as the same were acquired by Fraser N.H. LLC in the Quitclaim Deed of Androscoggin Valley Regional Refuse Disposal District to Fraser N.H. recorded May 9, 2006, at Book 1171, Page 94.

Section Five Also conveying the rights and benefits of Fraser N.H. LLC under the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.

Section Six Also conveying the rights and benefits under the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.

Section Seven Also conveying the rights and benefits accruing to the Gorham Mill under an Amendment and Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. among North American Dismantling Corp., Fraser N.H. LLC, and PJPD Holdings, LLC recorded December 23, 2008, at Book 1265, Page 981. Also conveying, to the extent the premises have not previously been conveyed, all right, title and interest in and to the premises depicted as Lot 0054.0L2 on the City of Berlin's Tax Map No.129. Being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374 of the Coös County Registry of Deeds [description to be later supplemented].

Section Eight Also conveying certain tracts or parcels of land, together with any buildings and improvements thereon, depicted on the City of Berlin's tax maps as follows:

- Map 113, Lot 0010.000, which is located on Wentworth Avenue - Lots 7 through 12, Block 19, Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 114, Lot 0073.000, which is located on Western Avenue; Lots 4, 5, 6, 11 and 12, Block 4 Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0004.000, which is located on Hutchins Street - Lots numbered Eight (8) and Nine (9) in Block numbered seventy-five (75) of Berlin Mills Addition, appears by Plan numbered Four (4) and description of the same as made by E.S. Bryant and recorded in Coos County Registry of Deeds, Book 121, Page 402; being a portion of Parcel 7 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0005.000, which is located on Hutchins Street - A certain piece or parcel of land, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eight (8th) Range of lots in said Berlin, and more particularly described as follows:

Lot numbered Ten (10) in Block numbered Seventy Five (75) of Berlin Mills Addition, as appears by Plan numbered Four (4) and description of the same as made by E.S. Brungot and recorded in Coos County Registry of Deeds, Book 121, Page 402.

And another piece or parcel, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eighth (8th) Range of lots in said Berlin, and more particularly described as follows:

Beginning at a point on the northerly side of Hutchins Street at the southeasterly corner of said Lot 10, thence

in an easterly direction along the northerly side of Hutchins Street eighty (80) feet, more or less, to the line of right-of-way of the Boston and Maine Railroad, thence

northwesterly along said right-of-way one hundred (100) feet, more or less, to the easterly line of said Lot 10, thence

southerly along easterly line of said Lot 10 eighty (80) feet, more or less to the point of beginning.

For source of title see Parcel 8 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

- Map 134, Lot 0007.000, which is located on Perry Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374. and
- Map 134, Lot 0011.000, which is located on Napert Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374.

Section Nine Also conveying all right, title and interest in and to the following discontinued streets:

Beech Street, which is depicted on Map 114 as Lot 0060.000 on the City of Berlin's tax maps; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374;

and Alder Street, which is depicted on the City of Berlin's Tax Map 114, as Lot 0062.000; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

Section Ten The benefits flowing to the Paper Mill under the Covenant Not to Sue In Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets from the State of New Hampshire dated May 30, 2006, recorded at Book 996, Page 331 as is more particularly described and subject to the terms in the Assignment and Assumption

Agreement between the parties hereto.

Section Eleven A certain strip of land, situate in the City of Berlin, Coös County, New Hampshire, shown as Parcel B, as approximately 11.6 acres, on a Plan entitled "Minor Subdivision, Fraser NH LLC, Former Railroad, Tax map 118, Parcel 212, Berlin, New Hampshire", recorded as Plan # 02786, the northerly end of said strip of land being at land now or formerly of North American Dismantling Corp. and the southerly end of said strip of land being at land of Great Lakes Hydro America, LLC (the so-called Cross Power Project). Being a portion of the land conveyed by Deed of Berlin Mills Railway, Inc. to Fraser N.H. LLC dated May 31, 2002, recorded at Book 996, Page 432.

All of the above property is conveyed SUBJECT TO the following:

1. Streets: Title to and rights of the public and others entitled thereto in and to those portions of the premises lying within the bounds of adjacent streets, ways, and paper streets.
2. Hydros: Lands, dams, hydro-generating stations, steam generating stations, transmission facilities, easements, right of ways, et al, conveyed in the Deed of Brown Company to Brown-New Hampshire, Inc., (later known as James River-New Hampshire Electric, Inc., Crown Vantage-New Hampshire Electric, Inc. and American Tissue-New Hampshire Electric, Inc.), its successors and/or assigns, dated April 30, 1965, recorded at Book 490, Page 3.
3. Railroads:
 - a. Lands, buildings, railroad tracks, bridges, easements, etc., and right of ways conveyed by Brown Company to Berlin Mills Railway, Inc., as described in deed dated January 31, 1970, and recorded at Book 527, Page 65.
 - b. All rights of way, railroad tracks, and facilities owned and operated by the Grand Trunk Railroad, its successors and assigns (the current owner/operator is believed to be the St. Lawrence & Atlantic Railroad Company, which followed Canadian National Railways as owner/operator) located on the westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements.
 - c. All rights of way, railroad tracks, and facilities owned by the Berlin Mills Railway, Inc. (successor in interest to The Whitefield and Jefferson Railroad, the Concord & Montreal Railroad, the Boston and Maine Corporation and New Hampshire and Vermont Railroad Company) located on the easterly and westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements. See quitclaim deed of New Hampshire and Vermont Railroad Company to Berlin Mills Railway, Inc., dated October 25, 1996 and recorded at 867, Page 427.

4. Water lines: The right to renew, maintain, repair, etc. all underground and above-grade water lines and related facilities now owned and operated by the Berlin Water Works, the Town of Gorham Sewer and/or Water Departments, their successors and/or assigns, in accordance with previous easements and rights of way.
5. Sewer and Storm Drainage: The right to renew, maintain, repair, etc. all underground sanitary sewer and storm drains and related facilities now owned and operated by the City of Berlin, the Town of Gorham, or the departments within said City and/or Town, their successors and/or assigns, in accordance with previous easements and right of ways.
6. Electric easements: The right to renew, maintain, repair, etc. all underground and above-ground electric power transmission facilities now owned and operated by the Public Service Company of New Hampshire, its successors and/or assigns, as stipulated in previous easements and right of ways.
7. Telephone easements: The right to renew, maintain, repair, etc. all underground and above-grade telephone lines and operating facilities now owned and operated by the New England Telephone Company, its successors and/or assigns, as stipulated in previous easements and right of ways.
8. Riverbed and Water:
 - a. Title or rights of the Federal government or the State of New Hampshire to the area occupied by the normal water surface of the Androscoggin River, together with access right of way that may be required by interested Federal and State agencies, including but not limited to the Federal Energy Regulatory Commission, Corps of Engineers, State of New Hampshire Water Resources Board and State of New Hampshire Water Supply & Pollution Control Commission.
 - b. Title to that portion of the property within the normal bounds of Androscoggin River.
 - c. Any and all rights of the United States of America, State of New Hampshire and the public in and to the Androscoggin River arising pursuant to the Commerce Clause of the United States Constitution.
9. Terms and provisions of New Hampshire Water Resources Board Order #9410, dated August 22, 1974 recorded at Book 572, Page 693, pertaining to Cascade Aeration Lagoon Waste Water Treatment Facilities.
10. Permit No. 24.17 Registration of an Existing Dam from New Hampshire Dept. of Environmental Services Water Resources Board dated November 24, 1987, recorded at Book 719, Page 740, relative to the Cascade Paper Mill Fire Pond Dam in the Town of Berlin.
11. Rights of the State of New Hampshire, the Town of Gorham and/or the public in and to Route 16 and the Cascade Flats Road.

12. Highway layout for Route 16 by the State of New Hampshire dated May 4, 1961, recorded at Book 544, Page 22.
13. Highway layout for Route 16 by the State of New Hampshire dated October 23, 1959 recorded at Book 446, Page 337 and 338.
14. Land taken along with slope and embankment easements by the State of New Hampshire against the Brown Company, dated December 3, 1980, recorded at Book 635, Page 321. Affects property along Route 2 in Gorham.
15. Courses 13-19 missing in the property description of the Deed of Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (should be between Pages 289 and 290). Affects Parcel 6.
16. The Deed of James River Paper Co., Inc. to Crown Paper Co. at Book 847, Page 190 (Page 217) dated August 22, 1995, reserves the paper machine no. 6 and right to remove same. Affects Parcel 6.
17. Right, title and interest of the Town of Gorham in and to a fire station located on or near Cascade Flats Road on the west side of the Androscoggin River in Gorham, New Hampshire, and the terms of any lease re same.
18. Pole Line easements from Brown Company to Public Service Company of New Hampshire, both dated June 7, 1947, recorded at Book 354, Page 291.
19. Easement described in deed of Brown Company to Portland Pipeline Co. dated August 21, 1941, recorded in Book 318, Page 152.
20. Riparian rights and rights of others thereto entitled in and to the continuous and uninterrupted flow of brooks, streams and ponds.
21. Administrative Order of New Hampshire Dept. of Environmental Services dated October 19, 2000, recorded at Book 949, Page 381 to Pulp and Paper of America LLC. No. WD 00-29. Re Cascade Mill in Gorham.
22. Statement of Intent by N.H. Water Resources Board to Brown Company relative to the construction of a dam, said instrument recorded at Book 572, Page 693 on September 13, 1974. (It is likely this should have been in the name of Brown-New Hampshire, Inc. as the owner of the dams at Book 490, Page 3). Property in Gorham.
23. Terms of the Covenant Not to Sue in Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets dated May 30, 2002, among The State of New Hampshire, The New Hampshire Department of Environmental Services, Fraser N.H. LLC, GNE LLC and Mt. Carberry Landfill, LLC, recorded at Book 996, Page 331. Pursuant to Section 5(a) of the Covenant Not to Sue, the Vendor shall also retain the protections provided to it thereunder.

24. The effects, if any, of current use assessment and any change of use tax arising thereunder, including but not limited to, the notices recorded as follows :
 - a. Berlin - Book 649, Pages 546 and 547 – filed in the name of James River Corporation
 - b. Berlin – Book 712, Page 3 – filed in the name of James River Corp.
 - c. Gorham – Book 780, Pages 538, 539, 540, 541, 542, and 543 – filed in the name of James River Timber Corporation.
 - d. Gorham – Book 780, Page 544 – filed in the name of James River Paper Co., Inc.
25. Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.
26. Recorded Plan 2698 Cascade Lot Line Adjustment recorded June 15, 2006;
27. Recorded Plan 2787 Easements retained by Fraser at Cascade Dam Parcels, recorded September 28, 2006.
28. The right, title and interests conveyed by Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
29. Terms of the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.
30. Terms of the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.
31. Terms of the Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District recorded October 17, 2007, at Book 1230, Page 801, as affected by a Corrective Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010, recorded _____.
32. Terms of the Amendment & Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. Among North American Dismantling Corp; Fraser N.H. LLC; PJPD Holdings, LLC; recorded December 23, 2008 at Book 1265, Page 981.
33. Taxes due and owing the Town of Gorham and the City of Berlin including, but not limited to the taxes referenced in the Berlin tax liens against Fraser N.H. LLC for the levy of 2009 at Book 1300, Page 1, but see pages 26, 27, and 28 for listings, recorded March 26, 2010.

34. Gas Line Easement of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010 and recorded _____.

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**Second Amendment
to
Asset Purchase Agreement
dated May 21, 2010**

This Second Amendment to Asset Purchase Agreement dated May 21, 2010, is made the 30th day of June, 2010

Between:

MB Growth Partners II, LP, a limited partnership organized under the laws of Delaware having an office at 66 Hanover Street, Manchester, NH 03101 and a limited liability company to be formed for the purpose of acquiring the Purchased Assets (hereinafter defined) (jointly and severally, the "Purchaser")

AND:

FRASER N.H. LLC, a limited liability company organized under the laws of Delaware having an office at 72 Cascade Flats, Gorham, NH 03581 (the "Vendor")

Whereas:

- A. The Vendor and the Purchaser have executed an Asset Purchase Agreement dated May 21, 2010 (the "Agreement") regarding certain assets in Berlin and Gorham, Coös County, New Hampshire (the "Purchased Assets");
- B. The Vendor and the Purchaser entered into a First Amendment to the Agreement dated as of June __, 2010 (the "First Amendment"); and
- C. The Vendor and the Purchaser agree to amend the Agreement, as amended by the First Amendment.

Now, therefore, the Vendor and the Purchaser hereby agree to amend the Agreement, as amended by the First Amendment, as follows:

1. Amendments to the Agreement.

1.1 Section 1.1 Definitions.

Section 1.1 of the Agreement is amended by deleting the definition of "Closing Date" in its entirety and replacing it with the following:

"Closing Date" means August 31, 2010 or such other date as the Parties agree in writing that the Closing shall take place.

1.2 Gas Line.

Section 6.2(i) of the Agreement is amended by deleting it in its entirety and replacing it with the following:

Conversion to Natural Gas-Fired Boilers. The Purchaser shall, on or before July 30, 2010 be satisfied, acting reasonably, that \$4,800,000 of funding has been approved or arranged by the Androscoggin Valley Regional Refuse Disposal District for construction of a natural gas main supplying natural gas, on demand, to the Lands (the "**Natural Gas Project**") and that all material contracts, permits, approvals, rights of way, tariffs, grants to be applied for, natural gas supply agreements, natural gas transport agreements, and other agreements and arrangements reasonably required for the **Natural Gas Project** have advanced to the stage where the Purchaser is satisfied, acting reasonably, that the Natural Gas Project is reasonably likely to proceed and, further, that the Natural Gas Project can be completed no later than February 28, 2011;

1.3 Financing.

Sections 6.2(j) and 6.2(k) of the Agreement are amended by deleting them in their entirety and replacing them with the following:

(j) *Financing.* The Purchaser shall have obtained and provided to the Vendor, on or before August 25, 2010, final, definitive documentation of the financing sufficient to complete the purchase of the Purchased Assets pursuant to this Agreement on Closing and to provide adequate working capital for continuing operations of the Gorham Mill after the Closing Date;

(k) [Intentionally Omitted.]

2. Effect of Amendment.

In all other respects the Agreement, as amended by the First Amendment, shall remain in full force and effect. Time remains of the essence.

Dated as of the 30th day of June, 2010.

[Signature page follows]

MB Growth Partners II, LP
A Delaware limited partnership

By: Its sole general partner,

MB Venture Management II, LLC,
A Delaware limited liability company

Per: _____

Name: Jeffrey M. Pollock
Title: Its General Manager

FRASER N.H. LLC

Per: _____

Name: William R. Manzer
Title: Vice President

Per: _____

Name: Glen McMillan
Title: Secretary

MB Growth Partners II, LP
A Delaware limited partnership

By: Its sole general partner,

MB Venture Management II, LLC,
A Delaware limited liability company

Per: _____
Name: Jeffrey M. Pollock
Title: Its General Manager

FRASER N.H. LLC

Per: _____
Name: William R. Manzer
Title: Vice President

Per:  _____
Name: Glen McMillan
Title: Secretary

MB Growth Partners II, LP
A Delaware limited partnership

By: Its sole general partner,

MB Venture Management II, LLC,
A Delaware limited liability company

Per: _____
Name: Jeffrey M. Pollock
Title: Its General Manager

FRASER N.H. LLC

Per: William R. Manzer
Name: William R. Manzer
Title: Vice President

Per: _____
Name: Glen McMillan
Title: Secretary

EXHIBIT B

**SENIOR SECURED SUPERPRIORITY DEBTOR-IN-POSSESSION
CREDIT AGREEMENT**

dated as of ■, 2010

by and among

FRASER PAPERS INC.

as Debtor Company, Debtor and Debtor in Possession,
as Borrower,

and

**FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED,
FRASER PAPERS LIMITED AND FRASER N.H. LLC**

as Guarantors

and

the Lenders from time to time party hereto,

and

BROOKFIELD (US) CORPORATION

as Initial Lender and a Lender

and

BROOKFIELD ASSET MANAGEMENT INC.

as Administrative Agent and Collateral Agent

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**SENIOR SECURED SUPERPRIORITY
DEBTOR-IN-POSSESSION CREDIT AGREEMENT**

SENIOR SECURED SUPERPRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT (this "*Agreement*"), dated as of ■, 2010 (the "*Effective Date*"), by and among FRASER PAPERS INC. (the "*Borrower*") and FPS CANADA INC. ("*FCP*"), FRASER PAPER HOLDINGS INC. ("*FPHF*"), FRASER TIMBER LIMITED ("*FTL*") and FRASER N.H. LLC ("*FNHL*", together with FCI, FPHI, FTL and FNHL, the "*Guarantors*" and each a "*Guarantor*", and together with the Borrower, the "*Credit Parties*") each as debtor companies under the CCAA (as hereinafter defined) and as debtors and debtors-in-possession under Chapter 15 of the Bankruptcy Code (as hereinafter defined), the other Lenders (as hereinafter defined) party hereto from time to time, BROOKFIELD (US) CORPORATION ("*Brookfield*") as Initial Lender (as hereinafter defined) and a Lender, and BROOKFIELD ASSET MANAGEMENT INC. ("*BAM*") as administrative agent (in such capacity, the "*Administrative Agent*") and collateral agent (in such capacity, the "*Collateral Agent*").

PRELIMINARY STATEMENTS:

WHEREAS, on June 18, 2009 (the "*CCAA Filing Date*"), the Credit Parties as debtors-in-possession in proceedings (the "*CCAA Proceedings*") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "*CCAA*"), with the Ontario Superior Court of Justice (Commercial List) (the "*CCAA Court*") pursuant to the order of the Honourable Mr. Justice Morawetz dated June 18, 2009, as amended, varied, modified or restated from time to time (the "*Initial Order*");

AND WHEREAS, the Credit Parties filed for recognition of the CCAA Proceedings as foreign main proceedings (the "*US Proceedings*", together with the CCAA Proceedings, the "*Proceedings*") pursuant to Chapter 15 of Title 11 of the United States Code 11 U.S.C. §§101-1532, as amended (the "*Bankruptcy Code*") in the United States Bankruptcy Court for the District of Delaware (the "*U.S. Court*", together with the CCAA Court, the "*Courts*");

AND WHEREAS, the Borrower has requested and BAM or its affiliates have provided a senior secured superpriority loan facility (the "*DIP Facility*") to the Borrower during the Stay of Proceedings (as hereinafter defined) for the following purposes (as further described in Section 2.13): (i) to pay transaction costs, fees and expenses which are incurred in connection with the DIP Facility, (ii) for working capital purposes, and (iii) for other general corporate purposes, substantially on the terms of the Amended DIP Facility Term Sheet (the "*Term Sheet*") attached to the affidavit of J. Peter Gordon sworn July 10, 2009 and approved by the CCAA Court pursuant to the Initial Order, as amended by an Order of the CCAA Court dated April 6, 2010, such Order recognized by an Order of the U.S. Court dated May 25, 2010;

AND WHEREAS, BAM and Brookfield are parties to a transfer agreement dated as of June 3, 2010 pursuant to which Brookfield purchased the loans outstanding under the DIP Facility;

AND WHEREAS, the Lenders have provided the DIP Facility to the Borrower during the Stay of Proceedings up to the Effective Date substantially on the terms of the Term Sheet and are willing to continue to make available to the Borrower such DIP Facility upon the terms and subject to the conditions set forth in this Agreement which substantially reflect the terms and conditions of the Term Sheet;

AND WHEREAS, each of the Guarantors has agreed, to the extent set forth in Article VI hereof, to guarantee the obligations of the Borrower hereunder and the other Loan Documents and the

Borrower and each Guarantor has agreed to secure its obligations to the Lenders hereunder and the other Loan Documents with, inter alia, security interests in, and liens on, all of its property and assets, whether real or personal, tangible or intangible, now existing or hereafter acquired or arising, all as more fully provided herein, in the DIP Financing Orders and in the Collateral Documents;

AND WHEREAS as of the Effective Date, the parties agree and acknowledge that the aggregate amount outstanding under the DIP Facility and secured by the DIP Charge is \$[12,350,000];

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein and such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such terms to be equally applicable to both the singular and plural forms of the terms defined):

“Administration Charge” means the court ordered administration charge over the Property provided for in the Initial Order in an aggregate amount not to exceed \$850,000 Canadian Dollars for the payment of (a) allowed and unpaid professional fees and disbursements incurred by professionals and advisors retained by the Credit Parties in the CCAA Proceedings, (b) allowed and unpaid professional fees and disbursements of the Monitor in the CCAA Proceedings, including allowed and unpaid legal fees and expenses of its counsel, and (c) professional fees and disbursements of the claims officer appointed pursuant to a claims order dated July 15, 2009 in connection with the CCAA Proceedings up to an amount of \$100,000 in Canadian Dollars.

“Advance” means any utilization of the DIP Facility by the Borrower, whether by way of advance of a Base Rate Loan, a LIBOR Loan or by way of issuance of one or more Letters of Credit.

“Affiliate” means:

(a) as to any Agent or Lender, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person; and

(b) as to any Person other than an Agent or Lender, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this clause (b), the term “control” (including the terms “controlling,” “controlled by” and “under common control with”) of a Person means the possession, direct or indirect, of the power to vote 10% or more of the Voting Interests of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

“Agents” means, collectively, the Administrative Agent and the Collateral Agent and each an “Agent”.

"Agreement" means this senior secured superpriority debtor-in-possession credit agreement and the schedules and exhibits hereto and any amendments, supplements, restatements or other modifications hereto from time to time.

"Applicable Law" means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions or decrees of the United States, any state, Canada, any provinces, any foreign country or any other Governmental Authority.

"Applicable Margin" means, in the case of a Base Rate Advance, 1.75%, and in the case of a LIBOR Advance, 1.75%.

"Applicable Percentage" means with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If any Commitments have terminated or expired, the Applicable Percentages in respect of the terminated or expired Commitments shall be determined based upon the relevant Commitments most recently in effect (i.e., prior to their termination or expiry), after giving effect to any assignments.

"Approved Fund" means any fund or other vehicle that is administered or managed by (a) BAM, (b) an Affiliate of BAM, (c) a Lender, (d) an Affiliate of a Lender or (e) an entity or an Affiliate of an entity that administers or manages BAM or a Lender.

"Asset Disposition" means the disposition of any or all of the assets (including, without limitation, any Equity Interest owned thereby) of the Borrower or any of its Subsidiaries, in one transaction or a series of transactions, whether by sale, lease, transfer or otherwise. The term "Asset Disposition" shall not include any Insurance and Condemnation Event.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, and, if required, the Borrower, in accordance with Section 9.07 and in substantially the form of Exhibit A hereto.

"Avoidance Actions" shall mean avoidance actions of the Borrower under Chapter 5 or Section 724(a) of the Bankruptcy Code (and proceeds thereof other than proceeds of avoidance actions under Section 547 of the Bankruptcy Code). The term does not include an action to avoid a transfer under Section 549 of the Bankruptcy Code.

"Bankruptcy Code" has the meaning specified in the Preliminary Statements hereto.

"Base Rate" means, on any day, the greater of (a) 3.00%, and (b) the annual rate of interest announced from time to time by Canadian Imperial Bank of Commerce and in effect as its base rate at its principal office in Toronto, Ontario on such day for determining interest rates on U.S. Dollar-denominated commercial loans made in Canada.

"Base Rate Loan" means, at any time, any Loan which is outstanding at such time and in respect of which interest is to be calculated based on the Base Rate and **"Base Rate Loans"** means, at any time, all Base Rate Loans at such time.

"BLA" means the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c.B-3, as amended.

"Borrower" shall have the meaning set out in the Preliminary Statements hereto.

"Borrowing" means a borrowing under the DIP Facility.

"Borrowing Date" means the date on which an Advance is made.

"Budget" means a rolling 13 week cash flow projection, to be updated on a monthly basis, prepared by the Credit Parties, certified by a Responsible Officer, reviewed by the Monitor and in all cases acceptable to and approved by the Required Lenders in their sole discretion.

"Budget Variance Report" means a report, in each case certified by a Responsible Officer of the Borrower, in form satisfactory to the Required Lenders in their sole discretion, delivered in accordance with Section 5.03(g), showing actual cash flows and the aggregate maximum amount of utilization of the Advances for each such week as of the end of the week immediately preceding the week during which such Budget Variance Report is delivered and the variance (as a percentage) of such amounts from the corresponding anticipated amounts therefor set forth in the Budget.

"Business Day" means any day that is not (i) a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario are authorized or required by Applicable Law to remain closed; and (ii) in the case of any U.S. Dollar - denominated Borrowing, any other day on which commercial banks in New York, New York are authorized or required by Applicable law to remain closed.

"Canadian Dollars" means lawful money of Canada.

"Canadian Pension Plan" means any "registered pension plan" as defined under the *Income Tax Act* (Canada) administered or contributed to by (or to which there is or may be an obligation to contribute by) the Borrower or any Subsidiary of the Borrower incorporated under the Applicable Laws of Canada or any applicable province or territory thereof, in respect of any Person's employment in Canada or a province or territory thereof with the Borrower or any Subsidiary of the Borrower incorporated under the Applicable Laws of Canada or any applicable province or territory thereof, all related funding agreements and all related agreements, arrangement and understandings in respect of, or related to, any benefits to be provided thereunder. For greater certainty, a **"Canadian Pension Plan"** shall include the Pension Plan for New Brunswick Hourly Employees of Fraser Papers Inc. and the Pension Plan for New Brunswick Salaried Employees of Fraser Papers Inc., in respect of which a final wind-up Order was issued by the Superintendent of Pensions for New Brunswick on April 28, 2010, effective as of April 27, 2010.

"Canadian Pension Plan Event" means the occurrence of any of the following events other than the failure to pay the special amortization payments in relation to a Canadian Pension Plan (the **"Special Amortization Payments"**) and other than where such event has been approved by the CCAA Court in connection with the CCAA Proceedings at the Effective Date: (a) any default or violation under a Canadian Pension Plan by any Credit Party or by any other party to any Canadian Pension Plan or the failure to pay any contribution or premium required to be paid to or in respect of any Canadian Pension Plan in a timely fashion in accordance with the terms thereof and all Applicable Law or any taxes, penalties or fees are owing or eligible under any Canadian Pension Plan beyond the date permitted for payment of same; (b) the receipt by a Credit Party of any notice from any Person questioning or challenging the establishment, registration, qualification, administration or investment of a Canadian Pension Plan in compliance with the terms thereof and all Applicable Law (other than in respect of any claim related solely to that Person); (c) any proceeding, action, suit or claim (other than routine claims for benefits) pending or threatened involving any Canadian Pension Plan or its assets, or the existence of facts which could reasonably be expected to give rise to any such proceeding, action, suit or claim (other than routine claims for benefits); (d) any event respecting any Canadian Pension Plan which would entitle any Person (without the consent of the applicable Credit Party) to wind-up or terminate any Canadian

Pension Plan, in whole or in part, or which could reasonably be expected to adversely affect the tax status thereof; (e) a material going concern unfunded actuarial liability, past service unfunded liability or solvency deficiency in excess of \$[200,000,000] exists with respect to any single Canadian Pension Plan to the best of the Credit Party's knowledge or as revealed in actuarial valuation reports filed with applicable Governmental Authorities; or (f) the occurrence of an improper withdrawal or transfer of assets from any Canadian Pension Plan.

"Capital Expenditures" means, for any Person for any period, the sum (without duplication) of all expenditures made, directly or indirectly, by such Person or any of its Subsidiaries during such period for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have been or should be, in accordance with GAAP, reflected as additions to property, plant or equipment on a Consolidated balance sheet of such Person.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Cash Equivalents" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case, maturing within six months from the date of acquisition thereof; (b) commercial paper, maturing not more than 270 days after the date of issue rated P-1 by Moody's or A-1 by Standard & Poor's; (c) certificates of deposit maturing not more than 270 days after the date of issue, issued by commercial banking institutions and money market or demand deposit accounts maintained at commercial banking institutions, each of which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$500,000,000; (d) repurchase agreements having maturities of not more than 90 days from the date of acquisition which are entered into with major money center banks included in the commercial banking institutions described in clause (c) above and which are secured by readily marketable direct obligations of the United States Government or any agency thereof; (e) money market accounts maintained with mutual funds having assets in excess of \$2,500,000,000; (f) tax exempt securities rated A or higher by Moody's or A+ or higher by Standard & Poor's; and (g) marketable direct obligations issued or unconditionally guaranteed by the Canadian Government or issued by any agency thereof and backed by the full faith and credit of Canada, in each case, maturing within six months from the date of acquisition thereof.

"CCAA" has the meaning specified in the Preliminary Statements hereto.

"CCAA Court" has the meaning specified in the Preliminary Statements hereto.

"CCAA Filing Date" has the meaning specified in the Preliminary Statements hereto.

"CCAA Orders" means, collectively, the Initial Order and all other orders issued or to be issued by the Canadian Court in connection with the CCAA Proceedings.

"CCAA Proceedings" has the meaning specified in the Preliminary Statements hereto.

"Charges" means the security interests and charges granted over the Property of the Credit Parties pursuant to the DIP Financing Orders having the priority set out in the DIP Financing Orders.

"CIT" means CIBC Asset Based Lending Inc. (formerly named CIT Business Credit Canada Inc.).

"CIT DIP Charge" means the court-ordered charge in the principal amount of \$8,000,000 plus interest, fees and expenses over the Property of each of the Credit Parties to secure all amounts owing by the Credit Parties to CIT under the CIT DIP Facility, having the priority set out in the DIP Financing Orders.

"CIT DIP Documents" means, collectively, the CIT Financing Agreement and all other documents, instruments and agreements entered into by any Credit Party in connection with the CIT Financing Agreement and the CIT DIP Facility.

"CIT DIP Facility" means all advances, including letters of credit, made by CIT to the Credit Parties from and after April 28, 2010 under the CIT Financing Agreement by way of a debtor-in-possession letter of credit facility, up to the maximum principal amount of \$8,000,000.

"CIT Financing Agreement" means the Second Amended and Restated Financing Agreement dated as of May 2, 2008 between the Borrower, the Guarantors, the lenders party thereto from time to time, as lenders, and CIT, as agent, as amended by amendment no. 1 dated as of September 22, 2008 and as further amended by amendment no. 2 dated as of April 28, 2010.

"Collateral" means, in respect of each Credit Party, all present and future Property of such Credit Party subject to the Liens, privileges, priorities and security interests purported to be created by any Collateral Document and the DIP Charge.

"Collateral Agent" has the meaning set forth in the Preliminary Statements hereto.

"Collateral Documents" means, collectively, the DIP Financing Orders and any other security agreement, pledge agreement, mortgage or other documents delivered pursuant to Section 5.01(j) or otherwise that creates or purports to create a Lien in favour of the Collateral Agent for the benefit of the Secured Parties.

"Commitment" means, with respect to any Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Commitment" or, if such Lender has entered into an Assignment and Acceptance, the amount set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 9.07 as such Lender's "Commitment."

"Confidential Information" means any and all material non-public information delivered or made available by any Credit Party or any Subsidiary relating to any Credit Party or any Subsidiary or their respective businesses, other than any such information that is or has been made available publicly by a Credit Party or any Subsidiary.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Courts" means, collectively, the U.S. Court and the CCAA Court, or any other court having jurisdiction over the Proceedings from time to time.

"Credit Parties" means, collectively, the Borrower and the Guarantors.

"D&O Charge" means the court-ordered charge for directors and officers in an aggregate amount not to exceed \$30,000,000 Canadian Dollars securing the Credit Parties' indemnity in favour of the directors and officers of the Credit Parties (as set forth more fully in paragraphs 24 and 25 of the Initial Order).

“Debt” of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all indebtedness of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under Capitalized Leases, (f) all obligations of such Person (other than pursuant to any employee benefit plan or incentive compensation plan) under acceptances, letter of credit or similar facilities, (g) all mandatory obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in cash in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends, (h) all Guarantee Obligations of such Person and (i) all indebtedness and other payment Obligations referred to in clauses (a) through (i) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment Obligations.

“Debtor Relief Laws” means the Bankruptcy Code, the CCAA, the BIA and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, Canada or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Default Interest” has the meaning specified in Section 2.09.

“DIP Commitment” means an amount up to \$25,000,000.

“DIP Charge” means the court-ordered charge in the amount of \$25,000,000 over all of the Property of each of the Credit Parties to secure all Obligations, having the priority set out in the DIP Financing Orders.

“DIP Facility” has the meaning specified in the Preliminary Statements hereto.

“DIP Financing Orders” means collectively, the Initial Order, the US Orders and all other orders issued or to be issued by the Courts in connection with the Proceedings in respect of the DIP Facility, the DIP Charge and this Agreement.

“Effective Date” has the meaning set out in the Preliminary Statements hereto.

“Eligible Assignee” means (i) BAM; (ii) an Affiliate of BAM; (iii) an Approved Fund of BAM; (iv) the Initial Lenders; (v) an Affiliate of the Initial Lenders; (vi) an Approved Fund of the Initial Lenders; and (vii) any other Person (other than an individual) approved by the Required Lenders; provided, however, that neither any Credit Party nor any Affiliate of a Credit Party shall qualify as an Eligible Assignee under this definition; and provided, further, that no Person that is a competitor or

Affiliate of a competitor of the Credit Parties in the paper or forest products industry shall qualify as an Eligible Assignee under this definition.

“Environmental Action” means any action, suit, demand, demand letter, claim, notice of noncompliance or violation, notice of liability or potential liability, investigation, proceeding, order or agreement (including any obligations to indemnify) relating in any way to any Environmental Law, any Environmental Permit, any Hazardous Material, or arising from alleged injury or threat to public health or safety or, employee health or safety, as such relates to exposure to Hazardous Material, or to natural resources or the environment, including, without limitation, (a) by any governmental or regulatory authority or third party for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

“Environmental Law” means any applicable federal, state, provincial, municipal, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction or decree, or legally binding judicial or agency interpretation, relating to pollution or protection of the environment, public health or safety, as such relates to exposure to Hazardous Material, employee health or safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

“Environmental Permit” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“Equity Interests” means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any Person that for purposes of Title IV of ERISA is a member of the controlled group of any Credit Party, or under common control with any Credit Party, within the meaning of Section 414(b), (c), (m) or (o) of the Internal Revenue Code.

“ERISA Event” means, except where such event has been approved by the U.S. Court in connection with the US Proceedings at the Effective Date, (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any ERISA Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of an ERISA Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such ERISA Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to an ERISA Plan; (c) the provision by the administrator of any ERISA Plan of a notice of intent to terminate such ERISA Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in

Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Credit Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Credit Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any ERISA Plan; or (g) the institution by the PBGC of proceedings to terminate an ERISA Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, such ERISA Plan.

“ERISA Plan” means a Single Employer Plan or a Multiple Employer Plan.

“Event of Default” has the meaning set forth in Section 7.01.

“Excluded Property” means:

(i) assets owned by a Subsidiary if 100% of the Equity Interests of such Subsidiary are not owned by one or more Credit Parties, and Equity Interests issued by any such Subsidiary to the extent that agreements with one or more other shareholders of such Subsidiary would prohibit the pledge of such Equity Interests to the Collateral Agent;

(ii) any assets to the extent that, and for so long as, taking a security interest in such assets would violate any Applicable Law or regulation;

(iii) any leasehold interests in real property;

(iv) any equipment or other asset owned by a Credit Party that is subject to a purchase money lien or a Capitalized Lease obligation, if the contract or other agreement in which the Lien is granted (or the documentation providing for such Capitalized Lease obligation) prohibits or requires the consent of any Person other than such Credit Party as a condition to the creation of any other security interest on such equipment or asset;

(v) any rights under any lease, contract or agreement to the extent that the granting of a security interest therein is specifically prohibited in writing by, or would constitute an event of default under or would grant a party a termination right under any agreement governing such right unless such prohibition is not enforceable or is otherwise ineffective under Applicable Law; provided, however, that this clause (v) shall not affect, limit, restrict or impair the grant by any Credit Party of a security interest in any Account, money or other amounts due and payable to any Credit Party or to become due and payable to any Credit Party under such lease, contract or agreement unless such Security Interest in such Account, money or other amount due and payable is also specifically prohibited by the terms of such lease, contract or agreement or such security interest in such Account, money or other amount due and payable or would expressly constitute an event of default under or would expressly grant a party a termination right under any such lease contract or agreement, in each case unless such prohibition is not enforceable or is otherwise ineffective under Applicable Law; provided, further, that notwithstanding anything to the contrary contained in the foregoing proviso, the security interests granted herein shall immediately attach to and the term “Collateral” shall immediately include the rights under any such lease, contract, or agreement and in such Account, money, or other amounts due and payable to any Credit Party at such time as such prohibition, event of default or termination right shall terminate or shall be waived; and

(vi) any Avoidance Actions.

“Excluded Taxes” means Income Taxes imposed directly on an Indemnified Party (or its members or shareholders) in respect of payments hereunder or under any other Loan Documents.

“Fiscal Quarter” means any fiscal quarter of any Fiscal Year, which quarter shall end on or about the last day of each of March, June, September and December of such Fiscal Year in accordance with the fiscal accounting calendar of the Borrower and its Subsidiaries.

“Fiscal Year” means a fiscal year of the Borrower and its Subsidiaries ending on December 31.

“GAAP” means applicable generally accepted accounting principles, consistently applied.

“GAAP Subsidiaries” means, with respect to the Borrower, all Persons which are required to be Consolidated with the Borrower in accordance with GAAP, including, without limitation, the Guarantors.

“Governmental Authority” means any nation or government, any state, province, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign.

“Guarantee Obligation” means, with respect to any Person, any obligation or arrangement of such Person to guarantee or intended to guarantee any Debt (***“primary obligations”***) of any other Person (the ***“primary obligor”***) in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the primary obligation of a primary obligor, (b) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or (c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof. The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Guarantee Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

“Guaranteed Obligations” has the meaning specified in Section 6.01.

“Guarantee Supplement” has the meaning specified in Section 6.05.

“Guarantors” means the Persons described in the Preliminary Statements together with each subsequently organized or acquired, direct and indirect wholly-owned Subsidiary of the Borrower and, as of the date of such requirement, each other Subsidiary that shall be required to execute and deliver a guarantee pursuant to Section 6.01.

"Hazardous Materials" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, mold, greenhouse gases and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous, toxic, a contaminant or words of similar import under any Environmental Law.

"Income Taxes" means taxes that are imposed on the overall net income (and franchise taxes imposed in lieu thereof) of any Person by the federal government of Canada or the province or foreign jurisdiction (or any political subdivision thereof) under the laws of which such Person is organized or in which it carries on business.

"Indemnified Party" has the meaning specified in Section 2.17(a).

"Initial Lender" means Brookfield and/or any of its Affiliates and Approved Funds.

"Initial Order" has the meaning specified in the Preliminary Statements hereto.

"Insurance and Condemnation Event" means the receipt by the Borrower or any of its Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective property or assets.

"Interest Period" means the period commencing on the Borrowing Date and ending on the numerically corresponding day (or if there is no corresponding day, the last day) in the calendar month that is one (1), two (2) or three (3) months, as the Borrower may designate by delivery of notice received by the Administrative Agent not later than 2:00 p.m. (Toronto time) on the third (3rd) Business Day prior to the first day of such Interest Period, after the month in which the Borrowing Date occurs and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the numerically corresponding day (or if there is no corresponding day, the last day) in the calendar month that is one (1) month, two (2) months or three (3) months after the last day of the immediately preceding Interest Period; provided, however, that (A) if any Interest Period would end on a day that is not a LIBOR Business Day, such Interest Period shall be extended to the next succeeding LIBOR Business Day unless such next succeeding LIBOR Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding LIBOR Business Day, and (B) the final Interest Period shall end on or prior to the Maturity Date.

"Inventory" has the meaning specified in the PPSA and the UCC, as applicable.

"Investment" means, with respect to any Person, (a) any direct or indirect purchase or other acquisition (whether for cash, securities, property, services or otherwise) by such Person of, or of a beneficial interest in, any Equity Interests or Debt of any other Person, (b) any direct or indirect purchase or other acquisition (whether for cash, securities, property, services or otherwise) by such Person of all or substantially all of the property and assets of any other Person or of any division, branch or other unit of operation of any other Person, (c) any direct or indirect loan, advance, other extension of credit or capital contribution by such Person to, or any other investment by such Person in, any other Person (including, without limitation, (i) any arrangement by which one Person pays expenses of another Person and (ii) any arrangement pursuant to which the investor incurs indebtedness of the types referred to in clause (h) or (i) of the definition of **"Debt"** set forth in this Section 1.01 in respect of such other Person) and (d) any written agreement to make any Investment.

"Issuing Bank" means the bank issuing Letters of Credit for the Borrower with the assistance of the Administrative Agent.

"Lender Appointment Period" has the meaning specified in Section 8.07.

"Lenders" means the Initial Lender, and any other Person that may become a Lender in accordance with Section 9.07 hereof for so long as such Initial Lender or Person, as the case may be, shall be a party to this Agreement.

"Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, as the case may be, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

"Letter of Credit" means one or more letters of credit or letters of guarantee issued or provided by the Administrative Agent, a Lender or an Issuing Bank for or on behalf of the Borrower in an aggregate amount up to but not exceeding the DIP Commitment in accordance with the terms of this Agreement.

"Letter of Credit Fee" means, at any time, in respect of each Letter of Credit, a fee in an amount equal to the cost to the Lenders of arranging and maintaining the Letter of Credit plus 1.75% payable in accordance with the terms of this Agreement.

"LIBOR" means, an interest rate per annum equal to the higher of (a) 3.00%, and (b) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in US Dollars at 11:00 a.m. (London time) two (2) Business Days before the first (1st) day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term **"LIBOR"** shall mean, for any Interest Period for all LIBOR Advances comprising part of the same Borrowing, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters LIBOR01 Page as the London interbank offered rate for deposits in US Dollars at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first (1st) day of such Interest Period for a term comparable to such Interest Period); provided, however, if more than one rate is specified on Reuters LIBOR01 Page, the applicable rate shall be the arithmetic mean of all such rates).

"LIBOR Business Day" means a Business Day on which dealings in US Dollars are carried on in the London interbank market and on which commercial banks are open for business in London, United Kingdom.

"LIBOR Loan" means, at any time, any Loan which is outstanding at such time and in respect of which interest is to be calculated based on LIBOR and **"LIBOR Loans"** means, at any time, all LIBOR Loans at such time.

"Lien" shall mean, with respect to any property of any Person, any mortgage, lien, deed of trust, hypothecation, fiduciary transfer of title, assignment by way of security, pledge, charge, lease, sale and lease-back arrangement, easement, servitude, trust arrangement, or security interest or encumbrance of any kind in respect of such property, or any preferential arrangement having the practical effect of constituting a security interest with respect to the payment of any obligation with, or from the proceeds of, any property of any kind (and a Person shall be deemed to own subject to a Lien any property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property).

"Loan" means, at any time and in respect of the DIP Facility, the principal amount of all Obligations then outstanding under the DIP Facility made by the Lenders to the Borrower pursuant to this Agreement.

"Loan Documents" means (i) this Agreement, (ii) the Notes, if any, (iii) the Collateral Documents, (iv) the DIP Financing Orders and (v) any other document, agreement or instrument executed and delivered by a Credit Party pursuant to the Loan Documents, in each case as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Material Adverse Change" means any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, financial or other condition, operations or properties of the Borrower and its Subsidiaries, taken as a whole, (b) the validity or enforceability of any of the Loan Documents, the priority of the Liens created thereby or the rights and remedies of the Administrative Agent or any Lender thereunder, (c) the ability of any Credit Party to perform its Obligations under any Loan Document to which it is or is to be a party, or (d) the amount which the Lenders would be likely to receive upon the liquidation of the Collateral.

"Material Subsidiary" means, at any time, a Subsidiary of the Borrower having assets in an amount equal to at least 5% of the amount of total Consolidated and combined assets of the Credit Parties and their respective Subsidiaries or revenues or net income in an amount equal to at least 5% of the amount of total combined revenues or net income of Credit Parties and their respective Subsidiaries.

"Maturity Date" means (i) six (6) months after the Effective Date if a Reorganization Plan has not been submitted to the CCAA Court, (ii) nine (9) months after the Effective Date if an approval order in form and substance satisfactory to the Required Lenders approving a Reorganization Plan has not been entered by the CCAA Court, (iii) 12 months following the Effective Date, (iv) the effective date of the Reorganization Plan of the Credit Parties or the emergence of the Credit Parties from the Proceedings, and (v) the acceleration of the Obligations and the termination of the Commitments in accordance with this Agreement.

"Moody's" shall mean Moody's Investors Service, Inc., or any successor organization thereto.

"Monitor" means PricewaterhouseCoopers Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Credit Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Credit Party or any ERISA Affiliate and at least one Person other than the Credit Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Credit Party or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Net Cash Proceeds" means, as applicable;

(a) with respect to any Asset Disposition, the gross cash proceeds received by any Credit Party therefrom less the sum of the following, without duplication: (i) selling expenses incurred in connection with such Asset Disposition (including reasonable brokers' fees and commissions, legal, accounting and other professional and transactional fees determined acceptable by the Required Lenders in their reasonable discretion, transfer and similar taxes and the Credit Party's reasonable good faith estimate of income taxes paid or payable in connection with such sale), (ii) the principal amount, premium or penalty, if any, interest and other amounts on any Debt (including, without limitation, Debt under the Existing Facilities) secured by a Lien having priority to the Lien of the Collateral Agent on the assets (or a portion thereof) sold in such Asset Disposition, which Debt is repaid with such proceeds, (iii) reasonable reserves with respect to post-closing adjustments, indemnities and other contingent liabilities established in connection with such Asset Disposition (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds), and (iv) the Borrower's reasonable good faith estimate of cash payments required to be made within ninety (90) days of such Asset Disposition with respect to retained liabilities directly related to the assets (or a portion thereof) sold in such Asset Disposition (provided that, to the extent that cash proceeds are not used to make payments in respect of such retained liabilities within ninety (90) days of such Asset Disposition, such cash proceeds shall constitute Net Cash Proceeds);

(b) with respect to any Insurance and Condemnation Event, the gross cash proceeds received by the Borrower or any of its Subsidiaries therefrom less the sum of the following, without duplication: (i) all fees and expenses in connection therewith and (ii) the principal amount, premium or penalty, if any, interest and other amounts on any Debt secured by a first priority Lien on the assets (or a portion thereof) subject to such Insurance and Condemnation Event, which Debt is repaid in connection therewith; and

(c) with respect to any issuance of Debt for borrowed money, the gross cash proceeds received by the Borrower or any of its Subsidiaries therefrom less all legal, underwriting and other fees and expenses incurred in connection therewith.

"Note" means a promissory note made by the Borrower in favour of a Lender evidencing Loans made by such Lender, substantially in the form of Exhibit B.

"Notice of Borrowing" means a notice of a borrowing, in the form of Exhibit C hereto, specifying therein the requested (i) date of such Borrowing, (ii) the Type of Advance, (iii) aggregate amount of such Advance and (iv) in the case of a LIBOR Advance, the initial Interest Period for each such Advance.

"Orders" means, collectively, the CCAA Orders, the US Orders and all other orders issued or to be issued by the U.S. Court in connection with the US Proceedings, and **"Order"** means any of the Orders.

"Obligations" means all obligations, liabilities and Debt of a Credit Party to the Administrative Agent or any Lender with respect to the principal of and interest on the Advances and the payment or performance of all other obligations, liabilities and the Debt of such Credit Party to the Administrative Agent or any Lender hereunder or arising under or pursuant to any one or more of the other Loan Documents or with respect to the Advances, including, without limitation, (i) all reimbursement and indemnity obligations of such Credit Party to the Administrative Agent or any Lender hereunder or in connection with any Letter of Credit or otherwise and (ii) all interest (including all interest that accrues after the commencement of any case or proceeding by or against a Credit Party under

any federal, provincial or state bankruptcy, insolvency, receivership or similar law, whether or not allowed in such case or proceeding), and all charges, expenses, fees, legal fees, filing fees and any other sums chargeable to such Credit Party hereunder, under another Loan Document, or under any other agreement or instrument with the Administrative Agent, any Lender or Issuing Bank.

"PBGC" means the Pension Benefit Guarantee Corporation or any successor agency.

"Permitted Liens" means Liens expressly permitted under Section 5.02(a).

"Permitted Payments" means (i) payment of all current monthly accrued and unpaid interest at the non-default rate under the CIT Financing Agreement and the DIP Facility; (ii) current payment pursuant to the terms of the Orders (as applicable) of all reasonable legal fees and expenses incurred by the administrative agent under the CIT DIP Facility and the DIP Facility; (iii) all claims subject to the Administration Charge; (iv) payment of any amount required to be paid by the Orders; and (v) payment of any amount permitted, but not required, to be paid under the Orders, to the extent such payment is provided for in an approved Budget, as provided for herein, and provided no default or Event of Default is then continuing.

"Person" means any individual, partnership (whether general or limited), corporation (including a business trust), joint stock company, limited liability company, trust, estate, association, custodian, nominee, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Post-Petition Interest" has the meaning specified in Section 6.06.

"PPSA" means *Personal Property Security Act* (Ontario) or any successor statute or similar legislation of any other Canadian jurisdictions, including the provisions of the Civil Code of Quebec of general application of taking security in movable property in the province of Quebec.

"Prepetition Debt" means all other Debt of the Credit Parties outstanding immediately prior to the commencement of the Proceedings.

"Proceedings" has the meaning specified in the Preliminary Statements hereto.

"Property" means any interest in any kind of property or asset, whether real (including chattels real), personal or fixed, movable or immovable, tangible or intangible.

"Reimbursement Obligations" means, at any date, the sum of the outstanding obligations of the Borrower to reimburse the Administrative Agent at such time to the extent that the Administrative Agent is obligated to reimburse the Issuing Bank at such time pursuant to any Letter of Credit.

"Related Parties" means, with respect to any Person, such Person's Affiliates and such Person's and such Person's Affiliates' respective partners, directors, officers, employees, agents and advisors.

"Reorganization Plan" means one or more plans of compromise or arrangement under the CCAA in respect of the Credit Parties, as recognized by the U.S. Court in the US Proceedings, as amended, modified, varied, or restated from time to time, in each case in form and substance acceptable to the Lenders in their sole discretion.

"Repayment Notice" means a repayment notice in the form of Exhibit E hereto.

"Required Lenders" means, at any time, Lenders owed or holding more than 50% of the sum of the Commitment and for so long as Brookfield, together with any of its Affiliates or Approved Funds, hold not less than 20% of the Commitments, Brookfield.

"Responsible Officer" means the chief executive officer, president, chief financial officer, chief restructuring officer, controller, secretary or treasurer of a Credit Party or any Person exercising managerial responsibilities equivalent to the foregoing. Any document delivered hereunder or under any other Loan Document that is signed by a Responsible Officer of a Credit Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Credit Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Credit Party.

"Secured Parties" means the Administrative Agent, the Collateral Agent and the Lenders.

"Secured Obligations" means the Obligations of the Credit Parties secured by the Loan Documents, as applicable.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Credit Party or any ERISA Affiliate and no Person other than the Credit Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Credit Party or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Standard & Poor's" or **"S&P"** shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor organization thereto.

"Stay of Proceedings" means the stay of proceedings against each of the Credit Parties and its Property and the stay of the exercise of rights and remedies against each of the Credit Parties and its Property contained in any of the Orders, in each case as it may be extended or amended by any other Order.

"Subordinated Obligations" has the meaning specified in Section 6.06.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding Equity Interests having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time Equity Interests of any other class or classes of such Person shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Term Sheet" has the meaning specified in the Preliminary Statements hereto.

"Type" refers to the distinction between Base Rate Advances and LIBOR Advances.

"UCC" means the Uniform Commercial Code as in effect, from time to time, in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a

jurisdiction other than the State of New York, "*UCC*" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"*U.S. Court*" has the meaning specified in the Preliminary Statements hereto.

"*US Dollars*" and "\$" each mean lawful currency of the United States of America.

"*U.S. Orders*" means, collectively, the US TRO Order, the US Preliminary Injunction Order, the US Recognition Order and all other orders issued by the U.S. Court in connection with the US Proceedings.

"*US Preliminary Injunction Order*" means the order of the U.S. Court issued on June 26, 2009 granting emergency authority to the Borrower to borrow under the DIP Facility, granting the Lenders super-priority liens and claims securing such borrowings, and authorizing the Stay of Proceedings.

"*US Proceedings*" has the meaning specified in the Preliminary Statements hereto.

"*US Recognition Order*" means the order of the U.S. Court granted on July 13, 2009, inter alia, recognizing the CCAA Proceeding as a foreign proceeding, recognizing the Initial Order, granting the DIP Charge and granting relief under Chapter 15 of the Bankruptcy Code.

"*US TRO Order*" means the order of the U.S. Court issued on June 26, 2009 granting emergency authority to the Borrower to borrow under the DIP Facility, granting super-priority liens and claims securing such borrowings, and authorizing the Stay of Proceedings.

"*Voting Interests*" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"*Withdrawal Liability*" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02 Interpretation. As used in this Agreement, the words "*include*", "*includes*" and "*including*" will be deemed to be followed by "*without limitation*". Pronouns in masculine, feminine, and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "*this Agreement*", "*herein*", "*hereof*", "*hereby*", "*hereunder*" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

ARTICLE II

THE FACILITY

SECTION 2.01 The Facility. Subject to the terms and conditions of this Agreement, the Initial Lender has established the DIP Facility in favour of the Borrower up to the amount of the DIP Commitment. The DIP Facility shall be available by way of Advances of (i) Base

Rate Loans in US Dollars; (ii) LIBOR Loans; and (iii) Letters of Credit in US Dollars as the Borrower may request in accordance herewith. The Borrower may increase or decrease the Obligations under the DIP Facility by making drawdowns, repayments and further drawdowns.

SECTION 2.02 Availability. Advances on the DIP Facility may be made on a revolving basis on or after the Effective Date and prior to (i) the Maturity Date, or (ii) any default or Event of Default, up to the amount of the DIP Commitment.

SECTION 2.03 Advances under DIP Facility. Each request by the Borrower for an Advance under the DIP Facility shall be made by the delivery of a duly completed and executed Notice of Borrowing or other form of notice acceptable to the Lender in its sole discretion to the Administrative Agent before 1:00 p.m. (Toronto time) on the Banking Day immediately preceding the proposed Borrowing Date. Any request in respect of a proposed Advance shall be irrevocable and binding on the Borrower. All Advances shall be in an amount which is an integral multiple of \$100,000.

SECTION 2.04 Repayment of the Loans. The Borrower shall repay on the Maturity Date the principal amount of the Loans then outstanding in full, together with all interest and other amounts required to be paid with respect thereto pursuant to and in accordance with this Agreement.

SECTION 2.05 Voluntary Prepayment of the Loans. The Borrower may, upon at least five (5) Business Days' notice (or such shorter notice period agreed by the Lenders) to the Administrative Agent, stating the proposed date and the aggregate principal amount of the prepayment, prepay the outstanding principal amount of the Loans in whole or in part, together with all interest and other amounts required to be paid pursuant to Section 2.10(c) and Section 2.14 in connection with such prepayment. Such prepayment shall be made by delivery of a Repayment Notice to the Administrative Agent or other form of notice acceptable to the Lender in its sole discretion.

SECTION 2.06 Mandatory Prepayment of the Loans. Subject to the Orders, each Credit Party shall, within three (3) Business Days of receipt of Net Cash Proceeds arising from (i) any Asset Disposition in respect of a sale or other disposition of any Property of any of the Credit Parties (including any sale of any Equity Interests in any of the Credit Parties) but excluding any Asset Disposition permitted by clauses (i) or (iii) of Section 5.02(h), (ii) any Insurance and Condemnation Event with respect to any Property of any of the Credit Parties, or (iii) no later than one (1) Business Day following the date of receipt of any Credit Party, the incurrence of Debt for borrowed money by any of the Credit Parties in excess of \$5,000,000 (other than Debt permitted by Section 5.02(b)), immediately pay or cause to be paid to the Administrative Agent for the account of the Lenders an amount equal to 100% of such Net Cash Proceeds; provided, however, that, so long as no Event of Default shall be continuing, any Credit Party may (A) with respect to any Net Cash Proceeds received in connection with the sale of any equipment in the ordinary course of business, upon any such receipt, reinvest such Net Cash Proceeds to acquire replacement equipment within the earlier of (i) the Maturity Date and (ii) 90 days following the date of receipt of such Net Cash Proceeds and (B) with respect to any Net Cash Proceeds received in connection with any Insurance and Condemnation Event, upon any such receipt, reinvest such Net Cash Proceeds to replace or repair the property or assets lost or damaged, in each case; provided, further, that no repayment shall be required hereunder as a result of any Net Cash Proceeds received by a Subsidiary that is not wholly-owned except to the extent such Net Cash Proceeds are distributed to the Borrower or a wholly-owned Subsidiary of the Borrower.

SECTION 2.07 Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of the Loans from the Borrowing Date until such principal amount shall

be paid in full, in arrears monthly, and (with respect to LIBOR Loans) at the end of each Interest Period, as follows:

(a) Base Rate Loans. During such periods as such Loan is a Base Rate Loan, a rate per annum equal at all times to the sum of (i) the Base Rate in effect from time to time plus (ii) the Applicable Margin in effect from time to time.

(b) LIBOR Loans. During such periods as such Loan is a LIBOR Loan, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (i) LIBOR for such Interest Period for such Loan plus (ii) the Applicable Margin in effect on the first day of such Interest Period.

SECTION 2.08 Conversion of Loans.

(a) The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 a.m. (Toronto time) on the third (3rd) Business Day prior to the date of the proposed conversion and subject to the provisions of Section 2.07 and Section 2.15, convert all or any portion of the Loans of one Type comprising the same Borrowing into Loans of the other Type; provided, however, that any conversion of LIBOR Loans into Base Rate Loans shall be effective only on the last day of an Interest Period for such LIBOR Loans. Each such notice of conversion shall, within the restrictions specified above, specify (i) the date of such conversion, (ii) the Loans to be converted and (iii) if such conversion is into LIBOR Loans, the duration of the initial Interest Period for such Loans. Each notice of conversion shall be irrevocable and binding on the Borrower.

(b) If the Borrower shall fail to select the duration of any Interest Period for any LIBOR Loan in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders, whereupon each such LIBOR Loan will automatically, on the last day of the then existing Interest Period therefor, convert into a Base Rate Loan.

(c) Upon the occurrence and during the continuance of an Event of Default, (x) each LIBOR Loan will automatically, on the last day of the then existing Interest Period therefor, convert into a Base Rate Loan and (y) the obligation of the Lenders to make, or to convert Loans into, LIBOR Loans shall be suspended.

SECTION 2.09 Default Interest.

(a) Upon the occurrence and during the continuance of an Event of Default, the Borrower shall pay interest ("**Default Interest**") on (i) the unpaid principal amount of the Loans, payable in arrears on the dates referred to in Section 2.07 and on demand, at a rate per annum equal at all times to 2% per annum above the applicable rate per annum required to be paid pursuant to Section 2.07 and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the applicable rate per annum required to be paid pursuant to Section 2.07.

(b) Anything set forth in this Agreement to the contrary notwithstanding, in no event shall the rate of interest payable by the Borrower on any amount hereunder cause the total amount of interest payable on the principal amount of the Loans to exceed the maximum amount permitted by Applicable Law.

SECTION 2.10 Payments and Computations; Additional Amounts.

(a) Computations of Interest. All computations of interest based on the Base Rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on LIBOR and fees shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) Agent's Account. The Borrower shall make each payment hereunder no later than 11:00 a.m. (Toronto time) on the day when due in immediately available US Dollars, to such account of the Administrative Agent as the Administrative Agent shall have notified the Borrower, for the ratable account of the Lenders.

(c) Additional Amounts. All payments of principal with respect to the Loans under this Agreement (whether at maturity, on prepayment or otherwise) shall be made together with (without duplication) (i) all accrued interest thereon to the date of such payment or prepayment on the principal amount paid or prepaid and (ii) any and all costs and expenses then due and owing hereunder pursuant to this Agreement.

(d) Notice. Each unscheduled payment under this Agreement shall be accompanied by written notice from the Borrower identifying the nature of the payment.

(e) Interest Act (Canada). Whenever a rate of interest hereunder is calculated on the basis of a year (the "*deemed year*") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

SECTION 2.11 Letters of Credit. The Letters of Credit shall have the following terms:

(a) Within the limits of the Commitments and the limitations contained in this Agreement, the Lenders agree to use commercially reasonable efforts to provide or the Administrative Agent agrees to use commercially reasonable efforts to assist the Borrower in obtaining Letters of Credit from an Issuing Bank containing the terms requested, denominated in US Dollars and, in an amount not to exceed the DIP Commitment less the amount of all other Obligations outstanding at any time and from time to time. The Administrative Agent's assistance for amounts in excess of the limitations set forth herein shall at all times and in all respects be in the Administrative Agent's sole discretion. The term, form and purpose of each Letter of Credit and all documentation in connection therewith, and any amendments, modifications or extensions thereof, must be acceptable to the Administrative Agent in its sole discretion.

(b) The Borrower shall satisfy Reimbursement Obligations promptly as they arise by way of a request for an Advance and all Loans made hereunder to satisfy the Reimbursement Obligations in respect of any Letter of Credit shall be remitted by the Administrative Agent to the Issuing Bank in accordance with such Letter of Credit (unless the Issuing Bank has already been fully reimbursed directly by the Borrower in respect of drawings under the Letter of Credit which is the subject of such Letter of Credit).

(c) If the Borrower fails to promptly satisfy the Reimbursement Obligations, the Borrower unconditionally and irrevocably authorizes the Administrative Agent and the Lenders to pay the amount of any demand made on the Administrative Agent or the Lenders under, in accordance with the terms of, pursuant to or in respect of any Letter of Credit provided by the Administrative Agent, the Lenders or the Issuing Bank on demand without requiring proof of the Borrower's agreement that the amount so demanded was due and notwithstanding that the Borrower may dispute the validity of any such demand or payment. Upon any such payments made to the Issuing Bank under a Letter of Credit, the Administrative Agent shall acquire by subrogation, any rights, remedies, duties or obligations granted or undertaken by the Borrower to the Issuing Bank in any application for Letters of Credit, any standing agreement relating to Letters of Credit or otherwise, all of which shall be deemed to have been granted to the Administrative Agent and apply in all respects to the Administrative Agent and shall be in addition to any rights, remedies, duties or obligations contained herein.

(d) The Administrative Agent and the Lenders shall have the right, without notice to the Borrower, to charge the Borrower's loan account with the amount of any and all indebtedness, liability or obligation of any kind incurred by the Administrative Agent or the Lenders under the Letters of Credit at the earlier of: (i) payment by the Administrative Agent or the Lenders under the Letters of Credit; or (ii) the occurrence and continuance of an Event of Default. Any amount so charged to the Borrower's loan account shall: (x) be deemed to constitute a Base Rate Loan under this Agreement; (y) incur interest at the applicable rates provided hereunder; and (z) be due and payable in accordance with the terms of this Agreement.

(e) The Borrower unconditionally indemnifies and saves each of the Administrative Agent and the Lenders harmless against any and all losses, costs, damages, expenses, claims, demands or liabilities which it may suffer or incur arising in any manner whatsoever in connection with any transaction or occurrence relating to the Letters of Credit established or opened for the Borrower's account, the collateral relating thereto and any drafts or acceptances thereunder, and all obligations, liabilities or claims thereunder. This indemnity shall survive the termination of this Agreement.

(f) Neither the Administrative Agent nor any of the Lenders shall have any responsibility or liability for, or duty to inquire into, the authorization, execution, signature, endorsement, correctness, genuineness or legal effect of any certificate or other document presented to them pursuant to any Letter of Credit and the Borrower fully and unconditionally assumes all risks with respect to the same and, without limiting the generality of the foregoing, all risks of the acts or omissions of any beneficiary of any Letter of Credit with respect to the use by any beneficiary of any Letter of Credit.

(g) Neither the Administrative Agent nor any of the Lenders shall be responsible for:

(i) the validity of certificates or other documents delivered under or in connection with any Letter of Credit that appear on their face to be in order, even if such certificates or other documents should in fact prove to be invalid, fraudulent or forged;

(ii) errors, omissions, interruptions or delays in transmission or delivery of any messages by mail, cable, telegraph, telefax or otherwise, whether or not they are in code;

(iii) errors in translation or for errors in interpretation of technical terms or for errors in the calculation of amounts demanded under any Letter of Credit;

(iv) any failure or inability by the Administrative Agent, any Lender, the Issuing Bank or anyone else to make payment under any Letter of Credit as a result of any

Applicable Law or by reason of any control or restriction rightfully or wrongfully exercised by any person asserting or exercising governmental or paramount powers; or

(v) any other consequences arising in respect of a failure by the Administrative Agent or any Lenders or the Issuing Bank to honour a Letter of Credit due to causes beyond the control of the Administrative Agent, such Lender or such Issuing Bank;

and none of the above shall affect or impair any of the rights or powers of the Administrative Agent or any Lender hereunder or the obligations of the Borrower under this Agreement. In furtherance and not in limitation of the foregoing provisions, it is agreed that any payment made by the Administrative Agent or any Lender in good faith under and in accordance with the terms of a Letter of Credit shall be binding upon the Borrower and shall not result in any liability of the Administrative Agent or any Lender to the Borrower and shall not lessen the obligations of the Borrower under this Agreement.

SECTION 2.12 Evidence of Debt. The Administrative Agent shall maintain an account or accounts evidencing the indebtedness of the Borrower to each Lender with respect to the Loan and this Agreement, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder; provided that the failure to so maintain any such account shall not impair any obligation of the Borrower to such Lender. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

SECTION 2.13 Use of Proceeds. The proceeds of the Loans shall be available (and the Borrower agrees that it shall use such proceeds) solely (i) to pay transaction costs, fees and expenses, which are incurred in connection with this Agreement, (ii) for working capital purposes, and (iii) for other general corporate purposes of the Borrower and its Subsidiaries, provided, however, that the proceeds of the Loans shall not be used to repay Prepetition Debt, except as permitted in the Initial Order.

SECTION 2.14 Fees.

(a) Standby Fees. The Borrower shall pay standby fees (the "*Standby Fees*") to each Lender making a Commitment on the unused portion of such Commitment. The standby fee will be calculated daily at the rate of 1.00% per annum and will be payable quarterly in arrears on the first (1st) Business Day of the following quarter.

(b) Letter of Credit Fees. The Borrower shall pay the Letter of Credit Fees to the Administrative Agent for the account of each Lender rateably in accordance with each Lender's Applicable Percentage with respect to the provision of such Letter of Credit. All such Letter of Credit Fees shall be calculated monthly in arrears on the last Business Day of each calendar month (and on the date on which the Commitments terminate) and each such calculated amount shall be payable on the first (1st) Business Day of the immediately following calendar month (or on the date on which the Commitments terminate, as the case may be); provided that all Letter of Credit Fees, together with all Standard Letter of Credit Fees (as defined below), accruing after the date on which the Commitments terminate shall be payable on demand. All Letter of Credit Fees payable pursuant to this Section 2.14(b) shall be computed on the basis of a year of 365 or 366 days, as the case may be, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Borrower also agrees to pay to the Administrative Agent, for the account of the Issuing Bank, the Issuing Bank's standard fees (the "*Standard Letter of Credit Fees*") with respect to the administration, handling,

amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Such standard fees shall be payable within three (3) days after demand by the Administrative Agent or the Issuing Bank. It is acknowledged and agreed by the Lenders that the Issuing Bank may charge fees and other amounts directly to the Administrative Agent as a condition to issuing Letters of Credit and such fees and other amounts, to the extent that the Administrative Agent has not been reimbursed therefor by the Borrower, shall be charged by the Administrative Agent against each Lender's rateable share (taking into account each such Lender's Applicable Percentage) of other amounts owing from the Administrative Agent to each Lender (including, without limitation, each such Lender's rateable share of Letter of Credit Fees).

(c) Exit Fees. The Borrower shall pay fees (the "**Exit Fees**") to each Lender in an amount equal to 1.00% of its Commitment under the DIP Facility, earned on the Effective Date and payable to such Lender upon the earlier of (i) the Maturity Date and (ii) repayment in full of the Obligations and cancellation of the DIP Facility. The Exit Fees shall be non-refundable once paid.

SECTION 2.15 Increased Costs, Etc. If, after the date hereof, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or of making, funding or maintaining a LIBOR Loan or a Letter of Credit (excluding, for purposes of this Section 2.15, any such increased costs resulting from (x) Taxes or Other Taxes (as to which Section 2.16 shall govern) and (y) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Lending Office or any political subdivision thereof), then the Borrower shall from time to time, within two (2) Business Days of demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost; provided, however, that a Lender claiming additional amounts under this Section 2.15 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to the Borrower by such Lender, shall be conclusive and binding for all purposes, absent manifest error. Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.15 shall not constitute a waiver of such Lender's right to demand such compensation.

SECTION 2.16 Break Funding Payments. In the event of (a) the failure by the Borrower to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered by the Borrower pursuant hereto, or (b) the payment or conversion of any principal of any LIBOR Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), or (c) the prepayment or conversion of any LIBOR Loan other than on the last day of the Interest Period applicable thereto, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 2.17 Taxes.

(a) Except as otherwise provided herein, any and all payments by any Credit Party to or for the account of any Lender or the Administrative Agent (each an "**Indemnified Party**") hereunder or

under any other Loan Document shall be made, in accordance with Section 2.10 or the applicable provisions of such other Loan Document, if any, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Indemnified Party, Excluded Taxes (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings being hereinafter referred to as "*Taxes*"). If any Credit Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Indemnified Party (i) the sum payable by such Credit Party shall be increased as may be necessary so that after all required deductions (including deductions applicable to additional sums payable under this Section 2.17) such Indemnified Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Credit Party shall make all such deductions and (iii) such Credit Party shall pay the full amount deducted to the relevant taxing authority or other authority in accordance with Applicable Law.

(b) In addition, each Credit Party shall pay any present or future sales stamp, documentary, excise, property, intangible, mortgage recording or similar taxes, charges or levies that arise from any payment made by such Credit Party hereunder or under any other Loan Documents or from the execution, delivery or registration of, performance under, or otherwise with respect to, this Agreement or the other Loan Documents (hereinafter referred to as "*Other Taxes*").

(c) The Credit Parties shall indemnify each Indemnified Party for and hold them harmless on an after-tax basis against the full amount of Taxes and Other Taxes (including, without limitation, Taxes of any kind imposed on or paid by such Indemnified Party) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor, which written demand shall be accompanied by copies of the applicable documentation evidencing the amount of such taxes.

(d) Within 30 days after the date of any payment of Taxes, the appropriate Credit Party shall furnish to the Administrative Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment, to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Initial Lenders. In the case of any payment hereunder or under the other Loan Documents by or on behalf of a Credit Party through an account or branch outside Canada or by or on behalf of a Credit Party by a payor that is not a Canadian resident person, if such Credit Party determines that no Taxes are payable in respect thereof, such Credit Party shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of subsections (d) and (e) of this Section 2.17, the term "*Canadian resident person*" shall have the meaning specified in the *Income Tax Act* (Canada).

(e) If any Lender determines, in its sole discretion, that it has actually and finally realized by reason of the refund or credit (but not any foreign tax credits) of any Taxes indemnified pursuant to this Section 2.17, a current monetary benefit that would result in the total payments under this Section 2.17 exceeding the amount needed to fully indemnify such Lender on an after-tax basis, such Lender shall pay to the Borrower or other Credit Party, as appropriate, with reasonable promptness, an amount equal to the lesser of the amount of such benefit or the amount of such excess, net of all expenses in securing such refund.

SECTION 2.18 Sharing of Payments, Etc. If any Lender shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise, other than as a result of an assignment pursuant to Section 9.07 other than to a Credit Party as

assignee (i) on account of Obligations due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (x) the amount of such Obligations due and payable to such Lender at such time to (y) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (ii) on account of Obligations owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (x) the amount of such Obligations owing to such Lender at such time to (y) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time, such Lender shall forthwith purchase from the other Lenders such interests or participating interests in the Obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender's ratable share (according to the proportion of (x) the purchase price paid to such Lender to (y) the aggregate purchase price paid to all Lenders) of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (x) the amount of such other Lender's required repayment to (y) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Credit Parties agree that any Lender so purchasing an interest or participating interest from another Lender pursuant to this Section 2.18 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such interest or participating interest, as the case may be, as fully as if such Lender were the direct creditor of the Credit Parties in the amount of such interest or participating interest, as the case may be.

SECTION 2.19 Judgment Currency. If for the purpose of obtaining judgment in any court it is necessary to convert all or any part of the liabilities or any other amount due to the Administrative Agent or any Lender in respect of any of the Obligations in any currency (the "*Original Currency*") into another currency (the "*Other Currency*"), each Credit Party, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Administrative Agent or such Lender could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is paid or satisfied. The obligations of the Credit Party in respect of any sum due in the Original Currency from it to the Administrative Agent or such Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in such Other Currency the Administrative Agent or such Lender may, in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to Administrative Agent or such Lender in the Original Currency, each Credit Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Administrative Agent or such Lender in the Original Currency, the Administrative Agent or such Lender agree to remit such excess to the relevant Credit Party.

ARTICLE III

CONDITIONS TO ADVANCES

SECTION 3.01 Conditions Precedent to each Borrowing. The several obligations of each Lender to make a Loan on the occasion of each Borrowing shall be subject to the conditions precedent that on the date of such Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing, shall constitute a representation and warranty by the Borrower that both on the date of such notice and on the date of such Borrowing such statements are true):

(a) the representations and warranties contained in each Loan Document, are true and correct in all material respects, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Borrowing, in which case as of such specific date;

(b) no event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom that constitutes a Default in respect of the DIP Facility or the CIT DIP Facility;

(c) the Borrower is in compliance in all respects with the Orders;

(d) the Maturity Date has not occurred; and

(e) no Material Adverse Change has occurred with respect to any of the Credit Parties or the business of any of the Credit Parties since the date of the issuance of the Initial Order.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of the Credit Parties. Each Credit Party represents and warrants as follows:

(a) Each of the Borrower and the Guarantors: (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified and in good standing in each jurisdiction in which the failure to so qualify would reasonably be expected to have a Material Adverse Effect; (ii) subject to the DIP Financing Orders, has the requisite power and authority to effect the transactions contemplated hereby, and by other Loan Documents to which it is a party; and (iii) subject to the entry of the DIP Financing Orders, has all requisite power and authority and the legal right to own, operate, pledge or mortgage its Property, and to conduct its business as now or currently proposed to be conducted except where the failure thereof would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Subject to the DIP Financing Orders, the execution, delivery and performance by each of the Borrower and the Guarantors of each of the Loan Documents to which it is a party: (i) are within the respective powers of each of the Borrower and the Guarantors, have been duly authorized by all necessary action including the consent of shareholders where required, and do not (A) contravene the charter or other organizational documents or by-laws of any of the Borrower or the Guarantors, (B) violate any law or regulation, or any order or decree of any court or Governmental Authority,

(C) conflict with or result in a breach of, or constitute a default under, any material indenture, mortgage or deed of trust entered into after the CCAA Filing Date or any material lease, agreement or other instrument entered into after the CCAA Filing Date binding on the Borrower or the Guarantors or any of their Property, except to the extent that all such violations, conflicts or breaches would not, in the aggregate, reasonably be expected to have a Material Adverse Effect, or (D) result in or require the creation or imposition of any Lien upon any of the Property of any of the Borrower or the Guarantors other than the Liens granted pursuant to this Agreement, other Loan Documents or the DIP Financing Orders, and (ii) do not require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority other than the entry of the DIP Financing Orders (other than consents, authorizations, approvals, notices, filings or registrations the failure of which to have been obtained would not, in the aggregate, reasonably be expected to have a Material Adverse Effect). Upon the entry by the Courts of the DIP Financing Orders, this Agreement has been duly executed and delivered by each of the Borrower and the Guarantors. This Agreement is, and each of the other Loan Documents to which the Borrower and each of the Guarantors is or will be a party, when delivered hereunder or thereunder, will be, a legal, valid and binding obligation of the Borrower and each Guarantor, as the case may be, enforceable against the Borrower and the Guarantors, as the case may be, in accordance with its terms and the DIP Financing Orders.

(c) The applicable Budget and all projected Consolidated balance sheets, income statements and cash flow statements of the Borrower and its Subsidiaries delivered to the Administrative Agent and Brookfield pursuant to Section 5.03 were prepared and will be prepared, as applicable, in good faith on the basis of the assumptions stated therein, which assumptions were fair and will be fair in the light of conditions existing at the time of delivery of such Budget or projections, as the case may be, and represented and will represent, at the time of delivery, the Borrower's good faith estimate of its future financial performance (it being understood that such projections are not a guarantee or warranty of future financial performance).

(d) There is no unstayed action, suit, or proceeding affecting any Credit Party or any of their Subsidiaries pending or, to the best knowledge of the Credit Parties, threatened before any court, governmental agency or arbitrator that (i) is reasonably expected to be determined adversely to the Credit Party and, if so adversely determined, would reasonably be expected to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any other Loan Document.

(e) No ERISA Event has occurred or is reasonably expected to occur with respect to any ERISA Plan that has resulted in or is reasonably expected to result in a Material Adverse Effect.

(f) The DIP Financing Orders and the Loan Documents create a valid and perfected security interest in the Collateral having the priority set forth in the DIP Financing Orders securing the payment of the Obligations. The Credit Parties are the legal and beneficial owners of the Collateral free and clear of any Lien, except for Permitted Liens.

(g) Each Credit Party and each of its Subsidiaries has filed or caused to be filed all tax returns and reports (federal, state, local and foreign) which are required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, together with applicable interest and penalties, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Credit Party or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(h) Prior to the CCAA Filing Date, each Canadian Pension Plan is, and has been, established, registered, qualified, administered and invested, in material compliance with the terms thereof and all Applicable Law; and except as otherwise disclosed on Schedule 4.01(h), no Credit Party has received, within the last three (3) years, any notice from any Person questioning or challenging such compliance (other than in respect of any claim related solely to that Person), and no Credit Party has knowledge of any such notice from any Person questioning or challenging such compliance beyond the last seven (7) years. Except as otherwise disclosed on Schedule 4.01(h), all obligations under any Canadian Pension Plan (whether pursuant to the terms thereof or Applicable Law) prior to the CCAA Filing Date have been satisfied, and there are no outstanding defaults or material violations thereunder by any Credit Party nor does any Credit Party have knowledge of any default or material violation by any other party to any Canadian Pension Plan. Except as otherwise disclosed on Schedule 4.01(h), all contributions or premiums required to be paid to or in respect of each Canadian Pension Plan have been paid in a timely fashion in accordance with the terms thereof and all Applicable Law, and no taxes, penalties or fees are owing or exigible under any Canadian Pension Plan. There is no material proceeding, action, suit or claim (other than routine claims for benefits) pending or threatened involving any Canadian Pension Plan or its assets except as otherwise disclosed on Schedule 4.01(h). Except as otherwise disclosed on Schedule 4.01(h), no event has occurred prior to the CCAA Filing Date respecting any Canadian Pension Plan which would entitle any Person (without the consent of applicable Credit Party) to wind-up or terminate any Canadian Pension Plan, in whole or in part, or which could, reasonably be expected to adversely affect the tax status thereof. Any prior withdrawals or transfers of assets from any Canadian Pension Plan have complied, in all material respects, with the terms of the relevant Canadian Pension Plan, any funding arrangement in respect of the Canadian Pension Plan (including all predecessor documents thereto) and any Applicable Law.

(i) Each of the Credit Parties hereby represents, warrants and covenants that, except as otherwise expressly provided in this paragraph, the Obligations will be secured by valid and enforceable security interests in the Property, and that the DIP Facility and each Loan Document (x) shall at all times constitute a superpriority claim in the Proceedings with such priority and subject to such terms and conditions as set out in the Orders, as applicable.

(j) The Consolidated balance sheet of the Borrower and its GAAP Subsidiaries as at December 31, 2009, and the related Consolidated statements of income and cash flows of the Borrower and its GAAP Subsidiaries for the Fiscal Year then ended, which have been furnished to the Lenders present fairly the financial condition and results of operations of the Borrower and its GAAP Subsidiaries as of such dates and for such periods all in accordance with GAAP (subject to year-end adjustments and in the case of unaudited financial statements, except for the absence of footnote disclosure).

ARTICLE V

COVENANTS OF THE CREDIT PARTIES

SECTION 5.01 Affirmative Covenants. So long as any Loan shall remain unpaid or any Lender shall have any Commitment hereunder, each Credit Party will:

(a) Corporate Existence. Preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except (i)(A) if in the reasonable business judgment of the Borrower or such Guarantor, as the case may be, it is in its best economic interest not to preserve and maintain such rights, privileges, qualifications, permits, licenses and franchises and the loss thereof is not materially disadvantageous to the Credit Parties, taken as a whole, and (B) such failure to preserve the same could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, and (ii) as otherwise permitted by Section 5.02(h).

(b) Compliance with Laws. Comply with all laws, rules, regulations, orders and other requirements of any Governmental Authority applicable to it or its Property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(c) Insurance. Keep its insurable properties insured at all times, against such risks, including fire and other risks insured against by extended coverage, as is customary with companies of the same or similar size in the same or similar businesses (subject to deductibles and including provisions for self-insurance); and maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any Property owned, occupied or controlled by the Borrower or any Guarantor, as the case may be, in such amounts and with such deductibles as are customary with companies of the same or similar size in the same or similar businesses and in the same geographic area and in each case with financially sound and reputable insurance companies (subject to provisions for self-insurance).

(d) Taxes. Pay and discharge and cause each of its Subsidiaries to pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its Property arising, or attributed to the period, after the CCAA Filing Date, before the same shall become in default, as well as all lawful claims for labour, materials and supplies or otherwise arising after the CCAA Filing Date which, if unpaid, would become a Lien or charge upon such Property or any part thereof; provided, however, that the Borrower and each Guarantor shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the (i) payment or discharge thereof shall be stayed pursuant to an Order, or (ii) the validity or amount thereof shall be contested in good faith by appropriate proceedings, in each case, if the Borrower and the Guarantors shall have set aside on their books adequate reserves therefor in conformity with GAAP.

(e) Access to Books and Records.

(i) Maintain or cause to be maintained at all times true and complete books and records in accordance with GAAP of the financial operations of the Borrower and the Guarantors; and provide the Lenders and their representatives access to all such books and records during regular business hours upon reasonable advance notice, in order that the Lenders may examine and make abstracts from such books, accounts, records and other papers for the purpose of verifying the accuracy of the various reports delivered by the Borrower or the Guarantors to the Administrative Agent or the Lenders pursuant to this Agreement or for otherwise ascertaining compliance with this Agreement and to discuss the affairs, finances and condition of the Borrower and the Guarantors with the officers and independent accountants of the Borrower; provided that the Borrower shall have the right to be present at any such visit or inspection.

(ii) Grant the Lenders access to and the right to inspect all reports, audits and other internal information of the Borrower and the Guarantors relating to environmental matters upon reasonable advance notice, but subject to appropriate limitations so as to preserve attorney-client privilege.

(iii) At any reasonable time and from time to time during regular business hours, upon reasonable notice, permit the Lenders and/or any representatives designated by the Lenders (including any consultants, accountants, lawyers and appraisers retained by the Lenders) to visit the properties of the Borrower and the Guarantors to conduct evaluations, appraisals, environmental assessments and ongoing maintenance and monitoring in connection with the

Collateral and all related systems; provided that representatives of the Borrower shall have the right to be present at any such visit.

(f) Use of Proceeds. Use the proceeds of the Loan solely for the purposes, and subject to the restrictions, set forth in Section 2.13.

(g) Validity of Loan Documents. Object to any application made on behalf of any Credit Party or by any Person challenging the validity of any Loan Document or the applicability or enforceability of any Loan Document or which seeks to void, avoid, limit, or otherwise adversely affect the DIR Charge, the security interest created by or in any Loan Document or any payment made pursuant thereto.

(h) Additional Guarantors. Cause each Subsidiary that hereafter becomes party to a Proceeding to execute a Guarantee Supplement within three (3) days of becoming party thereto; provided, however, that notwithstanding the foregoing, no Subsidiary will be required to become or remain a Guarantor or provide or maintain a Lien on any of its assets as security for any of the Obligations (i) if such Subsidiary is not a wholly-owned Subsidiary or does not otherwise fall within the definition of "Guarantor"; or (ii) to the extent doing so would (x) result in any material adverse tax consequences or (y) be prohibited by any Applicable Law.

(i) Environmental Matters. Comply, and cause each of its Subsidiaries and all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew, and cause each of its Subsidiaries to obtain and renew, all Environmental Permits necessary for its operations and properties and conduct, and cause each of its Subsidiaries to conduct, any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws, in each case to the extent the failure to so comply, obtain renew, remove or clean up would result in a Material Adverse Effect; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances.

(j) Further Assurances.

(i) Promptly upon reasonable request by the Administrative Agent, or any Lender through the Administrative Agent, correct, and cause each of its Subsidiaries promptly to correct, any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof.

(ii) Promptly upon reasonable request by the Administrative Agent, or any Lender through the Administrative Agent, do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, conveyances, pledge agreements, mortgages, deeds of trust, trust deeds, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments, including procuring any intercreditor agreements requested by the Lenders, as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably request from time to time in order to (A) carry out more effectively the purposes of the Loan Documents, (B) to the fullest extent permitted by Applicable Law, subject any Credit Party's Property to the Liens now or hereafter required to be covered by any of the Collateral Documents, (C) perfect and maintain the validity, effectiveness and priority of any of the

Collateral Documents and any of the Liens required to be created thereunder including the DIP Charge and (D) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Credit Party or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so.

(iii) Each of the Credit Parties hereby authorizes the Collateral Agent to file PPSA and UCC financing statements naming such Credit Party as debtor and describing the collateral covered thereby as "all assets", "all personal property", or using a similarly broad collateral description, in such jurisdictions that the Collateral Agent deems necessary or appropriate.

(k) Maintenance of Properties, Etc. Maintain and preserve all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, and will from time to time make or cause to be made all appropriate repairs, renewals and replacements thereof except where failure to do so would not have a Material Adverse Effect; provided that, this subsection (k) shall not prohibit the sale, transfer or other disposition of any such property consummated in accordance with the other terms of this Agreement.

(l) Compliance with Court Orders.

(i) The Credit Parties shall comply with all Orders issued by the CCAA Court or the U.S. Court in the Proceedings and none of the Orders shall have been reversed, modified, amended, stayed or vacated, in the case of any amendment or modification, without the prior written consent of the Required Lenders in their sole discretion.

(ii) The Credit Parties shall provide prompt written notice to the Initial Lender in reasonable detail prior to (i) any purchase offer that any Credit Party or a Subsidiary may receive with respect to any material asset, (ii) any plan or proposal to sell or otherwise dispose of any material asset of the Credit Parties or their material Subsidiaries, and (iii) any plan or proposal for the issuance of indebtedness by any Credit Party or any Subsidiary thereof, and, in each case, at the request of the Initial Lender, additional details with respect to any such offer, plan or proposal, to the extent not prohibited by bona fide confidentiality requirements.

SECTION 5.02 Negative Covenants. So long as any Loan shall remain unpaid, any Letter of Credit shall remain outstanding or any Lender shall have any Commitment hereunder, no Credit Party will, at any time:

(a) Liens. Incur, create, assume or suffer to exist any Lien on any Property of the Borrower or any of its Subsidiaries now owned or hereafter acquired by any of the Borrower or the Guarantors, other than:

(i) Liens in favour of the Collateral Agent and the Secured Parties;

(ii) Liens in connection with Debt permitted to be incurred pursuant to Section 5.02(b)(v) so long as such Liens extend solely to the Property (and improvements and proceeds of such Property) acquired with the proceeds of such Debt or subject to the applicable Capitalized Lease;

(iii) Liens securing the Charges;

(iv) (A) purchase money Liens on equipment acquired or held by any Credit Party or any of its Subsidiaries in the ordinary course of its business to secure the purchase price of such equipment or Debt incurred solely for the purpose of financing the acquisition of such equipment or (B) Liens existing on such equipment at the time of its acquisition; provided, however, that in the case of each of clauses (A) and (B), (x) no such Lien shall extend to or cover any other property of any Credit Party or any of its Subsidiaries, and (y) the aggregate principal amount of Debt secured by any or all such Liens shall not exceed at any one time outstanding \$1,000,000;

(v) Liens in existence on the Effective Date with respect to each Credit Party or any Subsidiary of a Credit Party, in each case described on Schedule 5.02(a)(v); provided that the scope of any such Lien shall not be increased, or otherwise expanded, to cover any additional Property or type of asset, as applicable, beyond that in existence on the Effective Date;

(vi) Liens for taxes, assessments and other governmental charges or levies not yet due or as to which the period of grace (not to exceed thirty (30) days), if any, related thereto has not expired or which are being contested in good faith and by appropriate proceedings promptly instituted and diligently conducted if adequate reserves are maintained to the extent required by GAAP;

(vii) the claims of materialmen, mechanics, carriers, warehousemen, repairmen, processors or landlords for labor, materials, supplies, rentals or other similar Liens incurred in the ordinary course of business, unexercised rights of set off, in each case with respect to amounts not yet delinquent or that are bonded or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(viii) Liens consisting of deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance or similar legislation;

(ix) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Credit Party or Subsidiary, in each case granted in the ordinary course of business in favour of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements; provided that, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (either directly or indirectly) the repayment of any Debt;

(x) purported Liens evidenced by the filing of precautionary UCC or PPSA financing statements relating solely to operating leases of personal property entered into in the ordinary course of business;

(xi) Liens in favour of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; and

(xii) Liens constituting encumbrances in the nature of zoning restrictions, easements (including reciprocal easement agreements), rights-of-way, municipal building and zoning ordinances and similar charges, utility agreements, covenants, reservations, restrictions,

encroachments, charges, encumbrances, or other similar restrictions, title defects or other irregularities that were not incurred in connection with and do not secure Debt and do not materially and adversely affect the use of the property encumbered thereby for the intended purposes and, which do not, in any case, impair (i) the use thereof in the ordinary conduct of business or (ii) the marketability or value of such property.

For greater certainty, the Administrative Agent and the Lenders are entering into this Agreement on the express understanding that no Credit Party will enter into, or permit any other Credit Party to enter into, any other credit arrangement which is secured in priority to or pari passu with the Obligations except as set forth herein.

(b) Debt. Contract, create, incur, assume or suffer to exist any Debt, or permit any of its Subsidiaries to contract, create, incur, assume or suffer to exist any Debt, except for:

(i) Debt (including Guaranteed Obligations) under this Agreement and the other Loan Documents;

(ii) Debt incurred prior to the CCAA Filing Date;

(iii) Debt arising from Investments among and between the Credit Parties that are permitted hereunder;

(iv) Debt in respect of netting services, customary overdraft protections and otherwise in connection with deposit accounts in the ordinary course of business;

(v) Debt with respect to Capitalized Leases and purchase money Debt (including any such Debt incurred to finance the acquisition, construction or improvement of any fixed or capital asset) in an aggregate amount not to exceed at any time \$5,000,000; and any refinancings, renewals and extensions of any such purchase money Debt;

(vi) Debt secured by the Charges under the Initial Order;

(vii) Debt owed to CIT under the CIT Financing Agreement and secured by the CIT DIP Charge up to a maximum principal amount of \$8,000,000; and

(viii) Debt of any of the Credit Parties as an account party in respect of trade letters of credit entered into in the ordinary course of business; provided that no such trade letter of credit shall be secured by any assets of any of the Credit Parties other than the assets being acquired or shipped pursuant to such letter of credit.

(c) Insolvency Claims. Subject to the DIP Financing Orders, incur, create, assume, suffer to exist or permit any claim that is pari passu with or senior to the Obligations, other than in accordance with the applicable DIP Financing Orders.

(d) Dividends; Capital Stock. Except to the extent contemplated by a Reorganization Plan which has been approved by the Lenders and sanctioned by the Courts, declare or pay, directly or indirectly, any dividends or make any other distribution, or payment, whether in cash, property, securities or a combination thereof, with respect to (whether by reduction of capital or otherwise) any shares of capital stock (or any options, warrants, rights or other equity securities or agreements relating to any capital stock) of any of the Credit Parties, or set apart any sum for the aforesaid purposes; provided that, so long as no Default has occurred and is then continuing:

(i) the Credit Parties or any of their Subsidiaries may make cash distributions or equity repurchases pursuant to employee benefit plans or incentive compensation plans, in each case to the extent such distributions constitute compensation to executives or employees of such Credit Party or of the applicable Subsidiary and in each case as approved by the applicable Court (whether or not such repurchase constitutes compensation); and

(ii) any Subsidiary of the Borrower may make distributions or pay dividends to the Borrower or any other Subsidiary of the Borrower that owns any Equity Interests in such Subsidiary and, in the case of a distribution or dividend by a Subsidiary that is not a wholly-owned Subsidiary, to each other owner of Equity Interests in such Subsidiary based on their relative ownership interests.

(e) Equity Issuances. Except to the extent contemplated by a Reorganization Plan which has been approved by the Lenders and sanctioned by the Courts, no Credit Party will authorize or issue any Equity Interests to any Person other than issuances of Equity Interests to such Credit Party or any other Credit Party.

(f) Transactions with Affiliates. Enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favourable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, provided that no Default or Event of Default exists or will occur either prior to or after giving effect to any such transaction; (ii) transactions with another Credit Party; or (iii) transactions approved by Brookfield.

(g) Investments. Make or hold, or permit any of its Subsidiaries to make or hold, any Investment in any Person, except for:

(i) Investments existing on the Effective Date, as set forth on Schedule Section 5.02(g) hereto, but not any increase in the amount thereof as set forth in such Schedule or any other material modification of the terms thereof;

(ii) Investments in cash and Cash Equivalents;

(iii) Investments by any Credit Party in any other Credit Party;

(iv) Investments (A) received in satisfaction or partial satisfaction thereof from financially troubled account debtors or in connection with the settlement of delinquent accounts and disputes with customers and suppliers, or (B) received in settlement of debts created in the ordinary course of business and owing to the Borrower or any Subsidiary or in satisfaction of judgments;

(v) Investments (A) in the form of deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with current market practices, (B) in the form of extensions of trade credit in the ordinary course of business, and (C) in the form of prepaid expenses and deposits to other Persons in the ordinary course of business; and

(vi) Investments made after the Effective Date in any Subsidiary formed after the Effective Date so long as (A) such Subsidiary is a Guarantor hereunder and (B) the Borrower and its Subsidiaries comply with the applicable provisions of Section 5.02(i).

(h) Fundamental Changes; Acquisitions; Asset Dispositions. Take any of the following actions, or permit any of its Subsidiaries to do any of the foregoing: (x) wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, (y) purchase or otherwise acquire, whether in one transaction or a series of related transactions, all or substantially all of the assets of any Person (or any division thereof), or (z) make any Asset Disposition; other than, with respect to this sub-clause (z):

(i) the sale of inventory in the ordinary course of business;

(ii) the sale of obsolete, worn-out or surplus assets in the ordinary course of business that are no longer used or usable in the business of the Borrower or any of its Subsidiaries;

(iii) the transfer of assets to the Borrower or any wholly-owned Subsidiary (provided that, in the case of any such transfer of assets, (A) if the transferee of such assets is a Credit Party, such Credit Party shall not pay more than the fair market value of such assets (determined as of the date of the applicable transfer) and (B) if the transferor of such assets is a Credit Party, the transferee shall not pay less than the fair market value of such assets (determined as of the date of the applicable transfer));

(iv) the disposition of cash or Cash Equivalents; and

(v) the sale of the property and assets of FNHL associated with the business and operations of FNHL located in Gorham, New Hampshire pursuant to the asset purchase agreement between FNHL and MB Growth Partners II, LP dated as of May 21, 2010.

(i) Nature of Business. Modify or alter, or permit any of its Subsidiaries to modify or alter, in any material manner the nature and type of its business as conducted at or prior to the CCAA Filing Date or the manner in which such business is currently conducted, it being understood that sales permitted by Section 5.02(h) and discontinuing operations expressly identified as operations to be discontinued in the Budget shall not constitute such a material modification or alteration.

(j) Amendments of Constitutive Documents. Amend its constitutive documents, except for amendments that would not reasonably be expected to adversely affect the interests of the Lenders.

(k) Accounting Changes. Make or permit any changes in (i) accounting policies or reporting practices, except (x) as permitted or required under GAAP and (y) solely in the case of reporting practices, in connection with any reporting to the Courts as required under the Proceedings, or (ii) its Fiscal Year.

(l) Negative Pledge; Payment Restrictions Affecting Subsidiaries. Enter into or allow to exist, or allow any Subsidiary to enter into or allow to exist, any agreement prohibiting or conditioning the ability of the Borrower or any such Subsidiary to (i) create any Lien upon any of its Property or assets, (ii) make dividends to, or pay any indebtedness owed to, any Credit Party, (iii) make loans or advances to, or other investments in, any Credit Party, or (iv) transfer any of its assets to any Credit Party other than (A) any such agreement with or in favour of the Administrative Agent or the

Lenders; (B) any agreement setting forth customary restrictions on the subletting, assignment or transfer of any Property or asset that is a lease, license, conveyance or contract of similar property or assets; (C) any restriction or encumbrance imposed pursuant to an agreement that has been entered into by the Borrower or any Subsidiary for the disposition of any of its property or assets so long as such disposition is otherwise permitted under the Loan Documents; (D) any such agreement imposed in connection with consignment agreements entered into in the ordinary course of business; (E) customary anti-assignment provisions contained in any agreement entered into in the ordinary course of business; (F) any agreement in existence on the CCAA Filing Date and any assumption of any such agreement permitted hereunder so long as the terms or provisions in connection with any such assumption relating to liens are no more restrictive than the agreement in effect on the CCAA Filing Date, (G) such encumbrances or restrictions required by Applicable Law, in each case as in effect on the Effective Date and (H) the CIT DIP Facility.

(m) Prepayments, Amendments, Etc. of Debt. (i) Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Debt except (A) regularly scheduled or required repayments or redemptions of Debt permitted hereunder, (B) any prepayments or redemptions of Debt in connection with a refunding or refinancing of such Debt permitted by Section 5.02(b), (C) any repayments of Debt to the Borrower or its Subsidiaries that was permitted to be incurred under this Agreement, (D) any repayment of Debt under the CIT DIP Facility or the DIP Facility from proceeds of assets securing such CIT DIP Facility or the DIP Facility, to the extent allowed pursuant to and subject to the terms and conditions of an Order of the Courts, or (E) Permitted Payments, or (ii) amend, modify or change in any manner adverse to the Lenders any term or condition of any Debt.

(n) Sales and Lease Backs. Except as set forth on Schedule 5.02(n), become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any Property, whether now owned or hereafter acquired (i) which such Credit Party has sold or transferred or is to sell or transfer to any other Person (other than another Credit Party) or (ii) which such Credit Party intends to use for substantially the same purpose as any other Property which has been or is to be sold or transferred by a Credit Party to any Person (other than another Credit Party) in connection with such lease.

(o) Additional CIT DIP Documents. No Credit Party will enter into any CIT DIP Document or any amendment, restatement or modification thereof unless a true and complete copy thereof has been delivered to the Administrative Agent, and such document, instrument or agreement is in form and substance satisfactory to the Administrative Agent in its sole discretion.

(p) Reorganization Plan. The Credit Parties will not (and will not apply to any court of competent jurisdiction for authority to) file any Reorganization Plan in the Proceedings that does not provide for the repayment in full in cash on the implementation date thereof of all of the Obligations or that is not otherwise satisfactory to the Administrative Agent and the Lenders in their sole discretion.

(q) Professional Retainers. Except as previously disclosed in writing to the Administrative Agent, no Credit Party shall (i) enter into or make any payments on account of new retainers of professionals or advisors, (ii) establish or fund any directors or employees trust, or (iii) purchase or fund any additional directors' and officers' insurance, in each case unless otherwise approved by the Administrative Agent and the Monitor.

SECTION 5.03 Reporting Requirements. So long as any Loan shall remain unpaid or any Lender shall have any Commitment hereunder, each Credit Party will furnish to the Administrative Agent:

(a) Default Notice. As soon as possible and in any event within two (2) Business Days after any Responsible Officer of the Borrower has knowledge of the occurrence of any Default or within three (3) Business Days after any Responsible Officer of any Credit Party has knowledge of the occurrence of any event, development or occurrence reasonably likely to have a Material Adverse Effect continuing on the date of such statement, a statement of a Responsible Officer (or person performing similar functions) of such Credit Party setting forth details of such Default or other event and the action that the Credit Parties have taken and propose to take with respect thereto.

(b) Annual Financials. As soon as available and in any event within [120] days after the end of each Fiscal Year, on a consolidated basis, commencing with the Fiscal Year ending December 31, 2009, a copy of the annual audit report for such Fiscal Year, including therein a Consolidated balance sheet of the Credit Parties, as of the end of such Fiscal Year and Consolidated statements of income and cash flows of the Credit Parties, for such Fiscal Year, in each case accompanied by (A) in the case of the financial statements of the Borrower and its GAAP Subsidiaries, an opinion of independent public accountants of recognized national standing reasonably acceptable to the Required Lenders and (B) a certificate of a Responsible Officer of the Borrower stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto.

(c) Monthly Financials. Upon the written request of the Lenders, deliver to the Lenders, on a consolidated basis: (i) monthly financial statements of the Borrower and its GAAP Subsidiaries due on or before the 30th day after month-end, in the case of the first two months of each Fiscal Quarter, and the 60th day after month-end, in the case of the third month of each Fiscal Quarter, and certified by a Responsible Officer of the Borrower, (ii) a report of monthly mill-level earnings before interest, taxes, depreciation and amortization and (iii) such other financial information required to be delivered to the Courts for such month, which information shall be in form and detail reasonably satisfactory to the Required Lenders, and, without duplication, a comparison of such financial information with the projections for such month in the Budget all in reasonable detail and duly certified by a Responsible Officer of the Borrower. In addition, no later than the last Business Day of each calendar month, and on any other date on which the Borrower may deliver the same to the Courts, a supplement to the Budget setting forth on a weekly basis for the next thirteen weeks (commencing with the immediately succeeding calendar week) an updated forecast of the information contained in the Budget for such period and a written set of supporting assumptions, all in form and substance reasonably satisfactory to the Required Lenders.

(d) Quarterly Financials. On a consolidated basis, in each case commencing with the Fiscal Quarter ending June 30, 2010, as soon as available and in any event within 60 days after the end of each of the first three quarters of each Fiscal Year, balance sheets of the Borrower and its GAAP Subsidiaries as of the end of such quarter, and statements of income and cash flows of the Borrower and its GAAP Subsidiaries for the period commencing at the end of the previous quarter and ending with the end of such quarter, and statements of income and cash flows of the Borrower and its GAAP Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth, in each case in comparative form the corresponding figures for the corresponding period of the immediately preceding Fiscal Year, all in reasonable detail and duly certified (subject to normal year-end audit adjustments and subject to any adjustments that might be required as a result of goodwill impairment testing) by a Responsible Officer of the Borrower as having been prepared in accordance with GAAP, together with a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto.

(e) Bankruptcy Pleadings and Other Information. Promptly after the same is available, advance copies of all pleadings (to the extent practicable), motions, applications, judicial information, financial information and other documents to be filed by or on behalf of any of the Credit Parties with the Courts in the Proceedings, or distributed by or on behalf of any of the Credit Parties to any committee appointed in the Proceedings, providing copies of same to the Lenders and counsel for the Administrative Agent.

(f) Budget. No later than 5:00 p.m. (Toronto time) on each Friday of each week following the Effective Date, upon the request of the Lenders, (i) a Budget, and (ii) as promptly as possible following delivery of a Budget and in no event later than five (5) Business Days following such delivery, a reporting package, consistent with the reporting package provided to the Lenders as of the Effective Date, which includes, among other things, a variance discussion and such other information as may be reasonably requested by the Administrative Agent and certified by a Responsible Officer. Any proposed variance, or derogation from the Budget shall require prior written approval of the Required Lenders in their sole discretion. The Required Lenders shall have the right to approve (in their sole discretion) the Budget at the beginning of the first week of each calendar month and in advance of each submission of the Budget to any Court.

(g) Budget Variance Report. No later than the last Business Day of each calendar week (commencing with the calendar week starting immediately after the Effective Date), a Budget Variance Report as of the end of the immediately preceding calendar week upon request of the Lenders.

(h) ERISA Events and ERISA Reports. (i) Promptly and in any event within three (3) Business Days after any Credit Party or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred with respect to an ERISA Plan, a statement of a Responsible Officer of the Borrower describing such ERISA Event and the action, if any, that such Credit Party or such ERISA Affiliate has taken and proposes to take with respect thereto and (ii) on the date any records, documents or other information must be furnished to the PBGC with respect to any ERISA Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information.

(i) Canadian Pension Plan Events. Promptly and in any event within three (3) Business Days after any Credit Party knows that a Canadian Pension Plan Event has occurred, evidence of such Canadian Pension Plan Event.

(j) Plan Terminations. Promptly and in any event within three (3) Business Days after receipt thereof by any Credit Party or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any ERISA Plan or to have a trustee appointed to administer any ERISA Plan.

(k) Actuarial Reports. Promptly upon receipt thereof by any Credit Party or any ERISA Affiliate, a copy of the annual actuarial valuation report for each ERISA Plan, the funding target attainment percentage (as defined in Section 303(d)(2) of ERISA) of which is less than 90%.

(l) Multiemployer Plan Notices. Promptly and in any event within three (3) Business Days after receipt thereof by any Credit Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (i) the imposition on such Person of Withdrawal Liability by any such Multiemployer Plan, (ii) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (iii) the amount of liability incurred, or that may be incurred, by such Credit Party or any ERISA Affiliate in connection with any event described in clause (i) or (ii) above.

(m) Litigation. Promptly after the commencement thereof, notice of each unstayed action, suit, investigation, litigation and proceeding before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting any Credit Party or any of its Subsidiaries that (i) is reasonably likely to be determined adversely and if so determined adversely could be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement any other Loan Document, the DIP Charge or the consummation of the transactions contemplated hereby.

(n) Environmental Conditions. Promptly after the assertion or occurrence thereof, notice of any Environmental Action against or of any non-compliance by any Credit Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that could reasonably be expected to (i) result in a liability in excess of \$100,000 or (ii) cause any real property to be subject to any material restrictions on ownership, occupancy, use or transferability.

(o) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Credit Party or any of its Subsidiaries as any Lender (through the Administrative Agent), the Administrative Agent or any of their advisors may from time to time reasonably request.

ARTICLE VI

GUARANTEE

SECTION 6.01 Guarantee; Limitation of Liability.

(a) Each Guarantor, jointly and severally, hereby absolutely, unconditionally and irrevocably guarantees the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all Obligations of each other Credit Party, including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations (such Obligations being the "*Guaranteed Obligations*"), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise, and agrees to pay any and all expenses (including, without limitation, fees and expenses of counsel) incurred by any Agent, the Initial Lenders or any other Lender in enforcing any rights under this Guarantee or any other Loan Document. Without limiting the generality of the foregoing, each applicable Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Credit Party to any Lender as set forth above under or in respect of the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Credit Party.

(b) Each Guarantor, and by its acceptance of this Guarantee, each Agent and each other Lender, hereby confirms that it is the intention of all such Persons that this Guarantee and the Obligations of each Guarantor hereunder not constitute a fraudulent transfer, preference or conveyance or any other transaction capable of being challenged or voided for purposes of any Debtor Relief Law, the *Fraudulent Conveyances Act* (Ontario), the *Assignment and Preferences Act* (Ontario) or any similar foreign, federal or state law to the extent applicable to this Guarantee and the Obligations of each Guarantor hereunder. To effectuate the foregoing intention, any Agent, the other Lenders and the Guarantors hereby irrevocably agree that the Obligations of each Guarantor under this Guarantee at any time shall be limited to the maximum amount as will result in the Obligations of such Guarantor under this Guarantee not constituting a fraudulent transfer, preference or conveyance or any other transaction capable of being challenged or voided.

(c) Each Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to any Lender under this Guarantee or any other guarantee, such Guarantor will contribute, to the maximum extent permitted by law, such amounts to each other Guarantor and each other guarantor so as to maximize the aggregate amount paid to the Lenders under or in respect of the Loan Documents.

SECTION 6.02 Guarantee Absolute.

(a) Each Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Lender with respect thereto. The Obligations of each Guarantor under or in respect of this Guarantee are independent of the Guaranteed Obligations or any other Obligations of any other Credit Party under or in respect of the Loan Documents, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower or any other Credit Party or whether the Borrower or any other Credit Party is joined in any such action or actions. The liability of each Guarantor under this Guarantee shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(i) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any other Credit Party under or in respect of the Loan Documents, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Credit Party or any of its Subsidiaries or otherwise;

(iii) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guarantee, for all or any of the Guaranteed Obligations;

(iv) any manner of application of Collateral or any other collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Guaranteed Obligations or any other Obligations of any Credit Party under the Loan Documents or any other assets of any Credit Party or any of its Subsidiaries;

(v) any change, restructuring or termination of the corporate structure or existence of any Credit Party or any of its Subsidiaries;

(vi) any failure of any Lender to disclose to any Credit Party any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Credit Party now or hereafter known to such Lender (each Guarantor waiving any duty on the part of the Lenders to disclose such information);

(vii) the failure of any other Person to execute or deliver this Agreement, any Guarantee Supplement or any other guarantee or agreement or the release or reduction of liability of any Guarantor or other guarantor or surety with respect to the Guaranteed Obligations; or

(viii) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Lender that might otherwise constitute a defense available to, or a discharge of, any Credit Party or any other guarantor or surety.

(b) This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Lender or any other Person upon the insolvency, bankruptcy or reorganization of the Borrower or any other Credit Party or otherwise, all as though such payment had not been made.

SECTION 6.03 Waivers and Acknowledgments.

(a) Each Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guarantee and any requirement that any Lender protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Credit Party or any other Person or any Collateral.

(b) Each Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guarantee and acknowledges that this Guarantee is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) Each Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by any Lender that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of such Guarantor or other rights of such Guarantor to proceed against any of the other Credit Parties, any other guarantor or any other Person or any Collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the Obligations of such Guarantor hereunder.

(d) Each Guarantor acknowledges that the Collateral Agent may, without notice to or demand upon such Guarantor and without affecting the liability of such Guarantor under this Guarantee, foreclose under any mortgage by nonjudicial sale, and each Guarantor hereby waives any defense to the recovery by the Collateral Agent and the other Secured Parties against such Guarantor of any deficiency after such nonjudicial sale and any defense or benefits that may be afforded by Applicable Law.

(e) Each Guarantor hereby unconditionally and irrevocably waives any duty on the part of any Lender to disclose to such Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Credit Party or any of its Subsidiaries now or hereafter known by such Lender.

(f) Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Loan Documents and that the waivers set forth in Section 6.02 and this Section 6.03 are knowingly made in contemplation of such benefits.

SECTION 6.04 Subrogation. Each Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Borrower, any other Credit Party or any other insider guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's Obligations under or in respect of this Guarantee or any other Loan Document, including, without limitation, any right of subrogation, reimbursement,

exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Lender against the Borrower, any other Credit Party or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Borrower, any other Credit Party or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guarantee shall have been paid in full in cash and the Commitments shall have expired or been terminated. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guarantee, such amount shall be received and held in trust for the benefit of the Lenders, shall be segregated from other property and funds of such Guarantor and shall forthwith be paid or delivered to the Collateral Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guarantee, whether matured or unmatured, in accordance with the terms of the Loan Documents, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Guarantee thereafter arising. If (i) any Guarantor shall make payment to any Lender of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Guarantee shall have been paid in full in cash and (iii) the Maturity Date shall have occurred, the Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by such Guarantor pursuant to this Guarantee.

SECTION 6.05 Guarantee Supplements. Upon the execution and delivery by any Person of a guarantee supplement in substantially the form of Exhibit D hereto (each, a "*Guarantee Supplement*"), (a) such Person shall be referred to as an "*Additional Guarantor*" and shall become and be a Guarantor hereunder, and each reference in this Guarantee to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and each reference in any other Loan Document to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and (b) each reference herein to "this Guarantee," "hereunder," "hereof" or words of like import referring to this Guarantee, and each reference in any other Loan Document to the "Guarantee," "thereunder," "thereof" or words of like import referring to this Guarantee, shall mean and be a reference to this Guarantee as supplemented by such Guarantee Supplement.

SECTION 6.06 Subordination. Each Guarantor hereby subordinates any and all debts, liabilities and other Obligations owed to such Guarantor by each other Credit Party (the "*Subordinated Obligations*") to the Guaranteed Obligations to the extent and in the manner hereinafter set forth in this Section 6.06:

(i) Prohibited Payments, Etc. Except during the continuance of a Default, each Guarantor may receive regularly scheduled payments from any other Credit Party on account of the Subordinated Obligations. After the occurrence and during the continuance of any Default, however, unless the Required Lenders otherwise agree, no Guarantor shall demand, accept or take any action to collect any payment on account of the Subordinated Obligations.

(ii) Prior Payment of Guaranteed Obligations. In any proceeding under any Debtor Relief Law relating to any other Credit Party including, without limitation, the Proceedings, each Guarantor agrees that the Lenders shall be entitled to receive payment in full in cash of all Guaranteed Obligations (including all interest and expenses accruing after the commencement of a proceeding under any Debtor Relief Law, whether or not constituting an

allowed claim in such proceeding ("*Post-Petition Interest*") before such Guarantor receives payment of any Subordinated Obligations.

(iii) Turn-Over. After the occurrence and during the continuance of any Default, each Guarantor shall, if the Administrative Agent so requests, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for the Lenders and deliver such payments to the Administrative Agent on account of the Guaranteed Obligations (including all Post-Petition Interest), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guarantee.

(iv) Agent Authorization. After the occurrence and during the continuance of any Default, the Administrative Agent is authorized and empowered (but without any obligation to so do), in its discretion, (A) in the name of each Guarantor, to collect and enforce, and to submit claims in respect of, the Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations (including any and all Post-Petition Interest), and (B) to require each Guarantor (x) to collect and enforce, and to submit claims in respect of, the Subordinated Obligations and (y) to pay any amounts received on such obligations to the Collateral Agent for application to the Guaranteed Obligations (including any and all Post-Petition Interest).

SECTION 6.07 Continuing Guarantee; Assignments. This Guarantee is a continuing guarantee and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guarantee and (ii) the Maturity Date, (b) be binding upon each Guarantor, its successors and assigns, and (c) inure to the benefit of and be enforceable by the Lenders and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Lender may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as and to the extent provided in this Agreement. No Guarantor shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01 Events of Default. If any of the following events ("*Events of Default*") shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Loan when the same shall become due and payable or any Credit Party shall fail to make any payment of interest on any Loan or any other payment of any of the Obligations under any Loan Document within three (3) Business Days after the same becomes due and payable; or

(b) any representation or warranty made by any Credit Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made or deemed made; or

(c) any Credit Party shall fail to perform or observe any term, covenant or agreement contained in this Agreement; or

(d) any Credit Party shall fail to perform any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days; or

(e) one or more nonmonetary judgments or orders shall be rendered against any Credit Party or any of its Subsidiaries that is reasonably likely to have a Material Adverse Effect, and the enforcement of such judgment is not stayed by the Stay of Proceedings; or

(f) any provision of any Loan Document after delivery thereof shall for any reason cease to be valid and binding on or enforceable against any Credit Party intended to be a party to it, or any such Credit Party shall so state in writing; or

(g) any Collateral Document after delivery thereof shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected Lien on and security interest in the Collateral purported to be covered thereby; or

(h) any ERISA Event shall have occurred with respect to an ERISA Plan if such ERISA Event, along with any other ERISA Event that has occurred and then exists, is reasonably likely to result in any additional liability of a Credit Party or an ERISA Affiliate with respect to an ERISA Plan; or

(i) any Credit Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Credit Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$100,000 or requires payments exceeding \$100,000 per annum; or

(j) any Credit Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Credit Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding \$100,000; or

(k) other than where such event has been approved by the CCAA Court in connection with the CCAA Proceedings at the Effective Date, a contribution or premium required to be paid to or in respect of any Canadian Pension Plan is not paid in a timely fashion in accordance with the terms thereof and all Applicable Law, or material taxes, penalties or fees are owing or exigible under any Canadian Pension Plan beyond the date permitted for payment of same; a proceeding, action, suit or claim (other than routine claims for benefits) is commenced or instituted involving any Canadian Pension Plan or its assets; an event with respect to any Canadian Pension Plan which would entitle any Person (without the consent of the applicable Credit Party) to wind-up or terminate any Canadian Pension Plan, in whole or in part, or which could reasonably be expected to adversely affect the tax status thereof, shall occur; a going concern unfunded actuarial liability, past service unfunded liability or solvency deficiency shall exist with respect to any single Canadian Pension Plan which exceeds \$100,000; or an improper withdrawal or transfer of assets from any Canadian Pension Plan shall occur; or

(l) any of the Proceedings shall be dismissed or, other than the US Proceedings, any proceedings or case shall be commenced (whether voluntary or involuntary) under any chapter of the Bankruptcy Code, or any insolvency proceedings under state or federal laws, by or in respect of the Credit Parties, except with the prior written consent of the Required Lenders in their sole discretion or a

bankruptcy order shall be made under the BIA or the Borrower or any Guarantor shall file a motion or other pleading seeking the dismissal of any of the Proceedings under the Bankruptcy Code, the CCAA or otherwise; a trustee under Chapter 7 or Chapter 11 of the Bankruptcy Code or the BIA, a responsible officer or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) and Section 1106(b) of the Bankruptcy Code) or a receiver, receiver and manager or liquidator shall be appointed in any of the Proceedings or otherwise and the order appointing such trustee, responsible officer or a receiver, receiver and manager or liquidator or examiner shall not be reversed or vacated within 30 days after the entry thereof; or, other than as set forth in the DIP Financing Orders, an application shall be filed by the Borrower or any Guarantor for the approval of any superpriority claim (other than the Charges set out in the DIP Financing Orders) in any of the Proceedings which is pari passu with or senior to the claims of the Administrative Agent, the Collateral Agent, and/or the Lenders against the Borrower or any Guarantor hereunder, or, other than as set forth in the DIP Financing Orders, there shall arise or be granted any such pari passu or senior superpriority claim or the Courts shall enter an order terminating the use of cash collateral; or

(m) the U.S. Court shall enter an order or orders granting relief from the automatic stay applicable under Section 362 of the Bankruptcy Code or the stay in the Initial Order, as applicable, to the holder or holders of any security interest to permit foreclosure or enforcement of any kind (or the granting of a deed in lieu of foreclosure or the like) on any assets of any of the Credit Parties; or

(n) an order of the U.S. Court or the Canadian Court shall be entered reversing, amending, supplementing, staying for a period in excess of ten (10) days, vacating or otherwise modifying any of the Orders without the prior written consent of the Administrative Agent; or

(o) the Borrower or the Guarantors shall make any payment of Prepetition Debt other than pursuant to the DIP Financing Orders, in accordance with Section 5.02(m), or as otherwise agreed to by the Administrative Agent and acceptable to the Lenders;

(p) the dissolution of the Borrower shall occur; or

(q) CIT under the CIT DIP Facility shall give notice of its intention to exercise remedies against any Credit Party pursuant to the CIT DIP Facility; or

(r) any Order of any of the Courts is made, varied, or vacated or otherwise entered the effect of which would be materially prejudicial to the interests of the Lenders as determined by the Lenders in their sole and absolute discretion; or

(s) any payment is made in breach of Section 5.02(m); or

(t) any default occurs in the performance or observance of any term, covenant or agreement under the CIT DIP Facility, the default remains unremedied after any remedial period with respect thereto and the rights and remedies of CIT thereunder are not stayed by the Stay of Proceedings; or

(u) any Order shall have been amended, supplemented or otherwise modified without the prior written consent of the Administrative Agent, or the Credit Parties shall have failed to comply in any material respect with any provision of any Order, or the Stay of Proceedings shall have expired; or

(v) except for the US Proceedings, the commencement (whether voluntary or involuntary) of any proceedings or any case under any chapter of the Bankruptcy Code, or any insolvency

proceedings under any state or federal laws, by or in respect of any of the Credit Parties without the prior written consent of the Administrative Agent and the Lenders, in each case in their sole discretion;

then, and in any such event, subject to the limitations set forth in the Orders, without further order of or application to the Courts, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, (i) declare the obligation of each Lender to make Loans to be terminated, whereupon the same shall forthwith terminate, (ii) restrict or refuse to provide Letters of Credit, (iii) declare any or all Obligations to be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, and (iv) pursue its other rights and remedies under the Loan Documents and Applicable Law and equity including directing the Collateral Agent to enforce the DIP Charge.

ARTICLE VIII

THE AGENTS

SECTION 8.01 Authorization and Action.

(a) Each Lender (on behalf of itself and its Affiliates in their capacities as a Lender) hereby appoints BAM to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof and thereof, together with such actions and powers as are reasonably incidental thereto.

(b) Each Lender (on behalf of itself and its Affiliates in their capacities as a Lender) hereby appoints BAM to act on its behalf as the Collateral Agent hereunder and under the other Loan Documents and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto, including acting as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on the Collateral granted by any of the Credit Parties to secure any of the Obligations.

(c) The provisions of this Article are solely for the benefit of the Agents (including any successor Agent appointed pursuant to Section 8.06) and the Lender, and neither the Borrower nor any other Credit Party shall have rights as a third party beneficiary of any of such provisions.

SECTION 8.02 Agents Individually.

(a) Any Person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each Person serving as an Agent hereunder in its individual capacity. Each such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not an Agent hereunder and without any duty to account therefor to the Lenders.

(b) Each Lender understands that each financial institution acting as an Agent and any successor Agent may and their respective Affiliates (collectively, the "*Agent Parties*") are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research) (such services and businesses are collectively

referred to in this Section 8.02 as the “*Activities*”) and may engage in the Activities with or on behalf of one or more of the Credit Parties or their respective Affiliates. Furthermore, the Agent Parties in undertaking the Activities, engage in trading in financial products or undertake other investment businesses for their own account or on behalf of others (including the Credit Parties and their Affiliates and including holding, for its own account or on behalf of others, equity and similar positions in the Borrower, other Credit Parties or their respective Affiliates), including trading in or holding long, short or derivative positions in securities, loans or other financial products of one or more of the Credit Parties or their Affiliates. Each Lender understands and agrees that in engaging in the Activities, the Agent Parties may receive or otherwise obtain information concerning the Credit Parties or their Affiliates (including information concerning the ability of the Credit Parties to perform their respective Obligations hereunder and under the other Loan Documents), which information may not be available to any of the Lenders that are not Affiliates of the Agent Parties. Except for documents expressly required by any Loan Document to be transmitted by the Administrative Agent to the Lenders, neither any Agent nor any other member of the Agent Parties shall have any duty or responsibility to provide, and shall not be liable for the failure to provide, any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Credit Party or any Affiliate of any Credit Party that may come into the possession of any Agent or any Affiliate thereof or any employee or agent of any of the foregoing.

(c) Each Lender further understands that there may be situations in which parts of the Agent Parties’ customers (including the Credit Parties or their Affiliates) either now have or may in the future have interests or take actions that may conflict with the interests of any one or more of the Lenders (including the interests of the Lenders hereunder and under the other Loan Documents). Each Lender agrees that the Agent Parties are not required to restrict their activities as a result of the Agent Parties acting as Agent (or in any other capacity) hereunder and under the other Loan Documents, and that the Agent Parties may undertake any Activities without further consultation with or notification to any Lender. None of (i) this Agreement nor any other Loan Document, (ii) the receipt by the Agent Parties of Confidential Information nor (iii) any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) owing by any Agent or any member of the Agent Parties to any Lender that would prevent or restrict the Agent Parties from acting on behalf of customers (including the Credit Parties or their Affiliates) or for their own account. Each Lender agrees that none of any Agent, the Agent Parties nor any member or business of the Agent Parties is under a duty to disclose to any Lender or use on behalf of the Lenders any information whatsoever about or derived from the Activities or to account for any revenue or profits obtained in connection with the Activities.

SECTION 8.03 Duties of Agents; Exculpatory Provisions.

(a) The Agents’ duties hereunder and under the other Loan Documents are solely mechanical and administrative in nature and no Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, no Agent:

(i) shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing; and

(ii) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise upon the written direction of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that no Agent shall be required to

take any action that, in its opinion or the opinion of its counsel, may expose such Agent or any of its Affiliates to liability or that is contrary to any Loan Document or Applicable Law.

(b) No Agent shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary) or (ii) in the absence of its own gross negligence or willful misconduct. No Agent shall be deemed to have knowledge of any Default or the event or events that give or may give rise to any Default unless and until notice describing such Default and such event or events is given to such Agent by the Borrower or any Lender.

(c) No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or the perfection or priority of any Lien or security interest created or purported to be created by the Collateral Documents or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than (but subject to the foregoing clause (ii)) to confirm receipt of items expressly required to be delivered to such Agent. Neither any Agent nor any of its Related Parties shall be responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Agent, a Credit Party or any other Person given in, pursuant to or in connection with any Loan Document.

(d) Nothing in this Agreement or any other Loan Document shall require any Agent to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to each Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by any Agent.

SECTION 8.04 The Collateral Agent's Duties.

(a) The powers conferred on the Collateral Agent hereunder are solely to protect the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Collateral Agent may from time to time, when the Collateral Agent deems it to be necessary, appoint one or more subagents (each a "*Subagent*") for the Collateral Agent hereunder with respect to all or any part of the Collateral. In the event that the Collateral Agent so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral by each Credit Party hereunder shall be deemed for purposes of this Agreement to have been made to such Subagent, in addition to the Collateral Agent, for the ratable benefit of the Secured Parties, as security for the Secured Obligations of such Credit Party, (ii) such Subagent shall automatically be vested, in addition to the Collateral Agent, with all rights, powers, privileges, interests and remedies of the Collateral Agent

hereunder with respect to such Collateral, and (iii) the term "Collateral Agent," when used herein in relation to any rights, powers, privileges, interests and remedies of the Collateral Agent with respect to such Collateral, shall include such Subagent; provided, however, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Collateral Agent.

SECTION 8.05 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of any Loans, that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loans. Each Agent may consult with legal counsel (who may be counsel for the Borrower or any other Credit Parties), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.06 Delegation of Duties. Each Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by such Agent. Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. Each such sub-agent and the Related Parties of each Agent and each such sub-agent shall be entitled to the benefits of all provisions of this Article VIII and Article IX (as though such sub-agents were the "Administrative Agent" or the "Collateral Agent," as the case may be, under the Loan Documents) as if set forth in full herein with respect thereto.

SECTION 8.07 Resignation and Replacement of Agents. Any Agent may at any time give notice of its resignation to the Lenders and the Borrower, and may be removed at any time with or without cause by the Required Lenders. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor or upon any such removal by the Required Lenders. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (such 30-day period, the "*Lender Appointment Period*"), then the retiring Agent may on behalf of the Lenders, appoint a successor Agent meeting the qualifications set forth above. In addition and without any obligation on the part of the retiring Agent to appoint, on behalf of the Lenders, a successor Agent, the retiring Agent may at any time upon or after the end of the Lender Appointment Period notify the Borrower and the Lenders that no qualifying Person has accepted appointment as successor Agent and the effective date of such retiring Agent's resignation or removal. Upon the resignation or removal effective date established in such notice and regardless of whether a successor Agent has been appointed and accepted such appointment, the retiring Agent's resignation or removal shall nonetheless become effective and (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that, in the case of any resignation or removal by or of the Collateral Agent, the retiring Collateral Agent shall continue to hold any Collateral until such time as a successor Collateral Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through the retiring Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this paragraph. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges

and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 8.06 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

SECTION 8.08 Non-Reliance on Agents and Other Lenders.

(a) Each Lender confirms to each Agent, each other Lender and each of their respective Related Parties that it (i) possesses such knowledge and experience in financial and business matters that it is capable, without reliance on any Agent, any other Lender or any of their respective Related Parties, of evaluating the merits and risks (including tax, legal, regulatory, environmental, accounting and other financial matters) of entering into this Agreement, making Loans and other extensions of credit hereunder and under the other Loan Documents and in taking or not taking actions hereunder and thereunder, (ii) is financially able to bear such risk and (iii) has determined that entering into this Agreement and making Loans and other extensions of credit hereunder and under the other Loan Documents is suitable and appropriate for it.

(b) Each Lender acknowledges that it is solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with this Agreement and the other Loan Documents and that it has, independently and without reliance upon any Agent or any other Lender or any of their respective Related Parties and based on such documents and information, as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to be solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with this Agreement and the other Loan Documents, including but not limited to:

(i) the financial condition, status and capitalization of the Borrower and each other Credit Party;

(ii) the legality, validity, effectiveness, adequacy or enforceability of this Agreement and each other Loan Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;

(iii) the adequacy, accuracy and/or completeness of any other information delivered by any Agent and any other Lender or by any other Person under or in connection with this Agreement or any other Loan Document, the transactions contemplated by this Agreement and the other Loan Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document.

SECTION 8.09 Indemnification. Each Lender severally agrees to indemnify each Agent (to the extent not promptly reimbursed by the Borrower) from and against such Lender's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Agent in any way relating to or

arising out of the Loan Documents or any action taken or omitted by such Agent under the Loan Documents (collectively, the "*Indemnified Costs*"); provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse each Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrower under Section 9.04, to the extent that such Agent is not promptly reimbursed for such costs and expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 8.09 applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person.

SECTION 8.10 Remedies. If any Event of Default shall have occurred and be continuing, subject to the provisions of the applicable Orders, the Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein and in the Collateral Documents or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral), the PPSA or other Applicable Law.

SECTION 8.11 Release; Termination.

(a) Upon any sale, lease, transfer or other disposition of any item of Collateral of any Credit Party in accordance with the terms of the Loan Documents and the applicable Orders (other than sales of Inventory in the ordinary course of business), the Collateral Agent will, at such Credit Party's expense, execute and deliver to such Credit Party such documents as such Credit Party shall reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereby; provided, however, that (i) at the time of such request and such release no Default shall have occurred and be continuing, (ii) such Credit Party shall have delivered to the Collateral Agent, at least five (5) Business Days prior to the date of the proposed release, a written request for release describing the item of Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including, without limitation, the price thereof and any expenses in connection therewith, together with a form of release for execution by the Collateral Agent and a certificate of such Credit Party to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Collateral Agent may request, and (iii) the proceeds of any such sale, lease, transfer or other disposition required to be applied, or any payment to be made in connection therewith, in accordance with Section 2.04 shall, to the extent so required, be paid or made to, or in accordance with the instructions of, the Collateral Agent when and as required under Section 2.04, and (iv) in the case of Collateral sold or disposed of, the release of a Lien created hereby will not be effective until the receipt by the Collateral Agent of any Net Cash Proceeds required to be paid pursuant to Section 2.04 arising from the sale or disposition of such Collateral in accordance with clause (iii) above.

(b) Upon the payment in full in cash of the Secured Obligations (other than contingent indemnification obligations which are not then due and payable), the pledge and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Credit Party. Upon any such termination, the Administrative Agent will, at the applicable Credit Party's expense, execute and deliver to such Credit Party such documents as such Credit Party shall reasonably request to evidence such termination.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Credit Party therefrom, shall be effective unless in writing signed by the Required Lenders (or each of the Lenders, as applicable) and the Borrower or the applicable Credit Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(i) waive any condition set forth in Section 3.01 without the written consent of each Lender, or waive or amend Section 2.16;

(ii) extend or increase the Commitment of any Lender without the written consent of such Lender;

(iii) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document including without limitation, the Maturity Date (except as otherwise set forth in the definition thereof), without the written consent of each Lender directly affected thereby;

(iv) reduce the principal of, or the rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(v) change the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or grant any consent hereunder, without the written consent of each Lender;

(vi) waive any Event of Default;

(vii) amend, restate, supplement or otherwise modify any provision of this Agreement or the Orders in any manner that would impair the interests of the Lenders in the Collateral (as determined by the Lenders in their sole discretion) without the consent of each Lender; and

(viii) release all or substantially all of the value of the Guarantees or all or a material portion of the Property subject to the assignment and security interest granted pursuant to the Loan Documents, lower the priority of any Lien arising out of any Collateral Documents, or lower the priority of any payment obligation of the Borrower or any other Credit Party under any of the Loan Documents without the consent of each Lender;

and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document.

SECTION 9.02 Notices, Etc.

(a) All notices and other communications provided for hereunder shall be in writing and shall be given by prepaid mail, by telecopier or other means of electronic communication or by hand delivery, if to the Borrower or any Guarantor, at the Borrower's address at 181 Bay Street, Suite 200, Brookfield Place, Toronto, Ontario, M5J 2T3, Fax No.: 416-359-8606, Attention: Chief Financial Officer; with a copy to: ThorntonGroutFinnigan LLP, Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario, M5K 1K7, Tel. No.: 416-304-1616 Fax No.: 416-304-1313, Attention: Robert Thornton and D.J. Miller; if to any Lender, at its Lending Office, respectively, specified opposite its name on Schedule I; if to any other Lender, at its Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; if to BAM, at its address at 181 Bay Street, Suite 300, Brookfield Place, Toronto, Ontario, Canada, M5J 3T3, Fax No.: 416-365-9642 Attention: Sam Pollock, Senior Managing Partner; with a copy to Torys LLP, 79 Wellington Street West, Suite 300, Box 270, TD Centre, Toronto, Ontario, M5K 1N2, Tel: No.: 416-865-0040, Fax No.: 416-865-7380 Attention: Tony DeMarinis/Tom Zverina, or as to a Borrower, any Guarantor, any Lender or any Agent, at such other address as shall be designated by such party in a written notice to the other parties. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third (3rd) Business Day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the next business day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication must not be mailed but must be given by personal delivery or by electronic communication, except that notices and communications to the Administrative Agent pursuant to Article II or Article III shall not be effective until received by the Administrative Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(b) The Borrower hereby agrees that it will provide to the Lenders all information, documents and other materials that it is obligated to furnish to the Lenders pursuant to the Loan Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (ii) provides notice of any Default or Event of Default under this Agreement or (iii) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement (all such non-excluded communications being referred to herein collectively as "*Communications*"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Lenders heretofore provided to the Borrower. The Borrower hereby agrees that any information provided to the Administrative Agent shall also be provided to the Lenders.

(c) Each Lender agrees to notify the Borrower in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and that the foregoing notice may be sent to such e-mail address. Nothing herein shall prejudice the right of any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

SECTION 9.03 No Waiver; Remedies. No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right

preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04 Costs, Fees and Expenses.

(a) The Borrower agrees (i) to pay or reimburse the Lenders for all reasonable costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Agreement (which shall be deemed to include any predecessor transaction contemplated to be entered into with the Lenders), and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby (including the monitoring of, and participation in, all aspects of the Proceedings), including all fees, expenses and disbursements of separate counsel for the Administrative Agent and each Initial Lender on a full indemnity basis, a counsel in each applicable jurisdiction and such other advisors as may be engaged by the Administrative Agent or the Lenders, and (ii) to pay or reimburse the Lenders (including, without limitation, the Administrative Agent for all reasonable costs and expenses incurred in connection with (A) the ongoing maintenance and monitoring of the Commitments, the Loans, the Letters of Credit, and the Availability and (B) enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement, the Loan Documents or otherwise (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding, including the Proceedings), including all reasonable fees, expenses and disbursements of separate counsel on a full indemnity basis for the Administrative Agent and each Initial Lender. The foregoing fees, costs and expenses shall include all search, filing, recording, title insurance, collateral review, monitoring, and appraisal charges and fees and taxes related thereto, and other reasonable out-of-pocket expenses incurred by the Administrative Agent and the Lenders and the cost of independent public accountants and other outside experts retained jointly by the Administrative Agent and the Lenders. All amounts due under this Section 9.04(a) shall be payable within five (5) Business Days after demand therefor accompanied by an appropriate invoice. The agreements in this Section shall survive the termination of the Commitments and this Agreement, and repayment of all of the Obligations.

(b) Whether or not the transactions contemplated hereby are consummated, each of the Credit Parties shall indemnify and hold harmless the Initial Lender, the Administrative Agent, the Collateral Agent, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents, advisors, attorneys-in-fact and representatives (collectively the "*Indemnitees*") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees and disbursements of counsel), joint or several that may be incurred by, or asserted or awarded against any Indemnatee, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with (i) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (ii) any Commitment, Loan or Letter of Credit or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any Property currently or formerly owned or operated by the Borrower or any other Credit Party, or any liability related in any way to the Borrower or any other Credit Party in respect of Environmental Laws or any Environmental Action, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnatee is a party thereto (all the foregoing, collectively, the "*Indemnified Liabilities*"), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnatee; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such claim, damage, loss, liability or expense is

determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted primarily from the gross negligence or willful misconduct of such Indemnatee. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Credit Party, any security holders or creditors of the foregoing an Indemnatee or any other Person, or an Indemnatee is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. No Indemnatee shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Credit Parties or any of their Subsidiaries for or in connection with the transactions contemplated hereby, except to the extent such liability is determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnatee's gross negligence or willful misconduct. In no event, however, shall any Indemnatee be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings). All amounts due under this Section 9.04(b) shall be payable within two (2) Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent or the Collateral Agent, the replacement of any Lender, the termination of the Commitments and this Agreement, and the repayment, satisfaction or discharge of all of the Obligations.

(c) If any payment of principal of any LIBOR Loan is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Loan, or if the Borrower fails to make any payment or prepayment of an Loan for which a notice of prepayment has been given or that is otherwise required to be made, the Borrower shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or such failure to pay or prepay, as the case may be, including, without limitation, any actual loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Loan.

SECTION 9.05 Right of Set-off. Subject to the Orders, upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 7.01 to authorize the Administrative Agent to declare the Loans due and payable pursuant to the provisions of Section 7.01, each Lender and each of its respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing under this Agreement, irrespective of whether such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its respective Affiliates may have.

SECTION 9.06 Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower, the Guarantors, the Initial Lenders and the Administrative Agent shall have been notified by each Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent, the Initial Lenders and each other Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of each Lender.

SECTION 9.07 Successors and Assigns; Initial Lender Right of First Refusal.

(a) Each Lender may assign all or a portion of its rights and obligations under this Agreement; provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of the DIP Facility, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender, an Affiliate of any Lender, an Approved Fund of any Lender, BAM, an Affiliate of BAM or an Approved Fund of BAM the consent of the Administrative Agent and of the Borrower shall be required (such consent not to be unreasonably withheld, conditioned or delayed) unless, in the case of the Borrower, an Event of Default shall have occurred and be continuing, (iii) each such assignment shall be to an Eligible Assignee, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, (v) such Eligible Assignee shall execute each of the other Loan Documents as requested by the Required Lenders; and (vi) except in the case of an assignment to a person that, immediately prior to such assignment, was a Lender, an Affiliate of any Lender, an Approved Fund of any Lender, BAM, an Affiliate of BAM or an Approved Fund of BAM a processing fee in the amount of \$3,500.00 shall be payable to the Administrative Agent by any assignee in connection with such assignment.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (ii) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Section 2.14, Section 2.15 and Section 8.05 to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, each Lender assignor thereunder and each assignee thereunder confirm to and agree with each other and the other parties thereto and hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Credit Party or the performance or observance by any Credit Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial and other statements referred to in Section 5.03 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto; and

(vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent, acting for this purpose (but only for this purpose) as the Administrative Agent of the Borrower, shall maintain at its address referred to in Section 9.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment hereunder of, and principal amount of the Loans owing hereunder to, each Lender from time to time (the "**Register**"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or the Administrative Agent or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit A, as applicable, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof and a copy of such Assignment and Acceptance to the Borrower.

(f) Any Lender may, in connection with any assignment or proposed assignment pursuant to this Section 9.07, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided, however, that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information received by it from such Lender in accordance with Section 9.12 hereof.

SECTION 9.08 Assignment and Participation. A Lender (herein sometimes called a "**Granting Lender**") may, with the prior written consent of the Borrower, which consent may not be unreasonably withheld, conditioned or delayed, grant a participation in the DIP Facility to one or more financial institutions or other entities (the "**Participant**"). If a participation is granted, (A) the Granting Lender shall remain fully liable for all of its obligations and responsibilities under this Agreement to the same extent as if the participation had not been granted, and (B) the Granting Lender shall administer the participation of the Participant. None of the Participant and the Borrower shall have any rights against or obligations to one another, nor shall any of them be required to deal directly with one another in respect of the participation by a Participant. Notwithstanding the foregoing, no Lender may grant a participation or assign all or any part of its rights to or have any of its obligations assumed by any financial institution, Affiliate or entity that is a non-resident of Canada for the purposes of Part XIII of the *Income Tax Act* (Canada), unless any of the following shall have occurred: (A) the failure by the Borrower to make when due, whether by acceleration or otherwise, any payment of principal required to be made by the Borrower under this Agreement or any other Loan Document, (B) the failure by the Borrower to make when due (and after the expiry of any applicable grace period), whether by acceleration or otherwise, any payment of interest, fees, costs or any other payment under this Agreement or any other Loan Document, (C) the exercise of any rights pursuant to Section 7.01, or (D) at the time the participation is granted or the assignment is made, withholding tax would not be exigible under the *Income Tax Act* (Canada) on interest, fees or other compensation paid or credited to the participant or assignee. Notwithstanding anything to the contrary herein contained, where (i) the granting of a participation or the assignment of all or any part of the rights of a Lender hereunder is to a Lender, an Affiliate of any Lender, an Approved Fund of any Lender, BAM, an Affiliate of BAM or an Approved Fund of BAM; or (ii) a Default or an Event of Default has occurred and is continuing, the consent of the Borrower shall not be required.

SECTION 9.09 Borrower Cooperation. Provided that the consent of the Borrower, if required, shall have been given, the Borrower will execute such further documents and instruments and do such further things as the Administrative Agent may reasonably request for the purpose of any participation or assignment. The Administrative Agent shall consult with the Borrower in connection with any further, future syndication of the DIP Facility by the Administrative Agent or any of its Affiliates.

SECTION 9.10 Disclosure. The Administrative Agent and each Lender may disclose to any prospective Participants, Assignees or Affiliates of any Lender, on a confidential basis, such information concerning the Borrower and the other Credit Parties as it considers appropriate without incurring any liability for any breach of the duty of banker customer confidentiality but subject to receiving an undertaking from such prospective Participant or Assignee to receive and maintain such information in confidence.

SECTION 9.11 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or other means of electronic communication shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.12 Confidentiality.

(a) Confidential Information. The Administrative Agent and the Lenders shall not disclose any Confidential Information to any Person without the consent of the Borrower, other than (i) to the Administrative Agent or such Lender's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective Eligible Assignees and participants, and then only on a confidential, need-to-know basis, (ii) as requested or required by any law, rule or regulation or judicial process or (iii) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

(b) Press Releases and Related Matters. Each of the parties hereto and each party joining hereafter agrees that neither it nor its Affiliates will at any time after (but not including) the Effective Date issue any press releases using the name of any Lender or its Affiliates or referring to this Agreement or any of the other Loan Documents without at least two (2) Business Days' prior notice to such Lender and without the prior written consent of such Lender or unless (and only to the extent that) such party or Affiliate is required to do so under law and then, in any event, such party or Affiliate will consult with the Borrower, the Administrative Agent, Brookfield and such Lender before issuing such press release. Each party consents to the publication by the Administrative Agent and Brookfield or any other Lender of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement. The Administrative Agent and Brookfield reserve the right to provide to industry trade organizations such necessary and customary information needed for inclusion in league table measurements.

SECTION 9.13 Survival. All covenants, agreements, representations and warranties made by the Borrower and the other Credit Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any

credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loans or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. Sections Section 2.11(e), Section 9.04(a), and Section 9.04(b) shall survive and remain in full force and effect, regardless of the consummation of the transactions, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.14 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favouring or disfavouring any party by virtue of the authorship of any provisions of this Agreement.

SECTION 9.15 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.16 Jurisdiction, Etc.

(a) The Credit Parties, the Lenders and the other parties hereto hereby irrevocably and unconditionally submit to the exclusive jurisdiction and venue of (a) the CCAA Court; and (b) to the extent applicable, the U.S. Court (except to the extent the Administrative Agent requires submission to any other jurisdiction in connection with the enforcement of any judgment). In the event that the Courts do not have or do not exercise jurisdiction, the Credit Parties, the Lenders and the other parties hereto hereby irrevocably and unconditionally submit to the exclusive jurisdiction and venue in any court of competent jurisdiction in the Province of Ontario.

(b) Except in so far as the Court shall jurisdiction over the matter, each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any court of competent jurisdiction in the Province of Ontario. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.17 Time. All time references herein shall, unless otherwise specified, be references to local time in Toronto, Ontario. Time is of the essence of this Agreement and the other Loan Documents.

SECTION 9.18 Governing Law. This Agreement and any Notes shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

SECTION 9.19 WAIVER OF JURY TRIAL. EACH OF THE CREDIT PARTIES, THE ADMINISTRATIVE AGENT, THE INITIAL LENDERS AND THE LENDERS IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE

LOANS OR THE ACTIONS OF THE ADMINISTRATIVE AGENT, INITIAL LENDERS OR ANY LENDER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

SECTION 9.20 Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and any other Loan Document, the provisions of this Agreement shall prevail to the extent of such inconsistency.

SECTION 9.21 LIMITATION OF LIABILITY. NO CLAIM MAY BE MADE BY THE BORROWER, ANY GUARANTOR, ANY LENDER OR OTHER PERSON AGAINST THE AGENT, ANY LENDER, OR THE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS OF ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND THE BORROWER, EACH GUARANTOR, EACH LENDER AND THE AGENT HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOUR.

[Remainder of the Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

FRASER PAPERS INC.

Per: _____
Name: _____
Title: _____
c/s

Name: _____
Title: _____

FPS CANADA INC.

Per: _____
Name: _____
Title: _____
c/s

Name: _____
Title: _____

FRASER PAPERS HOLDINGS INC.

Per: _____
Name: _____
Title: _____
c/s

Name: _____
Title: _____

FRASER TIMBER LIMITED

Per: _____
Name: _____
Title: _____
c/s

Name: _____
Title: _____

FRASER PAPERS LIMITED

Per: _____
Name: _____
Title: _____
c/s

Name: _____
Title: _____

FRASER N.H. LLC

Per: _____
Name: _____
Title: _____
c/s

Name: _____
Title: _____

BROOKFIELD (US) CORPORATION, in its
capacity as Initial Lender, a Lender, Administrative
Agent and Collateral Agent

Per:

Name:

Title:

c/s

Name:

Title:

EXHIBIT A**FORM OF ASSIGNMENT AND ACCEPTANCE**

Dated: _____, 20__

Reference is made to the credit agreement dated as of ■, 2010 (as amended, modified, supplemented and in effect from time to time, the "***Credit Agreement***"), among, *inter alia*, Fraser Papers Inc. (the "***Borrower***"), the Lenders named therein, Brookfield (US) Corporation, as Initial Lender and a Lender, and Brookfield Asset Management Inc, as Collateral agent and Administrative Agent (in such capacity, the "***Administrative Agent***"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

This Assignment and Acceptance Agreement (the "***Assignment and Acceptance Agreement***"), between [Insert Name of Assignor] (herein the "***Assignor***", as further defined and set forth on Schedule 1 hereto and made a part hereof) and [Insert Name of Assignee] (herein the "***Assignee***", as further defined and set forth on Schedule 1 hereto and made a part hereof) is dated as of Effective Date (as set forth on Schedule 1 hereto and made a part hereof).

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor (subject to Section 2 hereof), and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor (subject to Section 2 hereof), as of the Effective Date, an undivided interest (the "***Assigned Interest***") in and to all the Assignor's rights and obligations under the Credit Agreement, and only the financing facility contained in the Credit Agreement as is set forth on Schedule 1 (the "***Assigned Facility***"), in a principal amount for such Assigned Facility as set forth on Schedule 1, and all right, title and interest of the Assignor in and to the Loan Documents relating thereto.

2. The Assignor (i) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance Agreement, (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or any other instrument, document or agreement executed in conjunction therewith (collectively the "***Ancillary Documents***") or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any Collateral thereunder or any of the Ancillary Documents furnished pursuant thereto, other than that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any guarantor or the performance or observance by the Borrower or any guarantor of any of its respective obligations under the Credit Agreement or any of the Ancillary Documents furnished pursuant thereto.

3. The Assignee (i) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance Agreement; (ii) confirms that it has received a copy of the Credit Agreement, together with the copies of the most recent financial statements of the Borrower, and such other documents and information as it has deemed appropriate to make its own credit

analysis; (iii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (v) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

4. Following the execution of this Assignment and Acceptance Agreement, such agreement will be delivered to the Administrative Agent for acceptance by it and the Borrower, effective as of the Effective Date.

5. Upon such acceptance, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the assigned interest (including payments of principal, interest, fees and other amounts) to the Assignee, whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and Assignee shall make all appropriate adjustments in payments for periods prior to the Effective Date made by the Administrative Agent or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance Agreement, have the rights and obligations of a Lender thereunder, and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance Agreement, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

8. This Assignment and Acceptance Agreement may be executed in one or more counterparts by facsimile transmission, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one and the same agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance Agreement to be executed by their respective duly authorized officers.

Accepted:¹

**BROOKFIELD ASSET
MANAGEMENT INC., As
Administrative Agent**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[NAME OF ASSIGNEE], As Assignee

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

¹ To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement

[NAME OF ASSIGNOR], As Assignor

By: _____
 Name:
 Title:

By: _____
 Name:
 Title:

Consented to:²

FRASER PAPERS INC.

By: _____
 Name:
 Title:

By: _____
 Name:
 Title:

² To be added only if the consent of the Borrower and/or other parties (for eg. the Guarantors) is required by the terms of the Credit Agreement

Schedule 1 to Assignment and Acceptance Agreement

Name of Assignor: ■

Name of Assignee: ■

Effective Date of Assignment: _____, 20____

Assigned Facility	Principal Amount Assigned	Percentage Assigned of DIP Facility (shown as a percentage of aggregate original principal amount of all Lenders)
Loans	\$■	■%
Total:	\$■	■%

EXHIBIT B
FORM OF NOTE

Date: ■

FOR VALUE RECEIVED the undersigned hereby unconditionally promises to pay on demand to the order of Brookfield (US) Corporation ("**Brookfield**"), in lawful money of the United States of America, the unpaid Obligations under the DIP Facility as recorded on the grid schedule attached hereto, in accordance with the provisions regarding the payment of such Obligations set forth in the credit agreement dated as of ■, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") between, *inter alia*, the undersigned, the Lenders party thereto, Brookfield, as Initial Lender and a Lender and Brookfield Asset Management Inc., as Collateral Agent and Administrative Agent.

This grid promissory note is issued pursuant to and is subject to the provisions of the Credit Agreement. All terms used in this grid promissory note which are defined in the Credit Agreement have the meanings attributed thereto in the Credit Agreement.

The undersigned acknowledges that the actual recording of amounts advanced and amounts paid on the attached grid schedule shall, in the absence of manifest error, be prima facie evidence of the same; provided that the failure of Brookfield to record the same on the grid schedule shall not affect the obligation of the undersigned to pay or repay the Obligations.

Payments of principal and interest hereunder must be made at such location, on such dates, at such times and in such manner as set out in the Credit Agreement.

The undersigned waives presentment for payment, notice of non-payment, protest and notice of protest of this grid promissory note and diligence in collection or bringing suit.

This grid promissory note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

FRASER PAPERS INC.

By: _____
 Name:
 Title:

By: _____
 Name:
 Title:

Currency: US Dollars

<u>DATE</u>	<u>ADVANCE REQUESTED BY</u>	<u>ADVANCES</u>	<u>INTEREST</u>	<u>PAYMENTS</u>	<u>UNPAID BALANCE</u>	<u>NOTATION MADE BY</u>
■	■	■	■	■	■	■
■	■	■	■	■	■	■

EXHIBIT CFORM OF NOTICE OF BORROWING

(Letter to be typed on Borrower's Letterhead)

[DATE]

Brookfield Asset Management Inc.
 181 Bay Street, Suite 300
 Brookfield Place
 Toronto, Ontario
 M5J 3T3

Attention: ■

FAX: ■

BORROWING NOTICE

Ladies/Gentlemen:

We refer to the credit agreement dated as of ■, 2010 (as amended, restated, supplemented, replaced or otherwise modified from time to time the "*Credit Agreement*"; capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Credit Agreement), between, *inter alia*, Fraser Papers Inc., as borrower (the "*Borrower*"), Brookfield (US) Corporation, as Initial Lender and a Lender and Brookfield Asset Management Inc., as Collateral Agent and Administrative Agent (in such capacity, the "*Administrative Agent*").

We hereby instruct and authorize the Administrative Agent to make advances to our disbursement account(s), subject to and in accordance with the terms and provisions of the Credit Agreement to the account numbers specified below and to charge the Borrower's loan account as Loans with each such advance(s).

The Borrower hereby requests an advance (the "*Advance*") be made under the DIP Facility as follows:

A. the Borrowing Amount :

Base Rate Loan (US\$) _____

LIBOR Loan _____

[The initial Interest Period for each LIBOR Advance made as part of the Borrowing is
 ____ month[s].]

Letter of Credit/Credit Support*: _____

Additional Information: As per the attached Letter of Credit application

* Attach a copy of the Letter of Credit application duly completed by the Borrower in accordance with the provisions of the Credit Agreement.

B. the Drawdown Date: ____ [DATE] ____

Notice requirements as stated in the Credit Agreement are:

1:00 p.m. (Toronto time) on the requested Borrowing Date for Base Rate Loans and the LIBOR Loans

Proceeds of the Advance are to be directed as follows:

Bank Name: _____

Account Name: _____

Branch #: _____

Account Number: USD# _____

The Borrower hereby acknowledges that the Administrative Agent will make payments strictly on the basis of the account number furnished herein even if such account number identifies a party other than the name of the account listed above. In the event the above account number is incorrect, we hereby agree to be fully liable for any and all losses, costs, and expenses arising therefrom.

The Borrower hereby confirms as follows:

(a) Each of the representations and warranties made by the Borrower and the other Credit Parties in or pursuant to the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof as if made on and as of the date hereof, except where such representation and warranty refers to a different date.

(b) No Default or Event of Default has occurred and is continuing on the date hereof or will occur after the making of the Advance(s) requested hereunder.

DATED this _____ day of _____, 20____

Yours truly,

FRASER PAPERS INC.

By: _____
Name:
Title:

EXHIBIT DFORM OF GUARANTEE SUPPLEMENT

[DATE]

Brookfield Asset Management Inc.
181 Bay Street, Suite 300
Brookfield Place
Toronto, Ontario
M5J 3T3

Attention: ■

Re: Senior Secured Superpriority Debtor-In-Possession Credit Agreement dated as of ■, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the “*Credit Agreement*”) between, *inter alia*, Fraser Papers Inc. (the “*Borrower*”), Brookfield (US) Corporation, as Initial Lender and a Lender and Brookfield Asset Management Inc., as Collateral Agent and Administrative Agent (in such capacity, the “*Administrative Agent*”)

Ladies and Gentlemen:

Reference is made to the Credit Agreement. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

Section 1. Guarantee; Limitation of Liability (a) The undersigned hereby irrevocably guarantees the punctual payment when due, whether at scheduled maturity or at a date fixed for prepayment or by acceleration, demand or otherwise, of all of the Obligations of the Borrower now or hereafter existing under or in respect of the Loan Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premium, fees, indemnification payments, contract causes of action, costs, expenses or otherwise (such Obligations being the “*Guaranteed Obligations*”), and agrees to pay any and all expenses (including, without limitation, reasonable and actual fees and expenses of counsel) incurred by the Administrative Agent or any of the other Secured Parties solely in enforcing any rights under this Guarantee Supplement or any other Loan Document. Without limiting the generality of the foregoing, the undersigned’s liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Borrower to the Administrative Agent or any of the other Secured Parties under or in respect of the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Credit Party.

(b) The undersigned, and by its acceptance of this Guarantee Supplement, the Administrative Agent and each other Secured Party, hereby confirms that it is the intention of all such Persons that this Guarantee Supplement and the Obligations of the undersigned hereunder and thereunder not constitute a fraudulent transfer or conveyance for purposes of Debtor Relief Laws, the *Fraudulent Conveyances Act* (Ontario), the *Assignment and Preferences Act* (Ontario) or any similar foreign, federal, state or provincial law to the extent applicable to this Guarantee Supplement and the Obligations of the undersigned hereunder and thereunder. To effectuate the foregoing intention, the Administrative Agent, the other Secured Parties and the undersigned hereby irrevocably agree, by their acceptance of this Guarantee Supplement, that the Obligations of the undersigned under this Guarantee Supplement at any time shall be limited to the maximum amount as will result in the Obligations of the undersigned under this Guarantee Supplement not constituting a fraudulent transfer or conveyance.

(c) The undersigned hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to any Lender under this Guarantee Supplement or any other guarantee, the undersigned will contribute, to the maximum extent permitted by applicable law, such amounts to each other Guarantor and each other guarantor so as to maximize the aggregate amount paid to the Agents and the Lenders under or in respect of the Loan Documents.

Section 2. Obligations Under the Guarantee Supplement The undersigned hereby agrees, as of the date first above written, to be bound as a Guarantor by all of the terms and conditions of the Guarantee Supplement and the Credit Agreement to the same extent as each of the other Guarantors under the Credit Agreement. The undersigned further agrees, as of the date first above written, that each reference in the Guarantee Supplement to an “**Additional Guarantor**” or a “**Guarantor**” shall also mean and be a reference to the undersigned, and each reference in any other Loan Document to a “**Subsidiary Guarantor**” or a “**Credit Party**” shall also mean and be a reference to the undersigned.

Section 3. Representations and Warranties The undersigned hereby makes each representation and warranty set forth in Section 4 of the Credit Agreement, as of the date hereof, to the same extent as each other Guarantor.

Section 4. Delivery Delivery of an executed counterpart of a signature page to this Guarantee Supplement by telecopier or other means of electronic communication shall be effective as delivery of an original executed counterpart of this Guarantee Supplement.

Section 5. Governing Law; Jurisdiction; Waiver of Jury Trial, Etc This Guarantee Supplement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) The undersigned hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any court in the Province of Ontario or federal court of Canada sitting in the City of Toronto in the Province of Ontario, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and

unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such Ontario court or, to the extent permitted by law, in such federal court. The undersigned hereby agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(c) The undersigned hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any Ontario or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) The undersigned hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Advances, the Loans or the actions of the Administrative Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

[Remainder of page intentionally left blank]

Very truly yours,

**[NAME OF ADDITIONAL
GUARANTOR, a debtor and debtor-in-
possession]**

By: _____

Name:

Title:

EXHIBIT E**FORM OF REPAYMENT NOTICE****(Letter to be typed on Borrower's Letterhead)**

[DATE]

Brookfield Asset Management Inc.
 181 Bay Street, Suite 300
 Brookfield Place
 Toronto, Ontario
 M5J 3T3

Attention: ■

FAX: ■

REPAYMENT NOTICE

Ladies/Gentlemen:

We refer to the credit agreement dated as of ■, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"; capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement) among, *inter alia*, Fraser Papers Inc. (the "*Borrower*"), Brookfield (US) Corporation, as Initial Lender and a Lender and Brookfield Asset Management Inc., as Collateral Agent and Administrative Agent (in such capacity, the "*Administrative Agent*").

We hereby notify the Administrative Agent of the Borrower's repayment of the Loans, subject to and in accordance with the terms and provisions of the Credit Agreement in the amount of:

A. The repayment amount:

Base Rate Loan: US\$ _____

LIBOR Loan: US\$ _____

B. The date of repayment*: _____

*If notice is received prior to 12:00 noon (Toronto time) on the repayment date, otherwise the date of repayment will be the following business day.

Proceeds of the repayment are to be deposited to the account of Brookfield (US) Corporation as follows:

Bank Name ■
Account Name: ■
Transit Number: ■
Account Number: ■

The herein mentioned repayment does not constitute, nor shall it be construed as, a termination or partial termination of the Credit Agreement or the Loans.

Yours truly,

FRASER PAPERS INC.

By: _____
Name:
Title:

EXHIBIT C

THIRD AMENDMENT TO ASSET PURCHASE AGREEMENT

THIS THIRD AMENDMENT TO ASSET PURCHASE AGREEMENT is made as of this 18 day of June, 2010.

BETWEEN:

FRASER PAPERS INC., FRASER PAPERS LIMITED, FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED AND FRASER N.H. LLC

(collectively, the "Vendors")

- and -

TWIN RIVERS PAPER COMPANY INC., a corporation incorporated under the laws of the Province of Ontario

(the "Canadian Purchaser")

- and -

TWIN RIVERS PAPER COMPANY LLC, a limited liability company formed under the laws of the State of Delaware

(the "US Purchaser" together with the Canadian Purchaser, the "Purchasers")

RECITALS:

- A. On June 18, 2009, the Vendors commenced proceedings in the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court") under the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c.C-36, as amended, pursuant to which, *inter alia*, PricewaterhouseCoopers Inc. was appointed as monitor;
- B. On June 19, 2009, the Vendors sought and obtained recognition and provisional relief in an ancillary proceeding pursuant to Chapter 15 of Title 11 of the *United States Code* 11 U.S.C. §§ 101 1532C, as amended in the United States Bankruptcy Court for the District of Delaware;
- C. Pursuant to an asset purchase agreement dated as of December 22, 2009 (as amended, restated, modified or supplemented from time to time, the "Purchase Agreement") between the Vendors and Brookfield Asset Management Inc. ("Brookfield"), the Vendors agreed to sell and Brookfield or its designate(s) agreed to purchase, free and clear of all Encumbrances (except Permitted Encumbrances) all right, title and interest of the Vendors in and to the Purchased Assets, except the Excluded Assets;

- 2 -

- D. Brookfield emerged as the successful bidder under the Sales Process approved by the Canadian Court pursuant to the Canadian Approval and Sales Process Order issued by the Canadian Court on December 10, 2009;
- E. The Vendors and Brookfield are party to the first amendment to asset purchase agreement dated as of February 26, 2010 and the second amendment to asset purchase agreement dated as of April 28, 2010;
- F. Brookfield designated the Purchasers as the "Purchaser" under the Purchase Agreement to purchase the Purchased Assets and assume the Assumed Liabilities in accordance with and subject to the terms thereof;
- G. Brookfield and the Purchasers are party to an assignment and assumption agreement dated as of April 28, 2010 pursuant to which Brookfield assigned its rights and the Purchasers assumed Brookfield's obligations under the Purchase Agreement; and
- H. The Vendors and the Purchasers desire to enter into this amendment agreement to amend certain terms and conditions of the Purchase Agreement.

NOW THEREFORE this amendment agreement witnesses that for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged):

1. **Defined Terms**

All terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Purchase Agreement.

2. **Amendments to Certain Definitions**

2.1 The definition of "Agreement" is deleted in its entirety and replaced with the following:

"Agreement" shall mean this Asset Purchase Agreement, as amended by the First Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement, including all Schedules and exhibits attached thereto, in each case as may be further amended, restated, modified or supplemented from time to time."

2.2 The following definition shall be added after the definition of "Termination Fee":

“Third Amendment Agreement” shall mean the third amendment to asset purchase agreement dated as of June 18, 2010 between the Vendors and the Purchasers.”

3. **Amendment to Section 3.5(a) of the Purchase Agreement**

Section 3.5(a) is amended by deleting “sixty (60)” in the first line thereof and replacing it with “ninety (90)”.

4. **Effect of Amendment Agreement**

This amendment agreement is an amendment to the Purchase Agreement. Unless the context of this amendment agreement otherwise requires, the Purchase Agreement and this amendment agreement shall be read together and shall have effect as if the provisions of the Purchase Agreement and this amendment agreement were contained in one agreement. The term “Agreement” when used in the Purchase Agreement means the Purchase Agreement as amended, supplemented or modified from time to time (including as amended by this amendment agreement).

5. **Enurement**

This amendment agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

6. **Governing Law**

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

7. **Counterparts**

This amendment agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

8. **Electronic Transmission**

Delivery of an executed signature page to this amendment agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this amendment agreement by such party.

- 4 -

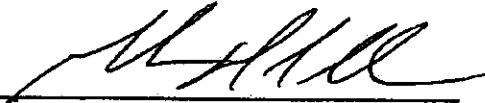
9. **No Other Amendments**

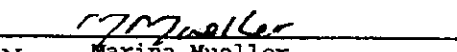
Except as amended hereby, the Purchase Agreement remains in full force and effect, unamended.

[Signature Page To Follow]

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

FRASER PAPERS INC.

By: 
Name: Glen McMillan
Title: Chief Restructuring Officer

By: 
Name: Marina Mueller
Title: Assistant Corporate Secretary

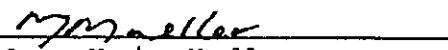
FRASER PAPERS LIMITED

By: 
Name: Glen McMillan
Title: Secretary

By: 
Name: Marina Mueller
Title: Assistant Secretary

FPS CANADA INC.

By: 
Name: Glen McMillan
Title: Secretary

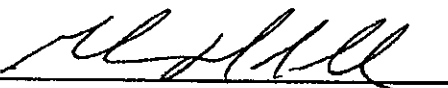
By: 
Name: Marina Mueller
Title: Assistant Secretary

FRASER PAPERS HOLDINGS INC.

By: 
Name: Glen McMillan
Title: Secretary

By: 
Name: Marina Mueller
Title: Assistant Secretary

FRASER TIMBER LIMITED

By: 
Name: Glen McMillan
Title: Secretary

By: 
Name: Marina Mueller
Title: Assistant Secretary

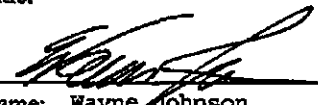
FRASER N.H. LLC

By: 
Name: Glen McMillan
Title: Secretary

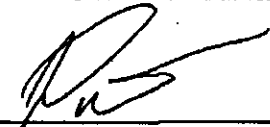
By: 
Name: Marina Mueller
Title: Assistant Secretary

TWIN RIVERS PAPER COMPANY INC.

By: 
Name: Jeffrey Dutton
Title: President and CEO

By: 
Name: Wayne Johnson
Title: Vice President, Finance

TWIN RIVERS PAPER COMPANY LLC

By: 
Name: Jeffrey Dutton
Title: President

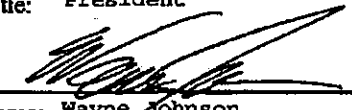
By: 
Name: Wayne Johnson
Title: Vice President

EXHIBIT D

Fraser Timber Limited Offer Solicitation Process

Similar to the offer solicitation processes employed in the sales of the Applicants' specialty papers business and Thurso facility, Fraser Timber Limited ("FTL") will employ the following offer solicitation process to secure offers for FTL's two lumber mills located in Masardis and Ashland, Maine (the "FTL Lumber Mills").

The supply of wood and its cost is of critical importance to the viability of the FTL Lumber Mills. Wood supply contracts are generally negotiated for six (6) month harvesting periods: (i) January – May; and (ii) June to December. Wood supply contracts are negotiated in May (for the harvesting period running from June to December) and December (for the harvesting period running from January to May). All landowners and mills negotiate the terms of the wood supply contracts at these respective times, as such, it is very important that the FTL Lumber Mills participate in these negotiations.

The prospective purchaser (the "Purchaser") of the FTL Lumber Mills will need to be involved in these negotiations for the wood supply contracts. As such, in order for the Purchaser to be involved in negotiating a wood supply contract for the harvesting period running from January to May, we will target closing any asset purchase agreement with respect to the FTL Lumber Mills by November 15, 2010. Using the sales of the Applicants' specialty papers business and Thurso facility as precedents, one can expect a period of approximately forty-five to sixty (45-60) days from execution of the asset purchase agreement to closing. As such, the terms of the asset purchase agreement would have to be finalized and the agreement executed by no later than September 30, 2010.

Offer Solicitation Process

All dates set out in the Offer Solicitation Process are estimates and may be subject to change.

Phase One

1. Develop FTL Teaser Document for FTL Lumber Mills (June 11, 2010)
2. Develop List of Interested Parties (June 15, 2010)
 - List of interested parties has already been compiled by the Applicants in consultation with the Monitor
3. Populate FTL Lumber Mill Data Room (physical and on-line)
 - Data Room will be populated with information current to the end of Q2 at the end of June 2010.
 - Data Room will provide preliminary access for all interested parties and further in-depth access to those interest parties that submit a letter of intent
4. Send Teaser Document and Confidentiality Agreement to Interested Parties (commencing June 14, 2010)

5. Deadline for Submission of Executed Confidentiality Agreements (July 31, 2010)
6. In-Depth Due Diligence by Interested Parties that Submit Executed Confidentiality Agreements
 - Tours of the FTL Lumber Mills to take place
 - Data Room access to be provided for 4 to 6 weeks for further due diligence
7. Send Form of Letter of Intent to be Completed by Interested Parties
8. Deadline for Submission of Letters of Intent (August 20, 2010)

Phase Two

1. Best Offers will be Selected by the Applicants in Consultation with the Monitor
 - Interested parties selected will be provided with more detailed access to the FTL Lumber Mills and data relating to same
2. Send Form of Asset Purchase Agreement (“APA”) to Interested Parties Selected
3. Negotiate and Finalize APA with Interested Party or Parties (September 15-30, 2010 for signing of APA and November 15, 2010 for closing of APA)

EXHIBIT E

Fraser Timber Limited Lumber Mill Investment Opportunity

FraserPapers

Fraser Timber Limited

Fraser Papers Inc. (the "Company") is selling its lumbermills located in the Northern Maine towns of Ashland and Masardis ("Fraser Timber Limited") as part of a court supervised restructuring of the Company. The Masardis mill is a spruce and fir random length mill with an annual capacity of 120 MMBF (million board feet). Ashland includes a fir and hemlock line with an annual capacity of 60 MMBF and a pine board line with an annual capacity of 10 MMBF. Each mill site contains saw lines, dry kilns, planermill and garage facilities. Both sites have wood and lumber storage capability.

The mills are located in the large northern Maine forest region with 70% of the mills' timber supply sourced from privately owned woodlands located within a 60 mile radius. Fraser Timber Limited is the largest employer in the two towns in which it operates, as the non-union work force averages over 15 years of experience. The sites are fully compliant with state and federal environmental and safety regulations. Fraser Timber Limited's lumber and wood by-products are certified under SFI (Sustainable Forestry Initiative) and FSC (Forest Stewardship Council) programs. Lumber products are graded under Northeast Lumber Manufacturers Association (NELMA) standards and sold throughout the Eastern and Southern United States.

The mills have a long history of significant cash earnings prior to the recent housing slowdown. The Ashland mill has been shut since December 2008 due to weak markets. While the Masardis mill was also down for five months due to market conditions, it has consistently operated for the last 10 months, generating positive EBITDA.



Ashland, Maine

(file photo)



Masardis, Maine

(file photo)

The facilities employ the following technologies:

- Computerized primary breakdowns
- Curve sawing line
- Edger optimization
- Trimmer optimization
- Drop bin sorting and stacking
- Computerized zoned dry kilns
- Integrated manufacturing and financial information systems

Each site contains:

- Road and rail access
- Water reservoirs and pump stations for fire suppression
- Wood-fired boilers for steam generation
- Log and lumber yards

Due diligence materials and financial projections for Fraser Timber Limited will be available to prospective buyers who execute a confidentiality agreement.

Sale Process Overview

On June 18, 2009, the Company and all of its subsidiaries filed for protection from its creditors under the Companies' Creditors Arrangement Act ("CCAA"). PricewaterhouseCoopers Inc. has been appointed as monitor ("the Monitor") pursuant to the CCAA proceedings. For further information regarding the CCAA restructuring, please refer to:
www.pwc.com/ca/en/car/fraser-papers

Requests for information:

Bill Manzer
 Senior VP Business Strategy
 Fraser Papers Inc.
 207.523.2364
manzerb@fraserpapers.com

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

AFFIDAVIT OF GLEN MCMILLAN

ThorntonGroutFinnigan 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)
D.J. Miller (LSUC# 34393P)

Tel: 416-304-1616
Fax: 416-304-1313

Lawyers for the Applicants

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM JUSTICE PEPALL	)))	WEDNESDAY, THE 7th DAY OF JULY, 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 LIMITED, FRASER PAPERS
 LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

APPROVAL AND VESTING ORDER
(Gorham)

THIS MOTION, made by the Applicants for an order seeking approval of the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement between the Fraser N.H. LLC, as vendor, and MB Growth Partners II, LP and/or such other Person(s) as it may designate as designated purchaser of the Purchased Assets (the "**Purchaser**") made as of May 21, 2010, a copy of which is attached as Exhibit "A" to the affidavit of Glen McMillan sworn June 30, 2010, and as may be further amended, modified or restated from time to time (collectively, the "**Purchase Agreement**"), and vesting in the Purchaser the Applicants' right, title and interest in and to the Purchased Assets was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated June 30, 2010, the Monitor's Twelfth Report (the "**Twelfth Report**") of PricewaterhouseCoopers Inc., in its capacity as monitor of the Applicants (the "**Monitor**") and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for the Purchaser, counsel for CIT Business Credit

Canada Inc., counsel for Brookfield Asset Management Inc., 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, and no one appearing for any other person on the service list although all properly served as appears from the affidavit of service of [NAME] sworn [DATE], 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.
2. **THIS COURT ORDERS** that the time for service of the notice of motion, the Monitor's Twelfth 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 Monitor's Twelfth 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 as being in the best interests of the Applicants and their stakeholders. 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**"); 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 the Purchaser or in furtherance of this Order and the performance of their obligations thereunder.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser 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 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 "**Real Property**"), shall vest absolutely in the Purchaser 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, as amended); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), the *Uniform Commercial Code* ("UCC") 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 any legislation; (iv) Claims in respect of any pension plans to which the Applicants are a party; (v) those Claims in respect of the Real Property listed on Schedule "D" hereto; and (v) those Claims listed on Schedule "E" hereto (all of the above set out in subparagraphs (i), (ii), (iii), (iv), (v) are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "F" 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 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.

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

7. **THIS COURT ORDERS** that the net proceeds from the sale of the Purchased Assets (the "**Proceeds**") 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.

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

9. **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 Purchaser, the Purchased Assets, the Salaried Employees and/or the Hourly Employees, the Applicants are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Applicants' records pertaining to the Applicants' past and current employees, including personal information of the Salaried Employees and the Hourly Employees. The Purchaser 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.

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

(a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order 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 Related Documents and the transactions and actions contemplated therein;
 - (ii) the sale of the Purchased Assets to the Purchaser;
 - (iii) the entering into of the Purchase Agreement and the Related Documents by any of the Applicants;
 - (iv) the vesting of title in the Purchased Assets in the Purchaser, 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,

1. 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.

11. **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 are located.

12. **THIS COURT ORDERS AND DECLARES** that all persons shall co-operate fully with the Applicants, the Purchasers, 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.

13. **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.

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States (including the U.S. Bankruptcy Court for the District of Delaware) 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 U.S. Bankruptcy Court for the District of Delaware) 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.

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

Schedule A– Form of Monitor’s Certificate

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM JUSTICE PEPALL	)))	WEDNESDAY, THE 7TH DAY OF JULY, 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 as amended, PricewaterhouseCoopers Inc. was appointed as monitor (the “Monitor”) of the Applicants.

B. Pursuant to an Order of the Court dated July 7, 2010 (the “Approval and Vesting Order”) the Court approved an asset purchase agreement made as of May 21, 2010 between Fraser N.H. LLC, as vendor, and MB Growth Partners II, LP as purchaser (the “Purchaser”), as same may be amended from time to time (the “Purchase Agreement”), and provided for the vesting in the Purchaser of the Applicants’ right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets, upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase

Price for the Purchased Assets, (ii) that the conditions to Closing as set out in the Purchase Agreement have been satisfied or waived by the Applicants and the Purchaser, as the case may be; and (iii) the Transaction as contemplated in the Purchase Agreement 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 Purchaser has 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 and the Purchaser, respectively; and
3. The Transaction has been completed in accordance with the terms of the Purchase Agreement 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./Papiers Fraser Inc., Fraser Papers
Limited and FPS Canada Inc., Fraser Papers
Holdings Inc., Fraser Timber Limited, Fraser
Papers Limited and Fraser N.H. LLC, and
not in its personal or corporate capacity**

Per: _____
Name:
Title:

SCHEDULE B

S

Lands

Note: As used herein "recorded" shall mean "recorded in the Coos County Registry of Deeds" and "Paper Mill", "Gorham Mill" and "Cascade Mill" are one and the same.

Section One

Parts IV and V [reference from 996-420]

Cascade Mill - Berlin and Gorham

Cascade Absorbent Plant - Gorham

Easements - Berlin and Gorham

CASCADE MILL (a/k/a Paper Mill): Certain real property with the improvements thereon situate in the City of Berlin and the Town of Gorham, County of Coos, State of New Hampshire, and comprised of parcels designated as numbers 5 and 6, which are separated by the Berlin-Gorham Town Line, and the Cascade Absorbent Plant, and are more particularly described herein, and as approximately shown on Brown Company drawing entitled "Property ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin" - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 to show Parcel No. 5 and 6, said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcels described as follows:

Parcel No. 5 Land within Parcel No. 5 and located in the City of Berlin, County of Coos, and State of New Hampshire; and being a part of Lot 4, Range 11 of Lots and Ranges of said Berlin; and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad; on the south by the Berlin-Gorham Town Line; on the west by Glen Avenue so-called, also known as State Highway Route 16; and on the north by land belonging to the City of Berlin and the centerline of the Berlin Mills Railroad; and more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the centerline of said Berlin Mills Railroad and further located westerly from the railroad underpass and easterly from the railroad bridge;

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 2,100 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 2 - thence running westerly along said Berlin-Gorham Town Line a distance of 1,080 feet, more or less, to a point, on the easterly right of way line of said Glen Avenue, so-called, also known as State Route No. 16;

Line No. 3 - thence running northerly along the easterly right of way line of said State Route No. 16 a distance of 1,980 feet, more or less, to a point, said point being the

southwesterly corner of land belonging to said City of Berlin;

Line No. 4 - thence running easterly along said southerly boundary of land belonging to said City of Berlin and across the southerly end of Watson Street, so-called, a distance of 180 feet, more or less, to a point on the easterly right of way line of said Watson Street at the southerly end;

Line No. 5 - thence at a slight deflection angle to the right and continuing in an easterly direction a distance of 120 feet, more or less, to a point on the centerline of the Berlin Mills Railroad track at the westerly bridge abutment;

Line No. 6 - thence running easterly along the centerline of said Berlin Mills Railroad track and across the railroad bridge a distance of 420 feet, more or less, to the point of beginning.

Parcel No. 6 Land within Parcel No. 6 and located in the Town of Gorham, County of Coos, and State of New Hampshire; and being a part of Lot Numbers 152, 153, 154 and 179 of Lots of said Gorham and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad, the westerly right of way line of Cascade Flats Road, so-called, and the centerline of Tinker Brook so-called; on the south by the land belonging to Public Service Company of New Hampshire and the lot line between Lot Numbers 154 and 155; on the west by the easterly right of way line of the Grand Trunk Railroad, land reserved for the Absorbent Products Division, and the easterly right of way line of Glen Avenue, so-called, also known as State Route 16; and on the north by the Town Line between Berlin and Gorham; and as more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the Town Line between said Berlin and Gorham:

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 3,300 feet, more or less, to a point, said point being the northeasterly corner of land belonging to the Public Service Company of New Hampshire;

Line No. 2 - thence running westerly along the northerly boundary of land belonging to said Public Service Company and continuing beyond for a total distance of 400 feet, more or less, to a point on the centerline of the Androscoggin River, so-called;

Line No. 3 - thence running northerly along the centerline of said Androscoggin River a distance of 1,260 feet, more or less, to a point;

Line No. 4 - thence running westerly across the westerly part of said Androscoggin River and along the northerly boundary of land belonging to others a distance of 250 feet, more or less, to a point on the easterly side of River Street, so-called;

Line No. 5 - thence running northerly along the easterly boundary of land belonging to others a distance of 200 feet, more or less, to a point on the northeasterly corner of land belonging to the Town of Gorham;

Line No. 6 - thence running westerly along the northerly boundary of land belonging to said Town of Gorham and across the Cascade Flats Road, so-called a distance of 160 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 7 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 115 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 8 - thence running westerly along the northerly boundary of land belonging to others a distance of 99 feet, more or less, to a point at the northwesterly corner of said land belonging to others;

Line No. 9 - thence running southerly along the westerly boundary of land belonging to others a distance of 165 feet, more or less, to a point at the southwesterly corner of land belonging to Anthony Ferrante;

Line No. 10 - Thence running easterly along the southerly boundary of land belonging to said Ferrante a distance of 99 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 11 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 1,400 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 12 - thence running westerly along the northerly boundary of land belonging to others a distance of 190 feet, more or less, to a point on the centerline of Tinker Brook;

Line No. 13 - thence running southerly along the centerline of Tinker Brook a distance of 1,000 feet, more or less, to a point on the lot line between the said Lot Numbers 154 and 155;

Line No. 14 - thence running westerly along said lot line between Lot Numbers 154 and 155, across said State Route No. 16 a distance of 240 feet, more or less, to a point on the easterly right of way line of said Grand Trunk Railroad, and said point on the right of way line being located a distance of 44 feet easterly from the centerline of the railroad tracks.

Line No. 15 - thence running northerly along the easterly right of way line of said Grand Trunk Railroad and located 44 feet easterly from the centerline of the railroad tracks, a distance of 3,500 feet, more or less, to a point at the southwesterly corner of land belonging to others;

Line No. 16 - thence running easterly along the southerly boundary of land belonging to others a distance of 85 feet, more or less, across State Route No. 16 to a point on the easterly right of way line of said State Route No. 16;

Line No. 17 - thence running northeasterly a distance of 140 feet, more or less, to a point;

Line No. 18 - thence running easterly a distance of 30 feet, more or less, to a point on the southwesterly right of way line of said Cascade Flats Road;

Line No. 19 - thence running southeasterly along the southwesterly right of way line of said Cascade Flats Road a distance of 1,060 feet, more or less, to a point;

Line No. 20 - thence running easterly, parallel to and 75 feet southerly from the southerly wall of the existing Absorbent Products Building and running across said Cascade Flats Road and along the southerly boundary of land reserved for the Absorbent Products Division a distance of 240 feet, more or less, to a point on a chain link fence;

Line No. 21 - thence running southeasterly along said chain link fence a distance of 110 feet, more or less, to a point;

Line No. 22 - thence at a left deflection angle of $37^{\circ} 30'$ and running easterly a distance of 35 feet, more or less, to a point located 24 feet from the northwest corner of the existing Brown Company Time Office and 24 feet from the northeast corner of said Time Office;

Line No. 23 - thence at a left deflection angel of 90° and running northerly parallel to and 15 feet easterly from the easterly wall of said Absorbent Products Building a distance of 840 feet, more or less, to a point;

Line No. 24 - thence at a left deflection angle of 90° and running parallel to and 200 feet northerly from the northerly wall of said Absorbent Products Building a distance of 300 feet, more or less, to a point on the easterly right of way line of said Cascade Flats Road;

Line No. 25 - thence running northerly along the easterly right of way line of said Cascade Flats Road and said State Route No. 16 a distance of 900 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 26 - thence running easterly along said Town Line and across said Androscoggin River a distance of 1,080 feet, more or less, to the point of beginning.

ALSO CONVEYING to the extent the same are in force and effect, the right and easements granted by both the Town of Gorham and Rose Pare to excavate, lay, maintain, and renew underground process lines across the said Cascade Flats Road and the land formerly belong to Rose Pare. See Deed of the Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (page 291).

CASCADE ABSORBENT PLANT, GORHAM, NEW HAMPSHIRE - All that certain parcel of land with the improvements thereon located in Gorham, New Hampshire as shown on plan entitled, "Brown Company Ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 and designated "Reserved for A.P.D." said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcel more particularly bounded and described as follows:

BEGINNING at a point along the easterly right of way line of Cascade Flats Road, so-called, also known as State Route #16, 900 feet, more or less, southerly along said right of way line from the Berlin-Gorham Town Line to the point of beginning; thence

from the point of beginning easterly for 300 feet, more or less, to a point; thence southerly 840 feet, more or less, to a point, thence

westerly 30 feet, more or less, to a point; thence

making a slight deflection in a northwesterly direction for a distance of 110 feet; more or less, thence

in a westerly direction for 240 feet, more or less, to the easterly right of way line of Cascade Flats Road; thence

along said right of way for a distance of 1,060 feet, more or less, to the point of beginning.

EASEMENTS IN CITY OF BERLIN AND TOWN OF GORHAM - The following rights and easements to the extent the same have not been merged with the title acquired by Fraser N.H. LLC under the Deed of Androscoggin Valley Regional Refuse Disposal District recorded at Book 1171, Page 94 (Section Seven below): The right and easement across land in the City of Berlin reserved unto Crown Paper Co., its successors and assigns in the deed of Crown Paper Co. to John Hancock Mutual Life Insurance Company, dated October 29, 1997 and recorded at Coos County Registry of Deeds, Book 884, Page 57:

The non-exclusive perpetual and assignable right and easement to enter the property conveyed to John Hancock Mutual Life Insurance Company for purposes of maintaining and operating the existing fire protection system for the paper mill in the Town of Gorham known as the Cascade Mill, and making improvements to the same, including but not limited to the following:

- (a) The right to operate, maintain, inspect, repair, replace or alter the existing dam with reservoir and flowage rights located on Cascade Brook, so-called in Lot 3, Range 11 in the City of Berlin and the right to enter said Lot for such purposes;
- (b) The right to operate, maintain, inspect, repair, replace or alter the existing fire protection water line crossing Lot 3, Range 11 in the City of Berlin and right to enter said Lot for such purposes; and
- (c) The right to operate, maintain, inspect, repair, replace or alter all components of said fire protection system, including a thirty (30) foot wide right of way leading from the southerly line of Champlain Street, so-called, and running along the westerly side of Lot 3, Range 10 to the northerly side of Lot 3, Range 11 and continuing across said Lot 3, Range 11 to the reservoir area, and the right to use said right of way and the right to enter said Lots for such purposes.

Also conveying the non-exclusive perpetual and assignable right and easement to operate, maintain, repair, replace or alter the fire protection system and lines for the Cascade Mill crossing land in Gorham, New Hampshire, and the right of access to Lots 178 and 179 in Gorham for such purpose, as reserved to Crown Paper Co., its successors and assigns reserved in quitclaim deed of Crown Paper Co. to Yankee Forest Limited Liability Company, dated October 29, 1997 and recorded Coos County Registry of Deeds Book 884, Page 91.

EXCLUDING from Section One the following property:

- a. the bed of the Androscoggin River to the extent granted to the State of New Hampshire at Book 996, Page 319;
- b. any and all personal property, comprising the internal electric delivery system, transmission and distribution, facilities and equipment used or useful (i) for the delivery of electricity from the six FERC licensed hydroelectric stations conveyed by American Tissue-New Hampshire Electric, Inc. to GNE, LLC (later known as Great Lakes Hydro America, LLC) by deed dated on or about May 31, 2002, at Book 996, Page 457; and/or (ii) for delivery of electricity to the facilities and properties located on land conveyed deeds of Pulp of America LLC and Paper of America LLC to Fraser N.H. LLC dated on or about May 31, 2002, which internal electric delivery system facilities and equipment are considered personal property and were conveyed separately by Bills of Sale recorded at Book 996, Pages 447, 467, 478, and 492.
- c. the land conveyed by Fraser N.H. LLC to Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
- d. the property conveyed by Deed of Fraser N. H. LLC to North American Dismantling Corp., recorded October 3, 2006 at Book 1190, Page 932.

For source of title see Deed of Paper of America LLC to Fraser N. H. LLC recorded May 31, 2002, at Book 996, Page 420.

Section Two Also conveying the rights and benefits accruing to the Cascade Mill under the Undivided Ownership, Operation and Maintenance Agreement between Fraser N.H. LLC and GNE, LLC (later known as Great Lakes Hydro America, LLC) dated May 31, 2002, at Book 996, Page 512.

Section Three Also conveying all those rights and benefit accruing to the Paper Mill under an Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.

Section Four A certain tract or parcel of land located in the City of Berlin, Coös County, New Hampshire, together with the so-called Cascade Alpine Brook Fire Pond and the dam located thereon or thereunder, and together with any other improvements and appurtenances thereto, being bounded and described as follows:

Beginning at an iron pin located 3251.54 feet westerly along the Berlin-Gorham town line from a concrete monument marking the southeast corner of Berlin, New Hampshire; thence along land of Androscoggin Valley Regional Refuse Disposal District (AVRRDD) the following five courses:

1. North 01°20'26" East for 428.99 feet to an iron pin;
2. North 59°22'10" West crossing Cascade Alpine Brook for 293.29 feet to an iron pin;
3. South 50°43'33" West for 330.67 feet to an iron pin;
4. South 05°31'24" East for 360.55 feet to an iron pin on the Berlin-Gorham town line; thence
5. South 88°38'32" East along the Berlin-Gorham town line for 463.72 feet to the point of beginning.

Being Lot A as shown on Plan prepared by York Land Services, LLC titled "Minor Subdivision Prepared for Androscoggin Valley Regional Refuse Disposal District, Tax Map 414, Parcel 4, Berlin, New Hampshire" dated March 17, 2006, recorded in the Coös County Registry of Deeds as Plan #2636. Said Lot A shown to contain 5.45 acres, more or less.

Also conveying the dam structure, equipment, flashboards, gates, pipes, penstocks and fences and the rights and easements appurtenant thereto, as the same were acquired by Fraser N.H. LLC in the Quitclaim Deed of Androscoggin Valley Regional Refuse Disposal District to Fraser N.H. recorded May 9, 2006, at Book 1171, Page 94.

Section Five Also conveying the rights and benefits of Fraser N.H. LLC under the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.

Section Six Also conveying the rights and benefits under the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.

Section Seven Also conveying the rights and benefits accruing to the Gorham Mill under an Amendment and Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. among North American Dismantling Corp., Fraser N.H. LLC, and PJPD Holdings, LLC recorded December 23, 2008, at Book 1265, Page 981. Also conveying, to the extent the premises have not previously been conveyed, all right, title and interest in and to the premises depicted as Lot 0054.0L2 on the City of Berlin's Tax Map No.129. Being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374 of the Coös County Registry of Deeds [description to be later supplemented].

Section Eight Also conveying certain tracts or parcels of land, together with any buildings and improvements thereon, depicted on the City of Berlin's tax maps as follows:

- Map 113, Lot 0010.000, which is located on Wentworth Avenue - Lots 7 through 12, Block 19, Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 114, Lot 0073.000, which is located on Western Avenue; Lots 4, 5, 6, 11 and 12, Block 4 Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0004.000, which is located on Hutchins Street - Lots numbered Eight (8) and Nine (9) in Block numbered seventy-five (75) of Berlin Mills Addition, appears by Plan numbered Four (4) and description of the same as made by E.S. Bryant and recorded in Coos County Registry of Deeds, Book 121, Page 402; being a portion of Parcel 7 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0005.000, which is located on Hutchins Street - A certain piece or parcel of land, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eight (8th) Range of lots in said Berlin, and more particularly described as follows:

Lot numbered Ten (10) in Block numbered Seventy Five (75) of Berlin Mills Addition, as appears by Plan numbered Four (4) and description of the same as made by E.S. Brungot and recorded in Coos County Registry of Deeds, Book 121, Page 402.

And another piece or parcel, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eighth (8th) Range of lots in said Berlin, and more particularly described as follows:

Beginning at a point on the northerly side of Hutchins Street at the southeasterly corner of said Lot 10, thence

in an easterly direction along the northerly side of Hutchins Street eighty (80) feet, more or less, to the line of right-of-way of the Boston and Maine Railroad, thence

northwesterly along said right-of-way one hundred (100) feet, more or less, to the easterly line of said Lot 10, thence

southerly along easterly line of said Lot 10 eighty (80) feet, more or less to the point of beginning.

For source of title see Parcel 8 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

- Map 134, Lot 0007.000, which is located on Perry Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374. and
- Map 134, Lot 0011.000, which is located on Napert Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374.

Section Nine Also conveying all right, title and interest in and to the following discontinued streets:

Beech Street, which is depicted on Map 114 as Lot 0060.000 on the City of Berlin's tax maps; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374;

and Alder Street, which is depicted on the City of Berlin's Tax Map 114, as Lot 0062.000; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

Section Ten The benefits flowing to the Paper Mill under the Covenant Not to Sue In Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets from the State of New Hampshire dated May 30, 2006, recorded at Book 996, Page 331 as is more particularly described and subject to the terms in the Assignment and Assumption

Agreement between the parties hereto.

Section Eleven A certain strip of land, situate in the City of Berlin, Coös County, New Hampshire, shown as Parcel B, as approximately 11.6 acres, on a Plan entitled "Minor Subdivision, Fraser NH LLC, Former Railroad, Tax map 118, Parcel 212, Berlin, New Hampshire", recorded as Plan # 02786, the northerly end of said strip of land being at land now or formerly of North American Dismantling Corp. and the southerly end of said strip of land being at land of Great Lakes Hydro America, LLC (the so-called Cross Power Project). Being a portion of the land conveyed by Deed of Berlin Mills Railway, Inc. to Fraser N.H. LLC dated May 31, 2002, recorded at Book 996, Page 432.

All of the above property is conveyed SUBJECT TO the following:

1. Streets: Title to and rights of the public and others entitled thereto in and to those portions of the premises lying within the bounds of adjacent streets, ways, and paper streets.
2. Hydros: Lands, dams, hydro-generating stations, steam generating stations, transmission facilities, easements, right of ways, et al, conveyed in the Deed of Brown Company to Brown-New Hampshire, Inc., (later known as James River-New Hampshire Electric, Inc., Crown Vantage-New Hampshire Electric, Inc. and American Tissue-New Hampshire Electric, Inc.), its successors and/or assigns, dated April 30, 1965, recorded at Book 490, Page 3.
3. Railroads:
 - a. Lands, buildings, railroad tracks, bridges, easements, etc., and right of ways conveyed by Brown Company to Berlin Mills Railway, Inc., as described in deed dated January 31, 1970, and recorded at Book 527, Page 65.
 - b. All rights of way, railroad tracks, and facilities owned and operated by the Grand Trunk Railroad, its successors and assigns (the current owner/operator is believed to be the St. Lawrence & Atlantic Railroad Company, which followed Canadian National Railways as owner/operator) located on the westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements.
 - c. All rights of way, railroad tracks, and facilities owned by the Berlin Mills Railway, Inc. (successor in interest to The Whitefield and Jefferson Railroad, the Concord & Montreal Railroad, the Boston and Maine Corporation and New Hampshire and Vermont Railroad Company) located on the easterly and westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements. See quitclaim deed of New Hampshire and Vermont Railroad Company to Berlin Mills Railway, Inc., dated October 25, 1996 and recorded at 867, Page 427.

12. Highway layout for Route 16 by the State of New Hampshire dated May 4, 1961, recorded at Book 544, Page 22.
13. Highway layout for Route 16 by the State of New Hampshire dated October 23, 1959 recorded at Book 446, Page 337 and 338.
14. Land taken along with slope and embankment easements by the State of New Hampshire against the Brown Company, dated December 3, 1980, recorded at Book 635, Page 321. Affects property along Route 2 in Gorham.
15. Courses 13-19 missing in the property description of the Deed of Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (should be between Pages 289 and 290). Affects Parcel 6.
16. The Deed of James River Paper Co., Inc. to Crown Paper Co. at Book 847, Page 190 (Page 217) dated August 22, 1995, reserves the paper machine no. 6 and right to remove same. Affects Parcel 6.
17. Right, title and interest of the Town of Gorham in and to a fire station located on or near Cascade Flats Road on the west side of the Androscoggin River in Gorham, New Hampshire, and the terms of any lease re same.
18. Pole Line easements from Brown Company to Public Service Company of New Hampshire, both dated June 7, 1947, recorded at Book 354, Page 291.
19. Easement described in deed of Brown Company to Portland Pipeline Co. dated August 21, 1941, recorded in Book 318, Page 152.
20. Riparian rights and rights of others thereto entitled in and to the continuous and uninterrupted flow of brooks, streams and ponds.
21. Administrative Order of New Hampshire Dept. of Environmental Services dated October 19, 2000, recorded at Book 949, Page 381 to Pulp and Paper of America LLC. No. WD 00-29. Re Cascade Mill in Gorham.
22. Statement of Intent by N.H. Water Resources Board to Brown Company relative to the construction of a dam, said instrument recorded at Book 572, Page 693 on September 13, 1974. (It is likely this should have been in the name of Brown-New Hampshire, Inc. as the owner of the dams at Book 490, Page 3). Property in Gorham.
23. Terms of the Covenant Not to Sue in Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets dated May 30, 2002, among The State of New Hampshire, The New Hampshire Department of Environmental Services, Fraser N.H. LLC, GNE LLC and Mt. Carberry Landfill, LLC, recorded at Book 996, Page 331. Pursuant to Section 5(a) of the Covenant Not to Sue, the Vendor shall also retain the protections provided to it thereunder.

24. The effects, if any, of current use assessment and any change of use tax arising thereunder, including but not limited to, the notices recorded as follows :
 - a. Berlin - Book 649, Pages 546 and 547 – filed in the name of James River Corporation
 - b. Berlin – Book 712, Page 3 – filed in the name of James River Corp.
 - c. Gorham – Book 780, Pages 538, 539, 540, 541, 542, and 543 – filed in the name of James River Timber Corporation.
 - d. Gorham – Book 780, Page 544 – filed in the name of James River Paper Co., Inc.
25. Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.
26. Recorded Plan 2698 Cascade Lot Line Adjustment recorded June 15, 2006;
27. Recorded Plan 2787 Easements retained by Fraser at Cascade Dam Parcels, recorded September 28, 2006.
28. The right, title and interests conveyed by Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
29. Terms of the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.
30. Terms of the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.
31. Terms of the Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District recorded October 17, 2007, at Book 1230, Page 801, as affected by a Corrective Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010, recorded _____.
32. Terms of the Amendment & Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. Among North American Dismantling Corp; Fraser N.H. LLC; PJP Holdings, LLC; recorded December 23, 2008 at Book 1265, Page 981.
33. Taxes due and owing the Town of Gorham and the City of Berlin including, but not limited to the taxes referenced in the Berlin tax liens against Fraser N.H. LLC for the levy of 2009 at Book 1300, Page 1, but see pages 26, 27, and 28 for listings, recorded March 26, 2010.

34. Gas Line Easement of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010 and recorded _____.

J:\WDOX\DOCS\CLIENTS\013989\092510\MI640631.DOC

Personal Property

All of Vendor's remaining right title and interest in and to the following:

1. The property described on the "Fraser NH LLC Fixed Asset Listing" attached hereto and made a part hereof as Schedule D-1.
2. The property conveyed to the Vendor in the Bill of Sale and Assignment (Internal Electric Delivery Assets - Pulp and Paper Mills) from Pulp & Paper of America LLC et al to Fraser N.H. LLC recorded May 31, 2002, at Book 996, Page 447 together with any additions thereto and replacements thereof.
3. The property conveyed to the Vendor in the Bill of Sale and Assignment (Joint Electric Delivery Assets) from Pulp & Paper of America LLC et al to Fraser N.H. LLC and GNE, LLC (later known as Great Lakes Hydro America, LLC) recorded May 31, 2002, at Book 996, Page 467 together with any additions thereto and replacements thereof.
4. The property conveyed to the Vendor in the Bill of Sale (Assets Other Than Hydro, Landfill and Electric Delivery Assets) of Pulp & Paper of America, LLC to Fraser N.H. LLC recorded May 31, 2002, at Book 996, Page 492 together with any additions thereto and replacements thereof.

Purchased Contracts

(Redacted)

Allocation of Purchase Price

Licenses and Permits

Assigned Permits: All franchises, approvals, permits, authorizations, licenses, orders, registrations, certificates, variances and other permits or rights obtained from any governmental authority relating to the Cascade Mill a/k/a Paper Mill a/k/a Gorham Mill in Berlin and Gorham, Coös County, New Hampshire, or the business of operating said Cascade Mill, including, without limitation, the following:

1. State of New Hampshire, Department of Environmental Services, Administrative Order by Consent No. 08-039 ARD August 21, 2008;
2. State of New Hampshire, Department of Environmental Services, Air Resources Division, Title V Operating Permit TV-OP-048, dated February 27, 2004, Administrative Amendments August 15, 2006, and March 9, 2007;
3. State of New Hampshire, Department of Environmental Services, Air Resources Division, Temporary Permit TP-B-0534 dated August 25, 2007 for Power Boilers 1, 2 and 3;
4. United States of America, Department of Transportation, Pipeline and Hazardous Materials Safety Administration, Hazardous Materials Certificate of Registration, for Registration Years 2009-2010;
5. Statement of New Hampshire, Department of Environmental Services, Subsequent Notification Form for EPA ID #NHD000842575, dated November 18, 2008;
6. State of New Hampshire, Department of Environmental Services, Groundwater Discharge Permit, dated December 19, 2008, GWP 198908055-G-004;
7. Report of Haley & Aldrich dated 5 March, 2002, ASTM Phase I Environmental Site Assessment, Pulp and Paper of America, Cascade Mill, Gorham, New Hampshire;
8. NPDES Permit No. NH0000655 Authorization to Discharge Under the National Pollutant Discharge Elimination System dated September 30, 2008.
9. The rights, powers and benefits granted to Vendor under the "Covenant Not to Sue In Re: Acquisition of Berlin/Gorham Mills; the Mt. Carberry Landfill; and Certain Hydroelectric Assets" dated May 30, 2002, recorded in the Coös County Registry of Deeds at Book 996, Page 331 (the "Covenant Not to Sue") to the extent, and only to the extent, that such rights, powers and benefits related to the Paper Mill a/k/a Cascade Mill a/k/a Gorham Mill. Purchaser assumes, and agrees to perform and be fully liable for, the obligations under the covenant Not to Sue to the extent, and only to the extent, that such obligations related to the Paper Mill. In accordance with the provisions of Section 5(c) of

the Covenant Not to Sue, Vendor shall also retain all of the protections provided to it under the Covenant Not to Sue.

10. State of New Hampshire Department of Health and Human Services Radiological Health Section Certificate of Registration for Radiation Machines, Certificate Number 5401, August 1, 2009 through July 31, 2010.
11. Pressure vessel and elevator permits per attached list.
12. State of New Hampshire Department of Agriculture, Markets & Food, Division of Weights and Measures, Weighing and Measuring Device License, Account Number 1909, expiring May 31, 2010.
13. U.S. Environmental Protection Agency/NPDES Stormwater Multi-sector General Permit.
14. State of New Hampshire Department of Environmental Services Status Summary April 21, 2010 and attached documents.



**State of New Hampshire
Department of Health and Human Services
Radiological Health Section**

**Certificate of Registration for Radiation Machines
Certificate Number 5401**

This certifies that the person named below as the registrant has registered the listed types and numbers of radiation machines at the site named hereon for the period August 1, 2009 through July 31, 2010 and has paid all applicable fees.

Registrant: FRASER NH LLC
ATTN: ROBERT CHAUVETTE
72 CASCADE FLATS
GORHAM, NH 03581

Site: FRASER NH LLC
ATTN: ROBERT CHAUVETTE
72 CASCADE FLATS
GORHAM, NH 03581

Machines registered for this site:

Machine ID:	Manufacturer:	Storage:	Machine Type:	Serial Number:	Serial Location:	Sources:
2580	MEASUREX	N	INDUSTRIAL CERTIFIED CABINET RADIOGRAPHIC	136	G	1
2581	MEASUREX	Y	INDUSTRIAL CERTIFIED CABINET RADIOGRAPHIC	336	G	1
2582	MEASUREX	N	INDUSTRIAL CERTIFIED CABINET RADIOGRAPHIC	2237	G	1

Issued at Concord under the provisions of New Hampshire Revised Statutes Annotated 125:F-7 and the New Hampshire Rules for the Control of Radiation.

Dennis P. O'Dowd

Dennis P. O'Dowd, Administrator
Radiological Health Section

Issuance Date: 08/11/2009

Fraser NH LLC

Subject: Pressure Vessels & Elevators Requiring Inspection, Paper Mill

BOILERS - Annual Inspections

Description	Built By	Year	N.H.Tag #	N.B. #	Date Inspected
#1-450/275	Combustion Eng.	1936	3461	531	8/13/09 - SENECA - AJ Gallugi
#2-450/275	Babcock Wilcox	1937	3460	NB-11094	6/11/09 - SENECA - AJ Gallugi
#3-500/275	Zurn	1961	3286	NB-16509	10/21/09 - SENECA - AJ Gallugi

AIR RECEIVERS - Biannual Inspections

Description	Built By	Year	N.H.Tag #	N.B. #	Date Inspected
Boiler House(S.W.) 150/130	Bell & Gossett	1946	NH-3309	NB-4495	[All Receivers due in August 2011] 8/13/09 - SENECA - AJ Gallugi
Boiler House Compressor 125/125	Niles	1961	NH-3307	NB-4825	8/13/09 - SENECA - AJ Gallugi
Mach.Shop Comp. 200/125	Brunner	1989	NH-3308	NB-920066	8/13/09 - SENECA - AJ Gallugi
Mill Receiver - North 125/130	Buffalo	1947	NH-3306	NB-6867	8/13/09 - SENECA - AJ Gallugi
Mill Receiver - South 135/130	Buffalo	1941	NH-3305	NB-657	8/13/09 - SENECA - AJ Gallugi
Sahara Air Dryer (2) (East) #1 150/150	Henderson	1999	NH-32881	NB-7015	8/13/09 - SENECA - AJ Gallugi
(West) #2 150/150	Engineering	1999	NH-32882	NB-7016	8/13/09 - SENECA - AJ Gallugi
W.W.T.P. Tank 1 - 200/75	Buffalo	1988	NH-3304	NB-829402	8/13/09 - SENECA - AJ Gallugi
W.W.T.P. Tank 2 - 200/200	Manchester	2003	NH-3989	NB-144583	8/13/09 - SENECA - AJ Gallugi
CEM #1 Boiler 200/125	Buffalo	1993	NH-3312	NB-16285H	8/13/09 - SENECA - AJ Gallugi
Sheeter Air Comp. 165/135	Brunner	2000	NH-14557	NB-12692M	8/13/09 - SENECA - AJ Gallugi

PAPER MACHINES - Biannual Inspections

N0. 11 Paper Machine	NH-3436	10/21/09 - SENECA - AJ (DUE IN OCT '11)
N0. 13 Paper Machine	NH-3438	6/11/09 - SENECA - AJ (DUE IN JUNE '11)
N0. 14 Paper Machine	NH-3439	9/11/08 - SENECA - AJ (DUE IN SEPT '10)
N0. 19 Paper Machine	NH-3440	10/21/09 - SENECA - AJ (DUE IN OCT '11)
Crepe 100/100	NB-899(CREPE) DOM 1961, Rice Barton, Part of NH-3440	
Yankee Dryer	NH-4108	NB-489(YANKEE) 9/11/08 - SENECA - AJ (DUE IN SEPT '10)

**ELEVATORS - Annual
CORE ROOM #5**

NHE-574

7/2/09



STATE OF NEW HAMPSHIRE
 Department of Agriculture, Markets & Food
 Division of Weights and Measures

65071

May 05, 2009

WEIGHING AND MEASURING DEVICE LICENSE

FRASER NH LLC
 72 CASCADE FLATS
 GORHAM, NH 03581-1015

Account Number
 1909

This is to certify that the commercial weighing or measuring device/s listed below has/have been licensed
 in accordance with RSA 438:8(g).

>>>>>POST IN CONSPICUOUS AREA<<<<<
>>>>>DEVICES MUST BE CERTIFIED ANNUALLY<<<<<
 FAIRBANKS 9201 5000-LB SCALE H376751, H554602, H596828 FAIRBANKS 514
 10000-LB SCALE H530368 FAIRBANKS 9201 10000-LB SCALE H376752

Expiration Date:

May 31, 2010

License Number:

1001909

POST THIS LICENSE AT THE
 LOCATION OF THE DEVICE/S

Thomas A. Merrill
 Commissioner of Agriculture, Markets & Food



U.S. ENVIRONMENTAL PROTECTION
AGENCY (EPA)
NATIONAL POLLUTANT DISCHARGE
ELIMINATION SYSTEM (NPDES)
EPA's NOI PROCESSING CENTER



12/01/2008

Company: FRASER NH LLC
ATTN: WILLIS BLEVINS
72 Cascade Flats
Gorham, NH 03581
Permit Number: NHR05BL31

Facility: GORHAM PAPER MILL
72 Cascade Flats
Gorham, NH 03581

This email/letter acknowledges that you have submitted a complete Notice of Intent form to be covered under the NPDES General Permit for Stormwater Discharges for Multi-Sector General Permit Activity (Multi-Sector General Permit). Coverage under this permit begins at the conclusion of your sixty-day waiting period, on 12/31/2008.

As stated above, this letter acknowledges receipt of a complete Notice of Intent. However, it is not an EPA determination of the validity of the information you provided. Your eligibility for coverage under the Permit is based on the validity of the certification you provided. Your signature on the Notice of Intent certifies that you have read, understood, and are implementing all of the applicable requirements. An important aspect of this certification requires that you correctly determine whether you are eligible for coverage under this permit.

As you know, the Multi-Sector General Permit requires you to have developed and begun implementing a Stormwater Pollution Prevention Plan (SWPPP) and outlines important inspection and record keeping requirements. You must also comply with any additional location-specific requirements applicable to your state or tribal area. A copy of the Multi-Sector General Permit must be kept with your SWPPP. An electronic copy of the Permit and additional guidance materials can be viewed and downloaded at www.epa.gov/npdes/stormwater.

For tracking purposes, the following number has been assigned to your Notice of Intent Form:
NHR05BL31.

If you have general questions regarding the stormwater program or your responsibilities under the Multi-Sector General Permit, please call

EPA Region 1

Thelma Murphy (617) 918-1615



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner
WATER DIVISION, DAM BUREAU



(chk #: 401791)

INVOICE

FRASIER NH LLC
ATTN ACCTS PAYABLE DEPT CUST SERV
72 CASCADE FLAT
GORHAM NH 03581 1015

Invoice #: DAM 10087

Date: 10/26/09

**2010 ANNUAL
DAM REGISTRATION FEE**

Total amount due: \$1,150.00

Please return a copy of this bill with payment and updates

2010 ANNUAL DAM REGISTRATION FEE

Invoice #: DAM 10087

Dam#	Hazard Classification	Dam Name	Annual Fee	Amount Due
024.17	L	ALPINE CASCADE BROOK DAM	\$400.00	\$400.00
<i>Tax map:</i>	<i>Tax lot:</i>	<i>Deed Volume:</i> <i>Deed Pg:</i>		
094.10	S	CASCADE WASTE WATER LAGOON DAM	\$750.00	\$750.00
<i>Tax map:</i>	<i>Tax lot:</i>	<i>Deed Volume:</i> <i>Deed Pg:</i>		

Total amount due: \$1,150.00

PLEASE DO NOT COMBINE THIS PAYMENT WITH PAYMENTS DUE TO OTHER STATE DEPARTMENTS OR OTHER BUREAUS WITHIN DES
PLEASE CONFIRM, PROVIDE OR CORRECT THE TAX MAP AND DEED INFORMATION.

VENDOR #	
VOUCHER #	
OCT 26 2009	
INVOICE #	

Please make checks payable to; TREASURER, STATE OF NEW HAMPSHIRE
Reference the invoice # on your check and return the top portion of this invoice with payment to:
STATE OF NEW HAMPSHIRE
WATER DIVISION, DAM BUREAU
PO BOX 95
CONCORD NH 03302-0095

Per RSA 482:8a the Annual Dam Registration Fee is due January 1 of each calendar year

DES Web site: www.des.nh.gov
P.O. Box 95, 29 Hazen Drive, Concord, New Hampshire 03302-0095
Telephone: (603) 271-3503 • Fax: (603) 271-2982 • TDD Access: Relay NH 1-800-735-2964

From: Igoe, Bill @Berlin
Sent: Wednesday, May 19, 2010 11:52 AM
To: Blevins, Willis @Berlin
Subject: FW: MSGP transfer process
 Willis,

Below is the transfer process for our Storm Water Multi-Sector General Permit (MSGP).

Bill

From: Carrier, Ryan @Berlin
Sent: Wednesday, May 19, 2010 8:29 AM
To: Igoe, Bill @Berlin
Subject: MSGP transfer process

Bill,

The information below is quoted right from the NOI/NOT forms. The new company would have to submit the NOI at least 30 days prior to the date the transfer of ownership takes place. Fraser would have to submit a NOT within 30 days after the ownership change.

-Ryan

Who May File Notice of Termination (NOT) Form

Permittees currently covered by EPA's NPDES Stormwater Multi-Sector General Permit may submit a Notice of Termination (NOT) form. You must submit an NOT within 30 days after one or more of the following conditions have been met:

- a new owner or operator has assumed responsibility for the facility; or
- you have ceased operations at the facility and there are not or no longer will be discharges of stormwater associated with industrial activity from the facility, and you have already implemented necessary sediment and erosion controls as required by Part 2.1.2.5;
- you are a Sector G, H, or J facility and you have met the applicable termination requirements; or
- you have obtained coverage under an individual or alternative general permit for all discharges required to be covered by an NPDES permit

NOI Submittal Deadlines/Discharge Authorization Dates		
Category	NOI Deadline	Discharge Authorization Date
Existing Dischargers - in operation as of October 30, 2005 and authorized for coverage under MSGP 2000.	No later than January 5, 2009.	30 days after EPA posts your NOI. Your authorization under the MSGP 2000 is automatically continued until you have been granted coverage under this permit or an alternative permit, or coverage is otherwise terminated.
New Dischargers or New Sources - have commenced discharging between October 30, 2005 and January 5, 2009.	As soon as possible but no later than January 5, 2009.	30 days after EPA posts your NOI.
New Dischargers or New Sources - commence discharging after January 5, 2009.	A minimum of 60 days prior to commencing operation of the facility, or a minimum of 30 days if your SWPPP is posted on the Internet during this period and the Internet address (i.e., URL) to your SWPPP is provided on the NOI form.	If you post your SWPPP on the Internet, 30 days after EPA posts your NOI. Otherwise, 60 days after EPA posts your NOI.
New Owner/Operator of Existing Discharger - transfer of ownership and/or operation of a facility whose discharge is authorized under this permit	A minimum of 30 days prior to date that the transfer will take place to the new owner/operator.	30 days after EPA posts your NOI.
Other Eligible Dischargers - in operation prior to October 30, 2005 but not covered under the MSGP 2000 or another NPDES permit.	Immediately, to minimize the time discharges from the facility will continue to be unauthorized.	If you post your SWPPP on the Internet, 30 days after EPA posts your NOI. Otherwise, 60 days after EPA posts your NOI.



**Fraser Paper Environmental Permits
Gorham, NH Facility**

Status Summary*

April 21, 2010

Permit Name	DES #	Status	Transferable? (See below)	Notes
1. NPDES ¹	(EPA ID#): NH0000655	Active	Yes	EPA Effective Date: 1/1/09 through 12/31/13
2. Air Emission Permits	(See attached list)	Active	Yes	(See attached email from Gary Milbury, below)
3. Groundwater Management Permit ²	GWP-198908055-G-004	Active	Yes	Issued 12/19/08; Expires 12/18/13
4. Hazardous Waste Generator Registration ³	NHD000842575	Active	Yes	(See attached email from Susan Francesco, below)
5a. Cascade Wastewater Lagoon Dam ⁴	094.10 (S) – Class: Significant Hazard Dam	Active	Yes	Inspection due 2010, no violations
AND				
5b. Alpine Dam ⁴	024.17 (L) – Class: Low Hazard Dam	Active	Yes	Outstanding 2004 Letter of Deficiency (LoD); Revised LoD to be issued June 2010; Dam in poor condition
6. Water User Registration & Reporting ⁵	20179	Active	Yes	Registered since 1989; consistent reporting through 12/31/09

Links to additional information:

***For one-stop coordination, please contact Timothy Drew, Administrator for Public Information and Permitting, NH Department of Environmental Services at (603) 271-3306 or by email at timothy.drew@des.nh.gov.**

Notes from Table (above):

1. National Pollutant Discharge Elimination System (NPDES) Permit: See http://www.epa.gov/ne/npdes/permits_listing_nh.html and scroll to Gorham to find Fraser Paper's currently active permit.

2. Groundwater Management Permit:
http://www2.des.state.nh.us/OneStop/ORCB_GWPermit_Results.aspx?MASTERID=15383

3. Hazardous Waste Generator Registration:

http://www2.des.state.nh.us/OneStop/Hazardous_Waste_Generator_Results.aspx?Town=%&Name=&Street=&RCRAId=NHD000842575&Status=%&GenSize=%

4. James Weber, from the DES Dam Bureau, should be contacted to gain further information regarding the two dams owned by Fraser Paper in Gorham. His direct telephone number is (603) 271-8699 and his email address is: james.weber@des.nh.gov.

5. The New Hampshire Geological Survey maintains this program and its resulting data collection. Please contact Debra McDonnell at (603) 271-4086 or by email at debra.mcdonnell@des.nh.gov.

Transferability Processes:

1. NPDES Permit Transfers:

Reporting Requirements:

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=2cdbc962792f447007ee6dbe4a00b7d5&rgn=div8&view=text&node=40:21.0.1.1.12.3.6.1&idno=40>

40 CFR 122.41 (l) (3) *Transfers*. This permit is not transferable to any person except after notice to the Director. The Director may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary under the Clean Water Act. (See §122.61; in some cases, modification or revocation and reissuance is mandatory.)

Permit Transfers:

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=2cdbc962792f447007ee6dbe4a00b7d5&rgn=div8&view=text&node=40:21.0.1.1.12.4.6.1&idno=40>

40 CFR 122.61

§ 122.61 Transfer of permits (applicable to State programs, see §123.25).

(a) *Transfers by modification*. Except as provided in paragraph (b) of this section, a permit may be transferred by the permittee to a new owner or operator only if the permit has been modified or revoked and reissued (under §122.62(b)(2)), or a minor modification made (under §122.63(d)), to identify the new permittee and incorporate such other requirements as may be necessary under CWA.

(b) *Automatic transfers*. As an alternative to transfers under paragraph (a) of this section, any NPDES permit may be automatically transferred to a new permittee if:

(1) The current permittee notifies the Director at least 30 days in advance of the proposed transfer date in paragraph (b)(2) of this section;

(2) The notice includes a written agreement between the existing and new permittees containing a specific date for transfer of permit responsibility, coverage, and liability between them; and

(3) The Director does not notify the existing permittee and the proposed new permittee of his or her intent to modify or revoke and reissue the permit. A modification under this subparagraph may also be a minor modification under §122.63. If this notice is not received, the transfer is effective on the date specified in the agreement mentioned in paragraph (b)(2) of this section.

EPA NPDES Contacts

The administrative contact person for NH NPDES permits is Shelley Puleo, 617-918-1545

The NPDES Industrial Permits Branch Chief is David Webster, 617-918-1791

2. Air Emission Permit Transfers: The new owner would submit:

- 1) New ARD-1 form signed by the new responsible official (I attached this form so you can see the information that is required)
- 2) New affidavit of ownership or permissible use (sample affidavit attached)
- 3) Cover letter describing when and how permit responsibilities (submittal of reports, fees, etc.) will be allocated between old/new owners during the transition.
- 4) Cover letter and certification statement indicating that the new owner accepts the pending Title V renewal application as their own.

3. Groundwater Management Permit Transfer:

Prior to transfer to a new permittee, the current permittee must submit a completed Application for Groundwater Permit Transfer including a summary of all monitoring results to date in an acceptable format. The current permittee and the new permittee will be notified in writing within 45 days.

4. Hazardous Waste Generator Registration Transfer:

Declassification Form (for current owner):

http://des.nh.gov/organization/commissioner/pip/forms/hwc/documents/declass_request.pdf

Declassification Form Example:

http://des.nh.gov/organization/commissioner/pip/forms/waste/documents/sample_declassification.pdf

Notification Instructions:

http://des.nh.gov/organization/commissioner/pip/forms/waste/documents/notification_instructions.pdf

Notification Form (for new owner):

http://des.nh.gov/organization/commissioner/pip/forms/waste/documents/waste_notification.pdf

5. Dam Permit Transfer:

Env-Wr 303.08 Transfer of Ownership.

(a) The owner shall provide the information specified in (b), below, to any prospective owner prior to transferring:

- (1) Title to the dam; or
- (2) If ownership of the dam is tied to ownership of the property, the property on which the dam is located.

(b) The owner shall provide the following information:

- (1) The existence of the dam;
- (2) The dam number assigned by the department; and
- (3) Any letters or orders issued by the department relative to the condition of the dam.

(c) Within 30 days of the transfer of ownership of a dam or the property on which a dam is located, the new owner shall inform the department in writing of the transfer of ownership by providing the following information:

- (1) The name of the former owner;
 - (2) The dam number assigned by the department;
- NEW HAMPSHIRE CODE OF ADMINISTRATIVE RULES

23 Env-Wr 100-800

- (3) The name, mailing address, and daytime telephone number of the new owner;
- (4) The tax map and lot number of the dam; and
- (5) The volume and page number of the deed which transferred ownership of the dam or the property on which the dam is located.

Source. #8414, eff 8-20-05

6. Water User Registration & Reporting Transfer:

The Water Use Registration and Reporting Program at DES must be informed in writing of ownership transfers. Send notification to Debra McDonnell, NH Geological Survey, NHDES, 29 Hazen Drive, Concord, NH 03302-0095.

Email message from Gary Milbury, Air Resources Division, NHDES:

Fraser is currently operating under 2 air permits:

1. Title V Operating Permit #TV-OP-048 issued 02/27/04 (with later amendments), expired 02/28/09. While this permit has expired, the facility submitted an application to renew this permit and until a new Title V Operating permit is issued, the facility can continue to operate under the terms and conditions of the expired permit.
2. Temporary Permit #TP-B-0534 issued 10/23/07, expired 04/30/09. This permit allowed Fraser to remove their NOx continuous emissions monitor (CEM) provided that they do an annual stack test to verify NOx emissions.

Fraser also has two current air permit applications on file with NHDES:

Application# 08-0339 - Application to renew the facility-wide Title V Operating Permit (this is the permit application I mentioned above and covers the two above permits).

Application# 08-0446 - Application for a Temporary Permit to install a new wood-fired boiler and rotary dryer

In addition to the above, there is an Administrative Order by Consent (AOC) that was issued in August 2008 and is associated with the wood-fired boiler permit application. Among other items, the AOC requires Fraser to accept a cap on facility-wide emissions and also contains provisions regarding the use of NOx reductions (from equipment shut down at their former Berlin mill) towards permitting of the wood boiler project. We have had some initial discussions with Fraser personnel regarding how the AOC could be addressed if the facility is sold, but I cannot say right now exactly how that would work because we are still discussing the issue with Fraser.

Notwithstanding the AOC issue, after the purchase of the Gorham facility, the new owner would need to transfer the existing permits (and pending permit applications) from Fraser through an Administrative Amendment. In order to do this, the following actions would need to be taken.

The new owner would submit:

- 1) New ARD-1 form signed by the new responsible official (I attached this form so you can see the information that is required)
- 2) New affidavit of ownership or permissible use (sample affidavit attached)
- 3) Cover letter describing when and how permit responsibilities (submittal of reports, fees, etc.) will be allocated between old/new owners during the transition.
- 4) Cover letter and certification statement indicating that the new owner accepts the pending Title V renewal application as their own.

Regarding inspections – Fraser was last inspected in July 2009. I understand the inspection report will be finalized in the near future. They were also inspected in 9/07 (offsite record review only), 8/05 and 9/04 (both full onsite inspections). Our database indicates that there were no issues found during those inspections.

I hope this answers your initial questions, but please contact me if you need further information. I will be out of the office Wednesday morning, but if you have any questions between now and Wednesday afternoon, you can contact Todd Moore at (603) 271-2630 or at todd.moore@des.nh.gov

Gary
Gary Milbury
Air Permit Programs Manager
NH Department of Environmental Services
Air Resources Division
phone: (603) 271-2630
fax: (603) 271-1381
email: gary.milbury@des.nh.gov



sample_ownership_a
ffidavit 1 .pdf



ARD-1.pdf

Email message from Susan Francesco, Waste Management Division, NHDES:

The following documents regarding the 72 Cascade Flats, Fraser NH LLC facility in Gorham, NH.

1. SQG form requesting updated Notification
2. Most current notification form dated 11/3/2008
3. SQG form from 2006 – fees paid
4. SQG form from November 2008 (for 2009) fees paid
5. Copy of the last Quarterly report filed - no fees due (Indicates that no hazardous waste has been shipped since first quarter of 2009.)
6. Summary of the Fraser Hazardous waste shipments from 1/1/07 to date

Seller should declass site using this form:

http://des.nh.gov/organization/commissioner/pip/forms/hwc/documents/declass_request.pdf

Buyer should submit initial notification using RCRA C Identification form (Notification form) with \$150 fee – if hazardous waste will be generated. http://des.nh.gov/organization/commissioner/pip/forms/waste/documents/waste_notification.pdf

Susan Francesco, HW Certification Supervisor
Hazardous Waste Certification Section
Hazardous Waste Management Bureau
Department of Environmental Services
PO Box 95
Concord, NH 03302
603-271-2967
603-271-0869 (fax)



Fraser



SQG form



SQG form



Most current



2009 Q1



SQG form Oct 30

NHD000842575.PDF Nov08_20100421_122006_20100421_122Notificatio form Nov3,submitted_20100421,2008_20100421_122

Hazardous Waste Compliance Section
Hazardous Waste Generator Inspection Report

Inspector's Initials & date: _____

Monthly Summary of Hazardous Waste Generator Activity

EPA ID: NHD000842575

DBA Name:

Inspection Date:

Reporting Period: 01/01/2007 - 04/21/2010

Site Information

Facility Name: FRASER NH LLC
EPA ID Number: NHD000842575
Street: 72 CASCADE FLATS
City: GORHAM
County: COOS
Zip Code: 03581-
Gen. Status: ACTIVE

State: NH

Notif. Eff. Date: 11/03/2008

Contact Information

Name: RYAN CARRIER
Street: 72 CASCADE FLATS
City: GORHAM
State: NH
Zip Code: 03581-
Phone Number: (603) 342-3363

Notification Information

Last Notification Date: 11/03/2008
Type of Notification: FORM
Reported Generator Size: SQG(CESQG)
Reported Generator Type: RCRA REGULATED
Emerg/Temp:

Month

Manifest No.	Gen. Sign. Date	Waste Code	Waste Description	Copy 2?	Copy 7?	Pounds	Transporter ID#	TSD ID#
000356399VES03/18/2009				Y	Y		NJD080631369	NJD980536593
D002			Corrosivity-SULFURIC ACID, MERCURIC SULFATE			100	ASSESSED FEE	
Sub-Total for Hazardous Waste Only						100		
Sub-Total for Non-Hazardous Waste						0		
Total for March						100		

May

000199593VES05/07/2008				Y	Y		NJD080631369	NJD980536593
D001			Ignitability-WASTE AEROSOLS			40	ASSESSED FEE	
D001			Ignitability-WASTE AEROSOLS			240	ASSESSED FEE	
000244926VES05/07/2008				Y	Y		NJD080631369	NYD980756415
D006			Cadmium-LEAD, NICKEL			3,100	ASSESSED FEE	
000244927VES05/07/2008				Y	Y		NJD080631369	NJD002454544
D001			Ignitability-METHYL METHACRYLATE			135	ASSESSED FEE	
D001			Ignitability-WASTE PETROLEUM OIL			10	ASSESSED FEE	
Sub-Total for Hazardous Waste Only						3,525		
Sub-Total for Non-Hazardous Waste						0		
Total for May						3,525		

July

000913500FLE 07/02/2007				Y	N		MAD039322250	MAD053452637
D008			Lead-LEAD NICKEL			1,600	ASSESSED FEE	
Sub-Total for Hazardous Waste Only						1,870		
Sub-Total for Non-Hazardous Waste						250		
Total for July						2,120		

Hazardous Waste Compliance Section
Hazardous Waste Generator Inspection Report

Inspector's Initials & date: _____

Monthly Summary of Hazardous Waste Generator Activity

EPA ID: NHD000842575

DBA Name: _____

Inspection Date: _____

Reporting Period: 01/01/2007 - 04/21/2010

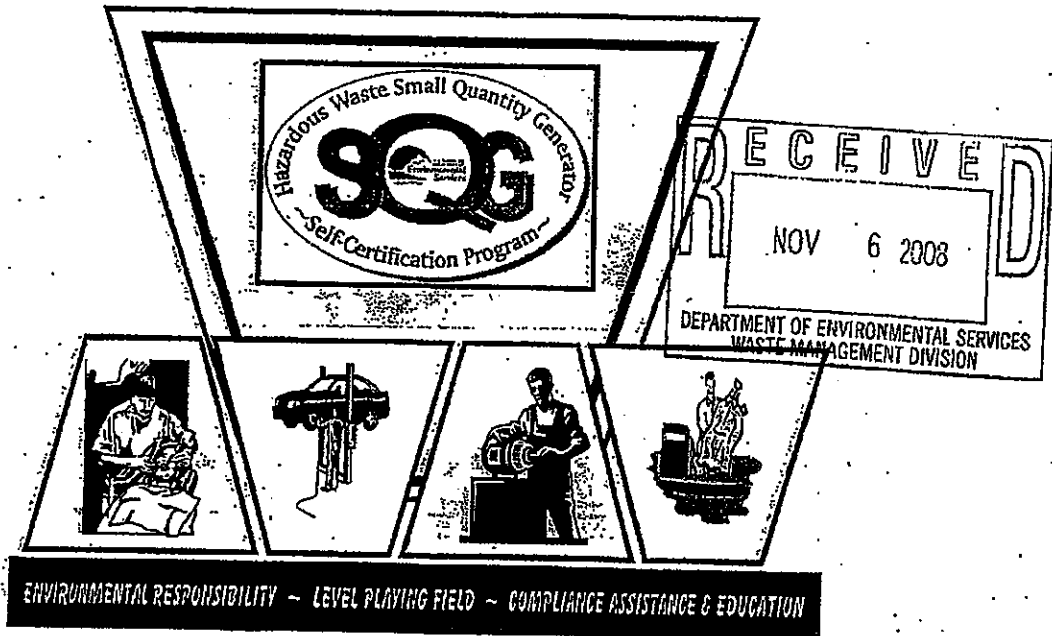
Month

Manifest No.	Gen. Sign. Date	Copy 2?	Copy 7?	Transporter ID#	TSD# ID#
Waste Code	Waste Description	Pounds	Waste Status		
July					
000819511FLE 07/02/2007		Y	Y	MAD039322250	NCD000648451
D001	Ignitability-ISOPROPYL ALCOHOL, CHROMIUM CHLORIDE	60		ASSESSED FEE	
D001	Ignitability-WASTE POTASSIUM PERMANGANATE	150		ASSESSED FEE	
D002	Corrosivity-CHROMIC ACID, MERCURIC SULFATE	60		ASSESSED FEE	
NONE	Non-Hazardous Waste-NON DOT REGULATED	150		NON NH OR NON-HAZ	
NONE	Non-Hazardous Waste-NON DOT REGULATED	100		NON NH OR NON-HAZ	

February

000876727FLE 02/16/2007		Y	N	MAD039322250	NCD000648451
D002	Corrosivity-WASTE FORMIC ACID	10		ASSESSED FEE	
D008	Lead-HAZARDOUS WASTE, LIQUID	2,400		ASSESSED FEE	
D039	Tetrachloroethylene-WASTE TETRACHLOROETHYLENE	5		ASSESSED FEE	
NONE	Non-Hazardous Waste-CADMIUM COMPOUNDS	10		NON NH OR NON-HAZ	
NONE	Non-Hazardous Waste-BATTERIES WET FILLED WITH ACID	1,200		NON NH OR NON-HAZ	
NONE	Non-Hazardous Waste-R Q POLYCHLORINATED BIPHENYLS, LIQUID	1,033.96		NON NH OR NON-HAZ	
NONE	Non-Hazardous Waste-LITHIUM BATTERY	5		NON NH OR NON-HAZ	
Sub-Total for Hazardous Waste Only		2,415			
Sub-Total for Non-Hazardous Waste		2,248.96			
Total for February		4,663.96			
Grand Total		10,408.96			

Discrepancies to Quarterly Reporting (RIMS)



Self-Certification and Declaration of Compliance Form

STATE OF NEW HAMPSHIRE'S HAZARDOUS WASTE RULES
Chapter Env-Wm 514

Actual Facility Location Address Here (Please Verify by checking box if accurate):

Company Name:	FRASER NH LLC	☒
Facility Street Address:	72 CASCADE PLATS	☒
Town/County:	GORHAM/COOS	☒
EPA ID #:	NHD000842575	☒

PLEASE COMPLETE AND RETURN THIS FORM BY 1/1/09

State of New Hampshire
Department of Environmental Services
Waste Management Division
HAZARDOUS WASTE
CERTIFICATION PROGRAM
PO Box 95, 29 Hazen Drive
Concord, NH 03302-0095
Phone #: (603) 271-2942
Fax #: (603) 271-0869

Toll-Free (In-State Only) #:
(866) HAZWAST-OR- (866) 429-9278
www.des.nh.gov

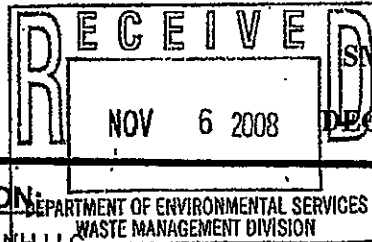
DATA ENTERED



ENTERED

FOR DES OFFICE USE ONLY	
DATE REC'D:	11/6/08
TYPE OF PAYMENT REC'D: Amount Paid: \$ <u>200.00</u>	
☐ CREDIT CARD: Receipt #: _____ Init: _____ Credit Cards (VISA OR MASTERCARD ONLY) can be processed via (603) 271-2990	
☐ INTERNAL PAYMENT VOUCHER: Date Processed: _____ Init: _____ Internal State of NH Account #: 010-044-5392-315	
☒ CHECK #: 309901 A-15 #: _____ Date: 11/6 Init: <u>LOD</u>	
☐ NO FEE REC'D: ☐ Exempt ☐ Check Returned: N/A Date: _____ Init: _____	
COMPLETE ☒ YES Date Complete: 11/14/08 Init: <u>LOD</u> ☐ NO Date Incomplete: _____ Init: _____	
☐ NO S. P. # ☐ NO REC. ☐ Manifest History indicates Active HW Mgmt ☐ Other: _____	

PLEASE KEEP COVER PAGE ATTACHED TO APPLICATION



HAZARDOUS WASTE SMALL QUANTITY GENERATOR (SQG) SELF-CERTIFICATION AND DECLARATION OF COMPLIANCE FORM

A. GENERAL INFORMATION:

1. Facility Name: Fraser NH LLC EPA ID #: NHD000842575
(Please Note That The EPA ID # IS Site-Specific)
2. Mailing Address: (Physical Address of Facility is listed on cover page- please put Mailing Address here.)
Street or PO Box: 72 Cascade Flats
City/Town: Gorham State: NH Zip Code: 03581
3. Name/Title of Individual Completing This Form: (Should we have questions regarding this form)
Name: Ryan Carrier Title: Env. Engineer/WWTP Supervisor
Daytime Phone Number: 603-342-3363 E-mail (optional): carrier@bg.fraserpapers.com
4. Date(s) of Self-Certification Inspection(s) and File Review(s): 10/31/08
5. a. Property Owner Name: _____
b. Mailing Address of Property Owner: _____ -or- ☒ Same as #2 above
Street or PO Box: _____
City/Town: _____ State: _____ Zip Code: _____

B. APPLICABILITY - Check all of the following that apply to your facility:

1. ☒ **Used Oil for Recycling:** If used oil is recycled, is the only hazardous waste generated by your facility, and is managed in accordance with Env-Wm 807 (Requirements for Management of Used Oil Being Recycled) of the New Hampshire Hazardous Waste Rules, there is no fee required. Please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
2. ☐ **On-Site Silver Recovery Unit:** If photo-fixer solution is the only hazardous waste generated by your facility and the silver is immediately recovered without any on-site storage prior to recovery, there is no fee required. Please complete Sections C.1 and C.2 on page 2, sign on page 4, and return this form.
3. ☐ **Full Quantity Generator:** If you generate greater than 220 pounds of hazardous waste in any single month, you are a Full Quantity Generator (FQG) and not a Small Quantity Generator (SQG). There is no SQG Program fee required. Please sign on page 4, return this form, and contact the New Hampshire Hazardous Waste Coordinator Program at (603) 271-2942.
4. ☐ **No Hazardous Waste Generated:** If you no longer generate hazardous waste, please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
5. ☒ **Universal Waste:** If universal waste (for example, batteries, antifreeze, computer monitors, television monitors, fluorescent lamps, or mercury containing devices) is the only hazardous waste generated, and it is managed in accordance with Env-Wm 1100 (Requirements for Universal Waste Management) of the New Hampshire Hazardous Waste Rules, there is no fee required. Please complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.
6. ☐ **Political Subdivision:** For political subdivisions (for example, municipally owned facilities) there is no fee required. If items 1, 2, 3, 4, or 5 of this section (Applicability, Section B of this form) do not apply, please complete the remainder of this form, sign on page 4, and return this form.
7. ☒ **NH Small Quantity Generator:** If your facility generates less than 220 pounds of hazardous waste in each and every month and items 1, 2, 3, 4, or 5 in the section above do not apply, please complete the remainder of this form, sign on page 4, and return with the required fee.

For NH DES Office Use Only: ☐ Payment Noted on Cover Page -or-

☐ Check #:

Amf. \$:

Init.:

Would you like help filling out this form? - Visit www.des.nh.gov - or call 1-866-429-9278 (in-state only)

Page 1 of 5

☐ Credit Card R#:
☐ No Fee Rec'd

Date: _____

C. NOTIFICATION (Env-Wm 504):

1. Please verify, sign and date the attached yellow RCRA C Site Identification Form (Notification Form).

In addition to completing this SQG form, this is an opportunity to review the hazardous waste notification information that we have for your facility. Please make any necessary changes (i.e. changes in regulated waste activity, waste names, etc.) on the Notification Form, sign the Notification Form, and return it to DES with this SQG Self-Certification Form (see Notes attached to this form for more guidance).

2. Have hazardous waste activities (other than used oil for recycle, universal waste for recycle, and/or on-site silver recovery) at this facility ceased? ☐ Yes ☒ No

If you checked yes to this question, please provide the date that hazardous waste activities have ceased and follow the instructions in Items a. and b. below.

Date: _____

If you no longer generate hazardous waste (other than used oil for recycle, universal waste for recycle, and/or on-site silver recovery), please follow these instructions:

- a. On the attached Notification Form under Item 12, "Comments", indicate that the facility no longer generates hazardous waste or that the facility only generates used oil for recycle, universal waste for recycle, and/or utilizes an on-site silver recovery unit. Please also include whether or not the facility closed, relocated, or ceased generating hazardous waste. *By doing this the EPA ID # can be declassified or inactivated. Declassification typically relates to facilities that close or move. Facilities that cease hazardous waste activity, but continue to operate, typically inactivate the EPA ID #.*
- b. Please sign and return the Notification Form along with this SQG Self-Certification Form. There is no fee required for filing subsequent notification in regard to the Notification Form. Please sign this form on page 4 and return it along with the signed Notification Form.

D. WASTE GENERATION AND WASTE TYPE:

1. **Waste Type:** Please list the hazardous waste(s) generated at the facility in the first column of the table below. In the second column, please describe how the hazardous waste is generated.

List the Hazardous Waste(s)	How is it generated?
Corrosive liquids	Obsolete process and trial chemicals
Corrosive liquids, toxic solids	used chemical oxygen demand vials

2. **Quantity of Waste:** In the table below please identify the total amount of hazardous waste generated per month for the past 12 months (please use pounds or kilograms):

Month/Year (specify)	Amount of Hazardous Waste generated	Month/Year (specify)	Amount of Hazardous Waste generated
10/07	5 lbs.	4/08	140 lbs.
11/07	5 lbs.	5/08	5 lbs.
12/07	5 lbs.	6/08	5 lbs.
1/08	145 lbs.	7/08	5 lbs.
2/08	145 lbs.	8/08	5 lbs.
3/08	15 lbs.	9/08	5 lbs.

3. **Waste Determination (Env-Wm 502.01):** In general, how do you determine if your waste(s) is hazardous or not (check all that apply)?

- ☒ Waste has been tested.
☒ Waste is hazardous based on the knowledge of the hazardous materials used in the process.
☐ Rely on the transporter or consultant.

E. STORAGE REQUIREMENTS (Env-Wm 507) (please note, this section does NOT need to be filled out if you are a mineral spirits generator only and the mineral spirits are only used in a parts washer and managed under a contractual agreement):

		Storage Area 1 (Identify the location)	Storage Area 2 (Identify the location)
1.	Location of Hazardous Waste Storage Area(s) (describe the location of each hazardous waste storage area; please copy this page if there are three or more storage areas):	Paper Mill Store house	Paper Mill WWTP
2.	Type and size of container(s) or tank(s) (for example, steel, plastic, fiber; 5-gallon, 55-gallon, cubic yard box):	55 gal. plastic 5 gal. plastic	55 gal. plastic
3.	Container(s)/Tank(s) are in good condition?	☒ Yes ☐ No	☒ Yes ☐ No
4.	Container(s)/Tank(s) compatible with the waste stored in the tank or container?	☒ Yes ☐ No	☒ Yes ☐ No
5.	Container(s)/Tank(s) are closed except when adding/removing wastes?	☒ Yes ☐ No	☒ Yes ☐ No
6.	Container(s)/Tank(s) are stored on impervious surfaces?	☒ Yes ☐ No	☒ Yes ☐ No
7.	Does the storage area have a functional floor drain?	☐ Yes ☒ No	☒ Yes ☐ No
a.	If yes, is the secondary containment capable of containing the volume of the largest capacity hazardous waste container/tank present?	☐ Yes ☐ No ☒ N/A	☒ Yes ☐ No ☐ N/A
8.	Are hazardous waste containers stored outside?	☐ Yes ☒ No	☐ Yes ☒ No
a.	If yes, are the containers covered to prevent precipitation from coming in contact with the tops of the containers?	☐ Yes ☐ No ☒ N/A	☐ Yes ☐ No ☒ N/A
b.	If the containers are stored outside, are they at least 50 feet away from any surface water?	☐ Yes ☐ No ☒ N/A	☐ Yes ☐ No ☒ N/A

Are container(s)/tank(s) marked with the following information at the time they are first used to accumulate waste(s)?

9.	The beginning accumulation date. * This does not apply to SQG extended storage (see item 18 of this section)	☐ Yes ☐ No ☒ N/A*	☐ Yes ☐ No ☒ N/A*
10.	The words "hazardous waste"	☒ Yes ☐ No	☒ Yes ☐ No
11.	Words that specifically identify the contents of the container/tank	☒ Yes ☐ No	☒ Yes ☐ No
12.	The EPA or state waste number	☒ Yes ☐ No	☒ Yes ☐ No
13.	Are the labels with the above information fully visible?	☒ Yes ☐ No	☒ Yes ☐ No

Are the following available at each hazardous waste storage area?

14.	Spill control equipment, such as speedi-dry or absorbent rags?	☒ Yes ☐ No	☒ Yes ☐ No
15.	Fire control equipment, such as fire extinguishers?	☒ Yes ☐ No	☒ Yes ☐ No
16.	"No smoking" signs near ignitable or reactive wastes? *No ignitable or reactive wastes	☒ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☒ N/A*
17.	A minimum of 2 feet of aisle space on at least one side of each container to allow for inspections and emergency access?	☒ Yes ☐ No	☒ Yes ☐ No

Small Quantity Generator Extended Storage (Env-Wm 508.03):

18.	Small Quantity Generator Extended Storage Checklist: Does the facility accumulate greater than 220 pounds (100 kilograms; or approximately 26 gallons) of non-acutely hazardous waste on-site? If you checked this option please complete the extended storage checklist on page 5 of this form.	☒ Yes ☐ No

F. RECORDKEEPING REQUIREMENTS (Env-Wm 512):

- Are manifests kept by the facility for at least 3 years? ☒ Yes ☐ No
- Is one copy of the manifest sent to DES at the time of shipment?
(If no, please make a copy and provide to DES. It is required.) ☒ Yes ☐ No

G. PRE-TRANSPORT/DELIVERY REQUIREMENTS (Env-Wm 507 & 511):**1. Method of Transportation**

How is hazardous waste transported? Please check all that apply.

☒ Transporter ☐ Self Transport**2. Transportation by valid NH Hazardous Waste Transporter**

If the waste is hauled by a hazardous waste transporter, is the transporter registered with DES?

☒ Yes ☐ No ☐ Don't Know**H. CORRECTIVE ACTION PLAN:**

If your facility is not in compliance, please complete this form indicating any areas of non-compliance, and prepare a schedule with a list of steps to follow to bring those areas into compliance. This is known as a Corrective Action Plan and it describes the actions your facility will take to come into compliance within a specified time frame. Please note that the Corrective Action Plan shall specify the date by which all corrective actions shall have been completed, which shall be as soon as practicable but in no event later than 90 days from the date this declaration is due. If a Corrective Action Plan, that is, the list of steps with a schedule to bring areas into compliance, is needed, please provide it to DES along with this form.

CERTIFICATION

I hereby affirm that the information provided and other statements made on this Self-Certification Checklist and Declaration of Compliance and any attachments hereto, including but not limited to the Notification Form and any Corrective Action Plan, is correct and complete to the best of my knowledge and belief. I further affirm that I am familiar with the NH Hazardous Waste Rules applicable to Small Quantity Generators and with this Facility's operations and procedures with respect to hazardous waste. I acknowledge that RSA 641:3 provides penalties for making false or otherwise misleading statements with a purpose to deceive a public servant in the performance of official duties.

Signature of Owner or Executive Officer:Willis BlevinsDate: 11/3/08Name: Willis Blevins
(please print or type)Title: General Manager**Before You Return This Form, Please:**

- ☐ Review the Self-Certification Form to Make Sure it is Complete
- ☐ Sign and Date the Self-Certification Form
- ☐ Include the \$270 Fee Due by January 1, 2009 (Unless Fee Exempt; See Item B. 6., Political Subdivision, of this Form) Made Out To "Treasurer, State of New Hampshire"
- ☐ Verify, Make Any Changes or Comments If Needed, Sign, and Date the yellow RCRA C Site Identification Notification Form
- ☐ If Needed, Include the Corrective Action Plan with this Form (See Item H., Corrective Action Plan)

When you complete this form please return it along with the fee, the Notification form, and the Corrective Action Plan (if needed), to:

New Hampshire Department of Environmental Services (NH DES)
Waste Management Division
Hazardous Waste Compliance Bureau- SQG Program
P.O. Box 95, 29 Hazen Drive
Concord, NH 03302-0095

If you answered YES to question E.18. on page three (3) of the Self-Certification Form you must also fill out this form.



HAZARDOUS WASTE SMALL-QUANTITY-GENERATOR EXTENDED STORAGE CHECKLIST

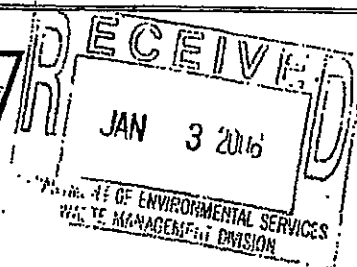
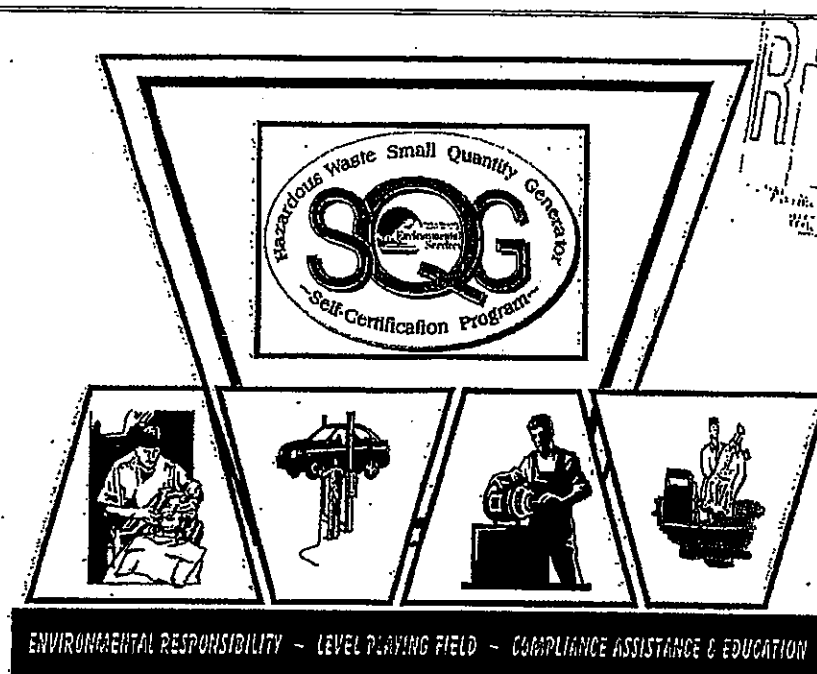
Facility Name: Fraser NH LLC

EPA ID #: NH0000842575

SQG Extended Storage Checklist (Env-Wm 508.03):

Complete and submit this form only if the SQG facility accumulates greater than 220 pounds on-site. Under Env-Wm 508.03 of the NH Hazardous Waste Rules, SQGs may accumulate up to 2,200 pounds of non-acutely hazardous waste on-site for greater than 90 days.

1. Can the facility demonstrate weekly inspections of all hazardous waste containers? ☒ Yes ☐ No
2. If the facility uses tanks, can it demonstrate daily inspections of all hazardous waste tanks? (Leave blank if there are no tanks.) ☐ Yes ☐ No
3. Are the containers and tanks under the management of a designated hazardous waste manager or emergency coordinator or their designee? ☒ Yes ☐ No
4. Does the facility have a designated emergency coordinator who is either on the premises or on call and available to respond to an emergency at the premises? ☒ Yes ☐ No
5. Is there access to communication and alarm systems capable of summoning emergency assistance? ☒ Yes ☐ No
6. Has the facility posted the following information next to the telephone nearest to each hazardous waste storage area:
 - a. The names and telephone number, both work and home, of the emergency coordinator and his/her designee? ☒ Yes ☐ No
 - b. The telephone numbers of the fire department, police department, hospital, and State of New Hampshire and local emergency response teams that may be called upon to provide emergency services? ☒ Yes ☐ No
 - c. The location of fire extinguishers and spill control material and, if present, fire alarm? ☒ Yes ☐ No
7. Are all employees thoroughly familiar with proper waste handling and emergency procedures relevant to their responsibilities during normal facility operations and emergencies? ☒ Yes ☐ No
8. Has the facility attempted to make arrangements (for example, letter or tour) to familiarize local authorities (for example, the local fire department) with the:
 - a. Facility layout? ☒ Yes ☐ No
 - b. Properties of hazardous waste handled at the facility? ☒ Yes ☐ No
9. Is the on-site accumulation of up to 2,200 pounds of hazardous waste ever reached? ☒ Yes ☐ No
 - a. If Yes, are hazardous waste containers/tanks marked with the date the accumulation limit of 2,200 pounds was reached? ☒ Yes ☐ No
 - b. If Yes, is the hazardous waste shipped off-site within 90 days of the accumulation limit date? ☒ Yes ☐ No



Self-Certification and Declaration of Compliance Form

STATE OF NEW HAMPSHIRE'S HAZARDOUS WASTE RULES
Chapter Env-Wm 514

Actual Facility Location Address Here:

Company Name: FRASER NH LLC
 Facility Street Address: CASCADE FLATS
 Town/ County: GORHAM / COOS
 EPA ID #: NHD000842575

PLEASE COMPLETE AND RETURN THIS FORM BY 1/1/06

State of New Hampshire
 Department of Environmental Services
 Waste Management Division
 HAZARDOUS WASTE MANAGEMENT
 PO Box 95, 29 Hazen Drive
 Concord, NH 03302-0095
 Phone #: (603) 271-2990
 Fax #: (603) 271-0869

Toll-Free (In-State Only) #:
 (866) HAZWAST -OR- (866) 429-9278
www.des.nh.gov/SQG

DATA ENTERED:



ENTERED

FOR DES OFFICE USE ONLY

DATE REC'D: 1/3/06

TYPE OF PAYMENT REC'D: Amount Paid: \$300.00

☐ CREDIT CARD: Recelpt #: _____ Init: _____
Credit Cards can be processed via (603) 271-2942

☐ INTERNAL VOUCHER: Date Processed: _____ Init: _____
Internal State of NH Account #: 010-044-5392-3152V

☒ CHECK #: 288289 A-15 #: _____ Date: _____ Init: LL

☐ NO FEE REC'D: ☐ Exempt ☐ Check Returned: N/A Date: _____ Init: _____

COMPLETE: ☒ YES: Date Complete: 1/11/06 Init: DJL
☐ NO: Date Incomplete: _____ Init: _____

IF NO, Reason:
☐ No Signature ☐ No Fee ☐ Manifest History Indicates Active HW Mgmt.
☐ Other: _____
☐ Other: _____

PLEASE KEEP COVER PAGE ATTACHED TO APPLICATION



**HAZARDOUS WASTE
SMALL QUANTITY GENERATOR (SQG)
SELF-CERTIFICATION AND
DECLARATION OF COMPLIANCE FORM**

A. GENERAL INFORMATION:

1. **Facility Name:** Fraser N.H. LLC
2. **Mailing Address:** *(Physical Address of Facility is listed on cover page- please put Mailing Address here.)*
 Street or PO Box: 650 Main Street
 City/Town: Berlin State: NH Zip Code: 03570
3. **Name/Title of Individual Completing This Form:** *(Should we have questions regarding this form)*
 Name: David Bolstridge Title: Sr. Environmental Engineer
 Daytime Phone Number: 342-2363 E-mail (optional): bolstridged@bg.fraserpapers.com
4. **Date(s) of Self-Certification Inspection(s) and File Review(s):** December 20, 2005
5. **a. Property Owner Name:** Fraser N.H. LLC
b. Mailing Address of Property Owner: _____ *-or- ☒ Same as #2 above*
 Street or PO Box: _____
 City/Town: _____ State: _____ Zip Code: _____

B. APPLICABILITY - Check which of the following that apply to your facility:

1. ☒ **Used Oil for Recycling:** If used oil is recycled and is the only hazardous waste generated by your facility, and is managed in accordance with Env-Wm 807 (*Requirements for Management of Used Oil Being Recycled*) of the New Hampshire Hazardous Waste Rules, there is no fee required. Please sign on page 4 and return this form.
2. ☐ **On-Site Silver Recovery Unit:** If photo-fixer solution is the only hazardous waste generated by your facility and the silver is immediately recovered without any on-site storage prior to recovery, there is no fee required. Please sign on page 4 and return this form.
3. ☐ **Full Quantity Generator:** If you generate greater than 220 pounds of hazardous waste in any single month you are a Full Quantity Generator (FQG) and not a Small Quantity Generator (SQG). There is no SQG Program fee required. Please sign on page 4, return this form and contact the New Hampshire FQG Program at (603) 271-2942.
4. ☐ **No Hazardous Waste Generated:** If you no longer generate hazardous waste, follow the instructions in item C. 2., *Notification (this form)*, please sign on page 4 and return this form.
5. ☒ **Universal Waste:** If universal waste (for example, batteries, antifreeze, computer monitors, television monitors, fluorescent lamps, or mercury containing devices) is the only hazardous waste you generate, and it is managed in accordance with Env-Wm 1100 (*Requirements for Universal Waste Management*) of the New Hampshire Hazardous Waste Rules, there is no fee required. Please sign on page 4 and return this form.
6. ☐ **Political Subdivision:** For political subdivisions (for example, municipally owned facilities) there is no fee required. If items 1, 2, 3, 4, or 5 of this section (*Applicability*, Section B of this form) do not apply, please complete, sign on page 4 and return this form.
7. ☒ **NH Small Quantity Generator:** If your facility generates less than 220 pounds of hazardous waste in each and every month and items 1, 2, 3, 4, or 5 of this section (*Applicability*, Section B of this form) do not apply, please complete, sign on page 4 and return this form with the required fee.

For NH DES Office Use Only: ☐ Payment Noted on Cover Page -or-	☐ Check #	Amt. \$	Inlt. Date:
	☐ Credit Card R#		

C. NOTIFICATION (Env-Wm 504):

1. Please verify, sign and date the attached ("yellow form") RCRA C Site Identification Form (Notification form). In addition to completing this SQG form this is an opportunity to review the hazardous waste notification information that we have for your facility. Please make any necessary changes on the Notification form and return it to DES with this form.
2. Have hazardous waste activities at this facility ceased? ☐ Yes ☒ No
 If you checked Item 2.4 of this form and "Yes" to this question, please note the following: You have received this SQG Self-Certification form and the Notification form because DES received information that hazardous waste is managed at your facility. If you no longer generate hazardous waste, please follow these instructions:
- a. On the attached Notification form under Item 12, "Comments," indicate that the facility no longer generates hazardous waste. Please include whether or not the facility closed, relocated, or ceased generating hazardous waste. By doing this, the EPA Identification Number can be declassified or inactivated. Declassification typically relates to facilities that close or move. Facilities that cease hazardous waste activity, but continue to operate, typically inactivate the EPA Identification Number.
- b. Please sign and return the Notification form along with this SQG Self-Certification form. If you have ceased generating hazardous waste prior to the schedule established by RSA 147-A:5, IV, (for reference, please see DES fact sheet WMP-HW-27, Hazardous Waste Small Quantity Generator Self-Certification Program) there is no fee required. **STOP here.**

D. WASTE GENERATION AND WASTE TYPE:

1. **Waste Type:** Please list the hazardous waste(s) generated at the facility in the first column of the table below. In the second column, please describe how the hazardous waste is generated.

List the Hazardous Waste(s)	How is it generated?
CORROSIVE LIQUIDS	OBSOLETE PROCESS CHEMICALS
Lead	LEAD PAINT REMOVAL

2. **Quantity of Waste:** In the table below please identify the total amount of hazardous waste generated per month for the past 12 months (please use pounds or kilograms).

Month/Year (specify)	Amount of Hazardous Waste generated	Month/Year (specify)	Amount of Hazardous Waste generated
None generated in review period		12/20/04	12/20/05

3. **Waste Determination (Env-Wm 502.01):** In general, how do you determine if your waste(s) is hazardous or not (check all that apply)?

- ☒ Waste has been tested
- ☒ Waste is hazardous based on the knowledge of the hazardous materials used in the process.
- ☐ Rely on the transporter or consultant

E. STORAGE REQUIREMENTS (Env-Wm 507) (please note, this section does NOT need to be filled out if you are a mineral spirits generator only and the mineral spirits are only used in a parts washer and managed under a contractual agreement):

1.	Location of Hazardous Waste Storage Area(s) (describe the location of each hazardous waste storage area; please copy this page if there are three or more storage areas):	Storage Area 1 (Identify the location) Stores	Storage Area 2 (Identify the location)
2.	Type and size of container(s) or tank(s) (for example, steel, plastic, fiber, 5-gallon, 55-gallon, cubic yard box):	5 gallon plastic	
3.	Container(s)/Tank(s) are in good condition?	☒ Yes ☐ No	☐ Yes ☐ No
4.	Container(s)/Tank(s) compatible with the waste stored in the tank or container?	☒ Yes ☐ No	☐ Yes ☐ No
5.	Container(s)/Tank(s) are closed except when adding/removing wastes?	☒ Yes ☐ No	☐ Yes ☐ No
6.	Container(s)/Tank(s) are stored on impervious surfaces?	☒ Yes ☐ No	☐ Yes ☐ No
7.	Does the storage area have a functional floor drain?	☐ Yes ☒ No	☐ Yes ☐ No
a.	If yes, is the secondary containment capable of containing the volume of the largest capacity hazardous waste container/tank present?	☐ Yes ☐ No ☒ N/A	☐ Yes ☐ No ☐ N/A
8.	Are hazardous waste containers stored outside?	☐ Yes ☒ No	☐ Yes ☐ No
a.	If yes, are the containers covered to prevent precipitation from coming in contact with the tops of the containers?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A
b.	If the containers are stored outside, are they at least 50 feet away from any surface water?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A

Are container(s)/tank(s) marked with the following information at the time they are first used to accumulate waste(s)?

9.	The beginning accumulation date. * This does not apply to SQG extended storage (see Item 18 of this section)	☒ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☐ N/A*
10.	The words "hazardous waste"	☒ Yes ☐ No	☐ Yes ☐ No
11.	Words that specifically identify the contents of the container/tank	☒ Yes ☐ No	☐ Yes ☐ No
12.	The EPA or state waste number	☒ Yes ☐ No	☐ Yes ☐ No
13.	Are the labels with the above information fully visible?	☒ Yes ☐ No	☐ Yes ☐ No

Are the following available at each hazardous waste storage area?

14.	Spill control equipment, such as speedi-dry or absorbent rags?	☒ Yes ☐ No	☐ Yes ☐ No
15.	Fire control equipment, such as fire extinguishers?	☒ Yes ☐ No	☐ Yes ☐ No
16.	"No smoking" signs near ignitable or reactive wastes? *No ignitable or reactive wastes	☒ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☐ N/A*
17.	A minimum of 2 feet of aisle space on at least one side of each container to allow for inspections and emergency access?	☒ Yes ☐ No	☐ Yes ☐ No

Small Quantity Generator Extended Storage (Env-Wm 508.03):

18.	Small Quantity Generator Extended Storage Checklist: Does the facility accumulate greater than 220 pounds (100 kilograms; or approximately 26 gallons) of non-acutely hazardous waste on-site? If you checked this option please complete the extended storage checklist on page 5 of this form.	☐ Yes ☒ No

F. RECORDKEEPING REQUIREMENTS (Env-Wm 512):

- Are manifests kept by the facility for at least 3 years? ☒ Yes ☐ No
- Is one copy of the manifest sent to DES at the time of shipment? ☒ Yes ☐ No

G. PRE-TRANSPORT/DELIVERY REQUIREMENTS (Env-Wm 507 & 511):**1. Method of Transportation**

How is hazardous waste transported? Please check all that apply.



Transporter



Self Transport

2. Transportation by valid NH Hazardous Waste TransporterIf the waste is hauled by a hazardous waste transporter, is the transporter registered with DES? ☒ Yes ☐ No ☐ Don't know**H. CORRECTIVE ACTION PLAN:**

If your facility is not in compliance, please complete this form indicating any areas of non-compliance (by checking the "No" box), and prepare a schedule with a list of steps to follow to bring those areas into compliance. This is known as a Corrective Action Plan and it describes the actions your facility will take to come into compliance within a specified time frame. Please note that the Corrective Action Plan shall specify the date by which all corrective actions shall have been completed, which shall be as soon as practicable but in no event later than 90 days from the date this declaration is due. If a Corrective Action Plan, that is, the list of steps with a schedule to bring areas into compliance is needed, please provide it to DES along with this form.

CERTIFICATION

I hereby affirm that the information provided and other statements made on this Self-Certification Checklist and Declaration of Compliance and any attachments hereto, including but not limited to the Notification Form and any Corrective Action Plan, is correct and complete to the best of my knowledge and belief. I further affirm that I am familiar with the NH Hazardous Waste Rules applicable to Small Quantity Generators and with this Facility's operations and procedures with respect to hazardous waste. I acknowledge that RSA 641:3 provides penalties for making false or otherwise misleading statements with a purpose to deceive a public servant in the performance of official duties.

Signature of Owner or Executive Officer:

Please Sign Here

Date: 10/25/05

Name: Douglas H. Wright
(please print or type)

Title: MTL Manager

Before You Return This Form, Please:

- ☒ Review the Self-Certification form to make sure it is complete.
- ☒ Sign and date the Self-Certification form.
- ☒ Include the \$300 fee (Belknap, Carroll, Coos, Grafton, Merrimack & Sullivan Counties) due by January 1, 2006 (unless fee exempt; see Item B. 6. Political Subdivision, of this form) made out to "Treasurer, State of New Hampshire".
- ☐ Verify, make any changes if needed, sign, and date the yellow Notification form.
- ☐ If needed, include the Corrective Action Plan with this form (see Item H. Corrective Action Plan).

When you complete this form please return it along with the fee, the Notification form, and the Corrective Action Plan (if needed), to:

New Hampshire Department of Environmental Services (NH DES)

Waste Management Division

Hazardous Waste Compliance - SQG Program

P.O. Box 95

Concord, NH 03302-0095

This form should have instructions with it; if not, please visit www.des.nh.gov/rims/ or call (603) 271-2921.

EPA ID No. NH0000342575

9. Type of Regulated Waste Activity (Mark 'X' in the appropriate boxes.)**A. Hazardous Waste Activities:****1. Generator of Hazardous Waste**

(Choose only one of the following four categories. Do not calculate Used Oil For Recycle toward your generator size.)

NH Full Quantity Generator (FQG); Federal LQG

- ☒ Generate greater than 1,000 kg/mo (2,200 lbs.) of *non-acute* hazardous waste; or generate in a calendar month or accumulate at any time 1 kg (2.2 lbs.) or more of *acute* hazardous waste

NH Full Quantity Generator (FQG); Federal SQG

- ☒ Generate equal to or greater than 100 and not more than 1,000 kg/mo (220 - 2,200 lbs.) of *non-acute* hazardous waste

NH Small Quantity Generator (SQG); Federal CESQG

- ☒ Generate less than 100 kg/mo (220 lbs.) of *non-acute* hazardous waste; or generate in a calendar month or accumulate at any time less than 1 kg (2.2 lbs.) of *acute* hazardous waste

Not a Generator

- ☒ This site does not presently generate hazardous waste.

In addition, indicate other generator activities that will affect how you are regulated. (Please check all that apply.)

- ☒ Precious Metal Recovery accumulated on-site (e.g., Silver)
☒ Emergency Temporary Generator (valid for 30 days)
☒ Household Hazardous Waste Collector
☒ Importer of HW from a foreign country
☒ Mixed Waste (hazardous and radioactive) Generator

For Items 2 through 5, check all that apply. Please note that a hazardous waste permit or transporter registration may be required for activities in items 2 through 4.

- ☒ 2. Transport Hazardous Waste
☒ 3. Treat, Store, or Dispose Hazardous Waste (at your site)
☒ 4. Recycle Hazardous Waste (at your site)
☒ 5. Consolidate NH Small Quantity Generator Waste
 This site will accumulate waste from a NQSQ site owned by the same owner. (Please be sure that the box checked off in item 9A1 reflects the additional quantities of waste that will be received.)

B. Universal Waste Activities**1. Total quantity of Universal Waste on site at any time:**

- ☒ a. Greater than 20,000 kg (44,000 lbs.); VLQH
☒ b. Greater than 5,000 kg but less than 20,000 kg (11,000 lbs to 44,000 lbs.); LQH

2. If you checked an item above, please indicate the types of universal waste generated and/or accumulated at your site. (Check all boxes that apply.)

	<u>Generate</u>	<u>Accumulate</u>
a. Batteries	☒	☒
b. Pesticides	☒	☒
c. Thermostats	☒	☒
d. Lamps	☒	☒
e. Antifreeze	☒	☒
f. Mercury Containing Devices (excluding Thermostats)	☒	☒
g. Cathode Ray Tubes	☒	☒

☒ 3. Destination Facility for Universal Waste (any amount)
 (Note: A hazardous waste permit may be required for this activity.)

☒ 4. Lamp handler intentionally crushing or dismantling lamps (Note: A hazardous waste permit is required for this activity.)

C. Used Oil Activities**1. Used Oil Transporter - Indicate Type(s) of Activity(ies)**

- ☒ a. Transporter
☒ b. Transfer Facility

2. Used Oil Processor and/or Re-refiner - Indicate Type(s) of Activity(ies)

- ☒ a. Processor
☒ b. Re-refiner

3. Used Oil Burner

- ☒ a. Off-Specification
☒ b. Specification

4. Used Oil Fuel Marketer - Indicate Type(s) of Activity(ies)

Spec	Off-Spec	
☒	☒	a. Marketer who directs shipment of used oil to a used oil burner
☒	☒	b. Marketer who collects and blends or processes used oil collected
☒	☒	c. Marketer who collects and distributes used oil collected

☒ 5. Used Oil Collection Center accepting used oil other than household "Do-It-Yourselfer"

☒ 6. Aggregation Point

Our hazardous waste hotline can help you determine your regulated activities. Call toll free (866)HAZWAST.
 [Web] NH Equivalent (Revised 7/02/07) to EPA Form 8700-12 "RCRA Subtitle C Site Identification Form"



NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES
WASTE MANAGEMENT DIVISION - RIMS

PO BOX 3900
Concord, NH 03302
(603) 271-2921



HAZARDOUS WASTE QUARTERLY ACTIVITY REPORT

Date- Apr. 28, 2009
RCRA ID - NHD000842575

RYAN
FRASER NH LLC
72 CASCADE FLATS
GORHAM
NH 03581

CARRIER

Location:

72 CASCADE FLATS
GORHAM
NH 03581

Review this report for accuracy and completeness. Please correct any discrepancies and include a copy of the manifest(s) or discrepancy letter(s) documenting the corrections. If your company has manifested shipments not included in the Manifest Detail, enclose a copy of each when returning the report. Even if there is no fee due, the data must be verified and the report signed and returned to DES.

Return a signed, accurate report and payment due (if any) to the above address within thirty (30) days of receipt.

Quarter 1 - 2009 Manifest Detail

Manifest No.	Gen Sig Date	Waste Code	Pounds	Copies: 7 2	Exempt Status
000356399VES	Mar. 18, 2009	D002	100	Y Y	ASSESSED FEE
Line Item Count: 1		Total Pounds: 100			
		Total Assessed Pounds:	100		
		Current Quarter Fee:	\$0.00		
		Payments Applied:	\$0.00		
		Credits Applied:	\$0.00		
		Unpaid Balance to Date:	\$0.00		

*No fee is charged for assessed weight less than 660 pounds. If fee amount due is \$0, you owe \$0; just return the signed report. Starting 7/1/2007.

A minimum \$100 fee is charged for assessed weights in excess 660 pounds, up to 1,666 pounds.
A \$.06 per pound is charged for assessed weight in excess of 1,666 pounds.

Make check payable to: Treasurer, State of New Hampshire.

Please reference the Site EPA ID number: NHD000842575 and reporting quarter 1, on your check.

RSA 147-B:2.5 Failure to file a report by the required date or to enclose the fees due shall result in the assessment of a 10 percent penalty to be added to the amount of fees due for that month. If no fees are due, a penalty of \$1 per day shall be assessed. Said penalty shall immediately accrue and thereafter the overdue fees and the penalty shall bear interest at the rate established by the Internal Revenue Service effective on the first business day of the calendar year. In this rate shall be added 2 percent. In determining the monthly rate, the figure shall be rounded off to the nearest quarter percent.

Certification: I hereby certify that the information provided here is complete and accurate to the best of my knowledge. I understand that all information in this report (excluding credit card information) can be disclosed to the public according to the Freedom of Information Act, unless a claim of confidentiality is made in accordance with ENV-WM 213.

I am authorized to sign official documents for my organization.

Authorized Signature

RYAN CARRIER

Printed Name

Environmental Engineer

Title

Date

Email Address: carrierR@bg.fraserpapers.com

Payment Type: VISA Mastercard Check

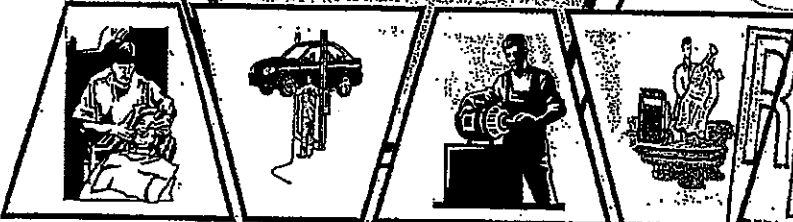
Fee Amount Paid :\$

Card #:

Exp. Date



10/30/08
Do NOT
SEND self-cert.
form - only notification
- per Christie Peshka

RECEIVED
FEB 18 2009

DEPARTMENT OF ENVIRONMENTAL SERVICES
WASTE MANAGEMENT DIVISION

ENVIRONMENTAL RESPONSIBILITY ~ LEVEL PLAYING FIELD ~ COMPLIANCE ASSISTANCE & EDUCATION

Self-Certification and Declaration of Compliance Form

STATE OF NEW HAMPSHIRE'S HAZARDOUS WASTE RULES
Chapter Env-Wm 514

Actual Facility Location Address Here (Please Verify by checking box if accurate):

Company Name:	FRASER NH LLC	☒
Facility Street Address:	72 CASCADE FLATS PAPER MILL WWTP	☒
Town/ County:	GORHAM / COOS	☒
EPA ID #:	NHDS10193162	☒

PLEASE COMPLETE AND RETURN THIS FORM BY 1/1/09

State of New Hampshire
Department of Environmental Services
Waste Management Division
HAZARDOUS WASTE
CERTIFICATION PROGRAM
PO Box 95, 29 Hazen Drive
Concord, NH 03302-0095
Phone #: (603) 271-2942
Fax #: (603) 271-0869

Toll-Free (In-State Only) #:
(866) HAZWAST-OR- (866) 429-9278
www.des.nh.gov

DATA ENTERED:
 ENTERED

FOR DES OFFICE USE ONLY

DATE REC'D: 2/18/09

TYPE OF PAYMENT REC'D: Amount Paid: \$

☐ CREDIT CARD: Receipt #: Init:

Credit Cards (VISA OR MASTERCARD ONLY) can be processed via (603) 271-2990

☐ INTERNAL PAYMENT VOUCHER: Date Processed: Init:

Internal State of NH Account #: 010-044-5392-3152

☐ CHECK #: A-15 #: Date: Init:

☒ NO FEE REC'D: ☐ Exempt ☐ Check Returned: N/A Date: 2/19 Init: CLP

COMPLETE: YES: Date Complete: 2/20/09 Init: CLP

☐ Declassification to RIMS ☐ Notification to RIMS

☐ NO: Date Incomplete: Init:

IF NO, Reason:

☐ No Signature ☐ No Fee ☐ Manifest History Indicates Active HW Mgmt.

☐ Other:

☐ Other:

PLEASE KEEP COVER PAGE ATTACHED TO APPLICATION



**HAZARDOUS WASTE
SMALL QUANTITY GENERATOR (SQG)
SELF-CERTIFICATION AND
DECLARATION OF COMPLIANCE FORM**

A. GENERAL INFORMATION:

1. **Facility Name:** Fraser NH LLC **EPA ID #:** NHD510193162
(Please Note That The EPA ID # IS Site-Specific)
2. **Mailing Address:** *(Physical Address of Facility is listed on cover page- please put Mailing Address here.)*
Street or PO Box: 72 Cascade Flats, Paper Mill WWTP
City/Town: Gorham State: NH Zip Code: 03581
3. **Name/Title of Individual Completing This Form:** *(Should we have questions regarding this form)*
Name: Ryan Carrier Title: Env. Engineer/WWTP Supervisor
Daytime Phone Number: 603-342-3363 E-mail (optional): carrier@bg.fraserpapers.com
4. **Date(s) of Self-Certification Inspection(s) and File Review(s):** 10/31/08
5. a. **Property Owner Name:** Fraser NH LLC
b. **Mailing Address of Property Owner:** 72 Cascade Flats -or- ☒ Same as #2 above
Street or PO Box: _____
City/Town: Gorham State: NH Zip Code: 03581

B. APPLICABILITY - Check all of the following that apply to your facility:

1. ☐ **Used Oil for Recycling:** If used oil is recycled, is the **only hazardous waste** generated by your facility, and is managed in accordance with Env-Wm 807 (*Requirements for Management of Used Oil Being Recycled*) of the New Hampshire Hazardous Waste Rules, there is **no fee required**. Please **complete Sections C.1. and C.2. on page 2; sign on page 4, and return this form.**
2. ☐ **On-Site Silver Recovery Unit:** If photo-fixer solution is the **only hazardous waste** generated by your facility and **the silver is immediately recovered without any on-site storage prior to recovery**, there is **no fee required**. Please **complete Sections C.1 and C.2 on page 2, sign on page 4, and return this form.**
3. ☐ **Full Quantity Generator:** If you generate greater than 220 pounds of hazardous waste in any single month, you are a Full Quantity Generator (FQG) and not a Small Quantity Generator (SQG). There is no SQG Program fee required. Please **sign on page 4, return this form, and contact the New Hampshire Hazardous Waste Coordinator Program at (603) 271-2942.**
4. ☒ **No Hazardous Waste Generated:** If you no longer generate hazardous waste, please **complete Sections C.1. and C.2. on page 2, sign on page 4, and return this form.**
5. ☐ **Universal Waste:** If universal waste (for example, batteries, antifreeze, computer monitors, television monitors, fluorescent lamps, or mercury containing devices) is the **only hazardous waste** generated, and it is managed in accordance with Env-Wm 1100 (*Requirements for Universal Waste Management*) of the New Hampshire Hazardous Waste Rules, there is **no fee required**. Please **complete Sections C.1. and C.2. on page 2; sign on page 4, and return this form.**
6. ☐ **Political Subdivision:** For political subdivisions (for example, municipally owned facilities) there is **no fee required**. If items 1, 2, 3, 4, or 5 of this section (*Applicability, Section B of this form*) do **not** apply, please complete the remainder of this form, **sign on page 4, and return this form.**
7. ☐ **NH Small Quantity Generator:** If your facility generates less than 220 pounds of hazardous waste in each and every month and items 1, 2, 3, 4, or 5 in the section above do **not** apply, please complete the remainder of this form, **sign on page 4, and return with the required fee.**

For NH DES Office Use Only: ☐ Payment Noted on Cover Page -or- ☐ Check #:

Amt. \$

Init.:

Would you like help filling out this form? - Visit www.des.nh.gov - or call 1-866-429-9278 (in-state only)

Page 1 of 5

☐ Credit Card R#:
☐ No Fee Rec'd

Date:

C. NOTIFICATION (Env-Wm 504):

1. Please verify, sign and date the attached yellow RCRA C Site Identification Form (Notification Form).

In addition to completing this SQG form, this is an opportunity to review the hazardous waste notification information that we have for your facility. Please make any necessary changes (i.e. changes in regulated waste activity, waste names, etc.) on the Notification Form, sign the Notification Form, and return it to DES with this SQG Self-Certification Form (see Notes attached to this form for more guidance).

2. Have hazardous waste activities (other than used oil for recycle, universal waste for recycle, and/or on-site silver recovery) at this facility ceased? ☒ Yes ☐ No

If you checked yes to this question, please provide the date that hazardous waste activities have ceased and follow the instructions in items a. and b. below.

Date: 10/3/2006

If you no longer generate hazardous waste (other than used oil for recycle, universal waste for recycle, and/or on-site silver recovery), please follow these instructions:

- a. On the attached Notification Form under Item 12, "Comments", indicate that the facility no longer generates hazardous waste or that the facility only generates used oil for recycle, universal waste for recycle, and/or utilizes an on-site silver recovery unit. Please also include whether or not the facility closed, relocated, or ceased generating hazardous waste. By doing this the EPA ID # can be declassified or inactivated. Declassification typically relates to facilities that close or move. Facilities that cease hazardous waste activity, but continue to operate, typically inactivate the EPA ID #.
- b. Please sign and return the Notification Form along with this SQG Self-Certification Form. There is no fee required for filing subsequent notification in regard to the Notification Form. Please sign this form on page 4 and return it along with the signed Notification Form.

D. WASTE GENERATION AND WASTE TYPE:

1. Waste Type: Please list the hazardous waste(s) generated at the facility in the first column of the table below. In the second column, please describe how the hazardous waste is generated.

List the Hazardous Waste(s)	How is it generated?

2. Quantity of Waste: In the table below please identify the total amount of hazardous waste generated per month for the past 12 months (please use pounds or kilograms):

Month/Year (specify)	Amount of Hazardous Waste generated	Month/Year (specify)	Amount of Hazardous Waste generated

3. Waste Determination (Env-Wm 502.01): In general, how do you determine if your waste(s) is hazardous or not (check all that apply)?

- ☐ Waste has been tested.
- ☐ Waste is hazardous based on the knowledge of the hazardous materials used in the process.
- ☐ Rely on the transporter or consultant.

E. STORAGE REQUIREMENTS (Env-Wm 507) (please note, this section does NOT need to be filled out if you are a mineral spirits generator only and the mineral spirits are only used in a parts washer and managed under a contractual agreement):

		Storage Area 1 (identify the location)	Storage Area 2 (identify the location)
1.	Location of Hazardous Waste Storage Area(s) (describe the location of each hazardous waste storage area; please copy this page if there are three or more storage areas):		
2.	Type and size of container(s) or tank(s) (for example, steel, plastic, fiber; 5-gallon, 55-gallon, cubic yard box):		
3.	Container(s)/Tank(s) are in good condition?	☐ Yes ☐ No	☐ Yes ☐ No
4.	Container(s)/Tank(s) compatible with the waste stored in the tank or container?	☐ Yes ☐ No	☐ Yes ☐ No
5.	Container(s)/Tank(s) are closed except when adding/removing wastes?	☐ Yes ☐ No	☐ Yes ☐ No
6.	Container(s)/Tank(s) are stored on impervious surfaces?	☐ Yes ☐ No	☐ Yes ☐ No
7.	Does the storage area have a functional floor drain?	☐ Yes ☐ No	☐ Yes ☐ No
a.	If yes, is the secondary containment capable of containing the volume of the largest capacity hazardous waste container/tank present?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A
8.	Are hazardous waste containers stored outside?	☐ Yes ☐ No	☐ Yes ☐ No
a.	If yes, are the containers covered to prevent precipitation from coming in contact with the tops of the containers?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A
b.	If the containers are stored outside, are they at least 50 feet away from any surface water?	☐ Yes ☐ No ☐ N/A	☐ Yes ☐ No ☐ N/A

Are container(s)/tank(s) marked with the following information at the time they are first used to accumulate waste(s)?

9.	The beginning accumulation date. * This does not apply to SQG extended storage (see item 18 of this section)	☐ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☐ N/A*
10.	The words "hazardous waste"	☐ Yes ☐ No	☐ Yes ☐ No
11.	Words that specifically identify the contents of the container/tank	☐ Yes ☐ No	☐ Yes ☐ No
12.	The EPA or state waste number	☐ Yes ☐ No	☐ Yes ☐ No
13.	Are the labels with the above information fully visible?	☐ Yes ☐ No	☐ Yes ☐ No

Are the following available at each hazardous waste storage area?

14.	Spill control equipment, such as speedi-dry or absorbent rags?	☐ Yes ☐ No	☐ Yes ☐ No
15.	Fire control equipment, such as fire extinguishers?	☐ Yes ☐ No	☐ Yes ☐ No
16.	"No smoking" signs near ignitable or reactive wastes? *No ignitable or reactive wastes	☐ Yes ☐ No ☐ N/A*	☐ Yes ☐ No ☐ N/A*
17.	A minimum of 2 feet of aisle space on at least one side of each container to allow for inspections and emergency access?	☐ Yes ☐ No	☐ Yes ☐ No

Small Quantity Generator Extended Storage (Env-Wm 508.03):

18.	Small Quantity Generator Extended Storage Checklist: Does the facility accumulate greater than 220 pounds (100 kilograms; or approximately 26 gallons) of non-acutely hazardous waste on-site? If you checked this option please complete the extended storage checklist on page 5 of this form.	☐ Yes ☐ No

F. RECORDKEEPING REQUIREMENTS (Env-Wm 512):

- Are manifests kept by the facility for at least 3 years? ☐ Yes ☐ No
- Is one copy of the manifest sent to DES at the time of shipment?
(If no, please make a copy and provide to DES. It is required.) ☐ Yes ☐ No

G. PRE-TRANSPORT/DELIVERY REQUIREMENTS (Env-Wm 507 & 511):**1. Method of Transportation**

How is hazardous waste transported? Please check all that apply.

☐ Transporter☐ Self Transport**2. Transportation by valid NH Hazardous Waste Transporter**

If the waste is hauled by a hazardous waste transporter, is the transporter registered with DES?

☐ Yes ☐ No☐ Don't Know**H. CORRECTIVE ACTION PLAN:**

If your facility is not in compliance, please complete this form indicating any areas of non-compliance, and prepare a schedule with a list of steps to follow to bring those areas into compliance. This is known as a Corrective Action Plan and it describes the actions your facility will take to come into compliance within a specified time frame. Please note that the Corrective Action Plan shall specify the date by which all corrective actions shall have been completed, which shall be as soon as practicable but in no event later than 90 days from the date this declaration is due. If a Corrective Action Plan, that is, the list of steps with a schedule to bring areas into compliance, is needed, please provide it to DES along with this form.

CERTIFICATION

I hereby affirm that the information provided and other statements made on this Self-Certification Checklist and Declaration of Compliance and any attachments hereto, including but not limited to the Notification Form and any Corrective Action Plan, is correct and complete to the best of my knowledge and belief. I further affirm that I am familiar with the NH Hazardous Waste Rules applicable to Small Quantity Generators and with this Facility's operations and procedures with respect to hazardous waste. I acknowledge that RSA 641:3 provides penalties for making false or otherwise misleading statements with a purpose to deceive a public servant in the performance of official duties.

Signature of Owner or Executive Officer:Willis BlevinsDate: 2-16-08Name: Willis Blevins
(please print or type)Title: General Manager**Before You Return This Form, Please:**

- ☐ Review the Self-Certification Form to Make Sure it is Complete
- ☐ Sign and Date the Self-Certification Form
- ☐ Include the \$270 Fee Due by January 1, 2009 (Unless Fee Exempt; See Item B. 6., Political Subdivision, of this Form) Made Out To "Treasurer, State of New Hampshire"
- ☐ Verify, Make Any Changes or Comments If Needed, Sign, and Date the yellow RCRA C Site Identification Notification Form
- ☐ If Needed, Include the Corrective Action Plan with this Form (See Item H., Corrective Action Plan)

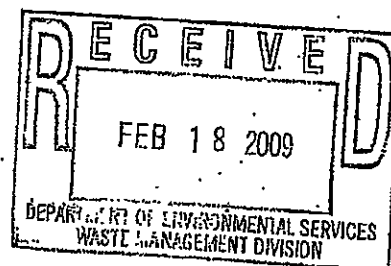
When you complete this form please return it along with the fee, the Notification form, and the Corrective Action Plan (if needed), to:

New Hampshire Department of Environmental Services (NH DES)
Waste Management Division
Hazardous Waste Compliance Bureau- SQG Program
P.O. Box 95, 29 Hazen Drive
Concord, NH 03302-0095

Fraser N.H. LLC

72 Cascade Flats
Gorham, NH 03581

February 16, 2009



NH Department of Environmental Services
Waste Management Division
Hazardous Waste Compliance Bureau -- SQG Program
PO Box 95, 29 Hazen Drive
Concord, NH 03302-0095

RE: NHD510193162 SQG Form -- In response to Second Notice

Dear Sir/Madame:

Enclosed please find the SQG form for the declassified site EPA ID#: NHD510193162, 72 Cascade Flats Paper Mill WWTP. This site is being managed under the ID# NHD000842575, which covers the whole paper mill facility. The WWTP is located on the same property and we have determined that there is no need for two separate site ID's. That being said, Fraser does not believe that a separate fee is due for this site. Please note that the RCRA Notification Form was submitted and received by NHDES on November 6, 2008 which was also found on "One Stop Data and Information" along with the declassification acknowledgment.

Please feel free to call me at (603) 342-3363 if there are any concerns or questions regarding this submittal.

Sincerely,

Handwritten signature of Ryan Carrier.

Ryan Carrier
Environmental Engineer/WWTP Supervisor

Enc.

SCHEDULE C

Lands

Note: As used herein "recorded" shall mean "recorded in the Coos County Registry of Deeds" and "Paper Mill", "Gorham Mill" and "Cascade Mill" are one and the same.

Section One

Parts IV and V [reference from 996-420]

Cascade Mill - Berlin and Gorham

Cascade Absorbent Plant - Gorham

Easements - Berlin and Gorham

CASCADE MILL (a/k/a Paper Mill): Certain real property with the improvements thereon situate in the City of Berlin and the Town of Gorham, County of Coos, State of New Hampshire, and comprised of parcels designated as numbers 5 and 6, which are separated by the Berlin-Gorham Town Line, and the Cascade Absorbent Plant, and are more particularly described herein, and as approximately shown on Brown Company drawing entitled "Property ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin" - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 to show Parcel No. 5 and 6, said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcels described as follows:

Parcel No. 5 Land within Parcel No. 5 and located in the City of Berlin, County of Coos, and State of New Hampshire; and being a part of Lot 4, Range 11 of Lots and Ranges of said Berlin; and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad; on the south by the Berlin-Gorham Town Line; on the west by Glen Avenue so-called, also known as State Highway Route 16; and on the north by land belonging to the City of Berlin and the centerline of the Berlin Mills Railroad; and more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the centerline of said Berlin Mills Railroad and further located westerly from the railroad underpass and easterly from the railroad bridge;

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 2,100 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 2 - thence running westerly along said Berlin-Gorham Town Line a distance of 1,080 feet, more or less, to a point, on the easterly right of way line of said Glen Avenue, so-called, also known as State Route No. 16;

Line No. 3 - thence running northerly along the easterly right of way line of said State Route No. 16 a distance of 1,980 feet, more or less, to a point, said point being the

southwesterly corner of land belonging to said City of Berlin;

Line No. 4 - thence running easterly along said southerly boundary of land belonging to said City of Berlin and across the southerly end of Watson Street, so-called, a distance of 180 feet, more or less, to a point on the easterly right of way line of said Watson Street at the southerly end;

Line No. 5 - thence at a slight deflection angle to the right and continuing in an easterly direction a distance of 120 feet, more or less, to a point on the centerline of the Berlin Mills Railroad track at the westerly bridge abutment;

Line No. 6 - thence running easterly along the centerline of said Berlin Mills Railroad track and across the railroad bridge a distance of 420 feet, more or less, to the point of beginning.

Parcel No. 6 Land within Parcel No. 6 and located in the Town of Gorham, County of Coos, and State of New Hampshire; and being a part of Lot Numbers 152, 153, 154 and 179 of Lots of said Gorham and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad, the westerly right of way line of Cascade Flats Road, so-called, and the centerline of Tinker Brook so-called; on the south by the land belonging to Public Service Company of New Hampshire and the lot line between Lot Numbers 154 and 155; on the west by the easterly right of way line of the Grand Trunk Railroad, land reserved for the Absorbent Products Division, and the easterly right of way line of Glen Avenue, so-called, also known as State Route 16; and on the north by the Town Line between Berlin and Gorham; and as more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the Town Line between said Berlin and Gorham:

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 3,300 feet, more or less, to a point, said point being the northeasterly corner of land belonging to the Public Service Company of New Hampshire;

Line No. 2 - thence running westerly along the northerly boundary of land belonging to said Public Service Company and continuing beyond for a total distance of 400 feet, more or less, to a point on the centerline of the Androscoggin River, so-called;

Line No. 3 - thence running northerly along the centerline of said Androscoggin River a distance of 1,260 feet, more or less, to a point;

Line No. 4 - thence running westerly across the westerly part of said Androscoggin River and along the northerly boundary of land belonging to others a distance of 250 feet, more or less, to a point on the easterly side of River Street, so-called;

Line No. 5 - thence running northerly along the easterly boundary of land belonging to others a distance of 200 feet, more or less, to a point on the northeasterly corner of land belonging to the Town of Gorham;

Line No. 6 - thence running westerly along the northerly boundary of land belonging to said Town of Gorham and across the Cascade Flats Road, so-called a distance of 160 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 7 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 115 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 8 - thence running westerly along the northerly boundary of land belonging to others a distance of 99 feet, more or less, to a point at the northwesterly corner of said land belonging to others;

Line No. 9 - thence running southerly along the westerly boundary of land belonging to others a distance of 165 feet, more or less, to a point at the southwesterly corner of land belonging to Anthony Ferrante;

Line No. 10 - Thence running easterly along the southerly boundary of land belonging to said Ferrante a distance of 99 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 11 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 1,400 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 12 - thence running westerly along the northerly boundary of land belonging to others a distance of 190 feet, more or less, to a point on the centerline of Tinker Brook;

Line No. 13 - thence running southerly along the centerline of Tinker Brook a distance of 1,000 feet, more or less, to a point on the lot line between the said Lot Numbers 154 and 155;

Line No. 14 - thence running westerly along said lot line between Lot Numbers 154 and 155, across said State Route No. 16 a distance of 240 feet, more or less, to a point on the easterly right of way line of said Grand Trunk Railroad, and said point on the right of way line being located a distance of 44 feet easterly from the centerline of the railroad tracks.

Line No. 15 - thence running northerly along the easterly right of way line of said Grand Trunk Railroad and located 44 feet easterly from the centerline of the railroad tracks, a distance of 3,500 feet, more or less, to a point at the southwesterly corner of land belonging to others;

Line No. 16 - thence running easterly along the southerly boundary of land belonging to others a distance of 85 feet, more or less, across State Route No. 16 to a point on the easterly right of way line of said State Route No. 16;

Line No. 17 - thence running northeasterly a distance of 140 feet, more or less, to a point;

Line No. 18 - thence running easterly a distance of 30 feet, more or less, to a point on the southwesterly right of way line of said Cascade Flats Road;

Line No. 19 - thence running southeasterly along the southwesterly right of way line of said Cascade Flats Road a distance of 1,060 feet, more or less, to a point;

Line No. 20 - thence running easterly, parallel to and 75 feet southerly from the southerly wall of the existing Absorbent Products Building and running across said Cascade Flats Road and along the southerly boundary of land reserved for the Absorbent Products Division a distance of 240 feet, more or less, to a point on a chain link fence;

Line No. 21 - thence running southeasterly along said chain link fence a distance of 110 feet, more or less, to a point;

Line No. 22 - thence at a left deflection angle of $37^{\circ} 30'$ and running easterly a distance of 35 feet, more or less, to a point located 24 feet from the northwest corner of the existing Brown Company Time Office and 24 feet from the northeast corner of said Time Office;

Line No. 23 - thence at a left deflection angle of 90° and running northerly parallel to and 15 feet easterly from the easterly wall of said Absorbent Products Building a distance of 840 feet, more or less, to a point;

Line No. 24 - thence at a left deflection angle of 90° and running parallel to and 200 feet northerly from the northerly wall of said Absorbent Products Building a distance of 300 feet, more or less, to a point on the easterly right of way line of said Cascade Flats Road;

Line No. 25 - thence running northerly along the easterly right of way line of said Cascade Flats Road and said State Route No. 16 a distance of 900 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 26 - thence running easterly along said Town Line and across said Androscoggin River a distance of 1,080 feet, more or less, to the point of beginning.

ALSO CONVEYING to the extent the same are in force and effect, the right and easements granted by both the Town of Gorham and Rose Pare to excavate, lay, maintain, and renew underground process lines across the said Cascade Flats Road and the land formerly belong to Rose Pare. See Deed of the Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (page 291).

CASCADE ABSORBENT PLANT, GORHAM, NEW HAMPSHIRE - All that certain parcel of land with the improvements thereon located in Gorham, New Hampshire as shown on plan entitled, "Brown Company Ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 and designated "Reserved for A.P.D." said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcel more particularly bounded and described as follows:

BEGINNING at a point along the easterly right of way line of Cascade Flats Road, so-called, also known as State Route #16, 900 feet, more or less, southerly along said right of way line from the Berlin-Gorham Town Line to the point of beginning; thence

from the point of beginning easterly for 300 feet, more or less, to a point; thence southerly 840 feet, more or less, to a point, thence

westerly 30 feet, more or less, to a point; thence

making a slight deflection in a northwesterly direction for a distance of 110 feet; more or less, thence

in a westerly direction for 240 feet, more or less, to the easterly right of way line of Cascade Flats Road; thence

along said right of way for a distance of 1,060 feet, more or less, to the point of beginning.

EASEMENTS IN CITY OF BERLIN AND TOWN OF GORHAM - The following rights and easements to the extent the same have not been merged with the title acquired by Fraser N.H. LLC under the Deed of Androscoggin Valley Regional Refuse Disposal District recorded at Book 1171, Page 94 (Section Seven below): The right and easement across land in the City of Berlin reserved unto Crown Paper Co., its successors and assigns in the deed of Crown Paper Co. to John Hancock Mutual Life Insurance Company, dated October 29, 1997 and recorded at Coos County Registry of Deeds, Book 884, Page 57:

The non-exclusive perpetual and assignable right and easement to enter the property conveyed to John Hancock Mutual Life Insurance Company for purposes of maintaining and operating the existing fire protection system for the paper mill in the Town of Gorham known as the Cascade Mill, and making improvements to the same, including but not limited to the following:

- (a) The right to operate, maintain, inspect, repair, replace or alter the existing dam with reservoir and flowage rights located on Cascade Brook, so-called in Lot 3, Range 11 in the City of Berlin and the right to enter said Lot for such purposes;
- (b) The right to operate, maintain, inspect, repair, replace or alter the existing fire protection water line crossing Lot 3, Range 11 in the City of Berlin and right to enter said Lot for such purposes; and
- (c) The right to operate, maintain, inspect, repair, replace or alter all components of said fire protection system, including a thirty (30) foot wide right of way leading from the southerly line of Champlain Street, so-called, and running along the westerly side of Lot 3, Range 10 to the northerly side of Lot 3, Range 11 and continuing across said Lot 3, Range 11 to the reservoir area, and the right to use said right of way and the right to enter said Lots for such purposes.

Also conveying the non-exclusive perpetual and assignable right and easement to operate, maintain, repair, replace or alter the fire protection system and lines for the Cascade Mill crossing land in Gorham, New Hampshire, and the right of access to Lots 178 and 179 in Gorham for such purpose, as reserved to Crown Paper Co., its successors and assigns reserved in quitclaim deed of Crown Paper Co. to Yankee Forest Limited Liability Company, dated October 29, 1997 and recorded Coos County Registry of Deeds Book 884, Page 91.

EXCLUDING from Section One the following property:

- a. the bed of the Androscoggin River to the extent granted to the State of New Hampshire at Book 996, Page 319;
- b. any and all personal property, comprising the internal electric delivery system, transmission and distribution, facilities and equipment used or useful (i) for the delivery of electricity from the six FERC licensed hydroelectric stations conveyed by American Tissue-New Hampshire Electric, Inc. to GNE, LLC (later known as Great Lakes Hydro America, LLC) by deed dated on or about May 31, 2002, at Book 996, Page 457; and/or (ii) for delivery of electricity to the facilities and properties located on land conveyed deeds of Pulp of America LLC and Paper of America LLC to Fraser N.H. LLC dated on or about May 31, 2002, which internal electric delivery system facilities and equipment are considered personal property and were conveyed separately by Bills of Sale recorded at Book 996, Pages 447, 467, 478, and 492.
- c. the land conveyed by Fraser N.H. LLC to Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
- d. the property conveyed by Deed of Fraser N. H. LLC to North American Dismantling Corp., recorded October 3, 2006 at Book 1190, Page 932.

For source of title see Deed of Paper of America LLC to Fraser N. H. LLC recorded May 31, 2002, at Book 996, Page 420.

Section Two Also conveying the rights and benefits accruing to the Cascade Mill under the Undivided Ownership, Operation and Maintenance Agreement between Fraser N.H. LLC and GNE, LLC (later known as Great Lakes Hydro America, LLC) dated May 31, 2002, at Book 996, Page 512.

Section Three Also conveying all those rights and benefit accruing to the Paper Mill under an Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.

Section Four A certain tract or parcel of land located in the City of Berlin, Coös County, New Hampshire, together with the so-called Cascade Alpine Brook Fire Pond and the dam located thereon or thereunder, and together with any other improvements and appurtenances thereto, being bounded and described as follows:

Beginning at an iron pin located 3251.54 feet westerly along the Berlin-Gorham town line from a concrete monument marking the southeast corner of Berlin, New Hampshire; thence along land of Androscoggin Valley Regional Refuse Disposal District (AVRRDD) the following five courses:

1. North 01°20'26" East for 428.99 feet to an iron pin;
2. North 59°22'10" West crossing Cascade Alpine Brook for 293.29 feet to an iron pin;
3. South 50°43'33" West for 330.67 feet to an iron pin;
4. South 05°31'24" East for 360.55 feet to an iron pin on the Berlin-Gorham town line; thence
5. South 88°38'32" East along the Berlin-Gorham town line for 463.72 feet to the point of beginning.

Being Lot A as shown on Plan prepared by York Land Services, LLC titled "Minor Subdivision Prepared for Androscoggin Valley Regional Refuse Disposal District, Tax Map 414, Parcel 4, Berlin, New Hampshire" dated March 17, 2006, recorded in the Coös County Registry of Deeds as Plan #2636. Said Lot A shown to contain 5.45 acres, more or less.

Also conveying the dam structure, equipment, flashboards, gates, pipes, penstocks and fences and the rights and easements appurtenant thereto, as the same were acquired by Fraser N.H. LLC in the Quitclaim Deed of Androscoggin Valley Regional Refuse Disposal District to Fraser N.H. recorded May 9, 2006, at Book 1171, Page 94.

Section Five Also conveying the rights and benefits of Fraser N.H. LLC under the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.

Section Six Also conveying the rights and benefits under the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.

Section Seven Also conveying the rights and benefits accruing to the Gorham Mill under an Amendment and Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant, among North American Dismantling Corp., Fraser N.H. LLC, and PJPD Holdings, LLC recorded December 23, 2008, at Book 1265, Page 981. Also conveying, to the extent the premises have not previously been conveyed, all right, title and interest in and to the premises depicted as Lot 0054.0L2 on the City of Berlin's Tax Map No.129. Being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374 of the Coös County Registry of Deeds [description to be later supplemented].

Section Eight Also conveying certain tracts or parcels of land, together with any buildings and improvements thereon, depicted on the City of Berlin's tax maps as follows:

- Map 113, Lot 0010.000, which is located on Wentworth Avenue - Lots 7 through 12, Block 19, Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 114, Lot 0073.000, which is located on Western Avenue; Lots 4, 5, 6, 11 and 12, Block 4 Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0004.000, which is located on Hutchins Street - Lots numbered Eight (8) and Nine (9) in Block numbered seventy-five (75) of Berlin Mills Addition, appears by Plan numbered Four (4) and description of the same as made by E.S. Bryant and recorded in Coos County Registry of Deeds, Book 121, Page 402; being a portion of Parcel 7 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0005.000, which is located on Hutchins Street - A certain piece or parcel of land, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eight (8th) Range of lots in said Berlin, and more particularly described as follows:

Lot numbered Ten (10) in Block numbered Seventy Five (75) of Berlin Mills Addition, as appears by Plan numbered Four (4) and description of the same as made by E.S. Brungot and recorded in Coos County Registry of Deeds, Book 121, Page 402.

And another piece or parcel, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eighth (8th) Range of lots in said Berlin, and more particularly described as follows:

Beginning at a point on the northerly side of Hutchins Street at the southeasterly corner of said Lot 10, thence

in an easterly direction along the northerly side of Hutchins Street eighty (80) feet, more or less, to the line of right-of-way of the Boston and Maine Railroad, thence

northwesterly along said right-of-way one hundred (100) feet, more or less, to the easterly line of said Lot 10, thence

southerly along easterly line of said Lot 10 eighty (80) feet, more or less to the point of beginning.

For source of title see Parcel 8 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

- Map 134, Lot 0007.000, which is located on Perry Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374. and
- Map 134, Lot 0011.000, which is located on Napert Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374.

Section Nine Also conveying all right, title and interest in and to the following discontinued streets:

Beech Street, which is depicted on Map 114 as Lot 0060.000 on the City of Berlin's tax maps; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374;

and Alder Street, which is depicted on the City of Berlin's Tax Map 114, as Lot 0062.000; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

Section Ten The benefits flowing to the Paper Mill under the Covenant Not to Sue In Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets from the State of New Hampshire dated May 30, 2006, recorded at Book 996, Page 331 as is more particularly described and subject to the terms in the Assignment and Assumption

Agreement between the parties hereto.

Section Eleven A certain strip of land, situate in the City of Berlin, Coös County, New Hampshire, shown as Parcel B, as approximately 11.6 acres, on a Plan entitled "Minor Subdivision, Fraser NH LLC, Former Railroad, Tax map 118, Parcel 212, Berlin, New Hampshire", recorded as Plan # 02786, the northerly end of said strip of land being at land now or formerly of North American Dismantling Corp. and the southerly end of said strip of land being at land of Great Lakes Hydro America, LLC (the so-called Cross Power Project). Being a portion of the land conveyed by Deed of Berlin Mills Railway, Inc. to Fraser N.H. LLC dated May 31, 2002, recorded at Book 996, Page 432.

All of the above property is conveyed SUBJECT TO the following:

1. Streets: Title to and rights of the public and others entitled thereto in and to those portions of the premises lying within the bounds of adjacent streets, ways, and paper streets.
2. Hydros: Lands, dams, hydro-generating stations, steam generating stations, transmission facilities, easements, right of ways, et al, conveyed in the Deed of Brown Company to Brown-New Hampshire, Inc., (later known as James River-New Hampshire Electric, Inc., Crown Vantage-New Hampshire Electric, Inc. and American Tissue-New Hampshire Electric, Inc.), its successors and/or assigns, dated April 30, 1965, recorded at Book 490, Page 3.
3. Railroads:
 - a. Lands, buildings, railroad tracks, bridges, easements, etc., and right of ways conveyed by Brown Company to Berlin Mills Railway, Inc., as described in deed dated January 31, 1970, and recorded at Book 527, Page 65.
 - b. All rights of way, railroad tracks, and facilities owned and operated by the Grand Trunk Railroad, its successors and assigns (the current owner/operator is believed to be the St. Lawrence & Atlantic Railroad Company, which followed Canadian National Railways as owner/operator) located on the westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements.
 - c. All rights of way, railroad tracks, and facilities owned by the Berlin Mills Railway, Inc. (successor in interest to The Whitefield and Jefferson Railroad, the Concord & Montreal Railroad, the Boston and Maine Corporation and New Hampshire and Vermont Railroad Company) located on the easterly and westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements. See quitclaim deed of New Hampshire and Vermont Railroad Company to Berlin Mills Railway, Inc., dated October 25, 1996 and recorded at 867, Page 427.

12. Highway layout for Route 16 by the State of New Hampshire dated May 4, 1961, recorded at Book 544, Page 22.
13. Highway layout for Route 16 by the State of New Hampshire dated October 23, 1959 recorded at Book 446, Page 337 and 338.
14. Land taken along with slope and embankment easements by the State of New Hampshire against the Brown Company, dated December 3, 1980, recorded at Book 635, Page 321. Affects property along Route 2 in Gorham.
15. Courses 13-19 missing in the property description of the Deed of Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (should be between Pages 289 and 290). Affects Parcel 6.
16. The Deed of James River Paper Co., Inc. to Crown Paper Co. at Book 847, Page 190 (Page 217) dated August 22, 1995, reserves the paper machine no. 6 and right to remove same. Affects Parcel 6.
17. Right, title and interest of the Town of Gorham in and to a fire station located on or near Cascade Flats Road on the west side of the Androscoggin River in Gorham, New Hampshire, and the terms of any lease re same.
18. Pole Line easements from Brown Company to Public Service Company of New Hampshire, both dated June 7, 1947, recorded at Book 354, Page 291.
19. Easement described in deed of Brown Company to Portland Pipeline Co. dated August 21, 1941, recorded in Book 318, Page 152.
20. Riparian rights and rights of others thereto entitled in and to the continuous and uninterrupted flow of brooks, streams and ponds.
21. Administrative Order of New Hampshire Dept. of Environmental Services dated October 19, 2000, recorded at Book 949, Page 381 to Pulp and Paper of America LLC. No. WD 00-29. Re Cascade Mill in Gorham.
22. Statement of Intent by N.H. Water Resources Board to Brown Company relative to the construction of a dam, said instrument recorded at Book 572, Page 693 on September 13, 1974. (It is likely this should have been in the name of Brown-New Hampshire, Inc. as the owner of the dams at Book 490, Page 3). Property in Gorham.
23. Terms of the Covenant Not to Sue in Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets dated May 30, 2002, among The State of New Hampshire, The New Hampshire Department of Environmental Services, Fraser N.H. LLC, GNE LLC and Mt. Carberry Landfill, LLC, recorded at Book 996, Page 331. Pursuant to Section 5(a) of the Covenant Not to Sue, the Vendor shall also retain the protections provided to it thereunder.

24. The effects, if any, of current use assessment and any change of use tax arising thereunder, including but not limited to, the notices recorded as follows :
 - a. Berlin - Book 649, Pages 546 and 547 – filed in the name of James River Corporation
 - b. Berlin – Book 712, Page 3 – filed in the name of James River Corp.
 - c. Gorham – Book 780, Pages 538, 539, 540, 541, 542, and 543 – filed in the name of James River Timber Corporation.
 - d. Gorham – Book 780, Page 544 – filed in the name of James River Paper Co., Inc.
25. Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.
26. Recorded Plan 2698 Cascade Lot Line Adjustment recorded June 15, 2006;
27. Recorded Plan 2787 Easements retained by Fraser at Cascade Dam Parcels, recorded September 28, 2006.
28. The right, title and interests conveyed by Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
29. Terms of the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.
30. Terms of the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.
31. Terms of the Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District recorded October 17, 2007, at Book 1230, Page 801, as affected by a Corrective Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010, recorded _____.
32. Terms of the Amendment & Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. Among North American Dismantling Corp; Fraser N.H. LLC; PJPD Holdings, LLC; recorded December 23, 2008 at Book 1265, Page 981.
33. Taxes due and owing the Town of Gorham and the City of Berlin including, but not limited to the taxes referenced in the Berlin tax liens against Fraser N.H. LLC for the levy of 2009 at Book 1300, Page 1, but see pages 26, 27, and 28 for listings, recorded March 26, 2010.

34. Gas Line Easement of Fraser N.H. LLC to Androscoggin Valley Regional Refuse
Disposal District dated _____, 2010 and recorded _____.

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SCHEDULE D

Lands

Note: As used herein "recorded" shall mean "recorded in the Coos County Registry of Deeds" and "Paper Mill", "Gorham Mill" and "Cascade Mill" are one and the same.

Section One

Parts IV and V [reference from 996-420]

Cascade Mill - Berlin and Gorham

Cascade Absorbent Plant - Gorham

Easements - Berlin and Gorham

CASCADE MILL (a/k/a Paper Mill): Certain real property with the improvements thereon situate in the City of Berlin and the Town of Gorham, County of Coos, State of New Hampshire, and comprised of parcels designated as numbers 5 and 6, which are separated by the Berlin-Gorham Town Line, and the Cascade Absorbent Plant, and are more particularly described herein, and as approximately shown on Brown Company drawing entitled "Property ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin" - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 to show Parcel No. 5 and 6, said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcels described as follows:

Parcel No. 5 Land within Parcel No. 5 and located in the City of Berlin, County of Coos, and State of New Hampshire; and being a part of Lot 4, Range 11 of Lots and Ranges of said Berlin; and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad; on the south by the Berlin-Gorham Town Line; on the west by Glen Avenue so-called, also known as State Highway Route 16; and on the north by land belonging to the City of Berlin and the centerline of the Berlin Mills Railroad; and more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the centerline of said Berlin Mills Railroad and further located westerly from the railroad underpass and easterly from the railroad bridge;

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 2,100 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 2 - thence running westerly along said Berlin-Gorham Town Line a distance of 1,080 feet, more or less, to a point, on the easterly right of way line of said Glen Avenue, so-called, also known as State Route No. 16;

Line No. 3 - thence running northerly along the easterly right of way line of said State Route No. 16 a distance of 1,980 feet, more or less, to a point, said point being the

southwesterly corner of land belonging to said City of Berlin;

Line No. 4 - thence running easterly along said southerly boundary of land belonging to said City of Berlin and across the southerly end of Watson Street, so-called, a distance of 180 feet, more or less, to a point on the easterly right of way line of said Watson Street at the southerly end;

Line No. 5 - thence at a slight deflection angle to the right and continuing in an easterly direction a distance of 120 feet, more or less, to a point on the centerline of the Berlin Mills Railroad track at the westerly bridge abutment;

Line No. 6 - thence running easterly along the centerline of said Berlin Mills Railroad track and across the railroad bridge a distance of 420 feet, more or less, to the point of beginning.

Parcel No. 6 Land within Parcel No. 6 and located in the Town of Gorham, County of Coos, and State of New Hampshire; and being a part of Lot Numbers 152, 153, 154 and 179 of Lots of said Gorham and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad, the westerly right of way line of Cascade Flats Road, so-called, and the centerline of Tinker Brook so-called; on the south by the land belonging to Public Service Company of New Hampshire and the lot line between Lot Numbers 154 and 155; on the west by the easterly right of way line of the Grand Trunk Railroad, land reserved for the Absorbent Products Division, and the easterly right of way line of Glen Avenue, so-called, also known as State Route 16; and on the north by the Town Line between Berlin and Gorham; and as more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the Town Line between said Berlin and Gorham:

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 3,300 feet, more or less, to a point, said point being the northeasterly corner of land belonging to the Public Service Company of New Hampshire;

Line No. 2 - thence running westerly along the northerly boundary of land belonging to said Public Service Company and continuing beyond for a total distance of 400 feet, more or less, to a point on the centerline of the Androscoggin River, so-called;

Line No. 3 - thence running northerly along the centerline of said Androscoggin River a distance of 1,260 feet, more or less, to a point;

Line No. 4 - thence running westerly across the westerly part of said Androscoggin River and along the northerly boundary of land belonging to others a distance of 250 feet, more or less, to a point on the easterly side of River Street, so-called;

Line No. 5 - thence running northerly along the easterly boundary of land belonging to others a distance of 200 feet, more or less, to a point on the northeasterly corner of land belonging to the Town of Gorham;

Line No. 6 - thence running westerly along the northerly boundary of land belonging to said Town of Gorham and across the Cascade Flats Road, so-called a distance of 160 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 7 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 115 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 8 - thence running westerly along the northerly boundary of land belonging to others a distance of 99 feet, more or less, to a point at the northwesterly corner of said land belonging to others;

Line No. 9 - thence running southerly along the westerly boundary of land belonging to others a distance of 165 feet, more or less, to a point at the southwesterly corner of land belonging to Anthony Ferrante;

Line No. 10 - Thence running easterly along the southerly boundary of land belonging to said Ferrante a distance of 99 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 11 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 1,400 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 12 - thence running westerly along the northerly boundary of land belonging to others a distance of 190 feet, more or less, to a point on the centerline of Tinker Brook;

Line No. 13 - thence running southerly along the centerline of Tinker Brook a distance of 1,000 feet, more or less, to a point on the lot line between the said Lot Numbers 154 and 155;

Line No. 14 - thence running westerly along said lot line between Lot Numbers 154 and 155, across said State Route No. 16 a distance of 240 feet, more or less, to a point on the easterly right of way line of said Grand Trunk Railroad, and said point on the right of way line being located a distance of 44 feet easterly from the centerline of the railroad tracks.

Line No. 15 - thence running northerly along the easterly right of way line of said Grand Trunk Railroad and located 44 feet easterly from the centerline of the railroad tracks, a distance of 3,500 feet, more or less, to a point at the southwesterly corner of land belonging to others;

Line No. 16 - thence running easterly along the southerly boundary of land belonging to others a distance of 85 feet, more or less, across State Route No. 16 to a point on the easterly right of way line of said State Route No. 16;

Line No. 17 - thence running northeasterly a distance of 140 feet, more or less, to a point;

Line No. 18 - thence running easterly a distance of 30 feet, more or less, to a point on the southwesterly right of way line of said Cascade Flats Road;

Line No. 19 - thence running southeasterly along the southwesterly right of way line of said Cascade Flats Road a distance of 1,060 feet, more or less, to a point;

Line No. 20 - thence running easterly, parallel to and 75 feet southerly from the southerly wall of the existing Absorbent Products Building and running across said Cascade Flats Road and along the southerly boundary of land reserved for the Absorbent Products Division a distance of 240 feet, more or less, to a point on a chain link fence;

Line No. 21 - thence running southeasterly along said chain link fence a distance of 110 feet, more or less, to a point;

Line No. 22 - thence at a left deflection angle of $37^{\circ} 30'$ and running easterly a distance of 35 feet, more or less, to a point located 24 feet from the northwest corner of the existing Brown Company Time Office and 24 feet from the northeast corner of said Time Office;

Line No. 23 - thence at a left deflection angle of 90° and running northerly parallel to and 15 feet easterly from the easterly wall of said Absorbent Products Building a distance of 840 feet, more or less, to a point;

Line No. 24 - thence at a left deflection angle of 90° and running parallel to and 200 feet northerly from the northerly wall of said Absorbent Products Building a distance of 300 feet, more or less, to a point on the easterly right of way line of said Cascade Flats Road;

Line No. 25 - thence running northerly along the easterly right of way line of said Cascade Flats Road and said State Route No. 16 a distance of 900 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 26 - thence running easterly along said Town Line and across said Androscoggin River a distance of 1,080 feet, more or less, to the point of beginning.

ALSO CONVEYING to the extent the same are in force and effect, the right and easements granted by both the Town of Gorham and Rose Pare to excavate, lay, maintain, and renew underground process lines across the said Cascade Flats Road and the land formerly belong to Rose Pare. See Deed of the Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (page 291).

CASCADE ABSORBENT PLANT, GORHAM, NEW HAMPSHIRE - All that certain parcel of land with the improvements thereon located in Gorham, New Hampshire as shown on plan entitled, "Brown Company Ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 and designated "Reserved for A.P.D." said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcel more particularly bounded and described as follows:

BEGINNING at a point along the easterly right of way line of Cascade Flats Road, so-called, also known as State Route #16, 900 feet, more or less, southerly along said right of way line from the Berlin-Gorham Town Line to the point of beginning; thence

from the point of beginning easterly for 300 feet, more or less, to a point; thence southerly 840 feet, more or less, to a point, thence

westerly 30 feet, more or less, to a point; thence

making a slight deflection in a northwesterly direction for a distance of 110 feet; more or less, thence

in a westerly direction for 240 feet, more or less, to the easterly right of way line of Cascade Flats Road; thence

along said right of way for a distance of 1,060 feet, more or less, to the point of beginning.

EASEMENTS IN CITY OF BERLIN AND TOWN OF GORHAM - The following rights and easements to the extent the same have not been merged with the title acquired by Fraser N.H. LLC under the Deed of Androscoggin Valley Regional Refuse Disposal District recorded at Book 1171, Page 94 (Section Seven below): The right and easement across land in the City of Berlin reserved unto Crown Paper Co., its successors and assigns in the deed of Crown Paper Co. to John Hancock Mutual Life Insurance Company, dated October 29, 1997 and recorded at Coos County Registry of Deeds, Book 884, Page 57:

The non-exclusive perpetual and assignable right and easement to enter the property conveyed to John Hancock Mutual Life Insurance Company for purposes of maintaining and operating the existing fire protection system for the paper mill in the Town of Gorham known as the Cascade Mill, and making improvements to the same, including but not limited to the following:

- (a) The right to operate, maintain, inspect, repair, replace or alter the existing dam with reservoir and flowage rights located on Cascade Brook, so-called in Lot 3, Range 11 in the City of Berlin and the right to enter said Lot for such purposes;
- (b) The right to operate, maintain, inspect, repair, replace or alter the existing fire protection water line crossing Lot 3, Range 11 in the City of Berlin and right to enter said Lot for such purposes; and
- (c) The right to operate, maintain, inspect, repair, replace or alter all components of said fire protection system, including a thirty (30) foot wide right of way leading from the southerly line of Champlain Street, so-called, and running along the westerly side of Lot 3, Range 10 to the northerly side of Lot 3, Range 11 and continuing across said Lot 3, Range 11 to the reservoir area, and the right to use said right of way and the right to enter said Lots for such purposes.

Also conveying the non-exclusive perpetual and assignable right and easement to operate, maintain, repair, replace or alter the fire protection system and lines for the Cascade Mill crossing land in Gorham, New Hampshire, and the right of access to Lots 178 and 179 in Gorham for such purpose, as reserved to Crown Paper Co., its successors and assigns reserved in quitclaim deed of Crown Paper Co. to Yankee Forest Limited Liability Company, dated October 29, 1997 and recorded Coos County Registry of Deeds Book 884, Page 91.

EXCLUDING from Section One the following property:

- a. the bed of the Androscoggin River to the extent granted to the State of New Hampshire at Book 996, Page 319;
- b. any and all personal property, comprising the internal electric delivery system, transmission and distribution, facilities and equipment used or useful (i) for the delivery of electricity from the six FERC licensed hydroelectric stations conveyed by American Tissue-New Hampshire Electric, Inc. to GNE, LLC (later known as Great Lakes Hydro America, LLC) by deed dated on or about May 31, 2002, at Book 996, Page 457; and/or (ii) for delivery of electricity to the facilities and properties located on land conveyed deeds of Pulp of America LLC and Paper of America LLC to Fraser N.H. LLC dated on or about May 31, 2002, which internal electric delivery system facilities and equipment are considered personal property and were conveyed separately by Bills of Sale recorded at Book 996, Pages 447, 467, 478, and 492.
- c. the land conveyed by Fraser N.H. LLC to Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
- d. the property conveyed by Deed of Fraser N. H. LLC to North American Dismantling Corp., recorded October 3, 2006 at Book 1190, Page 932.

For source of title see Deed of Paper of America LLC to Fraser N. H. LLC recorded May 31, 2002, at Book 996, Page 420.

Section Two Also conveying the rights and benefits accruing to the Cascade Mill under the Undivided Ownership, Operation and Maintenance Agreement between Fraser N.H. LLC and GNE, LLC (later known as Great Lakes Hydro America, LLC) dated May 31, 2002, at Book 996, Page 512.

Section Three Also conveying all those rights and benefit accruing to the Paper Mill under an Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.

Section Four A certain tract or parcel of land located in the City of Berlin, Coös County, New Hampshire, together with the so-called Cascade Alpine Brook Fire Pond and the dam located thereon or thereunder, and together with any other improvements and appurtenances thereto, being bounded and described as follows:

Beginning at an iron pin located 3251.54 feet westerly along the Berlin-Gorham town line from a concrete monument marking the southeast corner of Berlin, New Hampshire; thence along land of Androscoggin Valley Regional Refuse Disposal District (AVRRDD) the following five courses:

1. North 01°20'26" East for 428.99 feet to an iron pin;
2. North 59°22'10" West crossing Cascade Alpine Brook for 293.29 feet to an iron pin;
3. South 50°43'33" West for 330.67 feet to an iron pin;
4. South 05°31'24" East for 360.55 feet to an iron pin on the Berlin-Gorham town line; thence
5. South 88°38'32" East along the Berlin-Gorham town line for 463.72 feet to the point of beginning.

Being Lot A as shown on Plan prepared by York Land Services, LLC titled "Minor Subdivision Prepared for Androscoggin Valley Regional Refuse Disposal District, Tax Map 414, Parcel 4, Berlin, New Hampshire" dated March 17, 2006, recorded in the Coös County Registry of Deeds as Plan #2636. Said Lot A shown to contain 5.45 acres, more or less.

Also conveying the dam structure, equipment, flashboards, gates, pipes, penstocks and fences and the rights and easements appurtenant thereto, as the same were acquired by Fraser N.H. LLC in the Quitclaim Deed of Androscoggin Valley Regional Refuse Disposal District to Fraser N.H. recorded May 9, 2006, at Book 1171, Page 94.

Section Five Also conveying the rights and benefits of Fraser N.H. LLC under the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.

Section Six Also conveying the rights and benefits under the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.

Section Seven Also conveying the rights and benefits accruing to the Gorham Mill under an Amendment and Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. among North American Dismantling Corp., Fraser N.H. LLC, and PJPD Holdings, LLC recorded December 23, 2008, at Book 1265, Page 981. Also conveying, to the extent the premises have not previously been conveyed, all right, title and interest in and to the premises depicted as Lot 0054.0L2 on the City of Berlin's Tax Map No.129. Being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374 of the Coös County Registry of Deeds [description to be later supplemented].

Section Eight Also conveying certain tracts or parcels of land, together with any buildings and improvements thereon, depicted on the City of Berlin's tax maps as follows:

- Map 113, Lot 0010.000, which is located on Wentworth Avenue - Lots 7 through 12, Block 19, Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 114, Lot 0073.000, which is located on Western Avenue; Lots 4, 5, 6, 11 and 12, Block 4 Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0004.000, which is located on Hutchins Street - Lots numbered Eight (8) and Nine (9) in Block numbered seventy-five (75) of Berlin Mills Addition, appears by Plan numbered Four (4) and description of the same as made by E.S. Bryant and recorded in Coos County Registry of Deeds, Book 121, Page 402; being a portion of Parcel 7 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0005.000, which is located on Hutchins Street - A certain piece or parcel of land, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eight (8th) Range of lots in said Berlin, and more particularly described as follows:

Lot numbered Ten (10) in Block numbered Seventy Five (75) of Berlin Mills Addition, as appears by Plan numbered Four (4) and description of the same as made by E.S. Brungot and recorded in Coos County Registry of Deeds, Book 121, Page 402.

And another piece or parcel, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eighth (8th) Range of lots in said Berlin, and more particularly described as follows:

Beginning at a point on the northerly side of Hutchins Street at the southeasterly corner of said Lot 10, thence

in an easterly direction along the northerly side of Hutchins Street eighty (80) feet, more or less, to the line of right-of-way of the Boston and Maine Railroad, thence

northwesterly along said right-of-way one hundred (100) feet, more or less, to the easterly line of said Lot 10, thence

southerly along easterly line of said Lot 10 eighty (80) feet, more or less to the point of beginning.

For source of title see Parcel 8 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

- Map 134, Lot 0007.000, which is located on Perry Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374. and
- Map 134, Lot 0011.000, which is located on Napert Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374.

Section Nine Also conveying all right, title and interest in and to the following discontinued streets:

Beech Street, which is depicted on Map 114 as Lot 0060.000 on the City of Berlin's tax maps; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374;

and Alder Street, which is depicted on the City of Berlin's Tax Map 114, as Lot 0062.000; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

Section Ten The benefits flowing to the Paper Mill under the Covenant Not to Sue In Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets from the State of New Hampshire dated May 30, 2006, recorded at Book 996, Page 331 as is more particularly described and subject to the terms in the Assignment and Assumption

Agreement between the parties hereto.

Section Eleven A certain strip of land, situate in the City of Berlin, Coös County, New Hampshire, shown as Parcel B, as approximately 11.6 acres, on a Plan entitled "Minor Subdivision, Fraser NH LLC, Former Railroad, Tax map 118, Parcel 212, Berlin, New Hampshire", recorded as Plan # 02786, the northerly end of said strip of land being at land now or formerly of North American Dismantling Corp. and the southerly end of said strip of land being at land of Great Lakes Hydro America, LLC (the so-called Cross Power Project). Being a portion of the land conveyed by Deed of Berlin Mills Railway, Inc. to Fraser N.H. LLC dated May 31, 2002, recorded at Book 996, Page 432.

All of the above property is conveyed SUBJECT TO the following:

1. Streets: Title to and rights of the public and others entitled thereto in and to those portions of the premises lying within the bounds of adjacent streets, ways, and paper streets.
2. Hydros: Lands, dams, hydro-generating stations, steam generating stations, transmission facilities, easements, right of ways, et al, conveyed in the Deed of Brown Company to Brown-New Hampshire, Inc., (later known as James River-New Hampshire Electric, Inc., Crown Vantage-New Hampshire Electric, Inc. and American Tissue-New Hampshire Electric, Inc.), its successors and/or assigns, dated April 30, 1965, recorded at Book 490, Page 3.
3. Railroads:
 - a. Lands, buildings, railroad tracks, bridges, easements, etc., and right of ways conveyed by Brown Company to Berlin Mills Railway, Inc., as described in deed dated January 31, 1970, and recorded at Book 527, Page 65.
 - b. All rights of way, railroad tracks, and facilities owned and operated by the Grand Trunk Railroad, its successors and assigns (the current owner/operator is believed to be the St. Lawrence & Atlantic Railroad Company, which followed Canadian National Railways as owner/operator) located on the westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements.
 - c. All rights of way, railroad tracks, and facilities owned by the Berlin Mills Railway, Inc. (successor in interest to The Whitefield and Jefferson Railroad, the Concord & Montreal Railroad, the Boston and Maine Corporation and New Hampshire and Vermont Railroad Company) located on the easterly and westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements. See quitclaim deed of New Hampshire and Vermont Railroad Company to Berlin Mills Railway, Inc., dated October 25, 1996 and recorded at 867, Page 427.

12. Highway layout for Route 16 by the State of New Hampshire dated May 4, 1961, recorded at Book 544, Page 22.
13. Highway layout for Route 16 by the State of New Hampshire dated October 23, 1959 recorded at Book 446, Page 337 and 338.
14. Land taken along with slope and embankment easements by the State of New Hampshire against the Brown Company, dated December 3, 1980, recorded at Book 635, Page 321. Affects property along Route 2 in Gorham.
15. Courses 13-19 missing in the property description of the Deed of Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (should be between Pages 289 and 290). Affects Parcel 6.
16. The Deed of James River Paper Co., Inc. to Crown Paper Co. at Book 847, Page 190 (Page 217) dated August 22, 1995, reserves the paper machine no. 6 and right to remove same. Affects Parcel 6.
17. Right, title and interest of the Town of Gorham in and to a fire station located on or near Cascade Flats Road on the west side of the Androscoggin River in Gorham, New Hampshire, and the terms of any lease re same.
18. Pole Line easements from Brown Company to Public Service Company of New Hampshire, both dated June 7, 1947, recorded at Book 354, Page 291.
19. Easement described in deed of Brown Company to Portland Pipeline Co. dated August 21, 1941, recorded in Book 318, Page 152.
20. Riparian rights and rights of others thereto entitled in and to the continuous and uninterrupted flow of brooks, streams and ponds.
21. Administrative Order of New Hampshire Dept. of Environmental Services dated October 19, 2000, recorded at Book 949, Page 381 to Pulp and Paper of America LLC. No. WD 00-29. Re Cascade Mill in Gorham.
22. Statement of Intent by N.H. Water Resources Board to Brown Company relative to the construction of a dam, said instrument recorded at Book 572, Page 693 on September 13, 1974. (It is likely this should have been in the name of Brown-New Hampshire, Inc. as the owner of the dams at Book 490, Page 3). Property in Gorham.
23. Terms of the Covenant Not to Sue in Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets dated May 30, 2002, among The State of New Hampshire, The New Hampshire Department of Environmental Services, Fraser N.H. LLC, GNE LLC and Mt. Carberry Landfill, LLC, recorded at Book 996, Page 331. Pursuant to Section 5(a) of the Covenant Not to Sue, the Vendor shall also retain the protections provided to it thereunder.

24. The effects, if any, of current use assessment and any change of use tax arising thereunder, including but not limited to, the notices recorded as follows :
 - a. Berlin - Book 649, Pages 546 and 547 – filed in the name of James River Corporation
 - b. Berlin – Book 712, Page 3 – filed in the name of James River Corp.
 - c. Gorham – Book 780, Pages 538, 539, 540, 541, 542, and 543 – filed in the name of James River Timber Corporation.
 - d. Gorham – Book 780, Page 544 – filed in the name of James River Paper Co., Inc.
25. Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.
26. Recorded Plan 2698 Cascade Lot Line Adjustment recorded June 15, 2006;
27. Recorded Plan 2787 Easements retained by Fraser at Cascade Dam Parcels, recorded September 28, 2006.
28. The right, title and interests conveyed by Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
29. Terms of the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.
30. Terms of the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.
31. Terms of the Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District recorded October 17, 2007, at Book 1230, Page 801, as affected by a Corrective Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010, recorded _____.
32. Terms of the Amendment & Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. Among North American Dismantling Corp; Fraser N.H. LLC; PJPD Holdings, LLC; recorded December 23, 2008 at Book 1265, Page 981.
33. Taxes due and owing the Town of Gorham and the City of Berlin including, but not limited to the taxes referenced in the Berlin tax liens against Fraser N.H. LLC for the levy of 2009 at Book 1300, Page 1, but see pages 26, 27, and 28 for listings, recorded March 26, 2010.

34. Gas Line Easement of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010 and recorded _____.

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SCHEDULE E
TO BE FILED

SCHEDULE F

Lands

Note: As used herein "recorded" shall mean "recorded in the Coos County Registry of Deeds" and "Paper Mill", "Gorham Mill" and "Cascade Mill" are one and the same.

Section One

Parts IV and V [reference from 996-420]
 Cascade Mill - Berlin and Gorham
 Cascade Absorbent Plant - Gorham
 Easements - Berlin and Gorham

CASCADE MILL (a/k/a Paper Mill): Certain real property with the improvements thereon situate in the City of Berlin and the Town of Gorham, County of Coos, State of New Hampshire, and comprised of parcels designated as numbers 5 and 6, which are separated by the Berlin-Gorham Town Line, and the Cascade Absorbent Plant, and are more particularly described herein, and as approximately shown on Brown Company drawing entitled "Property ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin" - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 to show Parcel No. 5 and 6, said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcels described as follows:

Parcel No. 5 Land within Parcel No. 5 and located in the City of Berlin, County of Coos, and State of New Hampshire; and being a part of Lot 4, Range 11 of Lots and Ranges of said Berlin; and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad; on the south by the Berlin-Gorham Town Line; on the west by Glen Avenue so-called, also known as State Highway Route 16; and on the north by land belonging to the City of Berlin and the centerline of the Berlin Mills Railroad; and more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the centerline of said Berlin Mills Railroad and further located westerly from the railroad underpass and easterly from the railroad bridge;

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 2,100 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 2 - thence running westerly along said Berlin-Gorham Town Line a distance of 1,080 feet, more or less, to a point, on the easterly right of way line of said Glen Avenue, so-called, also known as State Route No. 16;

Line No. 3 - thence running northerly along the easterly right of way line of said State Route No. 16 a distance of 1,980 feet, more or less, to a point, said point being the

southwesterly corner of land belonging to said City of Berlin;

Line No. 4 - thence running easterly along said southerly boundary of land belonging to said City of Berlin and across the southerly end of Watson Street, so-called, a distance of 180 feet, more or less, to a point on the easterly right of way line of said Watson Street at the southerly end;

Line No. 5 - thence at a slight deflection angle to the right and continuing in an easterly direction a distance of 120 feet, more or less, to a point on the centerline of the Berlin Mills Railroad track at the westerly bridge abutment;

Line No. 6 - thence running easterly along the centerline of said Berlin Mills Railroad track and across the railroad bridge a distance of 420 feet, more or less, to the point of beginning.

Parcel No. 6 Land within Parcel No. 6 and located in the Town of Gorham, County of Coos, and State of New Hampshire; and being a part of Lot Numbers 152, 153, 154 and 179 of Lots of said Gorham and, in general, bounded, except as noted herein, on the east by the westerly right of way line of Boston & Maine Railroad, the westerly right of way line of Cascade Flats Road, so-called, and the centerline of Tinker Brook so-called; on the south by the land belonging to Public Service Company of New Hampshire and the lot line between Lot Numbers 154 and 155; on the west by the easterly right of way line of the Grand Trunk Railroad, land reserved for the Absorbent Products Division, and the easterly right of way line of Glen Avenue, so-called, also known as State Route 16; and on the north by the Town Line between Berlin and Gorham; and as more particularly described as follows:

Beginning at a point on the westerly right of way line of said Boston & Maine Railroad and on the Town Line between said Berlin and Gorham:

Line No. 1 - thence running southerly along the westerly right of way line of said Boston & Maine Railroad a distance of 3,300 feet, more or less, to a point, said point being the northeasterly corner of land belonging to the Public Service Company of New Hampshire;

Line No. 2 - thence running westerly along the northerly boundary of land belonging to said Public Service Company and continuing beyond for a total distance of 400 feet, more or less, to a point on the centerline of the Androscoggin River, so-called;

Line No. 3 - thence running northerly along the centerline of said Androscoggin River a distance of 1,260 feet, more or less, to a point;

Line No. 4 - thence running westerly across the westerly part of said Androscoggin River and along the northerly boundary of land belonging to others a distance of 250 feet, more or less, to a point on the easterly side of River Street, so-called;

Line No. 5 - thence running northerly along the easterly boundary of land belonging to others a distance of 200 feet, more or less, to a point on the northeasterly corner of land belonging to the Town of Gorham;

Line No. 6 - thence running westerly along the northerly boundary of land belonging to said Town of Gorham and across the Cascade Flats Road, so-called a distance of 160 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 7 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 115 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 8 - thence running westerly along the northerly boundary of land belonging to others a distance of 99 feet, more or less, to a point at the northwesterly corner of said land belonging to others;

Line No. 9 - thence running southerly along the westerly boundary of land belonging to others a distance of 165 feet, more or less, to a point at the southwesterly corner of land belonging to Anthony Ferrante;

Line No. 10 - Thence running easterly along the southerly boundary of land belonging to said Ferrante a distance of 99 feet, more or less, to a point on the westerly right of way line of said Cascade Flats Road;

Line No. 11 - thence running southerly along the westerly right of way line of said Cascade Flats Road a distance of 1,400 feet, more or less, to a point at the northeasterly corner of land belonging to others;

Line No. 12 - thence running westerly along the northerly boundary of land belonging to others a distance of 190 feet, more or less, to a point on the centerline of Tinker Brook;

Line No. 13 - thence running southerly along the centerline of Tinker Brook a distance of 1,000 feet, more or less, to a point on the lot line between the said Lot Numbers 154 and 155;

Line No. 14 - thence running westerly along said lot line between Lot Numbers 154 and 155, across said State Route No. 16 a distance of 240 feet, more or less, to a point on the easterly right of way line of said Grand Trunk Railroad, and said point on the right of way line being located a distance of 44 feet easterly from the centerline of the railroad tracks.

Line No. 15 - thence running northerly along the easterly right of way line of said Grand Trunk Railroad and located 44 feet easterly from the centerline of the railroad tracks, a distance of 3,500 feet, more or less, to a point at the southwesterly corner of land belonging to others;

Line No. 16 - thence running easterly along the southerly boundary of land belonging to others a distance of 85 feet, more or less, across State Route No. 16 to a point on the easterly right of way line of said State Route No. 16;

Line No. 17 - thence running northeasterly a distance of 140 feet, more or less, to a point;

Line No. 18 - thence running easterly a distance of 30 feet, more or less, to a point on the southwesterly right of way line of said Cascade Flats Road;

Line No. 19 - thence running southeasterly along the southwesterly right of way line of said Cascade Flats Road a distance of 1,060 feet, more or less, to a point;

Line No. 20 - thence running easterly, parallel to and 75 feet southerly from the southerly wall of the existing Absorbent Products Building and running across said Cascade Flats Road and along the southerly boundary of land reserved for the Absorbent Products Division a distance of 240 feet, more or less, to a point on a chain link fence;

Line No. 21 - thence running southeasterly along said chain link fence a distance of 110 feet, more or less, to a point;

Line No. 22 - thence at a left deflection angle of $37^{\circ} 30'$ and running easterly a distance of 35 feet, more or less, to a point located 24 feet from the northwest corner of the existing Brown Company Time Office and 24 feet from the northeast corner of said Time Office;

Line No. 23 - thence at a left deflection angel of 90° and running northerly parallel to and 15 feet easterly from the easterly wall of said Absorbent Products Building a distance of 840 feet, more or less, to a point;

Line No. 24 - thence at a left deflection angle of 90° and running parallel to and 200 feet northerly from the northerly wall of said Absorbent Products Building a distance of 300 feet, more or less, to a point on the easterly right of way line of said Cascade Flats Road;

Line No. 25 - thence running northerly along the easterly right of way line of said Cascade Flats Road and said State Route No. 16 a distance of 900 feet, more or less, to a point, said point being the intersection of said right of way line and the Berlin-Gorham Town Line;

Line No. 26 - thence running easterly along said Town Line and across said Androscoggin River a distance of 1,080 feet, more or less, to the point of beginning.

ALSO CONVEYING to the extent the same are in force and effect, the right and easements granted by both the Town of Gorham and Rose Pare to excavate, lay, maintain, and renew underground process lines across the said Cascade Flats Road and the land formerly belong to Rose Pare. See Deed of the Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (page 291).

CASCADE ABSORBENT PLANT, GORHAM, NEW HAMPSHIRE - All that certain parcel of land with the improvements thereon located in Gorham, New Hampshire as shown on plan entitled, "Brown Company Ownership and Rights Along the Androscoggin River - Lot 174 in Gorham to Range 11 in Berlin - Drawing Number 5 of 13-R-13 by Jackson & Moreland, Engineers, dated April, 1948 and revised October, 1980 and designated "Reserved for A.P.D." said Plan having been recorded in Pocket 5, Folder 4, Plan 7, and said parcel more particularly bounded and described as follows:

BEGINNING at a point along the easterly right of way line of Cascade Flats Road, so-called, also known as State Route #16, 900 feet, more or less, southerly along said right of way line from the Berlin-Gorham Town Line to the point of beginning; thence

from the point of beginning easterly for 300 feet, more or less, to a point; thence southerly 840 feet, more or less, to a point, thence

westerly 30 feet, more or less, to a point; thence

making a slight deflection in a northwesterly direction for a distance of 110 feet; more or less, thence

in a westerly direction for 240 feet, more or less, to the easterly right of way line of Cascade Flats Road; thence

along said right of way for a distance of 1,060 feet, more or less, to the point of beginning.

EASEMENTS IN CITY OF BERLIN AND TOWN OF GORHAM - The following rights and easements to the extent the same have not been merged with the title acquired by Fraser N.H. LLC under the Deed of Androscoggin Valley Regional Refuse Disposal District recorded at Book 1171, Page 94 (Section Seven below): The right and easement across land in the City of Berlin reserved unto Crown Paper Co., its successors and assigns in the deed of Crown Paper Co. to John Hancock Mutual Life Insurance Company, dated October 29, 1997 and recorded at Coos County Registry of Deeds, Book 884, Page 57:

The non-exclusive perpetual and assignable right and easement to enter the property conveyed to John Hancock Mutual Life Insurance Company for purposes of maintaining and operating the existing fire protection system for the paper mill in the Town of Gorham known as the Cascade Mill, and making improvements to the same, including but not limited to the following:

- (a) The right to operate, maintain, inspect, repair, replace or alter the existing dam with reservoir and flowage rights located on Cascade Brook, so-called in Lot 3, Range 11 in the City of Berlin and the right to enter said Lot for such purposes;
- (b) The right to operate, maintain, inspect, repair, replace or alter the existing fire protection water line crossing Lot 3, Range 11 in the City of Berlin and right to enter said Lot for such purposes; and
- (c) The right to operate, maintain, inspect, repair, replace or alter all components of said fire protection system, including a thirty (30) foot wide right of way leading from the southerly line of Champlain Street, so-called, and running along the westerly side of Lot 3, Range 10 to the northerly side of Lot 3, Range 11 and continuing across said Lot 3, Range 11 to the reservoir area, and the right to use said right of way and the right to enter said Lots for such purposes.

Also conveying the non-exclusive perpetual and assignable right and easement to operate, maintain, repair, replace or alter the fire protection system and lines for the Cascade Mill crossing land in Gorham, New Hampshire, and the right of access to Lots 178 and 179 in Gorham for such purpose, as reserved to Crown Paper Co., its successors and assigns reserved in quitclaim deed of Crown Paper Co. to Yankee Forest Limited Liability Company, dated October 29, 1997 and recorded Coos County Registry of Deeds Book 884, Page 91.

EXCLUDING from Section One the following property:

- a. the bed of the Androscoggin River to the extent granted to the State of New Hampshire at Book 996, Page 319;
- b. any and all personal property, comprising the internal electric delivery system, transmission and distribution, facilities and equipment used or useful (i) for the delivery of electricity from the six FERC licensed hydroelectric stations conveyed by American Tissue-New Hampshire Electric, Inc. to GNE, LLC (later known as Great Lakes Hydro America, LLC) by deed dated on or about May 31, 2002, at Book 996, Page 457; and/or (ii) for delivery of electricity to the facilities and properties located on land conveyed deeds of Pulp of America LLC and Paper of America LLC to Fraser N.H. LLC dated on or about May 31, 2002, which internal electric delivery system facilities and equipment are considered personal property and were conveyed separately by Bills of Sale recorded at Book 996, Pages 447, 467, 478, and 492.
- c. the land conveyed by Fraser N.H. LLC to Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
- d. the property conveyed by Deed of Fraser N. H. LLC to North American Dismantling Corp., recorded October 3, 2006 at Book 1190, Page 932.

For source of title see Deed of Paper of America LLC to Fraser N. H. LLC recorded May 31, 2002, at Book 996, Page 420.

Section Two Also conveying the rights and benefits accruing to the Cascade Mill under the Undivided Ownership, Operation and Maintenance Agreement between Fraser N.H. LLC and GNE, LLC (later known as Great Lakes Hydro America, LLC) dated May 31, 2002, at Book 996, Page 512.

Section Three Also conveying all those rights and benefit accruing to the Paper Mill under an Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.

Section Four A certain tract or parcel of land located in the City of Berlin, Coös County, New Hampshire, together with the so-called Cascade Alpine Brook Fire Pond and the dam located thereon or thereunder, and together with any other improvements and appurtenances thereto, being bounded and described as follows:

Beginning at an iron pin located 3251.54 feet westerly along the Berlin-Gorham town line from a concrete monument marking the southeast corner of Berlin, New Hampshire; thence along land of Androscoggin Valley Regional Refuse Disposal District (AVRRDD) the following five courses:

1. North 01°20'26" East for 428.99 feet to an iron pin;
2. North 59°22'10" West crossing Cascade Alpine Brook for 293.29 feet to an iron pin;
3. South 50°43'33" West for 330.67 feet to an iron pin;
4. South 05°31'24" East for 360.55 feet to an iron pin on the Berlin-Gorham town line; thence
5. South 88°38'32" East along the Berlin-Gorham town line for 463.72 feet to the point of beginning.

Being Lot A as shown on Plan prepared by York Land Services, LLC titled "Minor Subdivision Prepared for Androscoggin Valley Regional Refuse Disposal District, Tax Map 414, Parcel 4, Berlin, New Hampshire" dated March 17, 2006, recorded in the Coös County Registry of Deeds as Plan #2636. Said Lot A shown to contain 5.45 acres, more or less.

Also conveying the dam structure, equipment, flashboards, gates, pipes, penstocks and fences and the rights and easements appurtenant thereto, as the same were acquired by Fraser N.H. LLC in the Quitclaim Deed of Androscoggin Valley Regional Refuse Disposal District to Fraser N.H. recorded May 9, 2006, at Book 1171, Page 94.

Section Five Also conveying the rights and benefits of Fraser N.H. LLC under the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.

Section Six Also conveying the rights and benefits under the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.

Section Seven Also conveying the rights and benefits accruing to the Gorham Mill under an Amendment and Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. among North American Dismantling Corp., Fraser N.H. LLC, and PJPD Holdings, LLC recorded December 23, 2008, at Book 1265, Page 981. Also conveying, to the extent the premises have not previously been conveyed, all right, title and interest in and to the premises depicted as Lot 0054.0L2 on the City of Berlin's Tax Map No.129. Being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374 of the Coös County Registry of Deeds [description to be later supplemented].

Section Eight Also conveying certain tracts or parcels of land, together with any buildings and improvements thereon, depicted on the City of Berlin's tax maps as follows:

- Map 113, Lot 0010.000, which is located on Wentworth Avenue - Lots 7 through 12, Block 19, Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 114, Lot 0073.000, which is located on Western Avenue; Lots 4, 5, 6, 11 and 12, Block 4 Cascade Addition, lying in Lot 4, Range 11, City of Berlin. The foregoing parcels are more particularly shown on the Plans 1 and 2 of Cascade Addition, attached to deed dated September 15, 1989 from James River Corporation of Virginia to James River Paper Company, Inc. recorded September 21, 1989, at Book 754, Page 574, as Exhibits 21A and 21B. For source of title see Parcel 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0004.000, which is located on Hutchins Street - Lots numbered Eight (8) and Nine (9) in Block numbered seventy-five (75) of Berlin Mills Addition, appears by Plan numbered Four (4) and description of the same as made by E.S. Bryant and recorded in Coos County Registry of Deeds, Book 121, Page 402; being a portion of Parcel 7 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.
- Map 134, Lot 0005.000, which is located on Hutchins Street - A certain piece or parcel of land, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eight (8th) Range of lots in said Berlin, and more particularly described as follows:

Lot numbered Ten (10) in Block numbered Seventy Five (75) of Berlin Mills Addition, as appears by Plan numbered Four (4) and description of the same as made by E.S. Brungot and recorded in Coos County Registry of Deeds, Book 121, Page 402.

And another piece or parcel, together with all buildings thereon, situate in said Berlin, and being a part of Lots numbered Two (2) and Three (3) in the Eighth (8th) Range of lots in said Berlin, and more particularly described as follows:

Beginning at a point on the northerly side of Hutchins Street at the southeasterly corner of said Lot 10, thence

in an easterly direction along the northerly side of Hutchins Street eighty (80) feet, more or less, to the line of right-of-way of the Boston and Maine Railroad, thence

northwesterly along said right-of-way one hundred (100) feet, more or less, to the easterly line of said Lot 10, thence

southerly along easterly line of said Lot 10 eighty (80) feet, more or less to the point of beginning.

For source of title see Parcel 8 on page 11 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

- Map 134, Lot 0007.000, which is located on Perry Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374. and
- Map 134, Lot 0011.000, which is located on Napert Street; the source of title, if any, being a portion of the premises conveyed to Fraser N.H. LLC by deed of Pulp of America LLC recorded May 31, 2002 at Book 996, Page 374.

Section Nine Also conveying all right, title and interest in and to the following discontinued streets:

Beech Street, which is depicted on Map 114 as Lot 0060.000 on the City of Berlin's tax maps; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374;

and Alder Street, which is depicted on the City of Berlin's Tax Map 114, as Lot 0062.000; for source of title, if any, see Parcel No. 21 on page 15 of the Deed of Pulp of America, LLC to Fraser N.H. LLC recorded at Book 996, Page 374.

Section Ten The benefits flowing to the Paper Mill under the Covenant Not to Sue In Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets from the State of New Hampshire dated May 30, 2006, recorded at Book 996, Page 331 as is more particularly described and subject to the terms in the Assignment and Assumption

Agreement between the parties hereto.

Section Eleven A certain strip of land, situate in the City of Berlin, Coös County, New Hampshire, shown as Parcel B, as approximately 11.6 acres, on a Plan entitled "Minor Subdivision, Fraser NH LLC, Former Railroad, Tax map 118, Parcel 212, Berlin, New Hampshire", recorded as Plan # 02786, the northerly end of said strip of land being at land now or formerly of North American Dismantling Corp. and the southerly end of said strip of land being at land of Great Lakes Hydro America, LLC (the so-called Cross Power Project). Being a portion of the land conveyed by Deed of Berlin Mills Railway, Inc. to Fraser N.H. LLC dated May 31, 2002, recorded at Book 996, Page 432.

All of the above property is conveyed SUBJECT TO the following:

1. Streets: Title to and rights of the public and others entitled thereto in and to those portions of the premises lying within the bounds of adjacent streets, ways, and paper streets.
2. Hydros: Lands, dams, hydro-generating stations, steam generating stations, transmission facilities, easements, right of ways, et al, conveyed in the Deed of Brown Company to Brown-New Hampshire, Inc., (later known as James River-New Hampshire Electric, Inc., Crown Vantage-New Hampshire Electric, Inc. and American Tissue-New Hampshire Electric, Inc.), its successors and/or assigns, dated April 30, 1965, recorded at Book 490, Page 3.
3. Railroads:
 - a. Lands, buildings, railroad tracks, bridges, easements, etc., and right of ways conveyed by Brown Company to Berlin Mills Railway, Inc., as described in deed dated January 31, 1970, and recorded at Book 527, Page 65.
 - b. All rights of way, railroad tracks, and facilities owned and operated by the Grand Trunk Railroad, its successors and assigns (the current owner/operator is believed to be the St. Lawrence & Atlantic Railroad Company, which followed Canadian National Railways as owner/operator) located on the westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements.
 - c. All rights of way, railroad tracks, and facilities owned by the Berlin Mills Railway, Inc. (successor in interest to The Whitefield and Jefferson Railroad, the Concord & Montreal Railroad, the Boston and Maine Corporation and New Hampshire and Vermont Railroad Company) located on the easterly and westerly side of said Androscoggin River and acquired by said railroad by previous deeds and/or operating easements. See quitclaim deed of New Hampshire and Vermont Railroad Company to Berlin Mills Railway, Inc., dated October 25, 1996 and recorded at 867, Page 427.

4. Water lines: The right to renew, maintain, repair, etc. all underground and above-grade water lines and related facilities now owned and operated by the Berlin Water Works, the Town of Gorham Sewer and/or Water Departments, their successors and/or assigns, in accordance with previous easements and rights of way.
5. Sewer and Storm Drainage: The right to renew, maintain, repair, etc. all underground sanitary sewer and storm drains and related facilities now owned and operated by the City of Berlin, the Town of Gorham, or the departments within said City and/or Town, their successors and/or assigns, in accordance with previous easements and right of ways.
6. Electric easements: The right to renew, maintain, repair, etc. all underground and above-ground electric power transmission facilities now owned and operated by the Public Service Company of New Hampshire, its successors and/or assigns, as stipulated in previous easements and right of ways.
7. Telephone easements: The right to renew, maintain, repair, etc. all underground and above-grade telephone lines and operating facilities now owned and operated by the New England Telephone Company, its successors and/or assigns, as stipulated in previous easements and right of ways.
8. Riverbed and Water:
 - a. Title or rights of the Federal government or the State of New Hampshire to the area occupied by the normal water surface of the Androscoggin River, together with access right of way that may be required by interested Federal and State agencies, including but not limited to the Federal Energy Regulatory Commission, Corps of Engineers, State of New Hampshire Water Resources Board and State of New Hampshire Water Supply & Pollution Control Commission.
 - b. Title to that portion of the property within the normal bounds of Androscoggin River.
 - c. Any and all rights of the United States of America, State of New Hampshire and the public in and to the Androscoggin River arising pursuant to the Commerce Clause of the United States Constitution.
9. Terms and provisions of New Hampshire Water Resources Board Order #9410, dated August 22, 1974 recorded at Book 572, Page 693, pertaining to Cascade Aeration Lagoon Waste Water Treatment Facilities.
10. Permit No. 24.17 Registration of an Existing Dam from New Hampshire Dept. of Environmental Services Water Resources Board dated November 24, 1987, recorded at Book 719, Page 740, relative to the Cascade Paper Mill Fire Pond Dam in the Town of Berlin.
11. Rights of the State of New Hampshire, the Town of Gorham and/or the public in and to Route 16 and the Cascade Flats Road.

12. Highway layout for Route 16 by the State of New Hampshire dated May 4, 1961, recorded at Book 544, Page 22.
13. Highway layout for Route 16 by the State of New Hampshire dated October 23, 1959 recorded at Book 446, Page 337 and 338.
14. Land taken along with slope and embankment easements by the State of New Hampshire against the Brown Company, dated December 3, 1980, recorded at Book 635, Page 321. Affects property along Route 2 in Gorham.
15. Courses 13-19 missing in the property description of the Deed of Brown Company to BBC, Inc. dated December 2, 1980, recorded at Book 635, Page 269 (should be between Pages 289 and 290). Affects Parcel 6.
16. The Deed of James River Paper Co., Inc. to Crown Paper Co. at Book 847, Page 190 (Page 217) dated August 22, 1995, reserves the paper machine no. 6 and right to remove same. Affects Parcel 6.
17. Right, title and interest of the Town of Gorham in and to a fire station located on or near Cascade Flats Road on the west side of the Androscoggin River in Gorham, New Hampshire, and the terms of any lease re same.
18. Pole Line easements from Brown Company to Public Service Company of New Hampshire, both dated June 7, 1947, recorded at Book 354, Page 291.
19. Easement described in deed of Brown Company to Portland Pipeline Co. dated August 21, 1941, recorded in Book 318, Page 152.
20. Riparian rights and rights of others thereto entitled in and to the continuous and uninterrupted flow of brooks, streams and ponds.
21. Administrative Order of New Hampshire Dept. of Environmental Services dated October 19, 2000, recorded at Book 949, Page 381 to Pulp and Paper of America LLC. No. WD 00-29. Re Cascade Mill in Gorham.
22. Statement of Intent by N.H. Water Resources Board to Brown Company relative to the construction of a dam, said instrument recorded at Book 572, Page 693 on September 13, 1974. (It is likely this should have been in the name of Brown-New Hampshire, Inc. as the owner of the dams at Book 490, Page 3). Property in Gorham.
23. Terms of the Covenant Not to Sue in Re: Acquisition of Berlin/Gorham Mills; The Mt. Carberry Landfill; and Certain Hydroelectric Assets dated May 30, 2002, among The State of New Hampshire, The New Hampshire Department of Environmental Services, Fraser N.H. LLC, GNE LLC and Mt. Carberry Landfill, LLC, recorded at Book 996, Page 331. Pursuant to Section 5(a) of the Covenant Not to Sue, the Vendor shall also retain the protections provided to it thereunder.

24. The effects, if any, of current use assessment and any change of use tax arising thereunder, including but not limited to, the notices recorded as follows :
 - a. Berlin - Book 649, Pages 546 and 547 – filed in the name of James River Corporation
 - b. Berlin – Book 712, Page 3 – filed in the name of James River Corp.
 - c. Gorham – Book 780, Pages 538, 539, 540, 541, 542, and 543 – filed in the name of James River Timber Corporation.
 - d. Gorham – Book 780, Page 544 – filed in the name of James River Paper Co., Inc.
25. Agreement for Solid Waste Disposal between Androscoggin Valley Regional Refuse Disposal District and Fraser N.H. LLC dated December 30, 2002, recorded at Book 1018, Page 154.
26. Recorded Plan 2698 Cascade Lot Line Adjustment recorded June 15, 2006;
27. Recorded Plan 2787 Easements retained by Fraser at Cascade Dam Parcels, recorded September 28, 2006.
28. The right, title and interests conveyed by Quitclaim Deed Fraser N.H. LLC to Great Lakes Hydro America, LLC recorded September 28, 2006, at Book 1190, Page 2.
29. Terms of the Easement Agreement to Confirm and Supplement. Fraser N. H. LLC and Great Lakes Hydro America, LLC, recorded September 28, 2006 at Book 1190, Page 23.
30. Terms of the Easement and Cooperation Agreement (as to Cascade Project) between Fraser N.H. LLC and Great Lakes Hydro America, LLC recorded September 28, 2006 at Book 1190, Page 48.
31. Terms of the Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District recorded October 17, 2007, at Book 1230, Page 801, as affected by a Corrective Quitclaim Deed of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010, recorded _____.
32. Terms of the Amendment & Restatement of Easement and Shared Use Agreement, Water Distribution System and Filtration Plant. Among North American Dismantling Corp; Fraser N.H. LLC; PJPD Holdings, LLC; recorded December 23, 2008 at Book 1265, Page 981.
33. Taxes due and owing the Town of Gorham and the City of Berlin including, but not limited to the taxes referenced in the Berlin tax liens against Fraser N.H. LLC for the levy of 2009 at Book 1300, Page 1, but see pages 26, 27, and 28 for listings, recorded March 26, 2010.

34. Gas Line Easement of Fraser N.H. LLC to Androscoggin Valley Regional Refuse Disposal District dated _____, 2010 and recorded _____.

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Permitted Encumbrances

- (a) Encumbrances listed or referenced in Schedule C;
- (b) Liens for taxes, assessments or other governmental charges or levies not yet due;
- (c) Carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's liens or other like liens arising in the Ordinary Course which are not overdue for a period of more than 30 days;
- (d) Easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the Business;
- (e) Any interest or title of lessor under any lease which is a part of the Purchased Assets; and
- (f) Liens of a collecting bank under Section 4-208 of the UCC in "items" incurred in the Ordinary Course or attaching to commodity trading accounts or other commodities brokerage accounts incurred in the Ordinary Course, and customary liens (including the right of set-off) arising as a matter of law in favor of banking institutions encumbering deposits held by such banking institutions incurred in the Ordinary Course.

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
(GORHAM)

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TAB 4

ON READING the affidavit of Glen McMillan sworn June 30, 2010, the Twelfth Report to the Court of PricewaterhouseCoopers Inc., in its capacity as court-appointed Monitor in this proceeding, dated July 1, 2010 and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for Brookfield Asset Management Inc. (“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 Works 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 and 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”) and any other parties appearing, although served as appears from the affidavit of service of Annette Fournier sworn June 30, 2010:

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.
2. **THIS COURT ORDERS** that the Stay Period as described in Order of this Honourable Court dated April 6, 2010 be and is hereby extended to and including October 29, 2010.
3. **THIS COURT ORDERS AND DIRECTS** that the Applicants and the Monitor are authorized and directed to implement the terms outlined in Schedule “A” to this Order (the “**Bid Terms**”), to effect the process for soliciting any offers for the sale of the Applicants’ lumber mills located in the State of Maine and the Bid Terms are hereby approved.
4. **THIS COURT ORDERS** that paragraph 36 of the Initial Order be, and is hereby amended by replacing “Brookfield” therein with “Brookfield (US) Corporation”, and further orders and declares that all references to the “DIP Lender” and the “Amended

DIP Term Sheet” in the Initial Order, any subsequent Orders and any further Order of this Court shall be deemed to refer to Brookfield (US) Corporation and the DIP Loan Agreement, respectively.

5. **THIS COURT ORDERS** that Andrew Diamond is hereby appointed as Claims Officer in place of the Honourable John D. Ground, having been designated by the Applicants and approved by the Monitor pursuant to paragraph 11 of the Order of this Honourable Court dated July 15, 2009.
 6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) 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 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.
 7. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.
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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., 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
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ORDER

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ONTARIO
SUPERIOR COURT OF JUSTICE
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MOTION RECORD
(Returnable July 7, 2010)

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