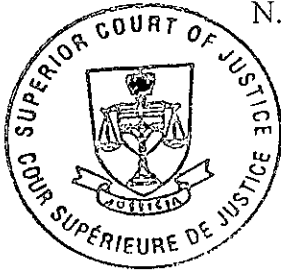


*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE MADAM ) THURSDAY, THE 10<sup>th</sup> DAY  
JUSTICE PEPALL ) OF FEBRUARY, 2011

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

Applicants



**ORDER**  
**(Creditor Trust)**

**THIS MOTION**, made by the Applicants for an Order seeking the establishment of the Creditor Trust to hold, administer, realize upon and ultimately distribute the Distribution Pool in respect of all Proven Distribution Claims save and except the NB Hourly Claim, the NB Salaried Claim and the PBGC Claim was heard this day at 361 University Avenue, Toronto, Ontario.

**ON READING** the Motion Record of the Applicants dated February 4, 2011, the Affidavit of Glen McMillan sworn on February 4, 2011 and the Exhibits attached thereto (the "McMillan Affidavit"), the Eighteenth Report (the "Eighteenth Report") of

PricewaterhouseCoopers Inc. (“**PwC**”), in its capacity as court-appointed monitor of the Applicants (the “**Monitor**”), and on hearing the submissions of counsel for the Applicants, counsel for the Directors of the Applicants, counsel for the Monitor, counsel for Brookfield US Corporation, as DIP Lender and Brookfield Asset Management Inc., as Plan Sponsor and as Administrative Agent for the DIP Lender, counsel for the court-appointed Committee Representing Unrepresented Employees and Former Employees (the “**Representative Counsel**”), counsel for the Superintendent of Financial Services of Ontario, counsel for Morneau Shepell Inc. (formerly Morneau Sobeco Inc.) (“**Morneau**”) as the administrator appointed by the Superintendent of Pensions for the Province of New Brunswick (the “**NB Superintendent**”) of the New Brunswick Hourly Pension Plan, New Brunswick Registration #0251264 and the New Brunswick Salaried Pension Plan, New Brunswick Registration #0251256, counsel acting as Ontario agent for the NB Superintendent, counsel for Communications, Energy and Paperworkers Union of Canada (“**CEP**”), counsel for Mercer (Canada) Limited and counsel for Towers Watson Canada, Inc. and Towers Watson, and no one appearing for any other party on the service list in these CCAA Proceedings (the “**Service List**”), including Regie des rentes du Quebec, the active members of the New Brunswick Regional Council of Carpenters, Millwrights and Allied Workers, Local 2450, the Pension Benefit Guaranty Corporation, Excellerate HRO and the United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union, although all properly served as appears from the affidavit of service of Danny Nunes sworn on February 8, 2011, filed:

1. **THIS COURT ORDERS** that all capitalized terms used but not defined in this Order, including in the preamble to this Order, shall have the meanings ascribed thereto in the Applicants’ Amended Consolidated Plan of Compromise and Arrangement dated January 27,

2011, as amended (the “**Amended Plan**”). Any reference in this Order to the Amended Plan shall be deemed to be a reference to the Amended Plan, as amended. Any and all references to the Applicants, Brookfield, the Plan Sponsor, the Monitor, Representative Counsel or the Trustee (as defined herein) shall include any and all of each of their affiliates.

2. **THIS COURT ORDERS** that the time for service of the notice of motion, the Eighteenth 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 Eighteenth Report and motion record herein as effected by the Applicants is hereby validated in all respects.

3. **THIS COURT ORDERS AND DECLARES** that the Applicants and PwC, as the case may be, are hereby authorized and directed to execute and deliver (i) the trust agreement substantially in the form attached as “M” to the McMillan Affidavit, together with such alterations and amendments as the parties thereto may agree, subject to obtaining the Monitor’s consent in the case of any material alterations or amendments thereto made prior to the Plan Implementation Date (collectively, the “**Creditor Trust Agreement**”), and (ii) all agreements and other documents contemplated thereby or in furtherance thereof.

4. **THIS COURT ORDERS AND DECLARES** that the terms and conditions of the Creditor Trust Agreement (including all schedules and exhibits attached thereto) are hereby authorized, ratified and approved. All parties to the Creditor Trust Agreement are authorized and directed to take such steps as may be necessary or desirable to implement the terms set out therein, to execute and deliver such documents and agreements as may be necessary or desirable

to implement the Creditor Trust Agreement or in furtherance of this Order, and to perform their respective obligations thereunder or hereunder.

5. **THIS COURT ORDERS** that, effective upon the Plan Implementation Date, PwC is hereby appointed as the trustee of the Creditor Trust (the “**Trustee**”) to act in accordance with and perform its functions in accordance with the terms of the Creditor Trust Agreement and this Order, or any further or other Order of this Court affecting the Creditor Trust.

6. **THIS COURT ORDERS** that, effective upon the Plan Implementation Date, Armand Renaud and Fred Wilson are hereby confirmed as the initial members of the Creditors’ Advisory Committee (as such term is defined in the Creditor Trust Agreement) of the Creditor Trust, to act and perform their functions in accordance with the terms of the Creditor Trust Agreement and this Order, or any further or other Order of this Court affecting the Creditor Trust.

7. **THIS COURT ORDERS** that, at the time of receiving Contributions as provided in the Creditor Trust Agreement, the Trustee shall establish and record the preliminary Pro Rata Share applicable to each Creditor Trust Member, taking into account any Unresolved Claims. Upon all Unresolved Claims being finally determined, the Trustee shall amend the Beneficiary Register (as defined in the Creditor Trust Agreement) to reflect the final Pro Rata Share applicable to each Creditor Trust Member, which shall be the final percentage used for all purposes including all future distributions from the Creditor Trust.

8. **THIS COURT ORDERS AND DECLARES** that any Promissory Notes delivered to the Creditor Trust by the Applicants or at the direction of the Applicants in implementing the Amended Plan shall be expressly subject to the terms of the Intercreditor Agreement dated as of April 28, 2010 among CIT Business Credit Canada Inc., as Agent for the Lenders as defined

therein, the Applicants, Twin Rivers Paper Company Inc. and Twin Rivers Paper Company LLC and Twin Rivers Paper Company Corp.

9. **THIS COURT ORDERS** that the Trustee shall have the power:

- (i) to incur and pay from the Creditor Trust any charges or expenses that, in the opinion of the Trustee, are necessary or incidental to or proper for carrying out the purpose of the Creditor Trust Agreement or this Order;
- (ii) to reimburse others from the Creditor Trust for the payment of amounts described in (i); and
- (iii) to reimburse itself as Trustee from the Creditor Trust for reasonable fees and out-of-pocket expenses incurred by it in the course of performing its duties under the Creditor Trust Agreement and this Order, or any further or other Order of this Court affecting the Creditor Trust, including fees or other amounts paid to banks, custodians, advisors, agents or other similar persons, all in accordance with the Creditor Trust Agreement and Schedule "B" thereto.

10. **THIS COURT ORDERS AND DECLARES** that none of the Applicants, the DIP Lender or its affiliates, the Plan Sponsor, the Monitor or any other Person shall be liable or responsible for any debts, liabilities, or obligations of the Trustee in respect of the Creditor Trust.

11. **THIS COURT ORDERS** that the terms of the indemnity set out in Article 4.15 of the Creditor Trust Agreement are hereby approved and confirmed.

12. **THIS COURT ORDERS** that the Trustee shall be entitled to rely upon the Beneficiary Register, as maintained and may be emended in accordance with the terms of the Creditor Trust Agreement and this Order, for all purposes in connection with the Creditor Trust, including without limitation, all distributions and communications relating to the Creditor Trust.

13. **THIS COURT ORDERS** that, to notify the Trustee of any change in their contact information after the Plan Implementation Date, a Creditor Trust Member shall file a change of address notice substantially in the form attached to the Creditor Trust Agreement as Schedule "C" with the Trustee and such other documents and information as may reasonably be required by the Trustee to satisfactorily evidence such matters.

14. **THIS COURT ORDERS** that, in the event of a transfer or assignment of a Creditor Trust Member's beneficial interest in the Creditor Trust or the death or incapacity of a Creditor Trust Member after the Plan Implementation Date, the Creditor Trust Member or the personal representative of the Creditor Trust Member's estate, as applicable, shall file a form of transfer substantially in the form attached to the Creditor Trust Agreement as Schedule "D" with the Trustee and such other documents and information as may reasonably be required by the Trustee to satisfactorily evidence such matters.

15. **THIS COURT ORDERS** in the event that a Creditor Trust Member or the personal representative of the Creditor Trust Member's estate, as applicable fails to file the notify the Trustee in accordance with paragraphs 13 and 14 herein, as applicable, the Trustee shall be entitled to rely upon the Beneficiary Register for all purposes.

16. **THIS COURT ORDERS** that the Trustee may resign or be replaced in accordance with the provisions of Article 5 of the Creditor Trust Agreement and, upon any replacement Trustee

being appointed, shall obtain the protections of this Order in the same manner and to the same extent as the initial Trustee appointed hereby.

17. **THIS COURT ORDERS** that the Trustee, in its sole discretion, may seek advice and directions from the Ontario Superior Court of Justice or any other court of competent jurisdiction with respect to the execution of the Trustee's duties, the rights of any Creditor Trust Member, the removal or replacement of the Trustee or any other matters arising in connection with the Creditor Trust Agreement.

18. **THIS COURT ORDERS** that, in connection with any distributions to be made pursuant to the Creditor Trust Agreement:

- (a) each Creditor Trust Member shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Governmental Authority (including income, withholding and other Tax obligations on account of such distribution);
- (b) the Trustee shall be authorized but is not required to take any and all actions as may be necessary or appropriate to comply with any withholding and reporting requirements; and
- (c) all amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Creditor Trust Members in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority.

19. **THIS COURT ORDERS** that the Trustee shall not be responsible for the satisfaction of any liability or obligation (including any filing obligations) of any Creditor Trust Member in respect of Taxes.

20. **THIS COURT ORDERS** that the Trustee, PBGC, and the trustees of each of the NB Hourly Trust and the NB Salaried Trust may consult with one another with respect to the Property of the Trust, including, without limitation, the value and disposition of same.

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

- (a) the pendency of these proceedings or any termination of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) 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 establishment of the Creditor Trust pursuant to the Creditor Trust Agreement and this Order and the transactions, trusts, and actions contemplated therein;
  - (ii) the receipt by and entitlement of the Creditor Trust to the Plan Consideration (as defined in the Creditor Trust Agreement); and
  - (iii) the provisions of this Order,

shall be binding on any trustee in bankruptcy, receiver, interim receiver or similar party that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA 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.

22. **THIS COURT ORDERS** that PwC in its capacity as the Monitor is hereby authorized, empowered and directed to carry out the activities, functions and responsibilities set out in the Amended Plan and the Order of this Honourable Court dated February 10, 2011 (the “**Sanction Order**”) and, in addition to the rights and protections afforded PwC in its capacity as the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability as a result of its carrying out of the provisions of the Amended Plan or this Order, except for any gross negligence or willful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

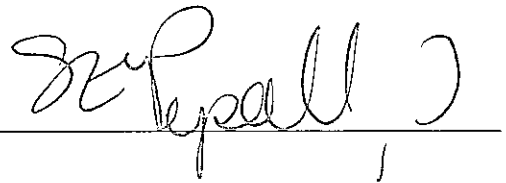
23. **THIS COURT ORDERS** that all Persons shall co-operate fully with the Applicants, the Trustee and the Monitor and do all such things that are necessary or desirable for the purpose of giving effect to and in furtherance of this Order, creating the Creditor Trust and in implementing the Creditor Trust Agreement.

24. **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.

25. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or elsewhere to give effect to this Order and to assist the Applicants, the Trustee, 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, the Trustee 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, the Trustee and the Monitor and their respective agents in carrying out the terms of this Order.

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



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LE / DANS LE REGISTRE NO.:

FEB 11 2011

PER / PAR:



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

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

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

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

Proceedings commenced at **Toronto**

**ORDER**  
**(CREDITOR TRUST)**  
**(FEBRUARY 10, 2011)**

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