

Fraser Papers Inc.

Frequently Asked Questions – As of February 1, 2011

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**1. General /Background**

**a) Why did you send the meeting materials package to me?**

- Fraser Papers has filed an Amended consolidated plan of arrangement and compromise (the “Amended Plan”) in its CCAA proceedings, which compromises Affected Claims and proposes a way in which Affected Creditors may receive cash distributions in the future in full satisfaction of all amounts that are owing to such creditors.
- You are receiving the meeting materials because you filed a proof of claim and/or proxy in the CCAA proceedings of Fraser Papers, which claim was accepted by the Monitor and you are an “Affected Creditor” under the Plan.
- Affected Creditors have to vote on whether to accept or reject the Plan. A creditors’ meeting to vote on the Amended Plan has been scheduled for February 8, 2011 in Toronto, Ontario (please see the Voting FAQ’s below for information on how you can vote).

**b) I have already filed a proof of claim – do I need to complete or file any additional documents?**

- If you want to vote, you are required to complete the Form of Proxy, which is in the materials that have been sent to you. Otherwise, there are no other documents you need to complete.
- If you have already filed a Form of Proxy to vote at the January 10, 2011 meeting, then your previously filed Form of Proxy will be counted at the February 8, 2011 meeting. You are not required to file a new Form of Proxy to vote at the February 8, 2011 meeting, unless you wish to change your vote or Form of Proxy. Instructions on how to change your Form of Proxy are set out in the instructions to the Proxy.

**2. Voting on the Plan**

**a) Are all creditors eligible to vote?**

- No. Only Affected Creditors who received the meeting materials are eligible to vote. If your proof of claim was disallowed, you are not entitled to vote.
- If you have a claim related to a collective bargaining agreement or a pension plan, you are not eligible to vote – please see questions 2e and 2f below, respectively, for more information in this regard.

**b) What is an Affected Creditor?**

- An Affected Creditor is an unsecured creditor whose accepted claim is being compromised or dealt with under the Plan.

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**c) If I haven't filed a Proof of Claim, can I file one now?**

- Unless you have a Restructuring Claim that arose after the CCAA filing date (i.e. June 18, 2009) and it is not barred by the Restructuring Claims Bar Date, you cannot now file a proof of claim.

**d) If I received the meeting materials, am I eligible to vote?**

- Yes. If you received the meeting materials, including the Form of Proxy, you are eligible to vote, subject to any corrections for administrative errors that might have been made.

**e) I am a member of a Terminated Pension Plan which has a deficit – why am I not able to vote?**

- The pension plan administrator for each Terminated Pension Plan will be filing a vote on behalf of all pension plan members. As a result, individual pension plan members cannot vote.

**f) I am represented by a Union – why am I not able to vote?**

- The union will be filing a vote on your behalf. Contact your union for more information in this respect.

**g) I am disputing the disallowance of my proof of claim – can I vote?**

- Yes. You can vote, however, your proof of claim will be flagged as a “disputed vote”. As a result, your vote will only be included for voting purposes (and distribution purposes) if your proof of claim is ultimately allowed.

**h) I have a claim that has been filed by Davies Ward Phillips & Vineberg LLP (“Davies”), the Representative Counsel for certain creditors) – do I need to vote?**

- Each Affected Creditor represented by Davies will have to vote as Davies will not be voting for such creditors.

**i) Why do I need to vote?**

- In order for the Plan to be implemented, 2/3rds of Affected Creditors by value of those Affected Creditors voting and a majority in number of those Affected Creditors voting must vote in favour of the Plan. If those thresholds are not met, the Plan will not have been approved by the Affected Creditors and will not be implemented.
- As a result, it is important for all Affected Creditors to vote so that the outcome is representative of the will of the required majority of Affected Creditors.

**j) Why should I vote yes? Should I vote no?**

- Voting is an individual decision. Affected Creditors are encouraged to read and consider the meeting materials and then vote in their best interests.

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- The Monitor considers the Plan to provide several benefits to Affected Creditors that might not be available if the Plan is not approved and, therefore, recommends Affected Creditors to vote in favour of the Plan.

**k) What happens if I don't vote?**

- If you don't vote, the dollar value of your Affected Claim is not included in the vote. The results of the vote are based on the votes of Affected Creditors who vote in person or by proxy at the creditors' meeting. However, if the Plan is approved and implemented, you will still share in any distributions that are made under the Plan.

**l) When is the creditors' meeting to vote on the Plan?**

- The creditors' meeting to vote on the Plan has been scheduled for February 8, 2011 at 10 am (EST) at the following location:
  - Office of Thornton Grout Finnigan LLP
  - Canadian Pacific Tower
  - 100 Wellington Street West, Suite 3200
  - Toronto, Ontario M5K 1K7

**m) How do I vote?**

- You can vote in 3 ways:
  - i. You can (but are not required to) attend the creditors' meeting in person and vote;
  - ii. You can appoint someone else (your proxy) who will be attending the creditors' meeting to vote at the meeting on your behalf, by completing the Form of Proxy (the pink sheet in the materials delivered to you); or
  - iii. You can vote in advance, by completing the Form of Proxy by:
    - appointing Mr. John McKenna of the Monitor as your proxy,
    - indicating your vote (i.e. for or against the Plan), and
    - sending it to the Monitor.
- All completed Forms of Proxy must be provided prior to the commencement of the creditors' meeting or sent to the Monitor by 2 pm (EST) on February 7, 2011. Forms of Proxy can be delivered to the Monitor by email (i.e. scanned and emailed to [FPclaims@ca.pwc.com](mailto:FPclaims@ca.pwc.com)), by fax (at 416-814-3219) or by regular mail (see address below). Forms of Proxy received by email, fax or mail after 2 pm (EST) on February 7, 2011 will be excluded from the vote on the Plan.
  - PricewaterhouseCoopers Inc.
  - Monitor of Fraser Papers Inc.
  - 77 King Street West, P.O. Box 82, Suite 3000
  - Toronto, Ontario

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Attention: Tracey Weaver

**n) When will the results of the vote be available?**

- The results will be available either later in the day of February 8, 2011 or by noon (EST) on February 09, 2011. The Monitor will be filing a report with the Canadian Court on the results of the vote by noon (EST) on February 10, 2011 and it will be available on the Monitor's website shortly thereafter.

**o) What happens to Fraser Papers if the Plan is not approved (rejected)?**

- If Affected Creditors or the Canadian and U.S. Courts do not approve the Plan, it is unclear what will happen.
- Fraser Papers does not automatically go into bankruptcy. It may try and come up with an alternate plan, but that will be dependent on sufficient DIP financing being available to fund this alternative process. There is no guarantee that the DIP Lender will continue to provide funding in these circumstances.

**3) Distributions**

**a) What is the Implementation Payment?**

- The Implementation Payment is a payment of up to \$500 offered to certain Affected Creditors and please see question 3(c) below for more information in this regard. The Implementation Payment will be made in the event that the Plan is approved by Affected Creditors and the Canadian and U.S. Courts, is implemented and there is sufficient cash available from the sale of the remaining assets and the repayment of secured creditors, including the DIP lender, and other priority amounts at the Plan Implementation Date to fund such a payment.

**b) When do I receive my Implementation Payment?**

- If the Plan is approved by Affected Creditors at the creditors' meeting on February 8, 2011 and sanctioned (approved) by the Canadian Court on February 10, 2011 and the U.S. Court on February 11, 2011, the Implementation Payment is expected to be delivered to the applicable Affected Creditors in mid-March 2011.

**c) Are all creditors entitled to an Implementation Payment?**

- No. Only Affected Creditors are entitled to an Implementation Payment and only if there is sufficient cash to fund the Implementation Payment after all priority claims are paid.
- However, in accordance with paragraph 25 of the Meeting Order, claims relating to a funding deficiency and related amounts in connection with a defined pension plan or amounts owing to

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a current or former employee who is or was governed by the terms of a collective agreement with Fraser Papers will be considered and treated as one Affected Claim for voting and distribution purposes under the Plan. Hence, these types of claims are entitled to only one Implementation Payment.

- In addition, Affected Creditors will only receive one Implementation Payment, regardless of how many accepted Proofs of Claim they may have filed.

**d) When will I receive my Common Shares and Promissory Notes in Twin Rivers?**

- In accordance with agreements with Twin Rivers, the Promissory Notes and Common Shares cannot be distributed to individual creditors. As a result, these assets will be held by the three trusts contemplated under the Plan until they are converted into cash.

**e) When will the Promissory Notes and Common Shares be turned into cash?**

- The Promissory Notes mature in April 2018. They also cannot be sold to a third party. Thus, unless the Promissory Notes are repurchased prior to April 2018, no cash will be realized until the maturity date.
- The Common Shares, being equity, have no pre-determined value or date of repayment. If and when these Common Shares can be turned into cash is largely dependent on Twin Rivers future financial performance and what Brookfield Asset Management, the majority shareholder of Twin Rivers, decides to do