

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 15
	)	
FRASER PAPERS INC., <u>et al.</u> , ¹	)	Case No. 09-12123(KJC)
	)	
Debtors in Foreign Proceedings.	)	Jointly Administered
	)	
	)	RE: D.I. D.I. 219, 221, 222, 224, 227 and 229
	)	

**ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 363, 1507, 1509, 1520, 1521 AND 1525
RECOGNIZING ORDERS OF THE CANADIAN COURT AND APPROVING THE
DEBTORS' AMENDED CONSOLIDATED PLAN OF COMPROMISE AND
ARRANGEMENT AND TRANSACTION AGREEMENT**

Upon the motion and supplements to the motion (the "Motion")² of Fraser Papers Inc. ("Fraser") in its capacity 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"), pursuant to sections 105(a), 363, 1507, 1509, 1520, 1521 and 1525 of title 11 of the United States Code (the "Bankruptcy Code"), for the entry of an order (a) recognizing the Canadian Meeting Order, entered at the hearing held December 3, 2010, as amended by order of the Canadian Court dated December 17, 2010 (the "Order Amending Meeting Order") and as supplemented by order of the Canadian Court dated February 1, 2011 (the "Supplemental

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 meanings ascribed in the Motion.

Canadian Meeting Order”), in the United States, (b) recognizing the Canadian Court’s Sanction Order (the “Canadian Sanction Order”), to be entered at the hearing held February 10, 2011 at 10:00 a.m., in the United States, (c) approving the Amended Consolidated Plan of Compromise and Arrangement dated January 27, 2011, as amended from time to time (the “Amended Plan”) and the Transaction Agreement by and among the Debtors and Brookfield, dated November 25, 2010, as amended from time to time (the “Transaction Agreement”), and recognizing the Canadian Court’s Approval and Vesting Order for approval of the Transaction, among other things, to be entered at the hearing held February 10, 2011 at 10:00 a.m. (the “Canadian Vesting Order”), in the United States; and (d) approving the Canadian Court’s order approving the settling of a creditor trust, as set forth in the Amended Plan, approving the form and authorizing the execution of the creditor trust agreement and confirming the appointment of trustees of the creditor trust (the “Canadian Trust Order” and together with the Order Amending Meeting Order, the Supplemental Canadian Meeting Order, the Canadian Sanction Order and the Canadian Vesting Order, the “Canadian Orders”); and upon the Affidavits of Glen McMillan sworn on November 29, 2010, January 11, 2011, January 28, 2011, and February 4, 2011 filed in connection with the Canadian Proceedings; and all interested parties having due and proper notice of the Motion; and the Court having considered and reviewed the Motion, the Canadian Orders filed in the case and any objections thereto; and based on the foregoing, the Court finds and concludes as follows:

- a) This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334;
- b) This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(N) and (P);
- c) Venue is proper in this District pursuant to 28 U.S.C. § 1410;

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

e) 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;

f) The relief granted hereby is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, warranted pursuant to sections 1520 and 1521 of the Bankruptcy Code, and will not cause any hardship to any parties in interest that is not outweighed by the benefits of granting that relief;

g) Neither the Amended Plan nor the Transaction Agreement are contrary to the public policy of the United States;

h) The Transaction Agreement and the transaction contemplated by the Transaction Agreement (the "Transaction") were negotiated and have been and are undertaken by the Debtors and Brookfield Asset Management Inc. and/or such other Person(s) (as defined in the Transaction Agreement) as it may designate, namely Brookfield US Corporation, as purchaser and plan sponsor and any of its assignees (the "Plan Sponsor") at arms' length 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 Plan Sponsor are entitled to the protections of section 363(m) as made applicable by section 1520 of the Bankruptcy Code;

i) The total consideration provided by the Plan Sponsor for the FPHI Shares (as defined in the Transaction Agreement) and the Included Property (as defined in the Transaction Agreement) being conveyed pursuant to the Transaction Agreement is the highest and best offer received by the Debtors, and the Purchase Price (as defined in the Transaction Agreement)

constitutes fair consideration and fair value for the sale of the FPHI Shares and the transfer of the Included Property;

j) A sale of the FPHI Shares and a transfer of the Included Property other than free and clear of all Claims and Encumbrances (except, solely in respect of the Included Property, subject to the Permitted Encumbrances (as defined in the Canadian Vesting Order)) would yield substantially less value for the Debtors' estates than the Transaction. Therefore, the sale of the FPHI Shares by the Debtors to the Plan Sponsor and the transfer of the Included Property by the Debtors (other than the Purchased Companies (as defined in the Transaction Agreement)) to the Purchased Companies, as contemplated by the Transaction Agreement and incorporated in the Plan, is in the best interests of the Debtors, their estates and creditors, interest holders, and all other parties in interest;

k) The Debtors may sell the FPHI Shares and transfer the Included Property free and clear of all Claims and Encumbrances (except, solely in respect of the Included Property, subject to the Permitted Encumbrances) to the extent provided in the Transaction Agreement 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 Motion are deemed to have consented to the Motion and Transaction 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);

l) Neither the Debtors nor the Plan Sponsor engaged in any conduct that would cause or permit the Transaction 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;

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

n) Time is of the essence in consummating the Transaction. To maximize the value of the assets, it is essential that the Transaction occur within the time constraints set forth in the Transaction Agreement; and

o) Cause has been shown as to why this Order should not be subject to the stay provided by Rules 7062, 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); and therefore:

IT IS HEREBY ORDERED THAT:

1. 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(a), 1507, 1509(b)(3), 1520, 1521 and 1525 of the Bankruptcy Code, the Canadian Meeting Order, attached hereto as **Exhibit 1**, the Order Amending Meeting Order, attached hereto as **Exhibit 2**, and the Supplemental Meeting Order, attached hereto as **Exhibit 3**, are each hereby recognized and given full force and effect in the United States and are each enforceable in accordance with its terms.
4. The Canadian Sanction Order, attached hereto as **Exhibit 4**, is hereby recognized and given full force and effect in the United States and is enforceable in accordance with its terms.
5. The Amended Plan and the Transaction Agreement incorporated therein are hereby approved.

6. The Canadian Vesting Order, attached hereto as **Exhibit 5**, and all Related Documents (as defined in the Canadian Vesting Order) are hereby recognized and given full force and effect in the United States and is enforceable in accordance with its terms.

7. The Canadian Trust Order, attached hereto as **Exhibit 6**, is hereby recognized and given full force and effect in the United States and is enforceable in accordance with its terms.

8. Pursuant to sections 105, 363 and 1520 of the Bankruptcy Code and as set forth in the Canadian Vesting Order and the Amended Plan, the Debtors and the Plan Sponsor are each hereby authorized to take any and all actions necessary or appropriate to: (i) consummate the Transaction and enter into the amendment to the Transaction Agreement as contemplated by the Canadian Sanction Order; and (ii) perform, consummate, implement and close fully the Transaction Agreement together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Transaction Agreement and the Amended Plan.

9. Pursuant to sections 363(f) and 1520 of the Bankruptcy Code, the consummation of the Transaction, including the sale of the FPHI Shares and the transfer of the Included Property, in accordance with this Order will vest: (i) the Plan Sponsor with all rights, title and interest of the Debtors to the FPHI Shares; and (ii) the Purchased Companies with all right, title and interest of the Debtors (other than the Purchased Companies) to the Included Property, and will be a legal, valid and effective transfer of the FPHI Shares and the Included Property free and clear of all liens, Claims and Encumbrances (except, solely in respect of the Included Property, subject to the Permitted Encumbrances), whether known or unknown, fixed, liquidated, contingent or otherwise, including any claims held by any of the Debtors' or their

affiliates' creditors, vendors, suppliers, or former, current or future employees (in each case, individually or under successor employer provisions of federal and state legislation), or lessors, and any other person, except as expressly provided by the Transaction Agreement. Except as expressly provided in the Amended Plan, which incorporates and includes the Transaction Agreement, pursuant to sections 105(a), 363(f) and 1520 of the Bankruptcy Code, upon the Closing all such liens, Claims and Encumbrances (solely in respect of the FPHI Shares), shall attach to the proceeds of sale of the FPHI Shares in the order of their priority, and with the same validity, priority, force and effect which they now have as against the FPHI Shares, 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 Encumbrances. All persons or entities holding liens, Claims, and Encumbrances, in, to or against the FPHI Shares or the Included Property shall be, and they hereby are, forever barred from asserting such liens, Claims and Encumbrances against the Plan Sponsor, its successors and assigns, the Purchased Companies, the FPHI Shares or the Included Property after Closing, except as expressly provided in the Transaction Agreement or the Amended Plan.

10. Pursuant to sections 363 and 1520 of the Bankruptcy Code and as set forth in the Canadian Vesting Order and in furtherance of the Canadian Sanction Order, (i) none of the Purchased Companies shall be or be deemed to be liable for any liabilities or obligations whatsoever other than the Continuing Obligations (as defined in the Transaction Agreement); (ii) neither the purchase of the FPHI Shares nor the transfer of the Included Property nor the subsequent operation of any businesses relating to the FPHI Shares or the Included Property previously operated by the Debtors shall cause the Plan Sponsor to be deemed a successor in any respect to the Debtors; (iii) the Plan Sponsor 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 FPHI Shares or the transfer of the Included Property; (iv) the Plan Sponsor 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 Transaction Agreement; and (v) the Plan Sponsor has not assumed or otherwise become obligated to pay or perform any of the Debtor's liabilities or obligations except for the Continuing Obligations as set forth in the Transaction Agreement.

11. This Order (a) is and shall be effective as a determination that, upon the Closing, except as expressly provided in the Canadian Orders, all liens, Claims, and Encumbrances, existing as to the FPHI Shares and the Included Property prior to the closing have been unconditionally released, discharged and terminated in each case as to the FPHI Shares and the Included Property 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 Plan Sponsor is the assignee of the FPHI Shares and that the Purchased Companies are the assignees of the Included Property transferred by the Debtors (other than the Purchased Companies) to the Purchased Companies, in each case free and clear of all liens, Claims and Encumbrances, except as expressly provided in the Transaction Agreement.

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 Transaction Agreement.

13. Except with respect to enforcing the terms of the Transaction Agreement and/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 Transaction Agreement or this Order.

14. In the absence of a stay of the effectiveness of this Order, in the event that the Plan Sponsor and the Debtors consummate the Transaction contemplated by the Transaction Agreement at any time after entry of this Order, then with respect to the transaction approved and authorized herein, the Plan Sponsor, as an arm's-length purchaser in good faith within the meaning of section 363(m) of the Bankruptcy Code, shall be entitled to all of the protections of sections 363(m) and 1520 of the Bankruptcy Code in the event this Order or any authorization contained herein is reversed or modified on appeal.

15. The consideration to be paid by the Plan Sponsor for the vesting of title in the FPHI Shares and the transfer of the Included Property transferred by the Debtors (other than the Purchased Companies) to the Purchased Companies under the Transaction 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.

16. 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 the Transaction 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 FPHI Shares in the United States to the Plan Sponsor and the Included Property by the Debtors (other than the Purchased Companies) in the United States to the Purchased Companies (c) to compel the Plan Sponsor to perform all of its obligations under the Transaction Agreement with respect to assets in the United States; (d) to resolve any disputes, controversies or claims arising out of or relating to the Transaction Agreement; and (e) to interpret, implement and enforce the provisions of this Order.

17. The terms of this Order, the Canadian Orders, the Amended Plan and the Transaction Agreement shall be binding on and inure to the benefit of the Debtors, the Plan Sponsor and the Debtors' creditors and all other parties in interest, and any successors of the Debtors, the Plan Sponsor and the Debtors' creditors, including any trustee or examiner appointed in these cases or any subsequent cases of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code.

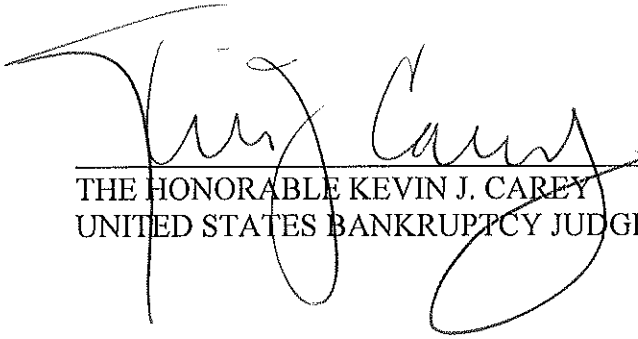
18. The failure to include any particular provision of the Canadian Orders, the Plan, the Transaction Agreement or the Related Documents in this Order shall not diminish or impair the effectiveness of that provision, it being the intent of the Court and the parties that the Canadian Orders, the Amended Plan, the Transaction Agreement and the Related Documents be approved and authorized in their entirety.

19. Notwithstanding any provision of the Amended Plan or the Canadian Sanction Order, nothing contained therein or in this Order shall be taken as, or have the effect of, contravening, amending or derogating from the provisions of Section 410 of the Employee Retirement Income Security Act, as codified at 29 U.S.C. section 1110.

20. The Monitor and the Debtors are authorized and empowered to take such steps and perform such actions as may be necessary to implement and effectuate the terms of this Order.

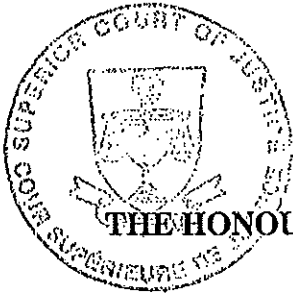
21. Notwithstanding any provision in the Bankruptcy Rules to the contrary, including the provisions of Bankruptcy Rules 7062, 6004(h) and 6006(d) staying the effectiveness of this Order for fourteen (14) days which are hereby waived, this Order shall be effective, and the Parties may consummate the Transaction contemplated by the Transaction Agreement, immediately upon entry of this Order. Time is of the essence in closing the transaction and parties to the Transaction Agreement shall be authorized to close the Transaction as soon as possible consistent with the terms of this Order. The Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and the Debtors may, in their discretion and without further delay, take any action and perform any act authorized under this Order.

Dated: Feb 11, 2011
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1



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

**THE HONOURABLE MADAM
JUSTICE PEPALL**

) **FRIDAY, THE 3RD DAY**
)
) **OF DECEMBER, 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**

Applicants

MEETING ORDER

THIS MOTION, brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order, among other things, (a) accepting the filing of the Consolidated Plan of Compromise and Arrangement dated November 29, 2010 (the "**Plan**"), (b) authorizing the Applicants to establish one class of Affected Creditors for the purposes of considering and voting on the Plan, (c) authorizing the Applicants to call, hold and conduct the meeting of their Affected Creditors (the "**Meeting**") to consider and vote on a resolution to approve the Plan, (d) approving the procedures to be followed with respect to the calling and conduct of the Meeting, (e) setting the date for the hearing of the Applicants' motion seeking an Order sanctioning the Plan (the "**Plan Sanction**

Hearing”), and (f) establishing a revised Restructuring Claims Bar Date, was heard this day at 330 University Avenue, in the City of Toronto, Ontario.

ON READING the affidavit of Glen McMillan sworn on November 29, 2010 (the **“McMillan Affidavit”**), the supplemental affidavit of Glen McMillan sworn on December 2, 2010, the Affidavit of Paul Des Rosiers sworn on December 2, 2010, the Affidavit of J.E. Wilson sworn on December 2, 2010, the Fifteenth Report (the **“Fifteenth Report”**) of PricewaterhouseCoopers Inc., in its capacity as court-appointed monitor of the Applicants (the **“Monitor”**), filed separately, and on hearing the submissions of counsel for 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 and Collateral Agent for the DIP Lender (collectively, **“BAM”**), counsel for the court-appointed Committee Representing Unrepresented Employees and Former Employees (the **“Representative Counsel”**), counsel for Communications, Energy and Paperworkers Union of Canada and as agent for the NB Superintendant of Pensions (**“CEP”**), counsel for the Superintendent of Financial Services of Ontario, counsel for Morneau Sobeco as the administrator of the New Brunswick pension plans and the counsel for United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union (**“USW”**), no one appearing for any other party on the service list in these CCAA Proceedings (the **“Service List”**) although all duly served as appears from the affidavits of service of Danny Nunes sworn on November 30, 2010 and December 3, 2010, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for the service of the notice of motion, the motion record in respect of this motion and the Monitor's Fifteenth Report be and it is hereby abridged and that this Motion is properly returnable today and service of the notice of motion, motion record and the Monitor's Fifteenth Report is hereby validated in all respects.

DEFINITIONS

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Meeting Order shall have the meanings ascribed to them in the Plan, attached as Exhibit "B" to the McMillan Affidavit, as amended and posted on the Monitor's website in accordance with this Order.

THE PLAN

3. **THIS COURT ORDERS** that the Plan be and is hereby accepted for filing with the Court, and that the Applicants are authorized to seek approval of the Plan in the manner set forth herein.
4. **THIS COURT ORDERS** that, subject to the consent of the Plan Sponsor, the Applicants be and are hereby authorized to amend, modify and/or supplement the Plan, in consultation with the Monitor provided that any such amended amendment, modification or supplement:
 - (a) if made prior to the Meeting, is communicated by the Applicants or the Chair (as defined herein) to the Affected Creditors prior to or at the Meeting;

- (b) if made at any time during the Meeting, is communicated by the Applicants or the Chair to those in attendance at the Meeting prior to the vote being taken in respect of the Plan; and
 - (c) in all cases, is set out in writing and is filed with the Court and posted on the Monitor's website at www.pwc.com/car-fraserpapers (the "Website") on or before a hearing to sanction the amended Plan.
5. **THIS COURT ORDERS** that, notwithstanding anything in paragraph 4 herein, the Applicants be and are hereby authorized to amend, modify and/or supplement the Plan at any time following the date the Sanction Order, if granted either with Court approval or without obtaining Court approval if each of the Applicants, the Plan Sponsor and the Monitor determine that such amendment, modification and/or supplement is of an administrative nature required to better give effect to the implementation of the Plan and, if applicable, to the Sanction Order and is not adverse or prejudicial to the financial or economic interests of the Affected Creditors. Any such amendments, modifications and/or supplements to the Plan shall be filed with the Court and posted on the Monitor's Website.

CLASSIFICATION OF CREDITORS

6. **THIS COURT ORDERS** that for the purposes of considering and voting on the Plan the Affected Creditors of the Applicants shall constitute a single class of Creditors (the "Unsecured Creditors Class").

NOTICE OF CREDITORS MEETING

7. **THIS COURT ORDERS** that as soon as practicable after the granting of the Meeting Order and, in any event, no later than 5:00 p.m. (Eastern Standard Time (“**EST**”)) on Wednesday, December 8, 2010, the Monitor shall post electronic copies of the following documents (collectively, the “**Meeting Materials**”) on its Website until 30 days after the Plan Implementation Date and email same to the Service List in this proceeding:

- (a) the Plan (in English and French) with the Schedules to the Plan including the Transaction Agreement and the Trust Agreement (in English only);
- (b) the form of proxy and instruction letter substantially in the form attached hereto as Schedule “A” (the “**Form of Proxy**”) (in English and French);
- (c) the notice of the Meeting and the Plan Sanction Hearing substantially in the form attached hereto as Schedule “B” (the “**Notice to Creditors**”) (in English and French);
- (d) the Notice of Meeting and Information Summary substantially in the form attached hereto as Schedule “C” (the “**Information Summary**”) (in English and French);
- (e) the executive summary of the Plan substantially in the form attached hereto as Schedule “D” (the “**Plan Executive Summary**”) (in English and French);
- (f) the Monitor’s Fifteenth Report (in English only); and
- (g) the Meeting Order (in English only).

8. **THIS COURT ORDERS** that, subject to paragraph 9 of this Order, as soon as practicable after the granting of the Meeting Order and, in any event, no later than 5:00 p.m. (EST) on Wednesday, December 8, 2010, the Monitor shall send to each Affected Creditor by email at the e-mail address listed on the Proof of Claim submitted by such Affected Creditor or such other e-mail address subsequently provided to the Monitor by such Affected Creditor, or where such Affected Creditor is represented by legal counsel (other than on Representative Counsel) in these proceedings, to such Affected Creditor's legal counsel at the e-mail address listed on the Service List:
- (a) the Plan Executive Summary in English and French;
 - (b) the Form of Proxy in English and French;
 - (c) the Notice to Creditors in English and French; and
 - (d) a link to the Monitor's Website to allow such Affected Creditors to access and obtain copies of all other Meeting Materials.
9. **THIS COURT ORDERS** that as soon as practicable after the granting of the Meeting Order and, in any event, no later than 5:00 p.m. (EST) on Friday, December 10, 2010, the Monitor shall send to each Affected Creditor that the Monitor does not have an email address for, or who has advised the Monitor that they wish to receive the Meeting Materials by regular mail, the Meeting Materials by prepaid ordinary mail at the contact address listed on the Proof of Claim submitted by such Affected Creditor or to such other address, if any, as may have been subsequently provided to the Monitor by such Affected Creditor.

10. **THIS COURT ORDERS** that posting of the Meeting Materials on the Monitor's Website in accordance with paragraph 7 herein and the delivery of a copy of the Meeting Materials upon the Affected Creditors in the manner set out in paragraphs 7, 8 and 9 herein shall constitute good and sufficient service of the Meeting Order and the Plan, and good and sufficient notice of the Meeting on all Affected Creditors who may be entitled to receive notice hereof, or of these CCAA Proceedings, or who may wish to be present in person or by proxy at the Meeting, or who may wish to appear in these CCAA proceedings, and no other form of notice or service need be made on such Persons, and no other documents or materials need be served on such Persons in respect of these CCAA proceedings. Service shall be effective, in the case of mailing, five (5) days after the date of mailing and, in the case of service by e-mail, on the day the e-mail was transmitted, unless such day is not a Business Day, or the e-mail transmission was made after 5:00 p.m. (EST), in which case, service shall be effective on the next Business Day.
11. **THIS COURT ORDERS** that the form and substance of the Form of Proxy, the Notice to Creditors, the Information Summary and the Plan Executive Summary are hereby approved. The Applicants are authorized to make such minor changes to the Form of Proxy, the Notice to Creditors, the Information Summary and the Plan Executive Summary as the Applicants and the Monitor deem necessary or desirable.
12. **THIS COURT ORDERS** that the Monitor shall cause the Notice to Creditors to be published on or before December 13, 2010 in each of *The Globe and Mail* (National Edition) and the *Wall Street Journal* (U.S. Edition) and in the following local newspapers: (i) *Telegraph Journal*; (ii) *Bangor Daily News*; (iii) *Berlin Daily Sun*; (iv) *Le*

Droit; (v) St. John Valley Times; (vi) Portland Press Herald; (vii) Le Madawaska; (viii) Daily – Fredericton; and (ix) L'Acadie Nouvelle.

THE MEETING

13. **THIS COURT ORDERS** that the Applicants are hereby authorized to call, hold and conduct the Meeting of the Unsecured Creditor Class for the purpose of considering, and if deemed advisable, passing, with or without variation, a resolution to approve the Plan. The Meeting shall be held at 10:00 a.m. (Eastern Standard Time (“EST”)) on Monday, January 10, 2011 at Hyatt Regency Toronto, 370 King Street West, Toronto, Ontario, M5V 1J9.
14. **THIS COURT ORDERS** that an officer of the Monitor shall preside as the chair of the Meeting (the “Chair”) and, subject to this Meeting Order and any further Order of this Court, shall decide all matters relating to the conduct of the Meeting.
15. **THIS COURT ORDERS** that a person designated by the Monitor shall act as secretary at the Meeting (the “Secretary”) and the Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting (the “Scrutineers”). The Scrutineers shall tabulate the votes separately in respect of all Proven Voting Claims and Unresolved Claims, if any, at the Meeting.
16. **THIS COURT ORDERS** that the only Persons entitled to attend the Meeting are Affected Creditors with Proven Voting Claims (or their duly appointed proxyholders), Affected Creditors with Unresolved Claims (or their duly appointed proxyholders), representatives of the Monitor, the Applicants, the Plan Sponsor, Representative Counsel,

all such parties' financial and legal advisors, the Secretary and the Scrutineers. Any other Person may be admitted to the Meeting only by invitation of the Chair.

17. **THIS COURT ORDERS** that the quorum required at the Meeting shall be one Affected Creditor with a Proven Voting Claim present at the Meeting in person or by proxy. If the requisite quorum is not present at the Meeting, then the Meeting shall be adjourned by the Chair to such time and place as the Chair deems necessary or desirable.
18. **THIS COURT ORDERS** that the Chair be and is hereby authorized to adjourn the Meeting on one or more occasions to such time(s), date(s) and places(s) as the Chair deems necessary or desirable (without the need to first convene the Meeting for the purpose of any adjournment).
19. **THIS COURT ORDERS** that the Chair be and is hereby authorized to direct a vote at the Meeting, by written ballot or by such other means as the Chair may consider appropriate, with respect to: (i) a resolution to approve the Plan and any amendments thereto; and (ii) any other resolutions as the Applicants or the Monitor may consider appropriate.
20. **THIS COURT ORDERS** that the Chair be and is hereby authorized to accept and rely upon duly completed proxies substantially in the form of the Form of Proxy or such other form as is acceptable to the Chair (each a "**Proxy**" and collectively the "**Proxies**").
21. **THIS COURT ORDERS** that any Affected Creditor who is entitled to vote at the Meeting may appoint a proxyholder to attend, act and vote for and on behalf of such Affected Creditor at the meeting by completing, dating and duly executing a Proxy and

delivering it to the Monitor by mail, delivery, courier, facsimile or email at the address set out in paragraph 43 herein. Proxies must be received by the Monitor by no later than 2:00 p.m. (EST) on Friday, January 7, 2011, or 48 hours (excluding Saturdays, Sundays and holidays) before the time of any recommencement of a Meeting that has been adjourned, or presented to the Monitor at the Meeting or at the recommencement of a Meeting that has been adjourned.

22. **THIS COURT ORDERS** that the following shall govern the submission and revocation of Proxies and any deficiencies in respect of the form or substance of Proxies:

- (a) an Affected Creditor who has given a Proxy may revoke such Proxy (as to any matter on which a vote has not already been cast pursuant to its authority), unless such Affected Creditor has agreed otherwise, by an instrument in writing executed by such Affected Creditor or by its attorney, duly authorized in writing or, if such Affected Creditor is not an individual, by an officer or attorney thereof duly authorized, and delivering it to the Monitor by mail, delivery, courier, facsimile or email at the address set out in paragraph 43 herein by 2:00 p.m. (EST) on Friday, January 7, 2011, or 48 hours (excluding Saturday, Sundays and holidays) before the time of any recommencement of a Meeting that has been adjourned, or presented to the Monitor at the Meeting or at the recommencement of a Meeting that has been adjourned;
- (b) if no name has been inserted in the space provided to designate the proxyholder on the Proxy, the applicable Affected Creditor shall be deemed to have appointed an officer of the Monitor as its proxyholder;

- (c) a duly appointed proxyholder shall vote as directed in the Proxy on any ballot that may be called for, provided that a Proxy confers discretionary authority on the proxyholder with respect to voting on amendments, modifications or supplements to the Plan or with respect to any other matters that may come before the Meeting;
- (d) if an officer of the Monitor is appointed or is deemed to be appointed as proxyholder and the applicable Affected Creditor fails to indicate on its Proxy whether to vote for or against approval of the Plan or to abstain from voting on the Plan, the Proxy shall be voted FOR approval of the Plan and any amendments thereto;
- (e) if the Proxy is not dated in the space provided, it shall be deemed to be dated on the date it is received by the Monitor;
- (f) a Proxy that bears or is deemed to bear a later date than an earlier Proxy submitted by the same Affected Creditor shall govern and shall be deemed to revoke the earlier Proxy; and
- (g) if the Monitor received more than one valid Proxy for the same Affected Creditor with conflicting instructions and the conflicting Proxies bear or are deemed to bear the same date, such Proxies shall be treated as disputed Proxies and shall not be counted for the purposes of the vote.

23. **THIS COURT ORDERS** that only Affected Creditors with Proven Voting Claims (or their duly appointed proxyholders) and, expressly subject to paragraph 27 herein, Affected Creditors with Unresolved Claims (or their duly appointed proxyholders) are entitled to vote at the Meeting.

24. **THIS COURT ORDERS** that each Affected Creditor with a Proven Voting Claim is entitled to one (1) vote, which vote shall have the value of such Affected Creditor's Claim as determined in accordance with the Claims Order. For greater certainty, an Affected Creditor having a Proven Voting Claim against one or more Applicant shall only be entitled to one (1) vote in respect of such Proven Voting Claim at the Meeting in the aggregate dollar value of such Proven Voting Claim.
25. **THIS COURT ORDERS** that any Proven Voting Claims in respect of (i) a funding deficiency and related amounts in connection with a defined benefit pension plan; or (ii) amounts owing to a current or former employee who is or was governed by the terms of a collective agreement with one of the Applicants shall, in each case, only be counted as one (1) vote in respect of such Proven Voting Claim in the aggregate dollar value of such Proven Voting Claim and shall be entitled to distributions provided for under the Plan as one (1) Affected Claim upon such Proven Voting Claim becoming a Proven Distribution Claim.
26. **THIS COURT ORDERS** that each Person that has filed a Proof of Claim in respect of a Duplicate Claim (as defined in the McMillan Affidavit) shall be entitled to vote such Affected Claim as a Proven Voting Claim at the Meeting provided however that the votes cast in respect of such Proven Voting Claim shall only be counted by the Monitor in the event that the votes in respect of such Duplicate Claim are not contradictory. The Proven Voting Claims for a Duplicate Claim shall be counted collectively as one (1) vote in number at the Meeting, which vote shall have the dollar value: (i) as filed by the pension plan administrator and agreed to by the Applicants and the Monitor for Duplicate Claims in respect of a funding deficiency and related amounts in connection with a defined

benefit pension plan; and (ii) as filed by the Davies Group and agreed to by the Applicants and the Monitor in respect of amounts owing to a current or former employee.

27. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, each Affected Creditor holding an Unresolved Claim as at the date of the Meeting may attend the Meeting (in person or by Proxy) and shall be entitled to one vote at the Meeting which vote shall have the dollar value as determined by the Applicants and the Monitor. The Monitor shall tabulate the votes in respect of Unresolved Claims separately as provided herein and such votes shall not be counted for any purpose unless, until and only to the extent that such Unresolved Claim is ultimately determined to be a Proven Voting Claim.
28. **THIS COURT ORDERS** that in the event that any Affected Creditor holds a Claim that is a Proven Voting Claim but not a Proven Distribution Claim as at the date of the Meeting, such Claim shall be treated as a Proven Voting Claim for purposes of voting at the Meeting and such Affected Creditor (or its duly appointed proxyholder) shall be permitted to vote at the Meeting only as the holder of a Proven Voting Claim and not as the holder of an Unresolved Claim in respect of such Claim.
29. **THIS COURT ORDERS** that, for the greater certainty, and without limiting the generality of anything in this Meeting Order, Persons holding Unaffected Claims are not entitled to vote on the Plan and shall not be entitled to receive any distribution from the Aggregate Implementation Payment Amount or from the Distribution Pool in respect of such Unaffected Claims.

30. **THIS COURT ORDERS** that the Monitor shall keep a separate tabulation of votes cast in respect of:
- (a) Proven Voting Claims; and
 - (b) Unresolved Claims, if any.
31. **THIS COURT ORDERS** that following the vote(s) at the Meeting, the Scrutineers shall tabulate the vote(s) and the Monitor shall determine whether the Plan has been accepted by the Required Majority of the Unsecured Creditors Class.
32. **THIS COURT ORDERS** that the Monitor shall file a report with this Court by no later than noon (EST) on January 11, 2011, or within two Business Days after the Meeting if it's adjourned to a later date, with respect to the results of the vote, including whether:
- (a) the Plan has been accepted by the Required Majority of the Unsecured Creditors Class; and
 - (b) whether the votes cast in respect of Unresolved Claims, if any, would affect the approval or non-approval of the Plan.
33. **THIS COURT ORDERS** that the Applicants and the Monitor shall have the right to seek the assistance of this Court in valuing any Unresolved Claims that may affect the approval or non-approval of the Plan by the vote in respect of such Unresolved Claims.

TREATMENT OF CREDITORS

34. **THIS COURT ORDERS** that the results of the vote conducted at the Meeting (for greater certainty, excluding the effect of any votes by number and/or value cast in respect

of any portion of an Unresolved Claim that is subsequently determined to be without merit or to have a lesser value for voting purposes in accordance with the Claims Order and this Meeting Order) shall be binding on all Affected Creditors, including any Affected Creditor that was entitled to vote but did not attend and/or vote at the Meeting in person or by proxy.

35. **THIS COURT ORDERS** that no distribution shall be made under the Plan in respect of any Affected Claim unless, until and to the extent that such Affected Claim is or becomes a Proven Distribution Claim. The Monitor shall hold distributions in respect of each Unresolved Claim, if any, in reserve pending resolution of such Unresolved Claim in accordance with the terms of the Plan.

36. **THIS COURT ORDERS** that if an Affected Creditor transfers its Claim pursuant to paragraph 40 of the Claims Order:

(a) neither the Applicants nor the Monitor shall be obligated to deal with or to recognize the transferee or assignee of the Claim as the Affected Creditor in respect thereof unless and until written notice of the transfer or assignment is provided to the Monitor, such notice to be in form and substance satisfactory to the Monitor, acting reasonably at least five (5) Business Days prior to the Plan Implementation Date;

(b) for the purposes of determining whether the Plan has been approved by a majority in number of the Unsecured Creditors Class: (A) only the vote of the transferor or the transferee, whichever holds the highest dollar value of the applicable Proven Voting Claims (in the event only a part of such Claim was transferred or assigned)

will be counted, and, if such value shall be equal, only the vote of the transferee will be counted; and (B) if a Proven Voting Claim has been transferred to more than one transferee, for purposes of determining whether the Plan has been approved by a majority in number of the Unsecured Creditors Class, only the vote of the transferee with the highest value of such Claim will be counted; and

- (c) only holders of record, as at five (5) Business Days prior to the Plan Implementation Date, of Proven Distribution Claims or Unresolved Claims that are ultimately determined to be Proven Distribution Claims shall have the right to participate in the distributions provided for under the Plan.

PLAN SANCTION HEARING AND SANCTION ORDER

- 37. **THIS COURT ORDERS** that if the Plan has been accepted by the Required Majority set out in the CCAA, the Applicants shall bring a motion seeking the Sanction Order on Wednesday, January 12, 2011, at 10:00 a.m. (EST) or as soon thereafter as the matter can be heard (the “**Plan Sanction Hearing**”).
- 38. **THIS COURT ORDERS** that service and publication of the Notice to Creditors as provided herein and the posting of this Meeting Order on the Monitor’s Website pursuant to paragraph 7 herein shall constitute good and sufficient service of notice of the Plan Sanction Hearing upon all Persons who may be entitled to receive such service and no other form of service or notice need be made on such Persons and no other materials need be served on such Persons in respect of the Plan Sanction Hearing unless they have served and filed a Notice of Appearance in these CCAA Proceedings.

39. **THIS COURT ORDERS** that any Person (other than Persons on the Service List) wishing to receive materials and appear at the Plan Sanction Hearing shall serve upon the lawyers for each of the Applicants, the Monitor and the Plan Sponsor and file with this Court a Notice of Appearance by no later than 5:00 p.m. (EST) on Monday, January 10, 2011, or, if the Plan Sanction Hearing is delayed, by no later than 5:00 p.m. (EST) on the date that is five (5) Business Days' prior to the Plan Sanction Hearing.
40. **THIS COURT ORDERS** that any Person who wishes to oppose the motion for the Sanction Order shall serve upon the lawyers for each of the Applicants, the Monitor and the Plan Sponsor, and upon all other parties on the Service List, and file with this Court a copy of the materials to be used to oppose the motion for the Sanction Order by no later than 2:00 p.m. (EST) on Tuesday, January 11, 2011, or if the Plan Sanction Hearing is delayed, by no later than 5:00 p.m. (EST) on the date that is five (5) Business Days' prior to the Plan Sanction Hearing.
41. **THIS COURT ORDERS** that if the Plan Sanction Hearing is adjourned, only those Persons who are listed on the Service List (including those Persons who have complied with paragraph 39 of this Meeting Order) shall be served with notice of the adjourned date of the Plan Sanction Hearing.

GENERAL

42. **THIS COURT ORDERS** that the Applicants and the Monitor may, in their discretion, generally or in individual circumstances, waive in writing the time limits imposed on any Affected Creditor under this Meeting Order if the Applicants and the Monitor deem it

advisable to do so, without prejudice to the requirement that all other Affected Creditors must comply with the terms of this Meeting Order.

43. **THIS COURT ORDERS** that any notice or other communication to be given pursuant to this Meeting Order by or on behalf of any Person to the Monitor shall be in writing and will be sufficiently given only if by mail, courier, e-mail, fax or hand-delivery addressed to:

PricewaterhouseCoopers Inc.
Monitor of Fraser Papers Inc.
77 King Street West, P.O. Box 82, Suite 3000
Royal Trust Tower, TD Centre,
Toronto, Ontario M5K 1G8

Attention: Tracey Weaver
Telephone: 1.877.332.1688
Fax: (416) 814-3219
Email: FPclaims@ca.pwc.com

44. **THIS COURT ORDERS** that if any deadline set out in this Meeting Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.
45. **THIS COURT ORDERS** that, notwithstanding the terms of this Meeting Order, the Applicants may apply to this Court from time to time for such further Order or Orders as they consider necessary or desirable to amend, modify, supplement or replace this Meeting Order.

RESTRUCTURING CLAIMS BAR DATE EXTENDED

46. **THIS COURT ORDERS** that the Restructuring Claims Bar Date defined in the Claims Order be and is hereby extended to 5:00 p.m. (EST) on the date which is the earlier of: (i)

thirty (30) calendar days after the event giving rise to the Restructuring Claim; or (ii) fourteen (14) calendar days after the Plan Implementation Date.

EFFECT, RECOGNITION AND ASSISTANCE

47. **THIS COURT ORDERS** that the Applicants and the Monitor may, from time to time, apply to this Court for advice and directions concerning the discharge of their respective powers and duties under this Meeting Order or the interpretation or application of this Meeting Order.
48. **THIS COURT ORDERS** that this Meeting Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.
49. **THIS COURT ORDERS AND REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America, including the U.S. Court presiding over the Chapter 15 Proceedings, and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Meeting Order. Each of the Applicants and the Monitor shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial, regulatory and

administrative bodies, and take such other steps, in Canada or in the United States of America, as may be necessary or advisable to give effect to this Meeting Order and any other Order granted by this Court.

Stupall, J.

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

DEC 03 2010

PER / PAR:

NB

SCHEDULE "A"

FORM OF PROXY FOR THE MEETING OF CREDITORS

SCHEDULE "A"

**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")**

**FORM OF PROXY FOR THE
MEETING OF AFFECTED CREDITORS (the "Meeting")**

**to be held pursuant to an Order of the Ontario Superior Court of Justice
(Commercial List) made December 3, 2010 (the "Meeting Order"), in connection with
the Applicants' Consolidated Plan of Compromise and Arrangement under the
Companies' Creditors Arrangement Act (the "Plan")**

**on January 11, 2011 at 10:00 a.m. (EST) at the Hyatt Regency Toronto,
370 King Street West, Toronto, Ontario, M5V 1J9**

Before completing this form of proxy (the "Proxy"), please read carefully the accompanying instructions for information respecting the proper completion and return of this Proxy. THIS PROXY MUST BE COMPLETED, SIGNED AND PROVIDED TO PRICEWATERHOUSECOOPERS INC. (the "Monitor") PRIOR TO THE MEETING IF ANY PERSON ON BEHALF OF THE UNDERSIGNED AFFECTED CREDITOR (the "Affected Creditor") IS TO ATTEND THE MEETING AND VOTE ON THE PLAN OR IF THE AFFECTED CREDITOR WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS THE AFFECTED CREDITOR'S PROXY.

The Affected Creditor, as the holder of a Proven Voting Claim and/or an Unresolved Claim that may be voted and tabulated separately at the Meeting in accordance with the Meeting Order, hereby revokes all proxies previously given and nominates, constitutes and appoints _____ or, instead of the foregoing, Mr. John McKenna of the Monitor, or such other person as Mr. John McKenna may designate, as proxyholder, with full power of substitution, to attend, vote and otherwise act for and on behalf of the Affected Creditor at the Meeting and any adjournments(s) thereof. Without limiting the generality of the power hereby conferred, the persons named as proxyholders are specifically directed to vote as follows:

1. (Mark one only)

☐ **VOTE FOR** approval of the Plan; or

☐ **VOTE AGAINST** approval of the Plan;

2. Vote at the proxyholder's discretion and otherwise act for and on behalf of the undersigned Affected Creditor with respect to any amendments or variations to the Plan and to any other matters that may come before the Meeting or any adjournment thereof.

Dated this _____ day of _____, 201____

**Name of the Affected Creditor (Please
Print)**

Signature of Witness

Signature of the Affected Creditor or attorney
authorized in writing or, if the Affected Creditor
is a corporation, signature of a duly authorized
signing officer of the corporation

Title of the authorized signing officer of the
Affected Creditor

Mailing address and telephone number of the
Affected Creditor

INSTRUCTIONS FOR COMPLETION OF THE PROXY

1. Each Affected Creditor who has a right to vote at the Meeting has the right to appoint a person to attend, act and vote for and on behalf of the Affected Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed. If no name has been inserted in the space provided, the Affected Creditor will be deemed to have appointed Mr. John McKenna of the Monitor as the Affected Creditor's proxyholder.
2. If this Proxy is not dated in the space provided, it shall be deemed to be dated on the date it is received by the Monitor.
3. If an officer of the Monitor is appointed or is deemed to be appointed as proxyholder and the Affected Creditor fails to indicate on the Proxy whether it wishes to vote for or against approval of the Plan, the Affected Creditor will be deemed to have instructed its proxyholder to vote FOR approval of the Plan, including any amendments thereto.
4. If more than one valid Proxy for the same Affected Creditor is received, the Proxy bearing the later date shall govern and the earlier-dated Proxy shall be revoked. If more than one valid Proxy for the same Affected Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such Proxies will be treated as disputed Proxies and shall not be voted.
5. This Proxy must be signed by the Affected Creditor or by a person duly authorized (by power of attorney) to sign on the Affected Creditor's behalf or, if the Creditor is a corporation, by a duly authorized officer or attorney of the corporation.
6. In order to appoint the Monitor as your proxy, this Proxy, once completed, dated and signed, should be sent in advance to the Monitor, by mail, delivery, courier, facsimile or email at the address set out below and must be received by the Monitor by no later than 2:00 p.m. (Eastern Standard Time ("EST")) on January 7, 2011, or 48 hours (excluding Saturdays, Sundays and holidays) before the time of any recommencement of a Meeting that has been adjourned, or presented to the Monitor at the Meeting or at the recommencement of a Meeting that has been adjourned.
7. If you wish to appoint any person other than the Monitor as your proxy, you may either send the proxy to the Monitor at the address listed below before January 7, 2011, at 2:00 p.m. (EST), or 48 hours (excluding Saturdays, Sundays and holidays) before the time of any recommencement of a Meeting that has been adjourned, or present the Proxy to the Monitor at the Meeting or at the recommencement of a Meeting that has been adjourned.

Address of the Monitor: **PricewaterhouseCoopers Inc.**
Monitor of Fraser Papers Inc.
77 King Street West, P.O. Box 82, Suite 3000
Toronto, ON M5K 1G8
Attention: Ms. Tracey Weaver
Facsimile: (416) 814-3219
Email: FPclaims@ca.pwc.com

SCHEDULE "B"

NOTICE OF MEETING OF CREDITORS OF THE APPLICANTS

SCHEDULE "B"

**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")**

NOTICE OF MEETING OF CREDITORS OF THE APPLICANTS

NOTICE IS HEREBY GIVEN that a meeting (the "**Meeting**") of creditors of the Applicants entitled to vote on a consolidated plan of arrangement (the "**Plan**") proposed by the Applicants under the *Companies' Creditors Arrangement Act* (the "**CCAA**") will be held at the Hyatt Regency Toronto, 370 King Street West, Toronto, Ontario, on **January 10, 2011, at 10:00 a.m. (EST)** for the following purposes:

- (1) to consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan; and
- (2) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Plan is being considered pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 3, 2010 (the "**Meeting Order**"). Following approval by the required majorities of the creditors entitled to vote and voting on the Plan, the Plan must also be approved by an Order of the Court (the "**Sanction Order**").

Creditors who are not attending the Meeting in person and who wish to vote on the Plan, or who wish to designate another party to attend the Meeting and vote on their behalf, are required to date, sign and return the applicable form of proxy (a "**Proxy**") by mail, delivery, courier, facsimile or email so that it is received by PricewaterhouseCoopers Inc. (the "**Monitor**") by no later than **2:00 p.m. (EST) on January 7, 2011, or 48 hours (excluding Saturdays, Sundays and holidays) before the time of any recommencement of a Meeting that has been adjourned, or to present the Proxy to the Monitor at the Meeting.** Creditors may designate the Monitor to vote their claims at the Meeting as per their respective Proxies. A Proxy will not be valid and will not be acted upon, voted or recorded unless it is completed as specified in the form of proxy enclosed herewith and the related instructions.

The Monitor's address for the purpose of filing forms of proxy and for obtaining any additional information or materials related to the Meeting is:

PricewaterhouseCoopers Inc.
Monitor Fraser Papers Inc.
77 King Street West
P.O. Box 82, Suite 3000

Royal Trust Tower, TD Centre,
Toronto, Ontario M5K 1G8

Attention: Ms. Tracey Weaver
Facsimile: (416) 814-3219
Email: FPclaims@ca.pwc.com

Creditors requiring information or copies of the Plan, the Meeting Order, the Monitor's Report in respect of the Plan, a proxy form with respect to the Meeting or additional documentation pertaining to the within CCAA proceedings may obtain copies of such documents on the Monitor's website at www.pwc.com/car-fraserpaper or by contacting the Monitor at the address above.

DATED at Toronto, Ontario, this day of December, 2010.

NOTICE OF SANCTION HEARING

If the creditors approve the Plan, the application for the Sanction Order will be heard on **January 12, 2011 at 10:00 am. (EST)** or such other date as may be set by the Court, before the Ontario Superior Court of Justice (Commercial List), 330 University Avenue, Toronto, Ontario.

Pursuant to the Meeting Order, no other form of notice need be made to any creditor and no other materials need be served on any creditor in respect of the Sanction Hearing unless such creditor has served and filed a Notice of Appearance in these proceedings.

SCHEDULE "C"

NOTICE OF MEETING AND INFORMATION SUMMARY

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**NOTICE OF MEETING AND INFORMATION SUMMARY
WITH RESPECT TO A PLAN OF COMPROMISE OR ARRANGEMENT
PURSUANT TO THE
COMPANIES' CREDITORS ARRANGEMENT ACT**

Concerning, Affecting and Involving

**FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC.,
FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED,
FRASER PAPERS LIMITED and FRASER N.H. LLC**

November 29, 2010

This Information Summary is being distributed to creditors of 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") in respect of a meeting called to consider the plan of compromise or arrangement proposed by the Applicants that is scheduled to be held on January 10, 2011, at 10:00 a.m. Eastern Standard Time ("EST") at Hyatt Regency Toronto, 370 King Street West, Toronto, Ontario, M5V 1J9 in the Regency A Room.

These materials require your immediate attention. You should consult your professional advisors in connection with the contents of these documents. If you have any questions regarding voting procedures or other matters or if you wish to obtain additional copies of these materials, you may contact Ms. Tracey Weaver of the Monitor at 1-877-332-1688. Copies of these materials and other materials in these proceedings are also posted on the Monitor's website at: www.pwc.com/car-fraserpapers.

INFORMATION SUMMARY

SUMMARY OF PLAN

The following is a brief synopsis of certain information contained elsewhere in this Information Summary (the "Information Summary"), including the schedules hereto (collectively, the "Schedules"), and is provided for the assistance of creditors only. The governing document is the Plan, which is attached as Schedule "B" to this Information Summary. This synopsis is qualified in its entirety by the more detailed information appearing or referred to elsewhere in the Information Summary, including the Schedules. Creditors should carefully read the Plan, and not only this Information Summary. In the event of any conflict between the contents of this Information Summary and the provisions of the Plan, the provisions of the Plan govern.

Capitalized words and terms not otherwise defined in this Information Summary have the meaning given to those words and terms in the Plan. All references to currency or "\$" are references to U.S. currency, unless otherwise noted.

Background of Fraser Companies

Fraser Papers Inc. ("**Fraser Papers**" or the "**Company**") has been in operation since the late 1800's and employed approximately 2,400 people in the U.S. and Canada as at December 31, 2008. On July 1, 2004, Fraser Papers became a separate publicly traded company and its stock was listed on the Toronto Stock Exchange.

As at December 31, 2008 Brookfield Asset Management Inc. ("**Plan Sponsor**") owned, directly or indirectly, approximately 70.5% of the outstanding common shares of Fraser Papers. Each of the other Applicants are direct or indirect wholly-owned subsidiaries of Fraser Papers.

Fraser Papers owns all of the issued and outstanding shares of FPS Canada Inc. ("**FPS Canada**") and Fraser Papers Holdings Inc. ("**Holdings**"). Holdings owns all of the issued and outstanding shares of Fraser Timber Limited ("**Timber**") and Fraser Papers Limited ("**Fraser Madawaska**"). Fraser Madawaska is the sole member and manager of Fraser N.H. LLC, a limited liability corporation ("**Fraser Gorham**").

At the time of filing for protection under the CCAA, the principal operating assets of Fraser Papers comprised:

- (i) a sulphite pulp mill, a groundwood pulp mill and a biomass cogeneration power plant (the "CoGen Facility") in Edmundston, New Brunswick (the "**Edmundston Mill**");
- (ii) a hardwood pulp mill in Thurso, Quebec (the

"Thurso Mill");

- (iii) two lumber mills in Juniper and Plaster Rock, New Brunswick (the **"New Brunswick Lumber Mills"**); and
- (iv) a corporate office in Toronto, Ontario

Holdings held the Applicants' investments in Fraser Madawaska and Timber, which are the Applicants' operating entities in the U.S.

Timber owns and manages the Company's two lumber mills in Masardis and Ashland, Maine (the **"Maine Mills"**).

Among other things, Fraser Madawaska owned and managed the Company's paper operations in Madawaska, Maine (the **"Madawaska Mill"**) and is the sole member of Fraser Gorham.

Fraser Gorham owns a paper mill in Gorham, New Hampshire (the **"Gorham Mill"**). The Applicants expect that this paper mill will be sold to a third party purchaser by no later than December 8, 2010 (as described below), failing which (unless sold to another party) it will be included in the transaction described below under the heading Transaction Agreement.

The principal products manufactured by the Applicants were paper, pulp and lumber. The Company's operations were highly integrated. The Maine Mills and the New Brunswick Lumber Mills would manufacture lumber products and would provide by-product wood chips to the Edmundston Mill for the manufacture of pulp. The Thurso Mill would provide hardwood kraft pulp to the Madawaska Mill and the Gorham Mill for the manufacture of paper products. The Edmundston Mill would provide pulp products, hydro-electric power and steam to the Madawaska Mill for the manufacture of paper.

Prior to filing for protection under the CCAA and Chapter 15 of the U.S. Bankruptcy Code, the Applicants experienced many of the same challenges faced by other companies in the North American forest products industry. The market issues and financial issues faced by the Applicants included significant negative cash flows from their operations driven by a sharp deterioration of the profitability of the Applicants' pulp operations and continuing losses from their lumber operations. The Applicants were required to repay or refinance significant liabilities and had no ability to do so. The Applicants also had significant financial obligations to employees and beneficiaries

under the pension plans sponsored by the Applicants and had no ability to meet these funding obligations.

**Insolvency
Proceedings and Sale
Transactions:**

On June 18, 2009, the Applicants sought and obtained the Initial Order pursuant to the CCAA. Concurrently with the commencement of the CCAA proceedings, the Applicants commenced proceedings pursuant to Chapter 15 of the U.S. Bankruptcy Code in which the CCAA proceedings were recognized as a foreign main proceeding (collectively, the "**Proceeding**").

During the Proceeding, the Applicants sold substantially all of their assets pursuant to Court approved sale transactions. Any residual assets are expected to be sold subject to the Court's approval in connection with Plan Implementation as discussed below. Summary details of the sale transactions are provided herein. Reference should be made to the materials previously filed with the Court in the Proceeding for further details of any of the sale transactions. Those materials can be accessed through the Monitor's website at: www.pwc.com/car-fraserpapers

The Applicants' completed the sale of their specialty papers business (the "**Specialty Papers Business**") to Twin Rivers Paper Company Inc. ("**Twin Rivers**") and Twin Rivers Paper Company LLC ("**Twin Rivers LLC**") on April 28, 2010 (the "**Twin Rivers APA**"). The Specialty Papers Business comprised the Edmundston Mill, the Madawaska Mill and the New Brunswick Lumber Mills. The sale of the Specialty Papers Business was fully supported by the secured creditors of the Applicants who agreed to release their secured claims in exchange for consideration received from Twin Rivers. Specifically:

- CIBC received payment in full of its \$25 million loan
- CIT received repayment of \$10 million of its secured indebtedness, which ultimately was repaid in full
- BAM agreed to replace a portion of its secured claim in the amount of \$25 million in exchange for a 51% common equity interest in Twin Rivers
- The Government of New Brunswick agreed to release its claim of CAD\$38.6 million in exchange for a preferred equity interest in Twin Rivers

As consideration for the Specialty Papers Business, the Applicants received:

- cash of \$35 million (which was used to repay secured debt

issued by the Applicants);

- CAD\$38.6 million in preferred shares of Twin Rivers (which were provided to the Government of New Brunswick in full satisfaction of their secured claim);
- Approximately \$44 million in unsecured promissory notes;
- A 49% common equity interest in Twin Rivers;
- The assumption by Twin Rivers of liabilities totalling \$46 million and letters of credit totalling approximately \$35 million; and
- Payments totalling CDN\$6.125 million to be made by Twin Rivers over an eight-year period.

With the Monitor's assistance and the Court's approval, the Applicants' entered into an asset purchase agreement (the "**Thurso Purchase Agreement**") with Fortress Specialty Cellulose Inc. ("**Fortress**") under which the Applicants sold the Thurso Mill. Pursuant to the Thurso Purchase Agreement, on the closing of the transaction the Applicants received CAD\$3,000,000 in Cash. Fortress also assumed significant liabilities relating to the assets purchased pursuant to the Thurso Purchase Agreement.

With the Monitor's assistance and the Court's approval, the Applicants have executed an asset purchase agreement (the "**Gorham Purchase Agreement**") with Counsel RB Capital ("**Counsel RB**") for the sale of the Gorham Mill. Pursuant to the terms of the Gorham Purchase Agreement, the Applicants are expected to receive approximately \$2.695 million in Cash. Counsel RB will also assume certain liabilities with respect to the assets purchased under the terms of the Gorham Purchase Agreement. This transaction is scheduled to close on December 8, 2010.

Following the sale of the Gorham Mill, the Applicants' only remaining operating assets are the Maine Mills. With the Monitor's assistance and the Court's approval, the Applicants actively marketed the Maine Mills to prospective purchasers. The Maine Mills will be sold to the Plan Sponsor under the Transaction Agreement as part of the implementation of the Plan. In addition, in the event that the Gorham Purchase Agreement is not completed or the Gorham Mill is not otherwise sold under any other transaction, the Gorham Mill will be purchased under the Transaction Agreement.

The Cash received by the Applicants from the sale transactions has been used during the Proceeding to repay secured creditors, to pay amounts owing to the DIP Lender under the DIP Facility, to pay the costs of the proceedings and to fund operating losses. The Distribution Pool to be ultimately distributed under the Plan is comprised of certain proceeds from the Twin Rivers APA, namely the Common Shares and Promissory Notes, and any Cash that may be available following repayment in full to the DIP Lender of all amounts owing under the DIP Facility and any expenses covered by the Administration Charge. This would include reimbursement by the Plan Sponsor of the cash collateral securing the face amount of certain outstanding letters of credit, upon a reduction in the amount of the letters of credit.

Claims Process:

On July 15, 2009, the Court granted the Claims Order, which established the process for the calling of all Claims and a process for the resolution of Claims.

A notice to creditors of the call for claims and the Claims Bar Date was published on or before August 12, 2009 in *The Globe and Mail* and in *The Wall Street Journal* and the following local newspapers: (a) *Telegraph Journal*; (b) *Bangor Daily News*; (c) *Berlin Daily Sun*; and (d) *Le Droit*. The Monitor also sent proof of claim packages to all known creditors of the Applicants on August 7, 2009 in accordance with the procedures established in the Claims Order.

The claims resolution process set out in the Claims Order provided for, among other things: (a) a process for the review of Proofs of Claim filed with the Monitor; (b) a process for the acceptance, revision or dispute, in whole or in part, by the Monitor, of Claims for the purposes of voting and/or distribution under the Plan; and (c) an appeal process from the determination of the Monitor.

Purpose of the Plan:

The purpose of the Plan is to effect the Transaction Agreement, to settle Affected Claims and to achieve a compromise and arrangement of all Affected Claims against the Applicants in a manner that provides consistent and equitable treatment among the Affected Creditors of the Applicants. and the Plan also allows for the orderly allocation of the Distribution Pool to the Affected Creditors.

Affected Creditors with Proven Distribution Claims will be allocated their Pro Rata Share from the Distribution Pool, which will be delivered to one of the Trusts that have been or will be established on the Plan Implementation Date. The purpose of the Trusts is to hold, administer and (subject to the terms of the Common Shares and the Promissory Notes comprising the Distribution Pool) realize upon the allocated assets held by each trust, to facilitate a future distribution of

Cash to the Affected Creditors with Proven Distribution Claims as beneficiaries of each trust.

The Plan is presented to the Affected Creditors in the expectation that all Persons with an interest in the Applicants will derive a greater benefit from the implementation of the Plan, with the support of the DIP Lender and the creation and funding of the Creditor Trust, than would result in any alternative scenario.

Additionally, in consideration for the releases contained in the Plan and as a further benefit for Affected Creditors, the holders of Inter-Company Claims will waive and release all Inter-Company Claims.

Consolidated Plan: The Plan is being presented by the Applicants to the Affected Creditors on a consolidated basis for the sole purpose of permitting Affected Creditors with Proven Voting Claims to vote on the Plan and Affected Creditors with Proven Distribution Claims to receive distributions under the Plan. On November 3, 2010, the Canadian and US Courts issued an Order authorizing and directing the Applicants to prepare a Plan on a consolidated basis.

Class of Affected Creditors: The Plan provides for a single Class of Affected Creditors, the Unsecured Creditor Class.

Unaffected Claims: Subject to the terms of the Transaction Agreement, the following claims are unaffected by the Plan: (a) Claims secured by the CCAA Charges other than the Inter-Company Claim; (b) Claims of the Directors pursuant to an indemnity from any Applicant which are not otherwise covered by the Directors' Charge; (c) any Claim against any Director that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA; (d) Government Priority Claims; (e) Secured Claims; and (f) Post-Filing Claims.

Incorporation of the Transaction Agreement Pursuant to Article V of the Plan, the terms of the Transaction Agreement are incorporated into the Plan.

Implementation Payment to Creditors: On the Implementation Payment Date, subject to the Applicants having the Aggregate Implementation Payment Amount after repaying the Prior Repayments, a payment will be made by the Applicants to each Affected Creditor with a Proven Distribution Claim in the amount of the lesser of: (i) the full amount of the Affected Creditor's Proven Distribution Claim; or (ii) \$500.00. If the Applicants have insufficient Cash to fund the Aggregate Implementation Payment Amount in full after repaying the Prior Repayments, the Implementation Payment to each Affected Creditor with a Proven Distribution Claim will be

reduced on an equal basis to ensure that the Aggregate Implementation Payment Amount does not exceed the Cash available to the Applicants to make such payment. If the Cash available to the Applicants to fund a reduced Aggregate Implementation Payment Amount would result in an Implementation Payment of less than \$100.00 to each Affected Creditor with a Proven Distribution Claim, the Applicants will not be required to incur the cost to make such distribution.

The Implementation Payment to Affected Creditors with Proven Distribution Claims will be made by prepaid ordinary mail by the Monitor as set out in the Plan.

To the extent that the Applicants or the Monitor on behalf of the Applicants have a legal obligation to withhold amounts from any Implementation Payment to employees of the Applicants, the Applicants and the Monitor will, in accordance with such legal obligation, withhold such amounts from the Implementation Payment in question, and remit same to the applicable parties.

A Creditor having an Unresolved Claim will not be entitled to receive any Implementation Payment under the Plan unless and until such Unresolved Claim becomes a Proven Distribution Claim in accordance with the Claims Order.

On the Final Determination Date, the Monitor will make a distribution from the Reserve on behalf of the Applicants in respect of any Unresolved Claims that become Proven Distribution Claims.

**Allocation and
Delivery of
Distribution Pool**

On the Plan Implementation Date, the Monitor will, after establishing a Reserve, allocate to each Affected Creditor in the Unsecured Creditor Class with a Proven Distribution Claim (net of any Implementation Payment received), its Pro Rata Share of assets remaining in the Distribution Pool, in full and final satisfaction, compromise, settlement, release and discharge of and exchange for each such Proven Distribution Claim.

The Applicants, in consultation with the Monitor, will deliver the allocated assets from the Distribution Pool in respect of the Affected Creditors with Proven Distribution Claims as follows:

- (a) in respect of the NB Hourly Claim, to the NB Hourly Trust;
- (b) in respect of the NB Salaried Claim, to the NB Salaried Trust; and
- (c) in respect of all other Proven Distribution Claims, to the

Creditor Trust.

Any Creditor having an Unresolved Claim will not be entitled to receive an allocation, delivery or distribution under the Plan unless and until such Unresolved Claim becomes a Proven Distribution Claim in accordance with the Claims Order.

On the Final Determination Date, the Monitor will (i) allocate to the Affected Creditors with Unresolved Claims that become Proven Distribution Claims, their Pro Rata Share of the Distribution Pool from the Reserve and deliver it to the Creditor Trust, (ii) pay the Implementation Payment, if any, to such Affected Creditor, and (iii) remit any remaining Cash in the Reserve to the Creditor Trust.

Transaction Agreement with Plan Sponsor

The Applicants and the Plan Sponsor executed the Transaction Agreement, which involves the sale of the shares of Holdings and the opportunity for a continuation of operations at the Maine Mills. The Plan is to be implemented, and all Court orders and other actions relating to the Plan are to be made or taken, in conjunction with the implementation of the transactions contemplated by the Transaction Agreement. The Plan is deemed to incorporate the terms and conditions of the Transaction Agreement as they relate to the Applicants and their respective: (a) property, assets and undertaking; and (b) debts, obligations, claims and liabilities of any kind whatsoever.

The Transaction Agreement contemplates that the shares of Holdings will be sold to the Plan Sponsor or its designate, which includes the ownership of the companies that own the Maine Mills. The Maine Mills will be sold as a going concern resulting in the opportunity for continued employment and the opportunity for the continuing supply of goods and services. If the Applicants are not able to conclude a sale of the Gorham Mill to a third party, as described above, the transaction will also include a sale of the equity interests of Fraser Gorham which owns the Gorham Mill. If the Gorham Mill is sold to a third party prior to completion of the Transaction Agreement, the purchase price payable under the Transaction Agreement will be reduced by the net proceeds received on such sale to a third party, up to a maximum reduction of \$2,695,722.

Upon implementation of the Plan and the Transaction Agreement all right, title and interest in and to: (a) the Included Property will be held by and vest in the Purchased Companies; and (b) the Equity Interests of FPHI will be transferred to and vest in the Plan Sponsor; in each case free and clear of any and all charges, liens and encumbrances whatsoever.

For greater certainty, and notwithstanding any other provision of the Plan, upon implementation of the Plan and the Transaction Agreement: (a) the Purchased Companies will have no debts, obligations, claims or liabilities whatsoever other than the Continuing Obligations; and (b) any and all debts, obligations, claims or liabilities of the Purchased Companies other than Continuing Obligations, whenever and howsoever incurred or arising, will be deemed to have been released, waived, extinguished and forever barred as against the Purchased Companies, the Plan Sponsor, and the Plan Sponsor's Affiliates (as defined in the Transaction Agreement).

**Releases and
Injunctions:**

In consideration for the establishment of the Creditor Trust and the distributions to be made pursuant to the Plan, the Plan provides for the full and final release of all claims, including, without limitation, those relating to: (a) the business and operations of the Applicants; (b) the property of the Applicants; (c) the CCAA Proceedings; (d) the Chapter 15 Proceedings; (e) all agreements with the DIP Lender; and (f) all pension plans administered by or on behalf of the Applicants, including the terminated Pension Plans, or in respect of which the Directors had any role, whether in their capacity as Directors or in any other capacity, including as or on behalf of the administrators of the pension plans.

Pursuant to, and subject to the terms of the Plan, the Applicants have agreed: (i) to release their respective Inter-Company Claims; (ii) not to vote on the Plan; and (iii) forfeit the right to receive a distribution from the Distribution Pool.

The Plan further provides that all Persons (regardless of whether or not such Persons are Creditors) are permanently prohibited as of the Plan Implementation Date from: (a) commencing any further action against the Released Parties; (b) enforcing any judgment or order against the Released Parties or their respective property; (c) commencing any action, including any action by way of indemnity or contribution, against any Person who may be expected to make a claim against one or more of the Released Parties; (d) creating, perfecting or asserting any lien or encumbrance of any kind; and (e) taking any actions to interfere with the implementation or consummation of the Plan or rights under the Trusts.

(The foregoing is a brief summary of the releases and injunctions contained in the Plan. It is important that you refer to the specific provisions of the Plan for the full scope of the releases and injunctions provided therein.)

**Conditions to
Implementation of**

The implementation of the Plan is conditional upon the fulfilment, satisfaction or waiver by the Applicants, the Plan Sponsor and the DIP

the Plan:

Lender, as applicable, of the following conditions on or before the Plan Implementation Date:

- (a) the Plan terms being acceptable to the Plan Sponsor, acting reasonably;
- (b) the Plan being approved by the Required Majority;
- (c) the Sanction Order being issued by the Court on or before January 13, 2011 or such later date as may be agreed by the Applicants and the Monitor;
- (d) the Sanction Recognition Order being issued by the U.S. Court on or before January 14, 2011 or such later date as may be agreed by the Applicants and the Monitor;
- (e) all applicable appeal periods in respect of the Sanction Order, the Sanction Recognition Order, the Vesting Order and the U.S. Sale Order having expired and any appeals therefrom having been finally disposed of by the applicable appellate tribunal;
- (f) the transactions, events and actions contemplated under the Transaction Agreement having been completed and the Applicants and the Plan Sponsor being in compliance with all of their obligations and agreements under the Transaction Agreement, the Plan, the Sanction Order, the Sanction Recognition Order, the Vesting Order and the U.S. Sale Order;
- (g) arrangements satisfactory to the Applicants and the DIP Lender having been made for the repayment of all amounts secured under the DIP Lender's Charge;
- (h) resolution of Secured Claims on terms acceptable to the Applicants and the Monitor or pursuant to an Order of the Court;
- (i) the issuance of replacement Promissory Notes and the resolution and release of the holdback in accordance with the Twin Rivers APA;
- (j) the establishment and funding of the Creditor Trust to hold the Promissory Notes, the Common Shares and any Cash for the benefit of the Affected Creditors with Proven Distribution Claims (other than in respect of the NB Hourly Claim and the NB Salaried Claim) from and

after the Plan Implementation Date;

- (k) the execution of releases satisfactory to the Applicants and the Directors by the administrators of the Terminated Pension Plans, the Superintendent of Pensions for New Brunswick and the Regie des rentes du Quebec; and
- (l) all relevant Persons having executed, delivered and filed all documents and other instruments and the Applicants having obtained all consents and approvals that, in the opinion of the Applicants, acting reasonably, are necessary to implement the provisions of the Plan.

Plan Amendment: Prior to and during the Meeting, the Applicants, in consultation with the Monitor, may at any time and from time to time (subject to the approval of the Plan Sponsor) amend, modify and/or supplement the Plan by written instrument, and the Monitor will post such amendment on the Website. The Applicants will give reasonable written notice to all Affected Creditors present at the Meeting of the details of any such amendment prior to the vote being taken to approve the Plan.

Following the Sanction Order, any amendment, modification or supplement to the Plan may be made by the Applicants by written instrument with the consent of the Monitor and the Plan Sponsor or approved by the Court provided that it concerns a matter which, in the opinion of the Applicants, the Monitor and the Plan Sponsor, each acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and to the Sanction Order and is not adverse or prejudicial to the financial or economic interests of the Affected Creditors. The Monitor will post such amendment on the Website and the Applicants will file the amendment to the Plan with the Court, but no additional vote of the Affected Creditors will be necessary in order to give effect to such amendment to the Plan.

Any amended, modified or supplementary plan or plans of compromise or arrangement filed with the Court and, if required, approved by the Court, will, for all purposes, be and be deemed to be a part of and incorporated in the Plan.

Meeting of Creditors: The Applicants have called for a meeting of the Affected Creditors for the purpose of voting on the Plan. The Meeting will be held on Monday, January 10, 2011 at 10:00 a.m. (EST) at the Hyatt Regency Toronto (Regency Room A), 370 King Street West, Toronto, Ontario, M5V 1J9.

The Meeting will be held in accordance with the Plan, the Meeting Order, the Claims Order and any further Order of the Court.

Attendance and Voting

The only Persons entitled to attend at the Meeting are Affected Creditors with Proven Voting Claims (or their duly appointed proxyholders), Affected Creditors with Unresolved Claims (or their duly appointed proxyholders), representatives of the Monitor, the Applicants, the Plan Sponsor, all such parties' financial and legal advisors, the Secretary and the Scrutineers. Any other Person may be admitted to the Meeting only by invitation of the Chair.

Quorum

At the Meeting (or any adjournment thereof), a quorum will consist of one Affected Creditor with a Proven Voting Claim present at the Meeting in person or by proxy. If the requisite quorum is not present at the Meeting, then the Meeting will be adjourned by the Chair to such time and place as the Chair deems necessary or advisable.

Chair

An officer of the Monitor will preside as the Chair of the Meeting and will decide all matters relating to the conduct of the Meeting and the validity of the proxies. The Chair will direct a vote by written ballot or such other means as the Chair may consider appropriate with respect to a resolution to approve the Plan and any amendments thereto and any other resolutions as the Applicants or the Monitor may consider appropriate. The form of resolution to approve the Plan is attached as Schedule "A" to this Information Summary.

Creditor Approval of Plan: Required Majority

In order for the Plan to be approved pursuant to the CCAA, it must be approved by a majority in number of Affected Creditors who represent at least two-thirds in value of the Voting Claims of the Affected Creditors in the Unsecured Creditor Class who actually vote on the resolution approving the Plan (in person, by proxy or by ballot) at the Meeting. If such approvals are obtained, in order to make the Plan effective, the Sanction Order and the Sanction Recognition Order must be obtained and the Plan must be implemented by the Applicants.

Tabulation of Votes

For the purpose of calculating a majority in number and two-thirds in value, each Affected Creditor having a Proven Voting Claim will be

entitled to one vote by number in the aggregate amount of such Affected Creditor's Proven Voting Claim.

The Monitor will tabulate the votes of Affected Creditors having Proven Voting Claims and the votes of Affected Creditors having Unresolved Claims separately. The vote of an Affected Creditor having an Unresolved Claim will not be counted for any purpose unless, until and only to the extent that such Claim is ultimately determined to be a Proven Voting Claim. The Monitor will determine whether the votes cast in respect of Unresolved Claims, if any, would affect the approval or non-approval of the Plan.

If the approval or non-approval of the Plan could be affected by the votes cast in respect of Unresolved Claims, if any, then only if the Unresolved Claims are ultimately determined, in whole or in part, to be Proven Voting Claims will such Claims be counted for purposes of determining whether the Required Majority have voted to approve the Plan. This way, the Meeting can proceed concurrently with the conclusion of the Claims Process.

**Consequences of
Non-Implementation
of the Plan:**

If the Plan is not approved by the Required Majority of Affected Creditors and unless a further stay of proceedings is sought by the Applicants and granted by the Court, the current stay of proceedings ordered by the Court will terminate on February 28, 2011, and all Creditors of the Applicants will have the right to exercise their respective rights and remedies against the assets and property of the Applicants. In the event that the Unsecured Creditors Class does not approve the Plan, the Transaction cannot be completed, there will be no funds available to fund the Implementation Payment, and there may also be insufficient funds available to fund the Creditor Trust. It is also likely in that case that there would not be sufficient cash available to repay the DIP Lender in full, such that the DIP Lender would continue to have a priority secured charge over the Promissory Notes and the Common Shares that otherwise would have been available to the Trusts.

It is also unclear if funding would be available under the DIP Facility following a failed vote, beyond the stay expiry date of February 28, 2011.

**Court Approval of
Plan:**

The Applicants will, without further notice, seek sanction by the Court of the Plan if and once it has been approved by the Required Majority of Affected Creditors. If such approval is obtained at the Meeting, the hearing in respect of the Sanction Order is currently scheduled to take place at the Court located at 330 University Avenue, 8th Floor, Toronto, Ontario on January 12, 2011 at 10:00 a.m. EST, as such may be

rescheduled or adjourned thereafter.

In determining whether to sanction the Plan, the Court will consider, among other things, the fairness and reasonableness of the terms and conditions of the Plan.

Any party who wishes to oppose the granting of the Sanction Order must serve on the service list a Notice of Appearance (to the extent not previously served) and a copy of the materials to be used to oppose the granting of the Sanction Order setting out the basis for such opposition, at least (5) Business Days before the date set for the sanction hearing, or such shorter time as the Court may allow. ***Creditors should consult their legal advisors with respect to the legal rights available to them in relation to the Plan and the sanction hearing.*** In the event that the sanction hearing is rescheduled or adjourned, only those Persons who have filed and served a Notice of Appearance will be served with notice of the rescheduled or adjourned date.

If the Plan has been approved by the Required Majority of Affected Creditors at the Meeting, and the Sanction Order is issued by the Court, the hearing in respect of the Sanction Recognition Order will take place at the U.S. Court located at 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801 on January 13, 2011 at 3:00 p.m. EST, as such may be rescheduled or adjourned thereafter.

**Proposed Timing of
Implementation:**

The following sets forth certain key dates and events under the Plan, which are subject to change.

December 3, 2010	Hearing date for the motion to seek Court approval of the Meeting Order
January 10, 2011	Meeting of Affected Creditors to vote on the Plan
January 12, 2011	Hearing date for the motion to the Court for an Order sanctioning the Plan under the CCAA
January 13, 2011	Hearing date for the motion to the U.S. Court seeking the Sanction Recognition Order
February 4, 2011	Anticipated Plan Implementation Date and

	Closing of the Transaction Agreement
February 4, 2011	Anticipated Implementation Payment Date when Monitor will issue Implementation Payments to Affected Creditors with Proven Distribution Claims
March 31, 2011	Anticipated Final Determination Date (within seven business days after last Unresolved Claim is resolved) when Monitor will allocate Reserve to Affected Creditors with Proven Distribution Claims

SCHEDULE "A"

FORM OF PLAN RESOLUTION

**FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC.,
FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED,
FRASER PAPERS LIMITED and FRASER N.H. LLC**

**Plan of Compromise or Arrangement
under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended**

BE IT RESOLVED THAT:

1. The plan of compromise or arrangement of Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC attached as Schedule "B" to the notice of meeting and information summary of the Applicants dated November 29, 2010 (the "**Information Summary**") as such Plan may be amended varied or supplemented by the Applicants from time to time in accordance with its terms and the transactions contemplated therein be and it is hereby accepted, approved, agreed to and authorized;
2. Notwithstanding the passing of this resolution by the Affected Creditors, or approval by the Court and recognition by the U.S. Court, the Applicants may, subject to further order of the Court, determine not to proceed with the Plan.

SCHEDULE "B"

PLAN OF COMPROMISE OR ARRANGEMENT

SCHEDULE "D"

OVERVIEW OF PLAN OF ARRANGEMENT AND SALE TRANSACTION

OVERVIEW OF PLAN OF ARRANGEMENT AND SALE TRANSACTION

TO: All Unrepresented Creditors of Fraser Papers Inc. / Papiers Fraser Inc., FPS Canada, Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC (collectively, the "Companies")

The Companies have been operating under a Court supervised restructuring pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") in Canada and under Chapter 15 of the *U.S. Bankruptcy Code* since June 18, 2009. PricewaterhouseCoopers Inc. acts as court-appointed Monitor (the "Monitor") of the Companies. The Companies have, over the course of the past 18 months, taken a number of steps to complete a restructuring and that process is now almost complete. We are providing you with this summary of the status of the restructuring, the formal Plan of Compromise and Arrangement (the "Plan") that is being presented by the Companies to their creditors and the terms of a transaction (the "Transaction") involving a sale of the Companies' U.S. subsidiaries to Brookfield Asset Management Inc. or its designate (the "Plan Sponsor") which will be undertaken as part of the Plan.

In a formal insolvency proceeding supervised by the Courts, the Companies prepare a Plan that is then presented to their creditors for the purposes of allowing creditors to vote in favour of, or to reject the Plan. The Companies are now at the stage where they have prepared a Plan and you will have an opportunity to cast your vote as to the terms of that Plan.

In order for the Plan to be approved and therefore implemented by the Companies, a sufficient number of creditors must vote in favour of the Plan. Otherwise the Plan is deemed to have been rejected. The Companies are providing you with this high-level summary of the Plan and the Transaction to be completed as part of the Plan, to help you understand the terms proposed, and how they affect you as a creditor.

It is important to note that this document provides a brief summary only. The full Plan and all documents relating to the Plan are available on the website of the Monitor, and in the event of any inconsistency between those documents and this summary, those documents govern. You can access all documents through the Monitor's website at: www.pwc.com/car-fraserpapers.

The key terms of the Plan and the Transaction are as follows:

- The residual operations to be sold to the Plan Sponsor as part of the Plan include the shares of the companies which own the lumber mills located in Ashland and Masardis, Maine. The operations will be sold as a going concern resulting in the opportunity for continued employment and the opportunity for continuing supply of goods and services. If the Companies are not otherwise able to conclude a sale of the paper mill located in Gorham, New Hampshire to a third party, the Transaction will include a sale of the shares of the company that owns this mill, to the Plan Sponsor. If the Gorham Mill is sold to a third party, the purchase price payable under the Plan Sponsor transaction will be reduced by the net proceeds received on such sale.
- Once the Transaction is completed, all operating assets of the Companies will have been sold. All cash received from the sale of the Companies' operations and other assets will be used to repay amounts owing to the DIP Lender (which advanced funds to permit the restructuring to be

completed) and to repay amounts owing to secured creditors who have valid lien claims against specific assets of the Companies.

- All available cash after repaying secured creditors (including the DIP Lender), and all proceeds and value generated from the sale of the Companies' assets and operations, will then be available for its unsecured creditors. This includes common shares representing a 49% equity interest in Twin Rivers Paper Company Inc. ("Twin Rivers"), which was the purchaser of the specialty papers business, and an unsecured promissory note in the amount of approximately \$44 million payable by Twin Rivers.
- As the promissory note is not due and payable until April, 2018 and neither the promissory notes nor the common shares can be distributed to creditors on an individual basis, a trust is being created for the benefit of all unsecured creditors who have proven claims against the Companies. Other than separate trusts created for the claims of the pension plans registered in the Province of New Brunswick (pursuant to earlier Orders of the Court), the claims of all other unsecured creditors will be administered through one trust. The terms of the Trust Agreement creating the Trust, appointing the Trustee, outlining its powers and duties and providing for all distributions out of the trust will be approved by the Court prior to the Companies delivering any cash or other proceeds of sale to the trust.
- All unsecured creditors with proven claims against the Companies will share, on a *pro rata* basis relative to the dollar amount of each claim, the cash and other proceeds held by the Trust (including the common shares of Twin Rivers and promissory note payable by Twin Rivers). Upon the common shares and promissory note subsequently being realized upon, the Trustee will make a cash distribution to each unsecured creditor based on its respective *pro rata* entitlement, relative to all other unsecured creditors.
- The Plan provides that all unsecured creditors will receive a payment of \$500 per claim if the Plan is approved through a vote by unsecured creditors and is implemented in accordance with its terms. If a creditor's actual claim is less than \$500, it will receive the total amount of its claim up to \$500. All unsecured creditors will continue to hold a claim for the balance owed to them. Once the Trustee is able to realize cash from the proceeds it holds in the trust, it will make a *pro rata* distribution to unsecured creditors based on the remaining amount of each claim.
- The \$500 cash payment to unsecured creditors will be made within one week of the implementation of the Plan and closing of the Transaction, which we anticipate will be mid-January, 2011. If the Companies do not have sufficient funds in mid-January to make this payment, either a reduced payment will be made to all unsecured creditors based on available funds, or the payment will be made as soon as the funds become available.
- The Companies and the Monitor are recommending that all unsecured creditors vote in favour of the Plan and the closing of the Transaction, as they provide the following benefits that will only be available if the Plan is approved:
 - (i) total proceeds received from the Transaction that are in excess of what could be obtained through a series of sales to third parties;
 - (ii) a timely completion of the restructuring process which serves to minimize the professional fees and other costs which would otherwise have had a negative impact on the recovery for unsecured creditors; and

- (iii) greater certainty and finality for stakeholders by concluding all outstanding matters in the proceeding.

If the Plan is implemented, the claims of unsecured creditors will continue as against the proceeds (any residual cash, promissory notes and common shares of Twin Rivers) held by the Trustee. All claims against the Companies, the directors and officers of the Companies, the Plan Sponsor, the DIP Lender and its affiliates and the Monitor will be released upon implementation of the Plan.

If the Plan does not receive sufficient support from creditors in the form of a positive vote to accept the Plan, the Transaction and implementation of the Plan cannot be done. If the Plan is not implemented, the payment of \$500 to each creditor cannot be made, as the Companies will not have sufficient cash to fund such a payment. In addition, the Companies will continue to incur substantial costs and expenses in an effort to sell their remaining assets and operations and deal with the claims of its creditors, which will significantly (negatively) impact any recovery for unsecured creditors.

In order to vote on the Plan you will need to complete the attached Proxy and deliver it by fax, email or regular mail to the Monitor, so that it is received by 2:00 p.m. (EST) on Friday, January 7, 2011.

If you do not fully understand the terms of the Plan that is proposed by the Companies with the support of the Monitor, you should contact the Monitor for further information or obtain advice from your own legal counsel.

Sincerely,

Glen McMillan,
Chief Restructuring Officer of the Companies

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

Court File No.: CV-09-8241-08CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

MEETING ORDER
(DECEMBER 3, 2010)

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Lawyers for the Applicants

Exhibit 2



Court File No CV-09-8241-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM

JUSTICE PEPALL

mi *17*
THURSDAY, THE 16th DAY

OF DECEMBER, 2010

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

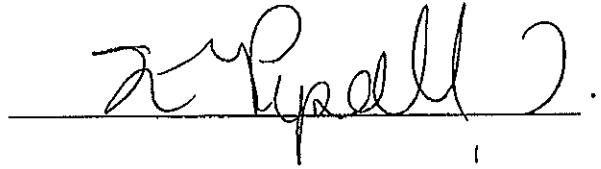
AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR
ARRANGEMENT WITH RESPECT TO **FRASER PAPERS
INC./PAPIERS FRASER INC.**, FPS CANADA INC., FRASER PAPERS
HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED
and FRASER N.H. LLC (collectively, the "Applicants")

ORDER
(Amending Meeting Order)

THIS RELIEF, sought by the Applicants for an Order amending the Order of this Court dated December 3, 2010 authorizing the Applicants to call a meeting of creditors (the "Meeting Order"), was heard this day at a 9:30 a.m. chambers appointment at 330 University Avenue, Toronto, Ontario.

SP **ON HEARING** the submissions of counsel for the Applicants, counsel for the Monitor and court-appointed ~~R~~representative ~~C~~counsel for the employees and retirees of the Applicants ("Davies"), no other counsel appearing although duly provided with short notice of this attendance and the terms of the requested Order as appears from the Affidavit of Service of D.J. Miller sworn December 15, 2010, and upon being advised that the relief sought is supported by the Monitor and by Davies, and is not opposed by: (i) the DIP Lender, (ii) United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union and Communications ("USW") or (iii) Communications, Energy and Paperworkers Union of Canada ("CEP");

1. **THIS COURT ORDERS** that paragraph 25 of the Meeting Order is hereby amended by adding the following sentence at the end of the paragraph: "Notwithstanding the terms of this paragraph 25, the Proven Voting Claims filed by Representative Counsel on behalf of the twenty (20) former employees who were governed by the terms of a collective agreement involving the International Brotherhood of Electrical Workers, shall be treated for all purposes as individual Proven Voting Claims and, to the extent they are or become Proven Distribution Claims, as individual Proven Distribution Claims under the Plan."



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ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

DEC 17 2010

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

Applicants

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

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

Proceedings commenced at Toronto

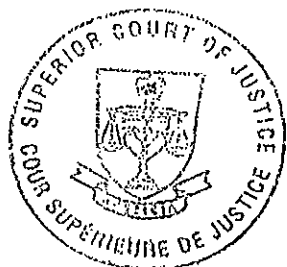
ORDER
(Amending Meeting Order)

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

D.J. Miller (LSUC# 34393P)
Tel: 416-304-0559
Fax: 416-304-1313

Lawyers for the Applicants

Exhibit 3



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

THE HONOURABLE MR.

) TUESDAY, THE 1ST DAY

)

JUSTICE MORAWETZ

) 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

SUPPLEMENTAL MEETING ORDER

THIS MOTION, brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order supplementing the Meeting Order dated December 3, 2010, as amended by the Amending Meeting Order dated December 17, 2010 (collectively, the "**Meeting Order**") by, among other things, (a) accepting the filing of the Amended Consolidated Plan of Compromise and Arrangement dated January 27, 2011 (the "**Amended Plan**") attached hereto as Schedule "A", without schedules attached ~~thereto~~ ^{thereof}, (b) authorizing the Applicants to establish one class of Affected Creditors for the purposes of considering and voting on the Amended Plan, (c) authorizing the Applicants to call, hold and conduct a further meeting of their Affected Creditors (the "**February Meeting**") to

consider and vote on a resolution to approve the Amended Plan, (d) approving the procedures to be followed with respect to the calling and conduct of the February Meeting, and (e) setting the date for the hearing of the Applicants' motion seeking an Order sanctioning the Amended Plan (the "**Plan Sanction Hearing**"), was heard this day at 330 University Avenue, in the City of Toronto, Ontario.

ON READING the affidavit of Glen McMillan sworn on November 29, 2010, the affidavit of Glen McMillan sworn on January 11, 2011, each previously filed, the affidavit of Glen McMillan sworn on January 27, 2011, the Sixteenth Report (the "**Sixteenth Report**") of PricewaterhouseCoopers Inc., in its capacity as court-appointed monitor of the Applicants (the "**Monitor**"), previously filed, the Seventeenth Report (the "**Seventeenth Report**") of the Monitor, to be filed, and on hearing the submissions of counsel for 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 and Collateral 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 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 New Brunswick Superintendant of Pensions, counsel for United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union ("**USW**"), and upon being advised that counsel for Communications, Energy and Paperworkers Union of Canada ("**CEP**") although not appearing does not oppose the

relief sought, no one appearing for any other party on the service list in these CCAA Proceedings (the "Service List") although all duly served as appears from the affidavit of service of Danny Nunes sworn on January 31, 2011, filed, and upon reviewing the affidavit of service of Danny Nunes sworn on January 31, 2011 with respect to service of the motion record on the Non-Released Parties:

SERVICE

1. **THIS COURT ORDERS** that the time for the service of the notice of motion, the motion record in respect of this motion, and the Seventeenth Report be and it is hereby abridged and that this Motion is properly returnable today and service of the notice of motion, motion record and the Monitor's Seventeenth Report is hereby validated in all respects.

DEFINITIONS

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Supplemental Meeting Order shall have the meanings ascribed to them in either the Meeting Order or the Amended Plan, as applicable.

THE AMENDED PLAN

3. **THIS COURT ORDERS** that the Amended Plan be and is hereby accepted for filing with the Court, and that the Applicants are authorized to seek approval of the Amended Plan in the manner set forth herein.
4. **THIS COURT ORDERS** that, subject to the consent of the Plan Sponsor, the Applicants be and are hereby authorized to amend, modify and/or supplement the Amended Plan, in

consultation with the Monitor, provided that any such amendment, modification or supplement:

- (a) if made prior to the Meeting, is communicated by the Applicants or the Chair to the Affected Creditors prior to or at the Meeting;
- (b) if made at any time during the Meeting, is communicated by the Applicants or the Chair to those in attendance at the Meeting prior to the vote being taken in respect of the Amended Plan; and
- (c) in all cases, is set out in writing and is filed with the Court and posted on the Monitor's website at www.pwc.com/car-fraserpapers (the "Website") on or before the Plan Sanction Hearing.

5. **THIS COURT ORDERS** that, notwithstanding anything in paragraph 4 herein, the Applicants be and are hereby authorized to amend, modify and/or supplement the Amended Plan at any time following the date the Sanction Order, if granted, either with Court approval or without obtaining Court approval if each of the Applicants, the Plan Sponsor and the Monitor determine that such amendment, modification and/or supplement is of an administrative nature required to better give effect to the implementation of the Amended Plan and, if applicable, to the Sanction Order and is not adverse or prejudicial to the financial or economic interests of the Affected Creditors. Any such amendments, modifications and/or supplements to the Amended Plan shall be filed with the Court and posted on the Monitor's Website.

CLASSIFICATION OF CREDITORS

6. **THIS COURT ORDERS** that for the purposes of considering and voting on the Amended Plan the Affected Creditors of the Applicants shall constitute a single class of Creditors (the **“Unsecured Creditors Class”**).

NOTICE OF FEBRUARY MEETING

7. **THIS COURT ORDERS** that as soon as practicable after the granting of this Supplemental Meeting Order (the Monitor shall use best efforts to do so by 5:00 p.m. on Tuesday, February 1, 2011) and, in any event, no later than 10:00 a.m. (Eastern Standard Time (**“EST”**)) on Wednesday, February 2, 2011, the Monitor shall post on its Website electronic copies of the following documents (the **“February Meeting Materials”**) with the Meeting Materials that it posted previously in accordance with the Meeting Order until 30 days after the Plan Implementation Date and email same to the Service List in this proceeding:

- (a) the Amended Plan (in English and French) with the Schedules to the Amended Plan including the Transaction Agreement (in English only);
- (b) a blacklined document comparing the Plan to the Amended Plan without Schedules (in English and French);
- (c) the Form of Proxy updated to provide information with respect to the February Meeting in the form attached hereto as Schedule **“B”** (the **“Form of Proxy”**) (in English and French);

- (d) the notice to Creditors in respect of the Amended Plan, the February Meeting and the Plan Sanction Hearing substantially in the form attached hereto as Schedule "C" (the "New Notice to Creditors") (in English and French);
- (e) the Monitor's Seventeenth Report (in English only); and
- (f) the Supplemental Meeting Order (in English only).

8. **THIS COURT ORDERS** that, subject to paragraph 9 of this Order, as soon as practicable after the granting of this Supplemental Meeting Order (the Monitor shall use best efforts to do so by 5:00 p.m. on Tuesday, February 1, 2011) and, in any event, no later than 10:00 a.m. (EST) on Wednesday, February 2, 2011, the Monitor shall send to each Affected Creditor by email at the e-mail address listed on the Proof of Claim submitted by such Affected Creditor or such other e-mail address subsequently provided to the Monitor by such Affected Creditor, or where such Affected Creditor is represented by legal counsel (other than Representative Counsel) in these proceedings, to such Affected Creditor's legal counsel at the e-mail address listed on the Service List:

- (a) the Form of Proxy in English and French;
- (b) the New Notice to Creditors in English and French; and
- (c) a link to the Monitor's Website to allow such Affected Creditors to access and obtain the Amended Plan and copies of all other February Meeting Materials and Meeting Materials.

9. **THIS COURT ORDERS** that as soon as practicable after the granting of this Supplemental Meeting Order (the Monitor shall use best efforts to do so by 5:00 p.m. on

Tuesday, February 1, 2011) and, in any event, no later than 10:00 a.m. (EST) on Wednesday, February 2, 2011, the Monitor shall send to each Affected Creditor that voted, in person or by proxy, at the Meeting and for which the Monitor does not have an email address, the February Meeting Materials (in the language that such Affected Creditor filed its proxy, if such materials are available in English and French) by courier at the contact address listed on the Proof of Claim submitted by such Affected Creditor or to such other address, if any, as may have been subsequently provided to the Monitor by such Affected Creditor.

10. **THIS COURT ORDERS** that posting of the February Meeting Materials on the Monitor's Website in accordance with paragraph 7 herein and the delivery of a copy of the February Meeting Materials upon the Affected Creditors in the manner set out in paragraphs 7, 8 and 9 herein shall constitute good and sufficient service of this Supplemental Meeting Order and the Amended Plan, and good and sufficient notice of the February Meeting on all Affected Creditors who may be entitled to receive notice hereof, or of these CCAA Proceedings, or who may wish to be present in person or by proxy at the February Meeting, or who may wish to appear in these CCAA Proceedings, and no other form of notice or service need be made on such Persons, and no other documents or materials need be served on such Persons in respect of these CCAA Proceedings. Service shall be effective in the case of service by e-mail on the day the e-mail was transmitted, unless such day is not a Business Day, or the e-mail transmission was made after 5:00 p.m. (EST), in which case, service shall be effective on the next Business Day and in the case of service by courier, one (1) Business Day after such courier is sent.

11. **THIS COURT ORDERS** that the form and substance of the Form of Proxy and the New Notice to Creditors is hereby approved. The Applicants are authorized to make such minor changes to the Proxy and the New Notice to Creditors as the Applicants and the Monitor deem necessary or desirable.

THE FEBRUARY MEETING AND TREATMENT OF CREDITORS

12. **THIS COURT ORDERS** that the Applicants are hereby authorized to call, hold and conduct the February Meeting of the Unsecured Creditor Class for the purpose of considering, and if deemed advisable, passing, with or without variation, a resolution to approve the Amended Plan. The February Meeting shall be held at 10:00 a.m. (EST) on Tuesday, February 8, 2011 at the offices of Thornton Grout Finnigan LLP, Canadian Pacific Tower, Toronto-Dominion Centre, 100 Wellington Street West, Suite 3200, Toronto, Ontario, M5K 1K7.
13. **THIS COURT ORDERS** the provisions of the Meeting Order under the headings The Meeting and Treatment of Creditors shall be applicable to and shall govern all aspects of the February Meeting and the Amended Plan save and except as such provisions are specifically modified pursuant to this Supplemental Meeting Order.
14. **THIS COURT ORDERS** that, in respect of the February Meeting and the Amended Plan, the Chair be and is hereby authorized to accept and rely upon all duly completed Proxies previously delivered by Affected Creditors to the Monitor for the Meeting, and that Affected Creditors shall not be required to submit a new Proxy in order to vote at the February Meeting.

15. **THIS COURT ORDERS** that Proxies must be received by the Monitor by no later than 2:00 p.m. (EST) on Monday, February 7, 2011, or 48 hours (excluding Saturdays, Sundays and holidays) before the time of any recommencement of the February Meeting if it has been adjourned, or presented to the Monitor at the February Meeting or at the recommencement of the February Meeting if it has been adjourned.
16. **THIS COURT ORDERS** that an Affected Creditor who has given a Proxy may revoke such Proxy (as to any matter on which a vote has not already been cast pursuant to its authority), unless such Affected Creditor has agreed otherwise, by an instrument in writing executed by such Affected Creditor or by its attorney, duly authorized in writing or, if such Affected Creditor is not an individual, by an officer or attorney thereof duly authorized, and delivering it to the Monitor by mail, delivery, courier, facsimile or email at the address set out in paragraph 24 herein by 2:00 p.m. (EST) on Monday, February 7, 2011, or 48 hours (excluding Saturday, Sundays and holidays) before the time of any recommencement of the February Meeting if it has been adjourned, or presented to the Monitor at the February Meeting or at the recommencement of the February Meeting if it has been adjourned.
17. **THIS COURT ORDERS** that the Monitor shall file a report with this Court by no later than noon (EST) on February 9, 2011, or within two Business Days after the February Meeting if it's adjourned to a later date, with respect to the results of the vote, including whether:
 - (a) the Amended Plan has been accepted by the Required Majority of the Unsecured Creditors Class; and

- (b) whether the votes cast in respect of Unresolved Claims, if any, would affect the approval or non-approval of the Amended Plan.

PLAN SANCTION HEARING AND SANCTION ORDER

18. **THIS COURT ORDERS** that if the Amended Plan has been accepted by the Required Majority set out in the CCAA, the Applicants shall bring a motion seeking the Sanction Order on Thursday, February 10, 2011, at 10:00 a.m. (EST) or as soon thereafter as the matter can be heard.
19. **THIS COURT ORDERS** that service and publication of the New Notice to Creditors as provided herein and the posting of this Supplemental Meeting Order on the Monitor's Website pursuant to paragraph 7 herein shall constitute good and sufficient service of notice of the Plan Sanction Hearing upon all Persons who may be entitled to receive such service and no other form of service or notice need be made on such Persons and no other materials need be served on such Persons in respect of the Plan Sanction Hearing unless they have served and filed a Notice of Appearance in these CCAA Proceedings.
20. **THIS COURT ORDERS** that any Person (other than Persons on the Service List) wishing to receive materials and appear at the Plan Sanction Hearing shall serve upon the lawyers for each of the Applicants, the Monitor and the Plan Sponsor and file with this Court a Notice of Appearance by no later than 5:00 p.m. (EST) on Tuesday, February 8, 2011, or, if the Plan Sanction Hearing is delayed, by no later than 5:00 p.m. (EST) on the date that is five (5) Business Days' prior to the Plan Sanction Hearing.
21. **THIS COURT ORDERS** that any Person who wishes to oppose the motion for the Sanction Order shall serve upon the lawyers for each of the Applicants, the Monitor and

the Plan Sponsor, and upon all other parties on the Service List, and file with this Court a copy of the materials to be used to oppose the motion for the Sanction Order by no later than 2:00 p.m. (EST) on Wednesday, February 9, 2011, or if the Plan Sanction Hearing is delayed, by no later than 5:00 p.m. (EST) on the date that is five (5) Business Days' prior to the Plan Sanction Hearing.

22. **THIS COURT ORDERS** that if the Plan Sanction Hearing is adjourned, only those Persons who are listed on the Service List (including those Persons who have complied with paragraph 20 of this Supplemental Meeting Order) shall be served with notice of the adjourned date of the Plan Sanction Hearing.

GENERAL

23. **THIS COURT ORDERS** that the Applicants and the Monitor may, in their discretion, generally or in individual circumstances, waive in writing the time limits imposed on any Affected Creditor under this Supplemental Meeting Order if the Applicants and the Monitor deem it advisable to do so, without prejudice to the requirement that all other Affected Creditors must comply with the terms of this Supplemental Meeting Order.
24. **THIS COURT ORDERS** that any notice or other communication to be given pursuant to this Supplemental Meeting Order by or on behalf of any Person to the Monitor shall be in writing and will be sufficiently given only if by mail, courier, e-mail, fax or hand-delivery addressed to:

PricewaterhouseCoopers Inc.
Monitor of Fraser Papers Inc.
77 King Street West, P.O. Box 82, Suite 3000
Royal Trust Tower, TD Centre,
Toronto, Ontario M5K 1G8

Attention: Tracey Weaver
Telephone: 1.877.332.1688
Fax: (416) 814-3219
Email: FPclaims@ca.pwc.com

25. **THIS COURT ORDERS** that if any deadline set out in this Supplemental Meeting Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.
26. **THIS COURT ORDERS** that, notwithstanding the terms of this Supplemental Meeting Order, the Applicants may apply to this Court from time to time for such further Order or Orders as they consider necessary or desirable to amend, modify, supplement or replace this Supplemental Meeting Order.

EFFECT, RECOGNITION AND ASSISTANCE

27. **THIS COURT ORDERS** that the Applicants and the Monitor may, from time to time, apply to this Court for advice and directions concerning the discharge of their respective powers and duties under this Supplemental Meeting Order or the interpretation or application of this Supplemental Meeting Order.
28. **THIS COURT ORDERS** that this Supplemental Meeting Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.
29. **THIS COURT ORDERS AND REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative

tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America, including the U.S. Court presiding over the Chapter 15 Proceedings, and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Supplemental Meeting Order. Each of the Applicants and the Monitor shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial, regulatory and administrative bodies, and take such other steps, in Canada or in the United States of America, as may be necessary or advisable to give effect to this Supplemental Meeting Order and any other Order granted by this Court.



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ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

FEB - 1 2011

PER / PAR:



SCHEDULE "A"

AMENDED CONSOLIDATED PLAN OF COMPROMISE AND ARRANGEMENT

**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**

Applicants

**AMENDED CONSOLIDATED PLAN OF COMPROMISE AND
ARRANGEMENT**

**PURSUANT TO THE
COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)**

concerning, affecting and involving

**FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC.,
FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED,
FRASER PAPERS LIMITED and FRASER N.H. LLC**

January 27, 2011

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AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)

ARTICLE I INTERPRETATION

1.01 Definitions

In the Plan (including the Schedules hereto), unless otherwise stated or unless the subject matter or context otherwise requires:

"Administration Charge" means the charge in favour of the Monitor, counsel to the Monitor and the Applicants' Canadian and U.S. counsel granted pursuant to paragraph 35 of the Initial Order, as more particularly set out therein, as amended and extended to include the Claims Officers;

"Affected Claim" means any Claim that is not an Unaffected Claim;

"Affected Creditor" means any Person having an Affected Claim and includes the transferee or assignee of a transferred or assigned Affected Claim who is recognized as an Affected Creditor by the Applicants and the Monitor in accordance with the Claims Order;

"Aggregate Implementation Payment Amount" has the meaning ascribed to it in Section 4.04 herein;

"Applicable Law" means in respect of any Person, property, transaction, event or other matter, any law, statute, regulation, code, ordinance, principle of common law or equity, municipal by-law, treaty or order, domestic or foreign, applicable to that Person, property, transaction, event or other matter and all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, and policies, in each case, having the force of law, of any Governmental Authority having or purporting to have the authority over that Person, property, transaction, event or other matter and regarded by such Governmental Authority as requiring compliance;

"Applicants" means, collectively, Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC;

"BAM" means Brookfield Asset Management Inc.;

"Brookfield US" means Brookfield US Corporation;

"Business Day" means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;

"Cash" includes legal tender, cheque, draft or funds received through electronic transfer;

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in effect as of the date of the Initial Order;

"CCAA Charges" means, collectively, the Administration Charge, the DIP Lender's Charge, the Directors' Charge and the Inter-Company Charge, in each case as defined in the Initial Order;

"CCAA Proceedings" means the proceedings under the CCAA commenced by the Applicants pursuant to the Initial Order;

"CDN \$" means Canadian dollars;

"Chapter 15 Claims Order" means an order issued by the U.S. Court dated August 5, 2009 within the Chapter 15 Proceedings recognizing and giving full force and effect to the Claims Order;

"Chapter 15 Proceedings" means the proceedings commenced by the Applicants on June 18, 2009 in the U.S. Court under Chapter 15 of the United States Bankruptcy Code Case No. 09-12123 (KJC) in which the CCAA Proceedings were recognized as a foreign main proceeding;

"Claim" means:

- (a) a Restructuring Claim;
- (b) a Secured Claim; and/or
- (c) the rights of any Person whatsoever, including any Secured Creditor, against one or more of the Applicants and/or Directors, whether or not asserted and however acquired, in connection with any indebtedness, liability or obligation of any kind of one or more of the Applicants and/or Directors in existence on the Filing Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, direct or indirect, by guarantee, surety, insurance deductible or otherwise, and whether or not such claim or right arises out of a contract that is executory or anticipatory in nature, and including any claim of negligence or breach of fiduciary duty relating in any way to pension plan administration or any other claims that would have been claims provable in bankruptcy had the applicable Applicant become bankrupt on the Filing Date and whether or not such right or claim resulted in a Proof of Claim being filed against the Applicants or the Directors under the Claims Order;

"Claims Bar Date" means 5:00 p.m. (Eastern Standard Time) on September 30, 2009, or such later date as may be ordered by the Court;

"Claims Officers" means John D. Ground, Andrew Diamond and such other Persons as may be designated by the Applicants, acceptable to the Monitor and approved by the Court for the purpose of resolving Unresolved Claims in accordance with the Claims Order;

"Claims Order" means the Order of the Court dated July 15, 2009 and recognized in the U.S. Court by the Chapter 15 Claims Order, as such Order may be amended, restated or varied by subsequent Order of the Court from time to time;

"Claims Process" means the Claims Process for determining the validity of Claims for voting and distribution purposes as set out in the Claims Order;

"Common Shares" means two million, four hundred and one thousand nine hundred and sixty (2,401,960) common shares of Twin Rivers issued to Fraser pursuant to a Share Certificate dated April 28, 2010 representing a 49% interest in the capital stock of Twin Rivers and having a notional value of \$24 million as at April 28, 2010;

"Continuing Obligations" has the meaning ascribed to it in the Transaction Agreement;

"Court" means the Ontario Superior Court of Justice (Commercial List);

"Creditor" means any Person having a Claim and includes, without limitation, the transferee or assignee of a Claim or a trustee, liquidator, receiver, receiver and manager, or other Person acting on behalf of such Person;

"Creditor Trust" means the trust to be formed on or before the Plan Implementation Date which shall hold any Promissory Notes, Common Shares and any Cash for the benefit of all Affected Creditors with Proven Distribution Claims other than the NB Hourly Claim and the NB Salaried Claim and except those that are resident in the U.S. pursuant to the creditor trust agreements in the proposed form to be confirmed by the Trust Order;

"Creditor Trusts" means, collectively, the Creditor Trust and the U.S. Creditor Trust;

"DIP Lender" means, collectively, BAM and Brookfield US;

"DIP Lender's Charge" means the charge in favour of the DIP Lender granted pursuant to paragraph 40 of the Initial Order, as more particularly set out therein;

"Directors" means, collectively, those individuals who are or were previously directors or officers of any one or more of the Applicants and **"Director"** means, individually, any one of them;

"Directors' Charge" means the charge in favour of the Directors created under paragraph 25 of the Initial Order, as more particularly set out therein;

"Distribution Pool" means the Promissory Notes, the Common Shares and any Cash available to the Affected Creditors with Proven Distribution Claims pursuant to and in accordance with the Plan, which shall be held from and after the Plan Implementation Date in trust for the benefit of the Affected Creditors in one of the Trusts or in the Reserve all as more particularly described herein;

"Encumbrance" means any interest, charge, lien, claim, mortgage, lease, sublease, hypothecation, deed of trust, pledge, security interest, option, right of use or possession, right of

first offer or first refusal, right of way, easement, servitude, restrictive covenant, encroachment, encumbrance, or other restriction or limitation of any kind howsoever erected or arising;

"Equity Interests" has the meaning ascribed to it in the Transaction Agreement;

"Filing Date" means June 18, 2009;

"Final Determination Date" means a date not more than seven business (7) days after all Unresolved Claims have been finally determined for distribution purposes pursuant to the Claims Order;

"FPHI" means Fraser Papers Holdings Inc.;

"FPHI Shares" has the meaning ascribed to it in the Transaction Agreement;

"Fraser" means Fraser Papers Inc./Papiers Fraser Inc., a corporation governed by the *Canada Business Corporations Act*;

"Government Priority Claims" means all Claims that fall within Section 18.2 of the CCAA;

"Governmental Authority" means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government;

"Implementation Payment" has the meaning ascribed to it in Section 4.04 herein;

"Implementation Payment Date" means a date not more than seven (7) days after the Plan Implementation Date or such other date as may reasonably be determined by the Applicants in consultation with the Monitor after the Plan Implementation Date;

"Included Property" has the meaning ascribed to it in the Transaction Agreement;

"Initial Order" means the Order of the Court dated June 18, 2009, as amended, extended, restated or varied by subsequent Order of the Court from time to time;

"Inter-Company Claim" means a Claim of an Applicant against one or more of the other Applicants;

"Meeting" means the meeting of Affected Creditors to be called and held pursuant to the Meeting Order for the purpose of considering and voting on the Plan pursuant to the CCAA, and includes any adjournment of such meeting;

"Meeting Order" means an Order to be obtained in the CCAA Proceedings establishing the terms and procedure for calling the Meeting of Affected Creditors to vote on the Plan and setting the date of the Plan Sanction Hearing, as same may be amended, modified, supplemented, restated or varied by the Court from time to time;

"Monitor" means PricewaterhouseCoopers Inc., in its capacity as Court-Appointed Monitor pursuant to the Initial Order;

"NB Hourly Claim" means the Claim filed by Morneau Sobeco Limited Partnership (now Morneau Shepell Inc.) in its capacity as Administrator of the NB Hourly Plan in respect of the windup deficit of the NB Hourly Plan as of March 31, 2010, which has been accepted as a Proven Distribution Claim in the amount of \$110,139,269;

"NB Hourly Plan" means the Pension Plan for New Brunswick Hourly Paid Employees of Fraser Papers Inc., New Brunswick Registration #0251264;

"NB Hourly Trust" means the trust created by the NB Hourly Trust Agreement;

"NB Hourly Trust Agreement" means the declaration and agreement of trust made as of April 28, 2010 between Fraser as settler of the trust, Communications, Energy and Paperworkers Union of Canada as the union, and Doris Lavoie, Jean Clavette and Mario Theriault collectively as trustees, as same may be amended from time to time in accordance with its terms;

"NB Salaried Claim" means the Claim filed by Morneau Sobeco Limited Partnership (now Morneau Shepell Inc.) in its capacity as Administrator of the NB Salaried Plan in respect of the windup deficit of the NB Salaried Plan as of March 31, 2010, which has been accepted as a Proven Distribution Claim in the amount of \$24,257,074;

"NB Salaried Plan" means the Pension Plan for New Brunswick Salaried Employees of Fraser Papers Inc., New Brunswick Registration #0251256;

"NB Salaried Trust" means the trust created by the NB Salaried Trust Agreement;

"NB Salaried Trust Agreement" means the declaration and agreement of trust made as of December 2, 2010 between Fraser as settler of the trust, and Don Corey, Rino Girard and Mark Fitzherbert collectively as trustees, as same may be amended from time to time in accordance with its terms;

"Non-Released Claims" has the meaning given to that term in Section 9.01 herein;

"Non-Released Parties" has the meaning given to that term in Section 9.01 herein;

"Order" means any order of the Court in the CCAA Proceedings;

"Permitted Encumbrance" has the meaning ascribed to it in the Transaction Agreement;

"Person" means any individual, corporation, limited or unlimited liability company, general or limited partnership, income fund, association, trust, pension fund, union, unincorporated organization, joint venture, government or any agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, pension plan administrator, or any other entity howsoever designated or constituted;

“Plan” means this plan of compromise and arrangement filed by the Applicants pursuant to the CCAA, including the Schedules hereto, as same may be amended, varied or supplemented hereinafter and from time to time in accordance with the terms hereof;

“Plan Implementation Date” means the Business Day on which the conditions precedent to implementation of the Plan have been satisfied, fulfilled or waived, as applicable, and the Monitor has completed and filed its certificate with the Court in accordance with Section 7.03 of the Plan;

“Plan Sanction Hearing” means the Court hearing at which the Applicants’ motion for the Sanction Order will be heard;

“Plan Sponsor” means BAM or such other Person or Person as it may designate on or prior to the Closing Date (as defined in the Transaction Agreement), in its capacity as Purchaser and Plan Sponsor under the Transaction Agreement;

“Post-Filing Claims” means any indebtedness, liability or obligation of any kind that arises after the Filing Date from or in respect of: (a) any executory contract or unexpired lease that has not been terminated or repudiated by an Applicant; (b) the supply of services, delivery of goods, or monies advanced to any of the Applicants on or after the Filing Date; (c) all amounts to be remitted to a tax authority pursuant to paragraph 9 of the Initial Order during the period from the Filing Date to, but excluding, the Plan Implementation Date; provided that “Post Filing Claim” shall not include any Restructuring Claim;

“Prior Repayments” has the meaning given to that term in Section 4.04 herein;

“Pro Rata Share” means, in respect of any Affected Creditor of the Unsecured Creditor Class, on the Plan Implementation Date and the Final Determination Date, as applicable, the ratio determined on the date by the following formula:

$$\text{Pro Rata Share} = \frac{\text{Proven Distribution Claim of Affected Creditor in Unsecured Creditor Class} - \text{the Implementation Payment received by that Affected Creditor}}{\text{Aggregate amount of Proven Distribution Claims of all Affected Creditors in Unsecured Creditor Class} + \text{the Unresolved Claims of Affected Creditors in Unsecured Creditor Class} - \text{the cumulative amount of all Implementation Payments ;}}$$

“Promissory Notes” means, collectively, a Promissory Note in the principal amount of U.S. \$30 million from Twin Rivers in favour of Fraser dated April 28, 2010 and a Promissory Note in the principal amount of U.S. \$10 million from Twin Rivers in favour of Fraser dated April 28, 2010 as may be adjusted in accordance with the Twin Rivers APA;

“Proof of Claim” means the form to be completed and filed by a Creditor setting forth its purported Claim in accordance with the Claims Order;

“Proven Distribution Claim” means an Affected Claim in respect of which a Proof of Claim has been or is deemed to have been filed in a proper and timely manner in accordance with the

Claims Order and which has been accepted or finally determined for distribution purposes in accordance with the Claims Order;

"Proven Voting Claim" means an Affected Claim in respect of which a Proof of Claim has been or is deemed to have been filed in a proper and timely manner in accordance with the Claims Order and which has been accepted for voting purposes in accordance with the Claims Order;

"Purchased Companies" has the meaning ascribed to it in the Transaction Agreement;

"Released Claims" has the meaning given to that term in Section 9.01 herein;

"Released Parties" has the meaning given to that term in Section 9.01 herein;

"Representative Counsel" means Davies Ward Philips & Vineberg LLP appointed as counsel to the Fraser Papers' Committee of Salaried Employees and Retirees pursuant to the Order of the Court dated September 17, 2009, as amended, extended, restated or varied by subsequent Order of the Court from time to time.

"Required Majority" means a majority in number of Affected Creditors who represent at least two-thirds in value of the Proven Voting Claims of Affected Creditors who actually vote on the resolution approving the Plan (in person, by proxy or by ballot) at the Meeting;

"Reserve" has the meaning given to that term in Section 4.09 herein;

"Restructuring Claim" means any right of any Person against one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation or termination after the Filing Date of any contract, lease or other agreement whether written or oral, provided however, a **"Restructuring Claim"** shall not include an Unaffected Claim;

"Restructuring Claims Bar Date" means 5:00 p.m. (Eastern Standard Time) on the date which is the earlier of thirty (30) calendar days after the event giving rise to the Restructuring Claim or fourteen (14) calendar days after the Plan Implementation Date;

"Sanction Order" means an Order made by the Court under the CCAA to, among other things, sanction, authorize and approve the Plan, in a form and substance satisfactory to the Plan Sponsor, acting reasonably, as such Order may be amended by the Court from time to time;

"Sanction Recognition Order" means the order to be sought from the U.S. Court recognizing and giving effect to the Sanction Order in the Chapter 15 Proceedings including, without limitation, enforcing the Plan;

"Secured Claim" means the portion of a Claim that is: (i) secured by security validly charging or encumbering property or assets of any of the Applicants (including statutory and possessory liens that create security interests) up to the value of such collateral; (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date or subsequently in accordance with the Initial Order; and (iii) not an Unaffected Claim;

"Secured Creditor" means any Creditor holding a Secured Claim;

"Share Certificate" means the share certificate of Twin Rivers issued to Fraser dated April 28, 2010 evidencing the issuance of the Common Shares to Fraser;

"Substantive Consolidation Order" means the Order of the Court dated November 3, 2010 authorizing and directing the Applicants to prepare the Plan on the basis of substantive consolidation of all of the Applicants, as recognized and approved by the order of the U.S. Court dated November 3, 2010;

"Taxes" means any and all taxes, duties, fees, pending assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind whatsoever (including any Claims by Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any Province or Territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority, including any municipality, of any Province or Territory of Canada), including all interest, penalties, fines and additions with respect to such amounts;

"Transaction Agreement" means the Transaction Agreement among the Applicants and the Plan Sponsor dated November 25, 2010 attached hereto as Schedule "A", as the same may be amended, restated and varied from time to time in accordance with the terms thereof;

"Terminated Pension Plans" means the NB Hourly Plan, the NB Salaried Plan, the Fraser Papers Inc. Defined Contribution Pension Plan, the Régime de retraite des salaires de Papiers Fraser Inc. Pates Thurso, the Régime de retraite des syndiqués de Papiers Fraser Inc. Pates Thurso and the Pension Plan for Eligible Employees of Fraser Papers Limited;

"Trust Order" means an Order made by the Court within the CCAA Proceedings authorizing Fraser to settle the Creditor Trusts, approving the form and authorizing the execution of the creditor trust agreements and confirming the appointment of the trustees of each of the Creditor Trusts;

"Trusts" means, collectively, the Creditor Trusts, the NB Hourly Trust and the NB Salaried Trust;

"Twin Rivers" means Twin Rivers Paper Company Inc., a corporation governed by the *Business Corporations Act* (Ontario);

"Twin Rivers APA" means the asset purchase agreement between the Applicants and BAM and/or such other Person(s) as it may designate, namely Twin Rivers and Twin Rivers Paper Company LLC dated as of December 22, 2009, as amended;

"Unaffected Claim" has the meaning given to that term in Section 2.04 herein;

"Unaffected Creditor" means a Person who has an Unaffected Claim, but only in respect of such Unaffected Claim;

"Unresolved Claim" means an Affected Claim that was filed on a timely basis in accordance with the Claims Order but that is in dispute for voting and/or distribution purposes as at the date

of the Meeting or as at the Plan Implementation Date, as the case may be, pursuant to the Claims Order;

“Unsecured Creditor Class” means a class of Persons consisting of all Affected Creditors with an Affected Claim;

“U.S.” means United States of America;

“U.S. \$” means U.S. dollars;

“U.S. Court” means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 15 Proceedings;

“U.S. Creditor Trust” means the U.S. trust to be formed on or before the Plan Implementation Date which shall hold any Promissory Notes, Common Shares and any Cash for the benefit of all Affected Creditors with Proven Distribution Claims other than the NB Hourly Claim and the NB Salaried Claim that are resident in the U.S. pursuant to the creditor trust agreements in the proposed form to be confirmed by the Trust Order;

“U.S. Sale Order” means the order to be sought from the U.S. Court recognizing and giving effect to the Vesting Order in the Chapter 15 Proceedings and approving such sale, in a form and substance satisfactory to the Plan Sponsor, acting reasonably;

“Vesting Order” means one or more Orders made by the Court under the CCAA as contemplated under the Plan and the Transaction Agreement to approve and give effect to the Transaction Agreement and the transactions contemplated therein and, among other things, (i) vesting the FPHI Shares in the Plan Sponsor free and clear of all Encumbrances, (ii) vesting the Included Property in the Purchased Companies free and clear of any and all Encumbrances except Permitted Encumbrances, and (iii) extinguishing and forever barring any and all liabilities, obligations and claims of the Purchased Companies other than the Continuing Obligations, in a form and substance satisfactory to the Plan Sponsor; and

“Website” means the website of the Monitor, www.pwc.com/car-fraserpapers.

1.02 Certain Rules of Interpretation

In the Plan:

- (a) the division of the Plan into Articles, Sections, subsections and clauses and the use of headings and a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of Articles and Sections intended as complete or accurate descriptions of the contents thereof;
- (b) the terms “the Plan”, “hereof”, “hereunder”, “herein” and similar expressions refer to the Plan and not to any particular Article, Section, subsection, clause or Schedule of or to the Plan;

- (c) words importing the singular include the plural and *vice versa* and words importing any gender include all genders;
- (d) where any reference is made to a Person, including but not limited to the Applicants, Directors, DIP Lender, Plan Sponsor and Monitor, such reference shall be deemed to include all officers, directors, affiliates, employees and agents of such Person;
- (e) the words "includes" and "including" and similar terms of inclusions shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation but rather shall mean "includes without limitation", "including without limitation", "includes but is not limited to" and "including but not limited to", as applicable, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (f) the word "or" is not exclusive;
- (g) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (h) all references to the CCAA are references to the CCAA as it existed on the date of the Initial Order;
- (i) all accounting terms not otherwise defined herein shall have the meanings ascribed to them, from time to time, in accordance with the Canadian generally accepted accounting principles, including those prescribed by the Canadian Institute of Chartered Accountants;
- (j) unless otherwise indicated, all references to currency and to "\$" are U.S. dollars;
- (k) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;
- (l) unless otherwise specified, the time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day; and
- (m) whenever any action is to be taken under the Plan on a day other than a Business Day, such action shall be taken on the next succeeding Business Day.

1.03 Currency Conversion

All Affected Claims dominated in a currency other than U.S. dollars shall, for the purposes of the Plan be converted to and shall constitute obligations in U.S. dollars, such calculation to be effected using the Bank of Canada noon spot rate on the Filing Date (exchange rate conversation on such date was: U.S. \$1.00 = CAD \$1.1273).

1.04 Interest

Interest shall not accrue or be paid on any Affected Claims after the Filing Date, and no Affected Claims shall be entitled to interest accruing after or on the Filing Date.

1.05 Schedules

The following are the Schedules to the Plan:

Schedule "A" – Transaction Agreement, without schedules;

Schedule "B" – Promissory Notes; and

Schedule "C" – Share Certificate.

ARTICLE II PURPOSE AND EFFECT OF PLAN

2.01 Purpose

The purpose of the Plan is to implement the consummation of the Transaction Agreement and to settle Affected Claims and effect a compromise and arrangement of all Affected Claims against the Applicants in a manner that provides consistent and equitable treatment among the Affected Creditors of the Applicants and allows for the orderly allocation of the Distribution Pool to the Affected Creditors. Affected Creditors with Proven Distribution Claims will be allocated their Pro Rata Share from the Distribution Pool. The Affected Creditors' allocated assets of the Distribution Pool will be delivered to one of the Trusts, which have been or will be established on the Plan Implementation Date. The purpose of each of the Trusts is to hold, administer and (subject to the terms of the Common Shares and the Promissory Notes) realize upon the allocated assets of the Distribution Pool held by each trust, to facilitate a future distribution of Cash to the beneficiaries of each trust.

The Plan is presented to the Affected Creditors in the expectation that all Persons with an interest in the Applicants will derive a greater benefit from the implementation of the Plan, with the support of the DIP Lender and the creation and funding of the Creditor Trusts, than would result from a bankruptcy of the Applicants.

2.02 Substantively Consolidated Plan

The Plan is presented by the Applicants to the Affected Creditors on a substantively consolidated basis in accordance with the Substantive Consolidation Order for the sole purpose of permitting

Affected Creditors having Proven Voting Claims to vote on the Plan and Affected Creditors having Proven Distribution Claims to receive distributions under the Plan in accordance with the terms hereof.

Affected Creditors under the substantively consolidated Plan will have one Claim for voting and distribution purposes against the Applicants and will not have individual Claims against each Applicant.

2.03 Affected Persons

The Plan will become effective on the Plan Implementation Date and shall be binding on and enure to the benefit of the Applicants, the Directors, the Plan Sponsor, the Affected Creditors and all other Persons named or referred to in, or subject to the Plan, in accordance with its terms but, subject to Article V herein as it relates only to the transactions contemplated under the Transaction Agreement, shall not affect Unaffected Creditors with respect to and to the extent of their Unaffected Claims.

2.04 Unaffected Claims

Subject to Article V herein as it relates only to the transactions contemplated under the Transaction Agreement, the Plan does not compromise or affect the following Claims and any rights that may exist in respect thereof (collectively, the “Unaffected Claims”):

- (a) Claims secured by the CCAA Charges other than in respect of the Inter-Company Charge;
- (b) Claims of the Directors pursuant to an indemnity from any Applicant which are not otherwise covered by the Directors’ Charge;
- (c) any Claim against any Director that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA;
- (d) Government Priority Claims;
- (e) Secured Claims; and
- (f) Post-Filing Claims.

ARTICLE III CLASSIFICATION OF CREDITORS AND PROCEDURAL MATTERS

3.01 Classes of Creditors

For the purposes of considering and voting on the Plan, the Affected Creditors shall constitute a single class, the “Unsecured Creditor Class”.

3.02 Claims Procedure

Creditors shall prove their Claims, vote in respect of the Plan and receive distributions provided for under and pursuant to the Plan in accordance with the Claims Order, the Meeting Order and the Plan, as applicable.

3.03 Claims Bar Date and Restructuring Claims Bar Date

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date or the Restructuring Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Order, the Meeting Order, the Plan and/or the Sanction Order.

3.04 No Vote or Distribution in Respect of Unaffected Claims

Notwithstanding anything to the contrary herein, no Unaffected Creditor shall be entitled to vote or receive any distributions under the Plan in respect of such Unaffected Claim. Nothing in the Plan shall affect the Applicants' rights and defences with respect to any Unaffected Claim.

3.05 Approval by Creditors

In order to be approved by the Affected Creditors, the Plan must receive an affirmative vote by the Required Majority.

3.06 Inter-Company Claims

Notwithstanding anything to the contrary herein, the Applicants shall not be entitled to vote in respect of the Plan and shall not receive any distributions pursuant to the Plan in respect of any Inter-Company Claims or otherwise.

3.07 Meeting of Creditors

The Meeting shall be held in accordance with the Meeting Order, the Claims Order and any further Order of the Court.

3.08 Voting

Each Affected Creditor who is entitled to vote at the Meeting, pursuant to and in accordance with the Meeting Order, shall be entitled to one vote equal to the dollar value of its Affected Claim determined as a Proven Voting Claim.

3.09 Voting of Unresolved Claims

Subject to Section 3.10, each Affected Creditor holding an Unresolved Claim shall be entitled to attend the Meeting and shall be entitled to one vote as such Meeting. The Monitor shall keep a separate record of votes cast by Affected Creditors holding Unresolved Claims and shall report to the Court with respect thereto at the Plan Sanction Hearing. The votes cast in respect of any Unresolved Claim shall not be counted for any purposes unless, until and only to the extent that

such Unresolved Claim is finally determined to be a Proven Voting Claim in accordance with the Claims Order, the Meeting Order, the Plan and any further Order of the Court.

3.10 Procedure for Valuing Voting Claims

The procedure for resolving Unresolved Claims for voting purposes shall be as set forth in the Claims Order, the Meeting Order, the CCAA and the Plan. The Applicants and the Monitor shall have the right to seek the assistance of the Court in valuing any Unresolved Claim in accordance with the Claims Order, the Meeting Order, the CCAA and the Plan, if required, to ascertain the result of any vote on the Plan.

ARTICLE IV TREATMENT OF CREDITORS

4.01 Compromise of Affected Claims

For the purposes of the Plan, Affected Creditors shall receive the treatment as provided in the Plan on account of their Affected Claims and on the Plan Implementation Date all Affected Claims shall be compromised, settled, released and otherwise affected in accordance with the terms of the Plan.

4.02 Unaffected Creditors

Subject to Article V herein as it relates only to the transactions contemplated under the Transaction Agreement, all Unaffected Claims shall be unaffected by the Plan.

4.03 Payment of Government Priority Claims

The Government Priority Claims shall be paid in full in Cash by the Applicants other than the Purchased Companies to Her Majesty in Right of Canada or the applicable province within six (6) months of the date of the Sanction Order, in accordance with the CCAA.

4.04 Implementation Payment

Subject to the Applicants having sufficient Cash available (the "**Aggregate Implementation Payment Amount**") after repayment of all amounts owing to (i) the DIP Lender and secured under the DIP Lender's Charge (including a reserve to conclude the CCAA Proceedings) and (ii) the Secured Creditors, (collectively, the "**Prior Repayments**"), a payment shall be made by the Applicants to each Affected Creditor with a Proven Distribution Claim in an amount equal to the lesser of: (i) the full amount of the Affected Creditor's Proven Distribution Claim (if less than \$500.00); or (ii) \$500.00. If the Applicants have insufficient Cash to fund the Aggregate Implementation Payment Amount in full after repaying the Prior Repayments, the Implementation Payment to each Affected Creditor with a Proven Distribution Claim shall be reduced on an equal basis to ensure that the Aggregate Implementation Payment Amount does not exceed the Cash available to the Applicants to make such payment. If the Cash available to the Applicants to fund a reduced Aggregate Implementation Payment Amount would result in an Implementation Payment of less than \$100.00 to each Affected Creditor with a Proven Distribution Claim, the Applicants shall not be required to incur the cost to make such

distribution (such distribution made under this Section **4.04**, referred to as the “**Implementation Payment**”).

4.05 Delivery of Implementation Payment

The Implementation Payment to Affected Creditors with Proven Distribution Claims shall be made by prepaid ordinary mail by the Monitor as follows:

- (a) to the addresses set forth in the Proofs of Claim filed by such Affected Creditors in accordance with the Claims Order;
- (b) if applicable, to the addresses set forth in any written notices of address change delivered to the Monitor after the date on which any corresponding Proof of Claim was filed, provided such notice is received by the Monitor at least five (5) Business Days prior to the Plan Implementation Date; or
- (c) if applicable, and to the extent differing from the foregoing, to the address of such Affected Creditors’ respective legal representatives, in trust for such Affected Creditors.

4.06 Unclaimed Distributions

If any Person entitled to a Implementation Payment cannot be located on the Plan Implementation Date or at any time thereafter or otherwise fails to claim his Implementation Payment hereunder, then such Cash shall be segregated and set aside by the Monitor on behalf of such Person. If such Person is located within two (2) months of the Implementation Payment Date, such Cash shall be distributed to such Person by the Monitor. If such Person cannot be located within two (2) months of the Implementation Payment Date, any segregated Cash shall be added to the Reserve held by the Monitor in respect of Unresolved Claims and such Person shall be deemed to have released its Claim to such Cash and such portion of the Affected Creditors’ Claim shall be discharged and forever barred. Nothing contained in the Plan shall require the Monitor to take any steps to attempt to locate any Affected Creditor.

If any Implementation Payment is not negotiated or deposited by such Affected Creditor within the time period permitted by the Canadian Payment Association rules or other clearing rules applicable to Canadian bank accounts such that the item becomes stale-dated or otherwise not capable of being negotiated, the Applicant shall be under no obligation to re-issue a Implementation Payment to that Affected Creditor. In such event, the Affected Creditor shall be deemed to have released its interest in such Implementation Payment, and the amount of that Affected Creditor’s distribution shall be remitted to the Creditor Trusts.

4.07 Allocation of Distribution Pool to Affected Creditors and Delivery to the Trusts

On the Plan Implementation Date, the Monitor shall, after establishing the Reserve as contemplated in Section **4.09(2)** herein, allocate to each Affected Creditor in the Unsecured Creditor Class with a Proven Distribution Claim its Pro Rata Share of assets remaining in the Distribution Pool, in full and final satisfaction, compromise, settlement, release and discharge of and exchange for each such Proven Distribution Claim. The Applicants, in consultation with the

Monitor, shall deliver the allocated assets from the Distribution Pool in respect of the Affected Creditors with Proven Distribution Claims in the Unsecured Creditor Class in the manner contemplated in Section 4.08 herein as follows:

- (a) in respect of the NB Hourly Claim to the NB Hourly Trust;
- (b) in respect of the NB Salaried Claim to the NB Salaried Trust; and
- (c) in respect of all other Proven Distribution Claims to the Creditor Trusts in accordance with the terms of the Trust Order and the creditor trust agreements to be confirmed therein.

4.08 Delivery of Allocated Assets from Distribution Pool to the Trusts

On the Plan Implementation Date, upon being advised by the Monitor of the allocation of the Distribution Pool among the NB Hourly Trust, the NB Salaried Trust and the Creditor Trusts as contemplated in Section 4.07 herein, and establishing the amount of the Reserve as contemplated by Section 4.09 herein, the Applicants shall cause Twin Rivers to exchange the Share Certificate and the Promissory Notes for share certificates and promissory notes in the amount of the allocation in the name of the Trustee for each of the NB Hourly Trust, the NB Salaried Trust and the Creditor Trusts for the benefit of the beneficiaries of such Trusts and in the amount of the Reserve in the name of the Applicants. On the Final Determination Date, upon being advised by the Monitor of the allocation of the Reserve among the NB Hourly Trust, the NB Salaried Trust and the Creditor Trusts, the Applicants shall cause Twin Rivers to exchange the share certificates and promissory note in respect of the Reserve for share certificates and promissory notes in the amount of the allocation in the name of the Trustee for each of the NB Hourly Trust, the NB Salaried Trust and the Creditor Trusts for the benefit of the beneficiaries of the Trusts.

4.09 Unresolved Claims

(1) A Creditor holding an Unresolved Claim will not be entitled to receive an allocation, delivery or distribution under the Plan in respect thereof unless and until such Unresolved Claim becomes a Proven Distribution Claim.

(2) In the case of any Claim that is an Unresolved Claim on the Plan Implementation Date, the Applicants and the Monitor both acting reasonably (and subject to their rights to seek directions from the Court), will establish a reserve for such Unresolved Claims from the Distribution Pool and the Cash for the Implementation Payment (the "**Reserve**"). The Applicants and the Monitor shall continue to hold the Reserve for the benefit of the Affected Creditors ultimately determined to have Proven Distribution Claims as of the Final Determination Date.

(3) If an Unresolved Claim is ultimately disallowed in whole or in part in accordance with the Claims Order after the Plan Implementation Date, any portion of the Reserve in respect of such Unresolved Claim will become available for allocation to the Affected Creditors with Proven Distribution Claims by making a further allocation to the Affected Creditors with Proven Distribution Claims in accordance with Section 4.07 herein of their Pro Rata Share of the

Distribution Pool from the portion of the Reserve for such Unresolved Claims on the Final Determination Date and deliver it to the Trusts in accordance with Section 4.08 herein.

(4) On the Final Determination Date, the Monitor shall (i) allocate to the Affected Creditors with Unresolved Claims that become Proven Distribution Claims, their Pro Rata Share of the Distribution Pool from the Reserve and deliver it to the Creditor Trusts in accordance with Section 4.08 herein, (ii) pay the Implementation Payment to such Affected Creditor, and (iii) remit any remaining Cash in the Reserve to the Creditor Trusts.

4.10 Withholding Requirements

In connection with the Plan, any Implementation Payment made hereunder by the Applicants or the Monitor shall be made net of all applicable Taxes. Notwithstanding any other provision of the Plan, each Affected Creditor that is to receive an Implementation Payment pursuant to the Plan 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). The Applicants and the Monitor, as necessary, shall be authorized to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority.

ARTICLE V TRANSACTION AGREEMENT

5.01 Incorporation of Transaction Agreement

The Plan is to be implemented, and all Court orders and other actions relating to this Plan are to be made or taken, in conjunction with the implementation of the transactions contemplated by the Transaction Agreement. The Plan shall be deemed to incorporate the terms and conditions of the Transaction Agreement as they relate to the Applicants and their respective: (a) property, assets and undertaking; and (b) debts, obligations, claims and liabilities of any kind whatsoever.

5.02 Included Property

For greater certainty, and notwithstanding any other provision of the Plan, upon implementation of the Plan and the Transaction Agreement all right, title and interest in and to: (a) the Included Property shall be held by and vest in the Purchased Companies; and (b) the Equity Interests of FPHI shall be transferred to and vest in the Plan Sponsor; in each case free and clear of any and all charges, liens and encumbrances whatsoever.

5.03 Continuing Obligations & Release

For greater certainty, and notwithstanding any other provision of the Plan, upon implementation of the Plan and the Transaction Agreement: (a) the Purchased Companies shall have no debts,

obligations, claims or liabilities whatsoever other than the Continuing Obligations; and (b) any and all debts, obligations, claims or liabilities of the Purchased Companies other than Continuing Obligations, whenever and howsoever incurred or arising, shall be deemed to have been released, waived, extinguished and forever barred as against the Purchased Companies, the Plan Sponsor, and the Plan Sponsor's Affiliates (as defined in the Transaction Agreement).

ARTICLE VI SANCTION ORDER AND VESTING ORDER

6.01 Application for Sanction Order and Vesting Order

A motion shall be brought by the Applicants seeking the Sanction Order and the Vesting Order that is to be heard by the Court as soon as reasonably practicable following the approval of the Plan by the Required Majority of the Affected Creditors.

6.02 Effect of Sanction Order and Vesting Order

In addition to approving and sanctioning the Plan, and subject to the discretion of the Court, the Sanction Order and Vesting Order shall, among other things and without limitation:

- (a) declare that (i) the Plan has been approved by the Required Majority of Affected Creditors in conformity with the CCAA; (ii) the Applicants have complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that the Applicants have not done nor purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (b) direct and authorize the Applicants and the Monitor to fulfill the obligations under the Plan, including to complete the transactions and distributions contemplated under the Plan free and clear of all Claims;
- (c) confirm the effect of the Claims Order, including, without limitation, the effect of the Claims Bar Date, the Restructuring Claims Bar Date and the releases, injunctions and prohibitions provided thereunder;
- (d) confirm the effect of the Meeting Order;
- (e) effective on the Plan Implementation Date, permanently stay all Claims and declare that the compromises effected hereby are approved, binding and effective as herein set out upon all Creditors and other Persons affected by the Plan;
- (f) effective on the Plan Implementation Date, declare that the compromises, releases and injunctions effected hereby are approved, binding and effective as of the Plan Implementation Date upon all Affected Creditors and all other Persons affected by the Plan and shall inure to the benefit of the Applicants, the Directors, the Plan Sponsor, the Monitor and all Persons affected by the Plan;

- (g) continue the stay of proceedings under the Initial Order until the CCAA Proceedings are terminated by Order of the Court;
- (h) effective on the Plan Implementation Date, declare that each of the Charges and the Unaffected Claims shall be terminated, discharged and released as against the FPHI Shares, the Purchased Companies and Included Property;
- (i) effective on the Plan Implementation Date, declare that all right, title and interest of the Applicants in and to the FPHI Shares shall vest in the Plan Sponsor free and clear of all Encumbrances;
- (j) effective on the Plan Implementation Date, declare that all right, title and interest of the Applicants (other than the Purchased Companies) in and to the Included Property shall vest in the Purchased Companies, free and clear of all Encumbrances (other than Permitted Encumbrances);
- (k) effective on the Plan Implementation Date, discharge and extinguish all Encumbrances (other than Permitted Encumbrances) on the Purchased Companies and the Included Property;
- (l) subject to Section 5.1(2) of the CCAA, effective on the Plan Implementation Date, stay any and all steps or proceedings, including, without limitation, administrative orders, declarations or assessments, commenced, taken or proceeded with against the Directors or that could have been commenced, taken or proceeded with against the Directors save for the stay of proceedings, and discharge the Directors from any liability arising as a result of their acting as a director and/or officer of any of the Applicants;
- (m) confirm the releases contemplated by Section **9.01** of the Plan;
- (n) effective on the Plan Implementation Date, permanently enjoin the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedy or recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the Plan;
- (o) confirm that the Monitor and the Applicants' advisors shall continue to have the benefit of the Administration Charge and the Directors shall continue to have the benefit of the Directors Charge, as provided in the Initial Order until such time as the CCAA Proceedings are terminated and all obligations secured thereby are paid in full; and
- (p) effective on the Plan Implementation Date, discharge the Inter-Company Charge and the DIP Lender Charge and, except as against the FPHL Shares and the Purchased Companies, continue the Administration Charge and the Directors' Charge until the CCAA Proceedings are terminated and all obligations secured thereby are paid in full.

ARTICLE VII CONDITIONS PRECEDENT

7.01 Conditions Precedent to Implementation of Plan

The implementation of the Plan is conditional upon the fulfilment, satisfaction or waiver by the Applicants, the Plan Sponsor and the DIP Lenders, as applicable, of the following conditions on or before the Plan Implementation Date:

- (a) the Plan being approved by the Required Majority;
- (b) the Plan terms being acceptable to the Plan Sponsor;
- (c) the Sanction Order and Vesting Order being issued by the Court on or before February 10, 2011 or such later date as may be agreed by the Applicants and the Monitor;
- (d) the Sanction Recognition Order and the U.S. Sale Order being issued by the U.S. Court on or before February 11, 2011 or such later date as may be agreed by the Applicants and the Monitor;
- (e) all applicable appeal periods in respect of the Sanction Order, the Sanction Recognition Order, the Vesting Order and the U.S. Sale Order having expired and any appeals therefrom having been finally disposed of by the applicable appellate tribunal;
- (f) the transactions, events and actions contemplated under the Transaction Agreement having been completed and the Applicants and the Plan Sponsor being in compliance with all of their obligations and agreements under the Transaction Agreement, the Plan, the Sanction Order, the Sanction Recognition Order, the Vesting Order and the U.S. Sale Order;
- (g) arrangements satisfactory to the Applicants and the DIP Lender having been made for the repayment of all amounts secured under the DIP Lender's Charge;
- (h) the resolution of Secured Claims on terms acceptable to the Applicants and the Monitor or pursuant to an Order of the Court;
- (i) the issuance of replacement Promissory Notes and the resolution and release of the holdback in accordance with the Twin Rivers APA;
- (j) the establishment and funding of the Creditor Trusts to hold the Promissory Notes and the Common Shares for the benefit of the Affected Creditors with Proven Distribution Claims (other than in respect of the NB Hourly Claim and the NB Salaried Claim) from and after the Plan Implementation Date as contemplated under the Trust Order; and

- (k) the execution of releases satisfactory to the Applicants and the Directors by the administrators of the Terminated Pension Plans, the Superintendent of Pensions for New Brunswick and the Regie des rentes du Quebec; and
- (l) all relevant Persons having executed, delivered and filed all documents and other instruments and the Applicants having obtained all consents and approvals that, in the opinion of the Applicants, acting reasonably, are necessary to implement the provisions of the Plan.

7.02 Waiver

Any waiver of the conditions in Section **7.01** hereof capable of being waived shall be in writing by the Applicants, the Plan Sponsor or the DIP Lender, as applicable.

7.03 Monitor's Certificate

Upon being advised by the Applicants and the Plan Sponsor that the conditions set out in Section **7.01** hereof have been satisfied or waived, the Monitor shall file with the Court a certificate that states that all conditions precedent set out in Section **7.01** of the Plan have been satisfied or waived.

ARTICLE VIII EFFECT OF PLAN

8.01 Effect of Plan Generally

The Plan (including, without limitation, the releases and injunctions contained in the Plan), upon being sanctioned and approved by the Court pursuant to the Sanction Order and the Sanction Order being recognized by the U.S. Court pursuant to the Sanction Recognition Order, shall be binding as of the Plan Implementation Date on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose and shall constitute:

- (a) a full, final and absolute settlement of all rights of the holders of all Claims; and
- (b) an absolute release and discharge of all indebtedness, liabilities and obligations of the Applicants of or in respect of the Claims.

8.02 Consents, Waivers and Agreements

On the Plan Implementation Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of the Plan in its entirety. In particular, each Affected Creditor shall be deemed:

- (a) to have executed and delivered to the Monitor and the Applicants all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and

- (b) to have waived any and all defaults then existing or previously committed by the Applicants in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor and the Applicants and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded.

ARTICLE IX RELEASES AND INJUNCTIONS

9.01 Release and the Released Parties

For good and valuable consideration, including, without limitation, the settlement by the Applicants of the Creditor Trusts and the distributions to be made pursuant to the Plan, every Person, (regardless of whether or not such person is a Creditor), and save and except for Unaffected Creditors with respect to their Unaffected Claims (other than as it relates to the Included Property or the Purchased Companies pursuant to the Transaction Agreement), on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, hereby fully, finally, irrevocably and unconditionally releases and forever discharges each of the Applicants, the Directors, the Monitor, the Plan Sponsor, the DIP Lender, Representative Counsel and all current and former members of all pension committees together with each of their and their affiliates' respective current and former legal representatives, directors, officers, predecessors, heirs, spouses, dependants, administrators, executors, subsidiaries, affiliates, related companies, member companies, partners, shareholders, employees, solicitors, attorneys, auditors, contractors, consultants, financial advisors, servants, agents and assigns (collectively, the "**Released Parties**" and individually, a "**Released Party**"), of and from any and all claims, including, without limitation, all claims in respect of statutory liabilities of Directors and any alleged fiduciary (whether acting as a director, officer, member of pension committee or acting in any other capacity in connection with the administration of the Terminated Pension Plans or any other pension or benefit plans or trusts of any of the Applicants) and any and all past, present and future claims, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, damages, expenses, fees (including solicitors' fees and liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or omission existing or taking place on or prior to the Plan Implementation Date relating to or otherwise in connection with the Applicants including, without limitation, the business and operations of the Applicants, the property of the Applicants, the CCAA Proceedings, the Chapter 15 Proceedings, all pension plans administered by the Applicants, including the Terminated Pension Plans, or in respect of which the Released Parties had any role, whether in their capacity as Directors or in any other capacity, including as or on

behalf of the administrators of the Terminated Pension Plans and any other employee benefit or retirement savings plan, including without limitation any post-employment benefits and as trustees of the health and welfare trust, and all agreements with the DIP Lender (collectively, the **"Released Claims"**); and each Person shall not make or continue any claims or proceedings whatsoever based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, the substance of the facts giving rise to any matter herein released (including, without limitation, any action, cross-claim, counter-claim, third party action or application) against any Person who claims or might reasonably be expected to claim in any manner or forum against one or more of the Released Parties, including, without limitation, by way of contribution or indemnity, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, and that in the event that any of the Released Parties are added to such claim or proceeding, it will immediately discontinue any such claim or proceeding. Notwithstanding the foregoing, nothing herein shall release or discharge a Released Party from its obligations, if any, under the Plan. This Section 9.01 does not release: (i) any Unaffected Claims; (ii) any claim referred to in Section 5.1(2) of the CCAA or (iii) any claim against any actuarial firm or record keeper/third party administrator affiliated with such actuarial firm, whether such firm operates as a partnership, limited partnership or corporation (which for greater certainty shall not include the Released Parties) of the Terminated Pension Plans (the **"Non-Released Parties"**) solely for the several liability for such Non-Released Party's contribution to any loss or damages (those matters included in subparagraphs (i), (ii) and (iii) being collectively referred to herein as the **"Non-Released Claims"**). For greater certainty, and notwithstanding anything else contained herein, any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to claim over, claim against or otherwise assert or pursue any rights or any claim against any of the Released Parties at any time, all of which are hereby released.

9.02 Injunction

All Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Plan Implementation Date, with respect to the Released Claims, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of

fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;

- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or
- (e) taking any actions to interfere with the implementation or consummation of the Plan, the Transaction Agreement or rights under the Trusts.

This Section 9.02 does not apply to any Non-Released Claims or to the enforcement of any obligations under the Plan. For greater certainty, and notwithstanding anything else contained herein, any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to claim over, claim against or otherwise assert or pursue any rights or any claim against any of the Released Parties at any time, all of which are hereby enjoined.

9.03 Carve Out to Release and Injunction

For greater certainty: (i) nothing in the Plan shall release, enjoin or compromise the Non-Released Claims; and (ii) any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to claim over, claim against or otherwise assert or pursue any rights or any claim against any of the Released Parties at any time.

9.04 Inter-Company Claims

For greater certainty and for good and valuable consideration including, without limitation, the terms of the Plan and the release of all Claims as against the Applicants, each of the Applicants has agreed and shall be deemed to have agreed that, conditional only upon the implementation of the Plan on the Plan Implementation Date:

- (a) it shall not prove, nor vote, nor receive a distribution under the Plan on account of its Inter-Company Claims, if any; and
- (b) its Inter-Company Claims, if any, are hereby fully, finally, irrevocably and unconditionally waived and released and each of the other Applicants stands fully and finally released, remised and forever discharged of any and all liability in connection with such Inter-Company Claims.

ARTICLE X PLAN AMENDMENTS OR TERMINATION

10.01 Plan Amendment

Prior to and during the Meeting, the Applicants, in consultation with the Monitor, may at any time and from time to time (subject to the approval of the Plan Sponsor) amend, modify and/or supplement the Plan by written instrument, and the Monitor shall post such amendment on the Website. The Applicants will give reasonable written notice to all Affected Creditors present at the Meeting of the details of any such amendment prior to the vote being taken to approve the Plan.

Following the Sanction Order, any amendment, modification or supplement to the Plan may be made by the Applicants by written instrument with the consent of the Monitor and the Plan Sponsor or approved by the Court provided that it concerns a matter which, in the opinion of the Applicants, the Monitor and the Plan Sponsor, each acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and to the Sanction Order and is not adverse or prejudicial to the financial or economic interests of the Affected Creditors. The Monitor shall post such amendment on the Website and the Applicants shall file the amendment to the Plan with the Court, but no additional vote of the Affected Creditors will be necessary in order to give effect to such amendment to the Plan.

Any amended, modified or supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section 10.01, approved by the Court, shall, for all purposes, be and be deemed to be a part of, and be incorporated in the Plan.

10.02 Termination of the Plan

At any time prior to the Plan Implementation Date, the Applicants may, subject to further order of the Court, determine not to proceed with the Plan notwithstanding any prior approvals given at the Meeting or the obtaining of the Sanction Order.

If the conditions precedent to implementation of the Plan are not satisfied or waived, if the Applicants determine not to proceed with the Plan, or if the Sanction Order are not issued by the Court: (a) the Plan shall be null and void in all respects; (b) any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan, and no act taken in preparation of the consummation of the Plan, shall constitute or be deemed to constitute a waiver or release of any Claims or any defences thereto by or against any of the Applicants or any other Person.

ARTICLE XI GENERAL PROVISIONS

11.01 Severability of Plan Provisions

If, prior to the Plan Implementation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants, may: (a) sever such term or provision from the balance of the Plan and provide the Applicants with the option to

proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date; or (b) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, holding, alteration or interpretation, and provided the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation. Notwithstanding the foregoing, no such severance, alteration or interpretation shall affect Unaffected Claims and the rights of Creditors with Unaffected Claims.

11.02 Advice and Directions

The Applicants and the Monitor shall each be entitled to apply to the Court from time to time for advice and directions concerning the implementation, operation and administration of the Plan.

11.03 Paramountcy

From and after the Plan Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, credit document, agreement for sale, by-laws of the Applicants, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Creditors and the Applicants as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority.

11.04 Responsibilities of the Monitor

The Monitor is acting solely in its capacity as Monitor in the CCAA Proceedings and shall not be responsible or liable for any obligations of the Applicants hereunder. The Monitor shall have those powers and protections granted to it by the Plan, the CCAA and by any Order of the Court in the CCAA Proceedings, including the Initial Order, the Claims Order, the Meeting Order and the Sanction Order.

11.05 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

11.06 Notices

Any notice or communication to be delivered hereunder shall be in writing and shall reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, mail or by facsimile addressed to the respective parties as follows:

- (i) if to the Applicants:

Fraser Papers Inc.
Box 762, Suite 200

Brookfield Place, 181 Bay Street
Toronto, ON M5J 2T4

Attention: Glen McMillan, CRO
Facsimile: (416) 359-8606

with a copy to:

Thornton Grout Finnigan LLP
Suite 3200, Canadian Pacific Tower,
100 Wellington St. West, P.O. Box 329
Toronto Dominion Centre
Toronto, ON M5K 1K7

Attention: D.J. Miller
Facsimile: 416-304-1313

(ii) if to the Monitor:

PricewaterhouseCoopers Inc.
Royal Trust Tower
20th Floor, 77 King Street West
Toronto, ON M5K 1G8

Attention: John McKenna
Facsimile: (416) 941-8378

with a copy to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto ON M5H 2S7

Attention: Robert Chadwick
Facsimile: (416) 979-1234

or to such other address as any party may from time to time notify the others in accordance with this Section **11.06**. All such notices and communications that are hand delivered shall be deemed to have been received on the date of delivery, provided same is a Business Day. Any such notices and communications that are faxed shall be deemed to be received on the date faxed if sent before 5:00 p.m. on a Business Day and otherwise shall be deemed to be received on the Business Day next following the day upon which such fax was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing if mailed within Canada and on the ninth Business Day after the date of mailing if mailed outside of Canada. The unintentional failure by the Applicants to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to the Plan.

11.07 Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator, successor or assign of such Person.

11.08 Further Assurances

Notwithstanding that the transactions and events set out in the Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by the Applicants in order to implement and give effect to the Plan.

11.09 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. In the event of any dispute or issue in connection with, or related to, the interpretation, application or effect of the Plan, such dispute or issue shall be subject to the exclusive jurisdiction of the Court.

Dated at **Toronto, Ontario** this 27th day of January, 2011.

SCHEDULE "B"
FORM OF PROXY

**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")**

**FORM OF PROXY FOR THE MEETING OF AFFECTED CREDITORS TO BE HELD
ON FEBRUARY 8, 2011 (the "February Meeting")**

to be held pursuant to an Order of the Ontario Superior Court of Justice
(Commercial List) made December 3, 2010, as amended by the Amending Meeting Order
dated December 17, 2010 (collectively, the "Meeting Order"), as supplemented by the
Supplemental Meeting Order dated February 1, 2011 (the "Supplemental Meeting Order")
and, in connection with the Applicants' Amended Consolidated Plan of Compromise and
Arrangement under the *Companies' Creditors Arrangement Act* (the "Amended Plan")

at 10:00 a.m. (EST) at the offices of Thornton Grout Finnigan LLP, Canadian Pacific
Tower, Toronto-Dominion Centre, 100 Wellington Street West, Suite 3200, Toronto,
Ontario M5K 1K7

**IF YOU FILED A PROXY TO VOTE AT THE MEETING HELD ON JANUARY 10,
2011, YOUR PREVIOUSLY FILED PROXY WILL BE COUNTED AT THE FEBRUARY
MEETING AND YOU DO NOT NEED TO FILE A NEW PROXY TO VOTE AT THE
FEBRUARY MEETING UNLESS YOU WISH TO CHANGE OR REVOKE YOUR
VOTE.**

Before completing this form of proxy (the "Proxy"), please read carefully the accompanying
instructions for information respecting the proper completion and return of this Proxy. **IF YOU
HAVE PREVIOUSLY NOT FILED A PROXY**, THIS PROXY MUST BE COMPLETED,
SIGNED AND PROVIDED TO PRICEWATERHOUSECOOPERS INC. (the "Monitor")
PRIOR TO THE FEBRUARY MEETING IF ANY PERSON ON BEHALF OF THE
UNDERSIGNED AFFECTED CREDITOR (the "Affected Creditor") IS TO ATTEND THE
FEBRUARY MEETING AND VOTE ON THE PLAN OR IF THE AFFECTED CREDITOR
WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS THE AFFECTED
CREDITOR'S PROXY.

The Affected Creditor, as the holder of a Proven Voting Claim and/or an Unresolved Claim that
may be voted and tabulated separately at the February Meeting in accordance with the Meeting
Order and the Supplemental Meeting Order, hereby revokes all proxies previously given and
nominates, constitutes and appoints _____ or, instead
of the foregoing, Mr. John McKenna of the Monitor, or such other person as Mr. John McKenna
may designate, as proxyholder, with full power of substitution, to attend, vote and otherwise act
for and on behalf of the Affected Creditor at the February Meeting and any adjournments(s)
thereof. Without limiting the generality of the power hereby conferred, the persons named as
proxyholders are specifically directed to vote as follows:

1. (Mark one only)

☐ **VOTE FOR** approval of the Amended Plan; or

☐ **VOTE AGAINST** approval of the Amended Plan;

2. Vote at the proxyholder's discretion and otherwise act for and on behalf of the undersigned Affected Creditor with respect to any amendments or variations to the Amended Plan and to any other matters that may come before the February Meeting or any adjournment thereof.

Dated this _____ day of February, 2011

Name of the Affected Creditor (Please Print)

Signature of Witness

Signature of the Affected Creditor or attorney authorized in writing or, if the Affected Creditor is a corporation, signature of a duly authorized signing officer of the corporation

Title of the authorized signing officer of the Affected Creditor

Mailing address and telephone number of the Affected Creditor

INSTRUCTIONS FOR COMPLETION OF THE PROXY

IF YOU FILED A PROXY TO VOTE AT THE MEETING HELD ON JANUARY 10, 2011, YOUR PREVIOUSLY FILED PROXY WILL BE COUNTED AT THE FEBRUARY MEETING AND YOU DO NOT NEED TO FILE A NEW PROXY TO VOTE AT THE FEBRUARY MEETING UNLESS YOU WISH TO CHANGE OR REVOKE YOUR VOTE.

1. Each Affected Creditor who has a right to vote at the February Meeting has the right to appoint a person to attend, act and vote for and on behalf of the Affected Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed. If no name has been inserted in the space provided, the Affected Creditor will be deemed to have appointed Mr. John McKenna of the Monitor as the Affected Creditor's proxyholder.
2. If this Proxy is not dated in the space provided, it shall be deemed to be dated on the date it is received by the Monitor.
3. If an officer of the Monitor is appointed or is deemed to be appointed as proxyholder and the Affected Creditor fails to indicate on the Proxy whether it wishes to vote for or against approval of the Amended Plan, the Affected Creditor will be deemed to have instructed its proxyholder to vote FOR approval of the Amended Plan, including any amendments thereto.
4. If more than one valid Proxy for the same Affected Creditor is received, the Proxy bearing the later date shall govern and the earlier-dated Proxy shall be revoked. If more than one valid Proxy for the same Affected Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such Proxies will be treated as disputed Proxies and shall not be voted.
5. An Affected Creditor's Proxy may also be revoked, unless such Affected Creditor has agreed otherwise, by an instrument in writing executed by such Affected Creditor or by its attorney, duly authorized in writing or, if such Affected Creditor is not an individual, by an officer or attorney thereof duly authorized, and delivering it to the Monitor by 2:00 p.m. (EST) on Monday, February 7, 2011, or 48 hours (excluding Saturday, Sundays and holidays) before the time of any recommencement of the February Meeting if it has been adjourned, or presented to the Monitor at the February Meeting or at the recommencement of the February Meeting if it has been adjourned.
6. This Proxy must be signed by the Affected Creditor or by a person duly authorized (by power of attorney) to sign on the Affected Creditor's behalf or, if the Affected Creditor is a corporation, by a duly authorized officer or attorney of the corporation.
7. In order to appoint the Monitor as your proxy, this Proxy, once completed, dated and signed, should be sent in advance to the Monitor, by mail, delivery, courier, facsimile or email at the address set out below and must be received by the Monitor by no later than 2:00 p.m. (Eastern Standard Time ("EST")) on February 7, 2011, or 48 hours (excluding Saturdays, Sundays and holidays) before the time of any recommencement of the February Meeting if it has

been adjourned, or presented to the Monitor at the February Meeting or at the recommencement of the February Meeting if it has been adjourned.

8. If you wish to appoint any person other than the Monitor as your proxy, you may either send the proxy to the Monitor at the address listed below before February 7, 2011, at 2:00 p.m. (EST), or 48 hours (excluding Saturdays, Sundays and holidays) before the time of any recommencement of the February Meeting if it has been adjourned, or present the Proxy to the Monitor at the February Meeting or at the recommencement of the February Meeting if it has been adjourned.

Address of the Monitor: **PricewaterhouseCoopers Inc.**
Monitor of Fraser Papers Inc.
77 King Street West, P.O. Box 82, Suite 3000
Toronto, ON M5K 1G8
Attention: Ms. Tracey Weaver
Facsimile: (416) 814-3219
Email: FPclaims@ca.pwc.com

SCHEDULE "C"
NEW NOTICE TO CREDITORS

**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")**

**NOTICE OF FURTHER MEETING OF CREDITORS
OF THE APPLICANTS**

NOTICE IS HEREBY GIVEN that a further meeting (the "**February Meeting**") of creditors of the Applicants entitled to vote on an amended consolidated plan of arrangement (the "**Amended Plan**") proposed by the Applicants under the *Companies' Creditors Arrangement Act* (the "**CCAA**") will be held at the offices of Thornton Grout Finnigan LLP, Canadian Pacific Tower, Toronto-Dominion Centre, 100 Wellington Street West, Suite 3200, Toronto, Ontario, on **Tuesday, February 8, 2011, at 10:00 a.m. (EST)** for the following purposes:

- (1) to consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Amended Plan; and
- (2) to transact such other business as may properly come before the February Meeting or any adjournment thereof.

The Amended Plan is being considered pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 3, 2010, as amended by the Amending Meeting Order dated December 17, 2010 (collectively, the "**Meeting Order**") as supplemented by the order of the Court dated February 1, 2011 (the "**Supplemental Meeting Order**"). Following approval by the required majorities of the creditors entitled to vote and voting on the Amended Plan, the Amended Plan must also be approved by an order of the Court (the "**Sanction Order**").

IF YOU FILED A PROXY TO VOTE AT THE MEETING HELD ON JANUARY 10, 2011, YOUR PREVIOUSLY FILED PROXY WILL BE COUNTED AT THE FEBRUARY MEETING AND YOU DO NOT NEED TO FILE A NEW PROXY TO VOTE AT THE FEBRUARY MEETING UNLESS YOU WISH TO CHANGE OR REVOKE YOUR VOTE.

Only those creditors who are not attending the February Meeting in person and who are entitled to vote on the Amended Plan, or who wish to designate another party to attend the February Meeting and vote on their behalf, **who have not previously filed a Proxy or who wish to change or revoke their vote** are required to date, sign and return the Proxy by mail, delivery, courier, facsimile or email so that it is received by PricewaterhouseCoopers Inc. (the "**Monitor**") by no later than **2:00 p.m. (EST) on Monday, February 7, 2011, or 48 hours (excluding Saturdays, Sundays and holidays) before the time of any recommencement of the February Meeting that has been adjourned, or to present the Proxy to the Monitor at the February Meeting.** Such creditors may designate the Monitor to vote their claims at the February Meeting as per their respective Proxies. A Proxy will not be valid and will not be acted upon, voted or

recorded unless it is completed as specified in the form of proxy enclosed herewith and the related instructions.

A creditor's Proxy may also be revoked (withdrawn), unless such creditor has agreed otherwise, by an instrument in writing executed by such creditor or by its attorney, duly authorized in writing or, if such Affected Creditor is not an individual, by an officer or attorney thereof duly authorized, and delivering it to the Monitor by 2:00 p.m. (EST) on Monday, February 7, 2011, or 48 hours (excluding Saturday, Sundays and holidays) before the time of any recommencement of the February Meeting if it has been adjourned, or presented to the Monitor at the February Meeting or at the recommencement of the February Meeting if it has been adjourned.

The Monitor's address for the purpose of filing forms of proxy and for obtaining any additional information or materials related to the February Meeting is:

PricewaterhouseCoopers Inc.
Monitor Fraser Papers Inc.
77 King Street West
P.O. Box 82, Suite 3000
Royal Trust Tower, TD Centre,
Toronto, Ontario M5K 1G8

Attention: Ms. Tracey Weaver
Facsimile: (416) 814-3219
Email: FPclaims@ca.pwc.com

Creditors requiring information or copies of the Amended Plan, the Meeting Order, the Supplemental Meeting Order, the Monitor's Report in respect of the Amended Plan, a proxy form with respect to the February Meeting or additional documentation pertaining to the within CCAA proceedings may obtain copies of such documents on the Monitor's website at www.pwc.com/car-fraserpapers by contacting the Monitor at the address above or by phone at 1-877-332-1688.

DATED at Toronto, Ontario, this 1st day of February, 2011.

NOTICE OF SANCTION HEARING

If the creditors approve the Amended Plan, the application for the Sanction Order will be heard on **February 10, 2011 at 10:00 am. (EST)** or such other date as may be set by the Court, before the Ontario Superior Court of Justice (Commercial List), 330 University Avenue, Toronto, Ontario.

Pursuant to the Supplemental Meeting Order, no other form of notice need be made to any creditor and no other materials need be served on any creditor in respect of the Sanction Hearing unless such creditor has served and filed a Notice of Appearance in these proceedings.

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

SUPPLEMENTAL MEETING ORDER
(FEBRUARY 1, 2011)

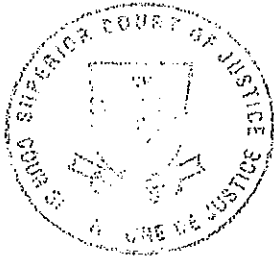
Thornton Grout Finnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, ON M5K 1K7

D.J. Miller (LSUC# 34393P)
Kyla E.M. Mahar (LSUC# 44182G)

Tel: 416-304-1616
Fax: 416-304-1313

Lawyers for the Applicants

Exhibit 4



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

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

THE HONOURABLE MADAM) THURSDAY, THE 10TH 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

SANCTION ORDER

THIS MOTION, brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an Order: (a) approving and sanctioning the Amended Consolidated Plan of Compromise and Arrangement dated January 27, 2011 and accepted for filing by this Court on February 1, 2011 as same may have been amended since that date (the "Amended Plan") concerning, affecting and involving the Applicants, as approved by the Unsecured Creditor Class at the Meeting held on February 8, 2011 and which final form of the Amended Plan is attached hereto as Schedule "A"; and (b) for certain other relief, was heard this day at 361 University Avenue, in the City of 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., 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 Superintendant, 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 (“**PBGC**”), ExcellerateHRO or 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, and upon being advised that all persons received notice of this

hearing in accordance with the Order of this Court dated February 1, 2011 (the “**Supplemental Meeting Order**”) supplementing the Order of the Court dated December 3, 2010, as amended by the Order of this Court dated December 17, 2010 (the “**Meeting Order**”) and that no person has filed a Notice of Appearance in accordance with paragraph 20 of the Supplemental Meeting Order;

DEFINITIONS

1. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this Sanction Order shall have the meanings ascribed to them in the Amended Plan.

SERVICE AND MEETING OF CREDITORS

2. **THIS COURT ORDERS** that the time for the service of the Notice of Motion, the Motion Record in support of this motion and the Monitor’s Eighteenth Report be and is hereby abridged and that this Motion is properly returnable today and service of the Notice of Motion, the Motion Record and the Monitor’s Eighteenth Report is hereby validated in all respects.
3. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient notice, service and delivery of the Meeting Order, the Meeting Materials (as defined in the Meeting Order), the Supplemental Meeting Order and the February Meeting Materials (as defined in the Supplemental Meeting Order), including the Amended Plan and the notice of the February Meeting and the Plan Sanction Hearing, to all Affected Creditors.

4. **THIS COURT ORDERS AND DECLARES** that the Meeting was duly convened, held and conducted in conformity with the CCAA and the Orders of the Court in the CCAA Proceedings, including the Meeting Order and the Supplemental Meeting Order.

SANCTION OF THE AMENDED PLAN

5. **THIS COURT ORDERS AND DECLARES** that:
- (a) the Amended Plan has been approved by the Required Majority of the Unsecured Creditor Class at the Meeting in conformity with the CCAA;
 - (b) the Applicants have complied with the provisions of the CCAA and the Orders of the Court made in the CCAA Proceedings in all respects;
 - (c) the Applicants have acted and are acting in good faith and with due diligence, and have not done or purported to do (nor does the Amended Plan do, or purport to do) anything that is not authorized by the CCAA; and
 - (d) the Amended Plan and all terms and conditions of and matters and transactions contemplated thereby including, without limitation, pursuant to the Transaction Agreement, are fair and reasonable.
6. **THIS COURT ORDERS** that the Amended Plan (including, without limitation, the compromises, arrangements and releases set out therein and the transactions contemplated pursuant to the Transaction Agreement) is hereby sanctioned and approved pursuant to Section 6 of the CCAA and, on the Plan Implementation Date, shall be effective and all associated steps, compromises, transactions, arrangements and releases effected thereby are hereby approved, binding and effective in accordance with

the provisions of the Amended Plan and shall enure to the benefit of and be binding upon the Applicants and the other Released Parties, the Plan Sponsor, the Affected Creditors and all other Persons and parties named or referred to in, affected by, or subject to the Amended Plan, including their respective heirs, administrators, executors, legal representatives, successors and assigns, as provided for in the Amended Plan and this Sanction Order.

DUPLICATE CLAIMS

7. **THIS COURT ORDERS** that the Duplicate Claims (as defined in the McMillan Affidavit) filed in this CCAA Proceeding shall be valued at zero for distribution purposes in respect of the Amended Plan.

PLAN IMPLEMENTATION

8. **THIS COURT ORDERS** that the Applicants and the Monitor, as the case may be, are authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the Amended Plan in accordance with its terms and to enter into, execute, deliver, complete, implement and consummate all of the transactions, distributions, deliveries, allocations and agreements contemplated pursuant to the Amended Plan, including pursuant to the Transaction Agreement and the transactions contemplated thereby, and such steps and actions are hereby authorized, ratified and approved.
9. **THIS COURT ORDERS AND DECLARES** that any Promissory Notes delivered to the Trusts or to PBGC 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. and the rights and remedies of the Trusts or PBGC are expressly subject to the terms of the Intercreditor Agreement.

10. **THIS COURT ORDERS** that upon the satisfaction or waiver, as applicable, of the conditions precedent set out in Section 7.01 of the Amended Plan, as confirmed by the Applicants and the Plan Sponsor to the Monitor, the Monitor shall file with this Court a certificate in the form attached hereto as Schedule "B" (the "**Monitor's First Certificate**"), signed by the Monitor, certifying that it has been advised by the Applicants and the Plan Sponsor that all conditions precedent set out in Section 7.01 of the Amended Plan have been satisfied or waived, as applicable, and that, with the filing of the Monitor's First Certificate, the Plan Implementation Date shall have occurred in accordance with the Amended Plan.
11. **THIS COURT ORDERS** that, from and after the Plan Implementation Date, all Creditors (including, for greater clarity, Claims of Creditors as set out in paragraph 12 hereof with respect to the Included Property or the Purchased Companies) other than Unaffected Creditors with respect to their Unaffected Claims (which Unaffected Claims shall not, for greater clarity, include Claims of Creditors as set out in paragraph 12 hereof with respect to the Included Property or the Purchased Companies) shall be deemed to have waived any and all defaults then existing or previously committed or caused by the Applicants, or any one of them, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in

any contract, instrument, credit document, guarantee, agreement for sale, lease, or other agreement, written or oral, and any and all amendments or supplements thereto (each, an “Agreement”), existing between such Creditor and the Applicants, or any one of them, and any and all notices of default and demands for payment under an Agreement shall be deemed to be of no further force or effect; provided that nothing in this paragraph shall excuse or be deemed to excuse the Applicants from performing any of their obligations under the Amended Plan.

12. **THIS COURT ORDERS** that notwithstanding any other provision of this Sanction Order, pursuant to Article 5 of the Amended Plan, from and after the Plan Implementation Date, all debts, obligations, claims or liabilities of the Purchased Companies, other than Continuing Obligations, whenever and howsoever incurred or arising, shall be deemed to have been released, waived, extinguished and forever barred as against the Purchased Companies, the Plan Sponsor and the Plan Sponsor’s Affiliates, provided that upon the transfer of the FPHI Shares in accordance with the Transaction Agreement, Fraser Papers Inc. shall assume any remaining liabilities and obligations of any of the Purchased Companies which liabilities and obligations shall be compromised in accordance with the terms of the Amended Plan.

13. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, all Agreements to which the Purchased Companies are a party and which are not Continuing Obligations pursuant to the Transaction Agreement shall be and are hereby repudiated and any right of any Person against one or more of the Applicants (including the Purchased Companies) in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of such repudiation shall be a Restructuring

Claim in the CCAA Proceedings, which Claim shall be filed and determined in accordance with the Claims Order and the Meeting Order.

14. **THIS COURT ORDERS** that, as of the Plan Implementation Date, each Creditor (including, for greater clarity Claims of Creditors as set out in paragraph 12 hereof with respect to the Included Property and the Purchased Companies), other than Unaffected Creditors with respect to their Unaffected Claims (which Unaffected Claims shall not, for greater clarity, include Claims of Creditors as set out in paragraph 12 hereof with respect to the Included Property or the Purchased Companies), and subject to the provisions of the Vesting Order, shall be deemed to have consented and agreed to all of the provisions of the Amended Plan in their entirety and, in particular, each such Creditor shall be deemed:

- (a) to have executed and delivered to the Monitor and to the Applicants all consents, releases or agreements required to implement and carry out the Amended Plan, including the Transaction Agreement, in its entirety; and
- (b) to have agreed that if there is any conflict between the provisions, express or implied, of any Agreement or other arrangement, written or oral, existing between such Creditor and the Applicants, or any one of them, as of the Plan Implementation Date and the provisions of the Amended Plan, the provisions of the Amended Plan take precedence and priority and the provisions of such Agreement or other arrangement shall be deemed to be amended accordingly.

15. **THIS COURT ORDERS** that, on the Plan Implementation Date, pursuant to and in accordance with the Amended Plan, any and all Affected Claims of Affected Creditors

of any nature against the Applicants shall be forever compromised, discharged and released, and the ability of any Affected Creditor to proceed against the Applicants in respect of or relating to any Affected Claim shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, subject only to the rights of Affected Creditors to receive distributions and deliveries pursuant to the Amended Plan and this Sanction Order in respect of their Affected Claims, in the manner and to the extent provided for in the Amended Plan. All proceedings with respect to any Claims not finally resolved and determined pursuant to the Claims Order shall remain stayed, and shall be resolved and determined in accordance with the Claims Order and any further Order of this Court.

16. **THIS COURT ORDERS AND DIRECTS** the Monitor and the Applicants, as applicable, to complete the distributions and deliveries contemplated under the Amended Plan on the Plan Implementation Date, the Implementation Payment Date, if any, and the Final Determination Date, and further hereby orders that such distributions and deliveries shall be free and clear of all claims, rights and interests of any Person, including without limitation, the CCAA Charges.
17. **THIS COURT ORDERS AND DECLARES** that any distributions and deliveries under the Amended Plan and this Sanction Order shall not constitute a “distribution” and the Monitor shall not constitute a “legal representative” or “representative” of the Applicants or “other person” as the case may be for the purposes of Section 159 *Income Tax Act* (Canada), Section 270 of the *Excise Tax Act* (Canada), Section 46 of the *Employment Insurance Act* (Canada), Section 22 of the *Retail Sales Tax Act* (Ontario), Section 107 *Corporations Tax Act* (Ontario), Section 14 of the *Act Respecting the*

Ministère du Revenu (Quebec), Section 7 of the *Revenue Administration Act* (New Brunswick) or any other similar federal, provincial or territorial tax legislation (collectively, the “Statutes”), and the Monitor in making any such payments or delivering any assets in the Distribution Pool is not “distributing”, nor shall it be considered to have “distributed”, such funds or assets for the purposes of the Statutes, and the Monitor shall not incur any liability under the Statutes for making any payments or delivering any assets under the Amended Plan or failing to withhold amounts, ordered or permitted hereunder, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Statutes or otherwise at law, arising as a result of the distributions and deliveries under the Amended Plan and this Sanction Order and any claims of this nature are hereby forever barred.

RELEASES, DISCHARGES AND INJUNCTIONS

18. **THIS COURT ORDERS AND DECLARES** that the compromises, arrangements, releases, discharges and injunctions contemplated in the Amended Plan, including those granted by and for the benefit of the Released Parties, are integral components thereof and are necessary for, and vital to, the success of the Amended Plan and that, effective on the Plan Implementation Date, all such compromises, arrangements, releases, discharges and injunctions are hereby sanctioned, approved and given full force and effect in accordance with and subject to the rights and obligations of the Affected Creditors under the Amended Plan, including, without limitation, the rights of the Affected Creditors to receive distributions in respect of their Affected Claims in accordance with the Amended Plan, and all such compromises, arrangements, releases, discharges and injunctions shall be binding upon and effective against all Affected

Creditors, the Applicants and all other Persons affected by the Amended Plan, and on their respective heirs, administrators, executors, legal representatives, successors and assigns. For greater certainty, nothing herein or in the Amended Plan shall release or affect any rights or obligations of any Person under the Amended Plan.

19. **THIS COURT ORDERS** that, without limiting the generality of any provision of this Sanction Order or the Amended Plan, immediately upon the Plan Implementation Date having occurred, every Person, (regardless of whether or not such person is a Creditor), and save and except for Unaffected Creditors with respect to their Unaffected Claims (other than as it relates to the Included Property or the Purchased Companies pursuant to the Transaction Agreement), on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, hereby fully, finally, irrevocably and unconditionally releases and forever discharges the Released Parties of and from any and all claims, including, without limitation, all claims in respect of statutory liabilities of Directors and any alleged fiduciary (whether acting as a director, officer, member of a pension committee or acting in any other capacity in connection with the administration of the Terminated Pension Plans or any other pension or benefit plans or trusts of any of the Applicants) and any and all past, present and future claims, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, damages, expenses, fees (including solicitors' fees and liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent

or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or omission existing or taking place on or prior to the Plan Implementation Date relating to or otherwise in connection with the Applicants including, without limitation, the business and operations of the Applicants, the property of the Applicants, the CCAA Proceedings, the Chapter 15 Proceedings, all pension plans administered by the Applicants, including the Terminated Pension Plans, or in respect of which the Released Parties had any role, whether in their capacity as Directors or in any other capacity, including as or on behalf of the administrators of the Terminated Pension Plans and any other employee benefit or retirement savings plan, including without limitation any post-employment benefits and as trustees of the health and welfare trust, and all agreements with the DIP Lender (collectively, the **"Released Claims"**); provided, however, that nothing herein shall release or discharge: (i) Directors in respect of any claim referred to in Section 5.1(2) of the CCAA.; or (ii) any claim against any actuarial firm or record keeper/third party administrator affiliated with such actuarial firm, whether such firm operates as a partnership, limited partnership or corporation (which for greater certainty shall not include the Released Parties) (the **"Non-Released Parties"**) in respect of the NB Hourly Plan and the NB Salaried Plan, solely for the several liability for such Non-Released Party's contribution to any loss or damages (those matters included in subparagraphs (i) and (ii) above being collectively referred to herein as the **"Non-Released Claims"**). For greater certainty, and notwithstanding anything else contained in this Order, (i) no person may take proceedings against any Non-Released Parties for

any Non-Released Claim, except in respect of that Non-Released Party's several liability (if any) for such Non-Released Claim and not any liability that may be attributable to the Released Parties; and (ii) any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to take proceedings to claim over, claim against or otherwise pursue any claim against any of the Released Parties at any time, whether for contribution, indemnity, damages or otherwise at any time, all of which are hereby released.

20. **THIS COURT ORDERS** that, from and after the Plan Implementation Date, no Person shall make or continue any claims or proceedings whatsoever based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, the substance of the facts giving rise to any matter herein released (including, without limitation, any action, cross-claim, counter-claim, third party action or application) against any Person who claims or might reasonably be expected to claim in any manner or forum against one or more of the Released Parties, including, without limitation, by way of contribution or indemnity, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, and that in the event that any of the Released Parties are added to such claim or proceeding, such Person will immediately discontinue any such claim or proceeding against the Released Parties. Notwithstanding the foregoing, nothing herein shall release or discharge a Released Party from its obligations, if any, under the Plan and shall not discharge or release: (i) any Unaffected Claims; (ii) any claim referred to in Section 5.1(2) of the CCAA; and (iii) any Non-Released Claim against any Non-Released Parties. For greater certainty, and notwithstanding anything else contained in this Order, (i) no

person may take proceedings against any Non-Released Parties for any Non-Released Claim, except in respect of that Non-Released Party's several liability (if any) for such Non-Released Claim and not any liability that may be attributable to the Released Parties; and (ii) any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to take proceedings to claim over, claim against or otherwise pursue any claim against any of the Released Parties at any time, whether for contribution, indemnity, damages or otherwise at any time, all of which are hereby released.

21. **THIS COURT ORDERS** that, without limiting the generality of any provision of this Order or the Amended Plan, immediately upon the Plan Implementation Date having occurred, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Plan Implementation Date, with respect to the Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of

contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or (v) taking any actions to interfere with the implementation or consummation of the Amended Plan, the Transaction Agreement, or rights under the Trusts; provided, however, that the foregoing shall not apply to the enforcement of any obligations under the Amended Plan or the Transaction Agreement or in respect of any claim against a Director referred to in subsection 5.1(2) of the CCAA. For greater certainty, and notwithstanding anything else contained in this Order, (i) no person may take proceedings against any Non-Released Parties for any Non-Released Claim, except in respect of that Non-Released Party's several liability (if any) for such Non-Released Claim and not any liability that may be attributable to the Released Parties; and (ii) any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to take proceedings to claim over, claim against or otherwise pursue any claim against any of the Released Parties at any time, whether for contribution, indemnity, damages or otherwise at any time, all of which are hereby released.

22. **THIS COURT ORDERS** that the Released Parties and those third parties who receive a Document Preservation Notice substantially in the form attached hereto as Schedule

“D” shall take all reasonable steps to deliver, in accordance with such Document Preservation Notice, within thirty (30) days of receipt of such Document Preservation Notice all documents in their power, possession or control (including any documents in electronic form), if any, relating to the NB Hourly Plan and the NB Salaried Plan. The documents shall be maintained and stored for a period of two (2) years from the date of this Order. Nothing in this Order shall affect the procedural rights, if any, of any person in any future proceedings in respect of the Non-Released Claims, which proceedings shall be governed by the ordinary rules of court applicable to any such proceedings. Delivery of any documents pursuant to this Order or the Document Preservation Notice shall not constitute a waiver of privilege, and shall be without prejudice to any assertion of privilege by any person.

TERMINATION OF THE CCAA PROCEEDINGS

23. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, the CCAA Proceedings shall be and are hereby terminated as against the Purchased Companies and the Included Property, provided that the Purchased Companies and the Included Property shall continue to have the benefit of this Sanction Order, the Vesting Order, the Claims Order and any other relevant Order issued in the CCAA Proceedings.
24. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, the Applicants shall consist of Fraser Papers Inc./Papiers Fraser Inc. and FPS Canada Inc. and the style of cause herein shall be and is hereby amended to remove the Purchased Companies, namely Fraser Papers Holdings Inc., Fraser Papers Limited,

Fraser Timber Limited and Fraser N.H. LLC, so that all documents issued, served or filed after the Plan Implementation Date reflect the following style of cause:

"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., AND FPS CANADA INC."

25. **THIS COURT ORDERS** that, except as expressly set out in paragraph 23 hereof, the CCAA Proceedings shall continue until the filing by the Monitor with this Court of a certificate in the form attached hereto as Schedule "C" (the "**Monitor's Second Certificate**") signed by the Monitor, certifying that the Final Determination Date has occurred and that the Monitor has fulfilled its duties under the Claims Order, the Vesting Order and the Amended Plan and that, upon the filing of the Monitor's Second Certificate, the CCAA Proceedings shall be terminated (the "**CCAA Termination Date**").

ORDERS IN THE CCAA PROCEEDINGS

26. **THIS COURT ORDERS** that:

- (a) except to the extent that the Initial Order has been varied by or is inconsistent with this Sanction Order or any further Order of this Court, the provisions of the Initial Order shall remain in full force and effect until the CCAA Termination Date;
- (b) the Claims Bar Date, the Restructuring Claims Bar Date and the releases, injunctions and prohibitions provided for in the Claims Order, as amended by the

Meeting Order, be and are hereby confirmed and shall operate in addition to the provisions of this Sanction Order and the Amended Plan, including, without limitation, the releases, injunctions and prohibitions provided for hereunder and thereunder, respectively; and

- (c) all other Orders made in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by this Sanction Order or any further Order of this Court in the CCAA Proceedings.

CHARGES

- 27. **THIS COURT ORDERS** that, expressly subject to paragraph 28 hereof, the CCAA Charges provided for in the Initial Order and any subsequent Orders in the CCAA Proceedings shall automatically be fully and finally terminated, discharged and released on the Plan Implementation Date.
- 28. **THIS COURT ORDERS** that, notwithstanding paragraph 27 hereof, the Administration Charge and the Directors' Charge shall continue in full force and effect until the CCAA Termination Date. For greater certainty, the Administration Charge and the Directors Charge' shall not continue against the FPHI Shares, the Included Property or the Purchased Companies.

THE MONITOR

- 29. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein and under the Orders of this Court, shall be and is hereby authorized, directed and empowered to

perform its functions and fulfill its obligations under the Amended Plan to facilitate the implementation of the Amended Plan and to complete all matters incidental to the termination of the CCAA Proceedings.

30. **THIS COURT ORDERS AND DECLARES** that the actions and conduct of the Monitor in the CCAA Proceedings, as disclosed in its reports to the Court from time to time, including, without limitation, the Eighteenth Report, are hereby approved and that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order, and that in addition to the protections in favour of the Monitor as set out in the Initial Order and the CCAA, the Monitor shall not be liable for any act or omission on the part of the Monitor, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of its duties under the Amended Plan or with respect to any other duties or obligations with respect to the implementation of the Amended Plan, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Subject to the forgoing and in addition to the protections in favour of the Monitor as set out in the Orders of this Court, upon the CCAA Termination Date, any claims against the Monitor in connection with the performance of its duties as Monitor are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.
31. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor, except with prior leave of this Court on at least seven days prior written notice to the Monitor, and upon such further order securing, as security for costs, the solicitor

and his own client costs of the Monitor in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate.

32. **THIS COURT ORDERS** that upon fulfillment of the Monitor's duties under the Claims Order, the Vesting Order and the Amended Plan, the Monitor shall file with the Court the Monitor's Second Certificate and that, upon the filing of the Monitor's Second Certificate, PricewaterhouseCoopers Inc. shall be discharged from its duties, obligations and responsibilities as Monitor of the Applicants.

REPRESENTATIVE COUNSEL

33. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, the Representative Counsel shall be and is hereby discharged from its duties as Representative Counsel in the CCAA Proceedings.

CLAIMS OFFICER

34. **THIS COURT ORDERS** that any Claims Officer appointed in accordance with the Claims Order shall continue to have the authority conferred upon and to benefit from all protections afforded to Claims Officers pursuant to the Orders in the CCAA Proceedings and shall thereafter be discharged and released from its obligations on the CCAA Termination Date.

CHIEF RESTRUCTURING OFFICER

35. **THIS COURT ORDERS** that, in consideration for Glen McMillan continuing as Chief Restructuring Officer of the remaining Applicants from and after the Plan

Implementation Date to the CCAA Termination Date (the “**Post Implementation Period**”) to facilitate the outstanding issues in the restructuring for the benefit of all Affected Creditors, he shall be entitled to all protections and releases afforded under the Amended Plan for the Post Implementation Period, as if he had resigned all offices and all duties with the Applicants on the Plan Implementation Date.

STAY EXTENSION

36. **THIS COURT ORDERS** that the Stay Period as described in the Initial Order be and is hereby further extended to the earlier of: (a) May 2, 2011; and (b) the CCAA Termination Date.

EFFECT, RECOGNITION AND ASSISTANCE

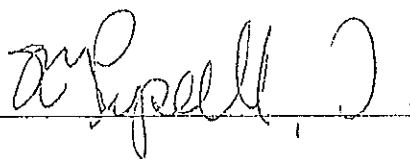
37. **THIS COURT ORDERS** that, notwithstanding any other provision of this Sanction Order, the Applicants, the Plan Sponsor and the Monitor shall remain entitled to seek directions from the Court in respect of the interpretation and implementation of this Sanction Order and the performance by the Applicants and the Monitor of their respective obligations under the Amended Plan, the Sanction Order and any other matters that pertain to the completion of the administration of the CCAA Proceedings prior to the CCAA Termination Date.
38. **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 Sanction 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.

39. **THIS COURT ORDERS** that this Sanction Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may otherwise be enforceable.
40. **THIS COURT REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to Section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America, including the U.S. Court presiding over the Chapter 15 Proceedings and of or any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Sanction Order. Each of the Applicants and the Monitor shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial, regulatory and administrative bodies, and take such other steps, in Canada, in the United States of America or elsewhere, as may be necessary or advisable to give effect to this Sanction Order and any other Order granted by this Court.

41. **THIS COURT ORDERS** that this Sanction Order shall be posted on the Monitor's website at www.pwc.com/car-fraserpapers and only be required to be served upon the

parties on the Service List and those parties who appeared at the hearing of the motion for this Sanction Order.



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

FEB 11 2011

PER / PAR:



Schedule "A"
Amended Consolidated Plan of Compromise and Arrangement

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

Applicants

AMENDED CONSOLIDATED PLAN OF COMPROMISE AND
ARRANGEMENT

PURSUANT TO THE
COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)

concerning, affecting and involving

FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC.,
FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED,
FRASER PAPERS LIMITED and FRASER N.H. LLC

January 27, 2011

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AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)*

ARTICLE I INTERPRETATION

1.01 Definitions

In the Plan (including the Schedules hereto), unless otherwise stated or unless the subject matter or context otherwise requires:

"Administration Charge" means the charge in favour of the Monitor, counsel to the Monitor and the Applicants' Canadian and U.S. counsel granted pursuant to paragraph 35 of the Initial Order, as more particularly set out therein, as amended and extended to include the Claims Officers;

"Affected Claim" means any Claim that is not an Unaffected Claim;

"Affected Creditor" means any Person having an Affected Claim and includes the transferee or assignee of a transferred or assigned Affected Claim who is recognized as an Affected Creditor by the Applicants and the Monitor in accordance with the Claims Order;

"Aggregate Implementation Payment Amount" has the meaning ascribed to it in Section 4.04 herein;

"Applicable Law" means in respect of any Person, property, transaction, event or other matter, any law, statute, regulation, code, ordinance, principle of common law or equity, municipal by-law, treaty or order, domestic or foreign, applicable to that Person, property, transaction, event or other matter and all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, and policies, in each case, having the force of law, of any Governmental Authority having or purporting to have the authority over that Person, property, transaction, event or other matter and regarded by such Governmental Authority as requiring compliance;

"Applicants" means, collectively, Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC;

"BAM" means Brookfield Asset Management Inc.;

"Brookfield US" means Brookfield US Corporation;

"Business Day" means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;

"Cash" includes legal tender, cheque, draft or funds received through electronic transfer;

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in effect as of the date of the Initial Order;

"CCAA Charges" means, collectively, the Administration Charge, the DIP Lender's Charge, the Directors' Charge and the Inter-Company Charge, in each case as defined in the Initial Order;

"CCAA Proceedings" means the proceedings under the CCAA commenced by the Applicants pursuant to the Initial Order;

"CDN \$" means Canadian dollars;

"Chapter 15 Claims Order" means an order issued by the U.S. Court dated August 5, 2009 within the Chapter 15 Proceedings recognizing and giving full force and effect to the Claims Order;

"Chapter 15 Proceedings" means the proceedings commenced by the Applicants on June 18, 2009 in the U.S. Court under Chapter 15 of the United States Bankruptcy Code Case No. 09-12123 (KJC) in which the CCAA Proceedings were recognized as a foreign main proceeding;

"Claim" means:

- (a) a Restructuring Claim;
- (b) a Secured Claim; and/or
- (c) the rights of any Person whatsoever, including any Secured Creditor, against one or more of the Applicants and/or Directors, whether or not asserted and however acquired, in connection with any indebtedness, liability or obligation of any kind of one or more of the Applicants and/or Directors in existence on the Filing Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, direct or indirect, by guarantee, surety, insurance deductible or otherwise, and whether or not such claim or right arises out of a contract that is executory or anticipatory in nature, and including any claim of negligence or breach of fiduciary duty relating in any way to pension plan administration or any other claims that would have been claims provable in bankruptcy had the applicable Applicant become bankrupt on the Filing Date and whether or not such right or claim resulted in a Proof of Claim being filed against the Applicants or the Directors under the Claims Order;

"Claims Bar Date" means 5:00 p.m. (Eastern Standard Time) on September 30, 2009, or such later date as may be ordered by the Court;

"Claims Officers" means John D. Ground, Andrew Diamond and such other Persons as may be designated by the Applicants, acceptable to the Monitor and approved by the Court for the purpose of resolving Unresolved Claims in accordance with the Claims Order;

"Claims Order" means the Order of the Court dated July 15, 2009 and recognized in the U.S. Court by the Chapter 15 Claims Order, as such Order may be amended, restated or varied by subsequent Order of the Court from time to time;

"Claims Process" means the Claims Process for determining the validity of Claims for voting and distribution purposes as set out in the Claims Order;

"Common Shares" means two million, four hundred and one thousand nine hundred and sixty (2,401,960) common shares of Twin Rivers issued to Fraser pursuant to a Share Certificate dated April 28, 2010 representing a 49% interest in the capital stock of Twin Rivers and having a notional value of \$24 million as at April 28, 2010;

"Continuing Obligations" has the meaning ascribed to it in the Transaction Agreement;

"Court" means the Ontario Superior Court of Justice (Commercial List);

"Creditor" means any Person having a Claim and includes, without limitation, the transferee or assignee of a Claim or a trustee, liquidator, receiver, receiver and manager, or other Person acting on behalf of such Person;

"Creditor Trust" means the trust to be formed on or before the Plan Implementation Date which shall hold any Promissory Notes, Common Shares and any Cash for the benefit of all Affected Creditors with Proven Distribution Claims other than the NB Hourly Claim, the NB Salaried Claim and the PBGC Claim pursuant to the creditor trust agreement in the proposed form to be confirmed by the Trust Order;

"DIP Lender" means, collectively, BAM and Brookfield US;

"DIP Lender's Charge" means the charge in favour of the DIP Lender granted pursuant to paragraph 40 of the Initial Order, as more particularly set out therein;

"Directors" means, collectively, those individuals who are or were previously directors or officers of any one or more of the Applicants and **"Director"** means, individually, any one of them;

"Directors' Charge" means the charge in favour of the Directors created under paragraph 25 of the Initial Order, as more particularly set out therein;

"Distribution Pool" means the Promissory Notes, the Common Shares and any Cash available (including any Cash remaining immediately prior to the Final Determination Date after all amounts secured by the Administration Charge and the Directors' Charge have been paid) to the Affected Creditors with Proven Distribution Claims pursuant to and in accordance with the Plan, which shall be held from and after the Plan Implementation Date in trust for the benefit of the Affected Creditors in one of the Trusts, directly by PBGC in respect of the PBGC Claim, or in the Reserve all as more particularly described herein;

"Encumbrance" means any interest, charge, lien, claim, mortgage, lease, sublease, hypothecation, deed of trust, pledge, security interest, option, right of use or possession, right of

first offer or first refusal, right of way, easement, servitude, restrictive covenant, encroachment, encumbrance, or other restriction or limitation of any kind howsoever erected or arising;

"Equity Interests" has the meaning ascribed to it in the Transaction Agreement;

"Filing Date" means June 18, 2009;

"Final Determination Date" means a date not more than seven (7) Business Days after all Unresolved Claims have been finally determined for distribution purposes pursuant to the Claims Order or such other date as may reasonably be determined by the Applicants in consultation with the Monitor after the Plan Implementation Date;

"FPHI" means Fraser Papers Holdings Inc.;

"FPHI Shares" has the meaning ascribed to it in the Transaction Agreement;

"Fraser" means Fraser Papers Inc./Papiers Fraser Inc., a corporation governed by the *Canada Business Corporations Act*;

"Government Priority Claims" means all Claims that fall within Section 18.2 of the CCAA;

"Governmental Authority" means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government;

"Implementation Payment" has the meaning ascribed to it in Section 4.04 herein;

"Implementation Payment Date" means a date not more than seven (7) days after the Plan Implementation Date or such other date as may reasonably be determined by the Applicants in consultation with the Monitor after the Plan Implementation Date;

"Included Property" has the meaning ascribed to it in the Transaction Agreement;

"Initial Order" means the Order of the Court dated June 18, 2009, as amended, extended, restated or varied by subsequent Order of the Court from time to time;

"Inter-Company Claim" means a Claim of an Applicant against one or more of the other Applicants;

"Meeting" means the meeting of Affected Creditors to be called and held pursuant to the Meeting Order for the purpose of considering and voting on the Plan pursuant to the CCAA, and includes any adjournment of such meeting;

"Meeting Order" means an Order to be obtained in the CCAA Proceedings establishing the terms and procedure for calling the Meeting of Affected Creditors to vote on the Plan and setting

the date of the Plan Sanction Hearing, as same may be amended, modified, supplemented, restated or varied by the Court from time to time;

"Monitor" means PricewaterhouseCoopers Inc., in its capacity as Court-Appointed Monitor pursuant to the Initial Order;

"NB Hourly Claim" means the Claim filed by Morneau Sobeco Limited Partnership (now Morneau Shepell Inc.) in its capacity as Administrator of the NB Hourly Plan in respect of the windup deficit of the NB Hourly Plan as of March 31, 2010, which has been accepted as a Proven Distribution Claim in the amount of \$110,139,269;

"NB Hourly Plan" means the Pension Plan for New Brunswick Hourly Paid Employees of Fraser Papers Inc., New Brunswick Registration #0251264;

"NB Hourly Trust" means the trust created by the NB Hourly Trust Agreement;

"NB Hourly Trust Agreement" means the declaration and agreement of trust made as of April 28, 2010 between Fraser as settler of the trust, Communications, Energy and Paperworkers Union of Canada as the union, and Doris Lavoie, Jean Clavette and Mario Theriault collectively as trustees, as same may be amended from time to time in accordance with its terms;

"NB Salaried Claim" means the Claim filed by Morneau Sobeco Limited Partnership (now Morneau Shepell Inc.) in its capacity as Administrator of the NB Salaried Plan in respect of the windup deficit of the NB Salaried Plan as of March 31, 2010, which has been accepted as a Proven Distribution Claim in the amount of \$24,257,074;

"NB Salaried Plan" means the Pension Plan for New Brunswick Salaried Employees of Fraser Papers Inc., New Brunswick Registration #0251256;

"NB Salaried Trust" means the trust created by the NB Salaried Trust Agreement;

"NB Salaried Trust Agreement" means the declaration and agreement of trust made as of December 2, 2010 between Fraser as settler of the trust, and Don Corey, Rino Girard and Mark Fitzherbert collectively as trustees, as same may be amended from time to time in accordance with its terms;

"Non-Released Claims" has the meaning given to that term in Section 9.01 herein;

"Non-Released Parties" has the meaning given to that term in Section 9.01 herein;

"Order" means any order of the Court in the CCAA Proceedings;

"PBGC" means Pension Benefit Guaranty Corporation;

"PBGC Claim" means the Claim filed by PBGC, which has been accepted as a Proven Distribution Claim in the amount of \$112,490,160;

"Permitted Encumbrance" has the meaning ascribed to it in the Transaction Agreement;

“Person” means any individual, corporation, limited or unlimited liability company, general or limited partnership, income fund, association, trust, pension fund, union, unincorporated organization, joint venture, government or any agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, pension plan administrator, or any other entity howsoever designated or constituted;

“Plan” means this plan of compromise and arrangement filed by the Applicants pursuant to the CCAA, including the Schedules hereto, as same may be amended, varied or supplemented hereinafter and from time to time in accordance with the terms hereof;

“Plan Implementation Date” means the Business Day on which the conditions precedent to implementation of the Plan have been satisfied, fulfilled or waived, as applicable, and the Monitor has completed and filed its certificate with the Court in accordance with Section 7.03 of the Plan;

“Plan Sanction Hearing” means the Court hearing at which the Applicants’ motion for the Sanction Order will be heard;

“Plan Sponsor” means BAM or such other Person or Person as it may designate on or prior to the Closing Date (as defined in the Transaction Agreement), in its capacity as Purchaser and Plan Sponsor under the Transaction Agreement;

“Post-Filing Claims” means any indebtedness, liability or obligation of any kind that arises after the Filing Date from or in respect of: (a) any executory contract or unexpired lease that has not been terminated or repudiated by an Applicant; (b) the supply of services, delivery of goods, or monies advanced to any of the Applicants on or after the Filing Date; (c) all amounts to be remitted to a tax authority pursuant to paragraph 9 of the Initial Order during the period from the Filing Date to, but excluding, the Plan Implementation Date; provided that “Post Filing Claim” shall not include any Restructuring Claim;

“Prior Repayments” has the meaning given to that term in Section 4.04 herein;

“Pro Rata Share” means, in respect of any Affected Creditor of the Unsecured Creditor Class, on the Plan Implementation Date and the Final Determination Date, as applicable, the ratio determined on the date by the following formula:

$$\text{Pro Rata Share} = \frac{\text{Proven Distribution Claim of Affected Creditor in Unsecured Creditor Class} - \text{the Implementation Payment received by that Affected Creditor}}{\text{Aggregate amount of Proven Distribution Claims of all Affected Creditors in Unsecured Creditor Class} + \text{the Unresolved Claims of Affected Creditors in Unsecured Creditor Class} - \text{the cumulative amount of all Implementation Payments}};$$

“Promissory Notes” means, collectively, a Promissory Note in the principal amount of U.S. \$30 million from Twin Rivers in favour of Fraser dated April 28, 2010 and a Promissory Note in the principal amount of U.S. \$10 million from Twin Rivers in favour of Fraser dated April 28, 2010 as may be adjusted in accordance with the Twin Rivers APA;

“Proof of Claim” means the form to be completed and filed by a Creditor setting forth its purported Claim in accordance with the Claims Order;

“Proven Distribution Claim” means an Affected Claim in respect of which a Proof of Claim has been or is deemed to have been filed in a proper and timely manner in accordance with the Claims Order and which has been accepted or finally determined for distribution purposes in accordance with the Claims Order;

“Proven Voting Claim” means an Affected Claim in respect of which a Proof of Claim has been or is deemed to have been filed in a proper and timely manner in accordance with the Claims Order and which has been accepted for voting purposes in accordance with the Claims Order;

“Purchased Companies” has the meaning ascribed to it in the Transaction Agreement;

“Released Claims” has the meaning given to that term in Section 9.01 herein;

“Released Parties” has the meaning given to that term in Section 9.01 herein;

“Representative Counsel” means Davies Ward Philips & Vineberg LLP appointed as counsel to the Fraser Papers’ Committee of Salaried Employees and Retirees pursuant to the Order of the Court dated September 17, 2009, as amended, extended, restated or varied by subsequent Order of the Court from time to time.

“Required Majority” means a majority in number of Affected Creditors who represent at least two-thirds in value of the Proven Voting Claims of Affected Creditors who actually vote on the resolution approving the Plan (in person, by proxy or by ballot) at the Meeting;

“Reserve” has the meaning given to that term in Section 4.09 herein;

“Restructuring Claim” means any right of any Person against one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation or termination after the Filing Date of any contract, lease or other agreement whether written or oral, provided however, a **“Restructuring Claim”** shall not include an Unaffected Claim;

“Restructuring Claims Bar Date” means 5:00 p.m. (Eastern Standard Time) on the date which is the earlier of thirty (30) calendar days after the event giving rise to the Restructuring Claim or fourteen (14) calendar days after the Plan Implementation Date;

“Sanction Order” means an Order made by the Court under the CCAA to, among other things, sanction, authorize and approve the Plan, in a form and substance satisfactory to the Plan Sponsor, acting reasonably, as such Order may be amended by the Court from time to time;

“Secured Claim” means the portion of a Claim that is: (i) secured by security validly charging or encumbering property or assets of any of the Applicants (including statutory and possessory liens that create security interests) up to the value of such collateral; (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the

Filing Date or subsequently in accordance with the Initial Order; and (iii) not an Unaffected Claim;

"Secured Creditor" means any Creditor holding a Secured Claim;

"Share Certificate" means the share certificate of Twin Rivers issued to Fraser dated April 28, 2010 evidencing the issuance of the Common Shares to Fraser;

"Substantive Consolidation Order" means the Order of the Court dated November 3, 2010 authorizing and directing the Applicants to prepare the Plan on the basis of substantive consolidation of all of the Applicants, as recognized and approved by the order of the U.S. Court dated November 3, 2010;

"Taxes" means any and all taxes, duties, fees, pending assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind whatsoever (including any Claims by Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any Province or Territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority, including any municipality, of any Province or Territory of Canada), including all interest, penalties, fines and additions with respect to such amounts;

"Transaction Agreement" means the Transaction Agreement among the Applicants and the Plan Sponsor dated November 25, 2010 attached hereto as Schedule "A", as the same may be amended, restated and varied from time to time in accordance with the terms thereof;

"Terminated Pension Plans" means the NB Hourly Plan, the NB Salaried Plan, the Fraser Papers Inc. Defined Contribution Pension Plan, the Régime de retraite des salaires de Papiers Fraser Inc. Pates Thurso, the Régime de retraite des syndiqués de Papiers Fraser Inc. Pates Thurso and the Pension Plan for Eligible Employees of Fraser Papers Limited;

"Trust Order" means an Order made by the Court within the CCAA Proceedings authorizing the Applicants to settle the Creditor Trust, approving the form and authorizing the execution of the creditor trust agreement and confirming the appointment of the trustee of the Creditor Trust;

"Trusts" means, collectively, the Creditor Trust, the NB Hourly Trust and the NB Salaried Trust;

"Twin Rivers" means Twin Rivers Paper Company Inc., a corporation governed by the *Business Corporations Act* (Ontario);

"Twin Rivers APA" means the asset purchase agreement between the Applicants and BAM and/or such other Person(s) as it may designate, namely Twin Rivers and Twin Rivers Paper Company LLC dated as of December 22, 2009, as amended;

"Unaffected Claim" has the meaning given to that term in Section 2.04 herein;

"Unaffected Creditor" means a Person who has an Unaffected Claim, but only in respect of such Unaffected Claim;

“Unresolved Claim” means an Affected Claim that was filed on a timely basis in accordance with the Claims Order but that is in dispute for voting and/or distribution purposes as at the date of the Meeting or as at the Plan Implementation Date, as the case may be, pursuant to the Claims Order;

“Unsecured Creditor Class” means a class of Persons consisting of all Affected Creditors with an Affected Claim;

“U.S.” means United States of America;

“U.S. \$” means U.S. dollars;

“U.S. Court” means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 15 Proceedings;

“U.S. Recognition Order” means the order to be sought from the U.S. Court recognizing and giving effect to, among other Orders, the Sanction Order, the Vesting Order and the Trust Order in the Chapter 15 Proceedings including, without limitation, enforcing the Plan and approving and giving effect to the Transaction Agreement and the transactions contemplated therein, in a form and substance satisfactory to the Plan Sponsor, acting reasonably;

“Vesting Order” means one or more Orders made by the Court under the CCAA as contemplated under the Plan and the Transaction Agreement to approve and give effect to the Transaction Agreement and the transactions contemplated therein and, among other things, (i) vesting the FPHI Shares in the Plan Sponsor free and clear of all Encumbrances, (ii) vesting the Included Property in the Purchased Companies free and clear of any and all Encumbrances except Permitted Encumbrances, and (iii) extinguishing and forever barring any and all liabilities, obligations and claims of the Purchased Companies other than the Continuing Obligations, in a form and substance satisfactory to the Plan Sponsor; and

“Website” means the website of the Monitor, www.pwc.com/car-fraserpapers.

1.02 Certain Rules of Interpretation

In the Plan:

- (a) the division of the Plan into Articles, Sections, subsections and clauses and the use of headings and a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of Articles and Sections intended as complete or accurate descriptions of the contents thereof;
- (b) the terms “the Plan”, “hereof”, “hereunder”, “herein” and similar expressions refer to the Plan and not to any particular Article, Section, subsection, clause or Schedule of or to the Plan;
- (c) words importing the singular include the plural and *vice versa* and words importing any gender include all genders;

- (d) where any reference is made to a Person, including but not limited to the Applicants, Directors, DIP Lender, Plan Sponsor and Monitor, such reference shall be deemed to include all officers, directors, affiliates, employees and agents of such Person;
- (e) the words "includes" and "including" and similar terms of inclusions shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation but rather shall mean "includes without limitation", "including without limitation", "includes but is not limited to" and "including but not limited to", as applicable, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (f) the word "or" is not exclusive;
- (g) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (h) all references to the CCAA are references to the CCAA as it existed on the date of the Initial Order;
- (i) all accounting terms not otherwise defined herein shall have the meanings ascribed to them, from time to time, in accordance with the Canadian generally accepted accounting principles, including those prescribed by the Canadian Institute of Chartered Accountants;
- (j) unless otherwise indicated, all references to currency and to "\$" are U.S. dollars;
- (k) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;
- (l) unless otherwise specified, the time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day; and
- (m) whenever any action is to be taken under the Plan on a day other than a Business Day, such action shall be taken on the next succeeding Business Day.

1.03 Currency Conversion

All Affected Claims dominated in a currency other than U.S. dollars shall, for the purposes of the Plan be converted to and shall constitute obligations in U.S. dollars, such calculation to be

effected using the Bank of Canada noon spot rate on the Filing Date (exchange rate conversation on such date was: U.S. \$1.00 = CAD \$1.1273).

1.04 Interest

Interest shall not accrue or be paid on any Affected Claims after the Filing Date, and no Affected Claims shall be entitled to interest accruing after or on the Filing Date.

1.05 Schedules

The following are the Schedules to the Plan:

Schedule "A" – Transaction Agreement, without schedules;

Schedule "B" – Promissory Notes; and

Schedule "C" – Share Certificate.

ARTICLE II PURPOSE AND EFFECT OF PLAN

2.01 Purpose

The purpose of the Plan is to implement the consummation of the Transaction Agreement and to settle Affected Claims and effect a compromise and arrangement of all Affected Claims against the Applicants in a manner that provides consistent and equitable treatment among the Affected Creditors of the Applicants and allows for the orderly allocation of the Distribution Pool to the Affected Creditors. Affected Creditors with Proven Distribution Claims will be allocated their Pro Rata Share from the Distribution Pool. The Affected Creditors' allocated assets of the Distribution Pool will be delivered to one of the Trusts, which have been or will be established on the Plan Implementation Date, or to PBGC in respect of the PBGC Claim. The purpose of each of the Trusts is to hold, administer and (subject to the terms of the Common Shares and the Promissory Notes) realize upon the allocated assets of the Distribution Pool held by each trust, to facilitate a future distribution of Cash to the beneficiaries of each trust.

The Plan is presented to the Affected Creditors in the expectation that all Persons with an interest in the Applicants will derive a greater benefit from the implementation of the Plan, with the support of the DIP Lender and the creation and funding of the Creditor Trust, than would result from a bankruptcy of the Applicants.

2.02 Substantively Consolidated Plan

The Plan is presented by the Applicants to the Affected Creditors on a substantively consolidated basis in accordance with the Substantive Consolidation Order for the sole purpose of permitting Affected Creditors having Proven Voting Claims to vote on the Plan and Affected Creditors having Proven Distribution Claims to receive distributions under the Plan in accordance with the terms hereof.

Affected Creditors under the substantively consolidated Plan will have one Claim for voting and distribution purposes against the Applicants and will not have individual Claims against each Applicant.

2.03 Affected Persons

The Plan will become effective on the Plan Implementation Date and shall be binding on and enure to the benefit of the Applicants, the Directors, the Plan Sponsor, the Affected Creditors and all other Persons named or referred to in, or subject to the Plan, in accordance with its terms but, subject to Article V herein as it relates only to the transactions contemplated under the Transaction Agreement, shall not affect Unaffected Creditors with respect to and to the extent of their Unaffected Claims.

2.04 Unaffected Claims

Subject to Article V herein as it relates only to the transactions contemplated under the Transaction Agreement, the Plan does not compromise or affect the following Claims and any rights that may exist in respect thereof (collectively, the “Unaffected Claims”):

- (a) Claims secured by the CCAA Charges other than in respect of the Inter-Company Charge;
- (b) Claims of the Directors pursuant to an indemnity from any Applicant which are not otherwise covered by the Directors’ Charge;
- (c) any Claim against any Director that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA;
- (d) Government Priority Claims;
- (e) Secured Claims; and
- (f) Post-Filing Claims.

ARTICLE III CLASSIFICATION OF CREDITORS AND PROCEDURAL MATTERS

3.01 Classes of Creditors

For the purposes of considering and voting on the Plan, the Affected Creditors shall constitute a single class, the “Unsecured Creditor Class”.

3.02 Claims Procedure

Creditors shall prove their Claims, vote in respect of the Plan and receive distributions provided for under and pursuant to the Plan in accordance with the Claims Order, the Meeting Order and the Plan, as applicable.

3.03 Claims Bar Date and Restructuring Claims Bar Date

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date or the Restructuring Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Order, the Meeting Order, the Plan and/or the Sanction Order.

3.04 No Vote or Distribution in Respect of Unaffected Claims

Notwithstanding anything to the contrary herein, no Unaffected Creditor shall be entitled to vote or receive any distributions under the Plan in respect of such Unaffected Claim. Nothing in the Plan shall affect the Applicants' rights and defences with respect to any Unaffected Claim.

3.05 Approval by Creditors

In order to be approved by the Affected Creditors, the Plan must receive an affirmative vote by the Required Majority.

3.06 Inter-Company Claims

Notwithstanding anything to the contrary herein, the Applicants shall not be entitled to vote in respect of the Plan and shall not receive any distributions pursuant to the Plan in respect of any Inter-Company Claims or otherwise.

3.07 Meeting of Creditors

The Meeting shall be held in accordance with the Meeting Order, the Claims Order and any further Order of the Court.

3.08 Voting

Each Affected Creditor who is entitled to vote at the Meeting, pursuant to and in accordance with the Meeting Order, shall be entitled to one vote equal to the dollar value of its Affected Claim determined as a Proven Voting Claim.

3.09 Voting of Unresolved Claims

Subject to Section 3.10, each Affected Creditor holding an Unresolved Claim shall be entitled to attend the Meeting and shall be entitled to one vote as such Meeting. The Monitor shall keep a separate record of votes cast by Affected Creditors holding Unresolved Claims and shall report to the Court with respect thereto at the Plan Sanction Hearing. The votes cast in respect of any Unresolved Claim shall not be counted for any purposes unless, until and only to the extent that such Unresolved Claim is finally determined to be a Proven Voting Claim in accordance with the Claims Order, the Meeting Order, the Plan and any further Order of the Court.

3.10 Procedure for Valuing Voting Claims

The procedure for resolving Unresolved Claims for voting purposes shall be as set forth in the Claims Order, the Meeting Order, the CCAA and the Plan. The Applicants and the Monitor shall have the right to seek the assistance of the Court in valuing any Unresolved Claim in accordance with the Claims Order, the Meeting Order, the CCAA and the Plan, if required, to ascertain the result of any vote on the Plan.

ARTICLE IV TREATMENT OF CREDITORS

4.01 Compromise of Affected Claims

For the purposes of the Plan, Affected Creditors shall receive the treatment as provided in the Plan on account of their Affected Claims and on the Plan Implementation Date all Affected Claims shall be compromised, settled, released and otherwise affected in accordance with the terms of the Plan.

4.02 Unaffected Creditors

Subject to Article V herein as it relates only to the transactions contemplated under the Transaction Agreement, all Unaffected Claims shall be unaffected by the Plan.

4.03 Payment of Government Priority Claims

The Government Priority Claims shall be paid in full in Cash by the Applicants other than the Purchased Companies to Her Majesty in Right of Canada or the applicable province within six (6) months of the date of the Sanction Order, in accordance with the CCAA.

4.04 Implementation Payment

Subject to the Applicants having sufficient Cash available (the “**Aggregate Implementation Payment Amount**”) after repayment of all amounts owing to (i) the DIP Lender and secured under the DIP Lender’s Charge (including a reserve to conclude the CCAA Proceedings) and (ii) the Secured Creditors, (collectively, the “**Prior Repayments**”), a payment shall be made on the Implementation Payment Date by the Applicants to each Affected Creditor with a Proven Distribution Claim in an amount equal to the lesser of: (i) the full amount of the Affected Creditor’s Proven Distribution Claim (if less than \$500.00); or (ii) \$500.00. If the Applicants have insufficient Cash to fund the Aggregate Implementation Payment Amount in full after repaying the Prior Repayments, the Implementation Payment to each Affected Creditor with a Proven Distribution Claim shall be reduced on an equal basis to ensure that the Aggregate Implementation Payment Amount does not exceed the Cash available to the Applicants to make such payment. If the Cash available to the Applicants to fund a reduced Aggregate Implementation Payment Amount would result in an Implementation Payment of less than \$100.00 to each Affected Creditor with a Proven Distribution Claim, the Applicants shall not be required to incur the cost to make such distribution (such distribution made under this Section 4.04, referred to as the “**Implementation Payment**”).

4.05 Delivery of Implementation Payment

The Implementation Payment to Affected Creditors with Proven Distribution Claims shall be made by prepaid ordinary mail by the Monitor as follows:

- (a) to the addresses set forth in the Proofs of Claim filed by such Affected Creditors in accordance with the Claims Order;
- (b) if applicable, to the addresses set forth in any written notices of address change delivered to the Monitor after the date on which any corresponding Proof of Claim was filed, provided such notice is received by the Monitor at least five (5) Business Days prior to the Plan Implementation Date; or
- (c) if applicable, and to the extent differing from the foregoing, to the address of such Affected Creditors' respective legal representatives, in trust for such Affected Creditors.

4.06 Unclaimed Distributions

If any Person entitled to a Implementation Payment cannot be located on the Plan Implementation Date or at any time thereafter or otherwise fails to claim his Implementation Payment hereunder, then such Cash shall be segregated and set aside by the Monitor on behalf of such Person. If such Person is located within two (2) months of the Implementation Payment Date, such Cash shall be distributed to such Person by the Monitor. If such Person cannot be located within two (2) months of the Implementation Payment Date, any segregated Cash shall be added to the Reserve held by the Monitor in respect of Unresolved Claims and such Person shall be deemed to have released its Claim to such Cash and such portion of the Affected Creditors' Claim shall be discharged and forever barred. Nothing contained in the Plan shall require the Monitor to take any steps to attempt to locate any Affected Creditor.

If any Implementation Payment is not negotiated or deposited by such Affected Creditor within the time period permitted by the Canadian Payment Association rules or other clearing rules applicable to Canadian bank accounts such that the item becomes stale-dated or otherwise not capable of being negotiated, the Applicant shall be under no obligation to re-issue a Implementation Payment to that Affected Creditor. In such event, the Affected Creditor shall be deemed to have released its interest in such Implementation Payment, and the amount of that Affected Creditor's distribution shall be remitted to the Creditor Trust.

4.07 Allocation of Distribution Pool to Affected Creditors and Delivery to the Trusts and PBGC

On the Plan Implementation Date, the Monitor shall, after establishing the Reserve as contemplated in Section 4.09(2) herein, allocate to each Affected Creditor in the Unsecured Creditor Class with a Proven Distribution Claim its Pro Rata Share of assets remaining in the Distribution Pool, in full and final satisfaction, compromise, settlement, release and discharge of and exchange for each such Proven Distribution Claim. The Applicants, in consultation with the Monitor, shall deliver the allocated assets from the Distribution Pool in respect of the Affected

Creditors with Proven Distribution Claims in the Unsecured Creditor Class in the manner contemplated in Section 4.08 herein as follows:

- (a) in respect of the NB Hourly Claim to the NB Hourly Trust;
- (b) in respect of the NB Salaried Claim to the NB Salaried Trust;
- (c) in respect of the PBGC Claim to the PBGC; and
- (d) in respect of all other Proven Distribution Claims to the Creditor Trust in accordance with the terms of the Trust Order and the creditor trust agreement to be confirmed therein.

4.08 Delivery of Allocated Assets from Distribution Pool to the Trusts

On the Plan Implementation Date, upon being advised by the Monitor of the allocation of the Distribution Pool among the NB Hourly Trust, the NB Salaried Trust, PBGC and the Creditor Trust as contemplated in Section 4.07 herein, and establishing the amount of the Reserve as contemplated by Section 4.09 herein, the Applicants shall cause Twin Rivers to exchange the Share Certificate and the Promissory Notes for share certificates and promissory notes in the amount of the allocation in the name of the Trustee for each of the NB Hourly Trust, the NB Salaried Trust and the Creditor Trust for the benefit of the beneficiaries of such Trusts, in the amount of the allocation in the name of PBGC for its own benefit and in the amount of the Reserve in the name of the Applicants. On the Final Determination Date, upon being advised by the Monitor of the allocation of the Reserve among the NB Hourly Trust, the NB Salaried Trust, PBGC and the Creditor Trust, the Applicants shall cause Twin Rivers to exchange the share certificate and promissory note in respect of the Reserve for share certificates and promissory notes in the amount of the allocation in the name of the Trustee for each of the NB Hourly Trust, the NB Salaried Trust and the Creditor Trust for the benefit of the beneficiaries of the Trusts and in the amount of the allocation in the name of PBGC for its own benefit.

4.09 Unresolved Claims and Final Allocation of Distribution Pool

(1) A Creditor holding an Unresolved Claim will not be entitled to receive an allocation, delivery or distribution under the Plan in respect thereof unless and until such Unresolved Claim becomes a Proven Distribution Claim.

(2) In the case of any Claim that is an Unresolved Claim on the Plan Implementation Date, the Applicants and the Monitor both acting reasonably (and subject to their rights to seek directions from the Court), will establish a reserve for such Unresolved Claims from the Distribution Pool and the Cash for the Implementation Payment (the "Reserve"). The Applicants and the Monitor shall continue to hold the Reserve for the benefit of the Affected Creditors ultimately determined to have Proven Distribution Claims as of the Final Determination Date.

(3) If an Unresolved Claim is ultimately disallowed in whole or in part in accordance with the Claims Order after the Plan Implementation Date, any portion of the Reserve in respect of such Unresolved Claim will become available for allocation to the Affected Creditors with

Proven Distribution Claims by making a further allocation to the Affected Creditors with Proven Distribution Claims in accordance with Section 4.07 herein of their Pro Rata Share of the Distribution Pool from the portion of the Reserve for such Unresolved Claims on the Final Determination Date and delivering it to the Trusts and PBGC in accordance with Section 4.08 herein.

(4) On the Final Determination Date, the Monitor shall (i) allocate to the Affected Creditors with Unresolved Claims that become Proven Distribution Claims, their Pro Rata Share of the Distribution Pool from the Reserve and deliver it to the Creditor Trust in accordance with Section 4.08 herein, (ii) pay the Implementation Payment to such Affected Creditor, and (iii) remit any remaining Cash in the Distribution Pool and the Reserve to the Trusts and PBGC based on their Pro Rata Share of the Distribution Pool.

4.10 Tax Requirements

Notwithstanding any other provision of the Plan, each Affected Creditor that is to receive an Implementation Payment pursuant to the Plan 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). The Applicants and the Monitor, as necessary, shall be authorized but not required to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority.

ARTICLE V TRANSACTION AGREEMENT

5.01 Incorporation of Transaction Agreement

The Plan is to be implemented, and all Court orders and other actions relating to this Plan are to be made or taken, in conjunction with the implementation of the transactions contemplated by the Transaction Agreement. The Plan shall be deemed to incorporate the terms and conditions of the Transaction Agreement as they relate to the Applicants and their respective: (a) property, assets and undertaking; and (b) debts, obligations, claims and liabilities of any kind whatsoever.

5.02 Included Property

For greater certainty, and notwithstanding any other provision of the Plan, upon implementation of the Plan and the Transaction Agreement all right, title and interest in and to: (a) the Included Property shall be held by and vest in the Purchased Companies; and (b) the Equity Interests of FPHI shall be transferred to and vest in the Plan Sponsor; in each case free and clear of any and all charges, liens and encumbrances whatsoever.

5.03 Continuing Obligations & Release

For greater certainty, and notwithstanding any other provision of the Plan, upon implementation of the Plan and the Transaction Agreement: (a) the Purchased Companies shall have no debts,

obligations, claims or liabilities whatsoever other than the Continuing Obligations; and (b) any and all debts, obligations, claims or liabilities of the Purchased Companies other than Continuing Obligations, whenever and howsoever incurred or arising, shall be deemed to have been released, waived, extinguished and forever barred as against the Purchased Companies, the Plan Sponsor, and the Plan Sponsor's Affiliates (as defined in the Transaction Agreement).

ARTICLE VI SANCTION ORDER AND VESTING ORDER

6.01 Application for Sanction Order and Vesting Order

A motion shall be brought by the Applicants seeking the Sanction Order and the Vesting Order that is to be heard by the Court as soon as reasonably practicable following the approval of the Plan by the Required Majority of the Affected Creditors.

6.02 Effect of Sanction Order and Vesting Order

In addition to approving and sanctioning the Plan, and subject to the discretion of the Court, the Sanction Order and Vesting Order shall, among other things and without limitation:

- (a) declare that (i) the Plan has been approved by the Required Majority of Affected Creditors in conformity with the CCAA; (ii) the Applicants have complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that the Applicants have not done nor purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (b) direct and authorize the Applicants and the Monitor to fulfill the obligations under the Plan, including to complete the transactions and distributions contemplated under the Plan free and clear of all Claims;
- (c) confirm the effect of the Claims Order, including, without limitation, the effect of the Claims Bar Date, the Restructuring Claims Bar Date and the releases, injunctions and prohibitions provided thereunder;
- (d) confirm the effect of the Meeting Order;
- (e) effective on the Plan Implementation Date, permanently stay all Claims and declare that the compromises effected hereby are approved, binding and effective as herein set out upon all Creditors and other Persons affected by the Plan;
- (f) effective on the Plan Implementation Date, declare that the compromises, releases and injunctions effected hereby are approved, binding and effective as of the Plan Implementation Date upon all Affected Creditors and all other Persons affected by the Plan and shall inure to the benefit of the Applicants, the Directors, the Plan Sponsor, the Monitor and all Persons affected by the Plan;

- (g) continue the stay of proceedings under the Initial Order until the CCAA Proceedings are terminated by Order of the Court;
- (h) effective on the Plan Implementation Date, declare that each of the Charges and the Unaffected Claims shall be terminated, discharged and released as against the FPHI Shares, the Purchased Companies and Included Property;
- (i) effective on the Plan Implementation Date, declare that all right, title and interest of the Applicants in and to the FPHI Shares shall vest in the Plan Sponsor free and clear of all Encumbrances;
- (j) effective on the Plan Implementation Date, declare that all right, title and interest of the Applicants (other than the Purchased Companies) in and to the Included Property shall vest in the Purchased Companies, free and clear of all Encumbrances (other than Permitted Encumbrances);
- (k) effective on the Plan Implementation Date, discharge and extinguish all Encumbrances (other than Permitted Encumbrances) on the Purchased Companies and the Included Property;
- (l) subject to Section 5.1(2) of the CCAA, effective on the Plan Implementation Date, stay any and all steps or proceedings, including, without limitation, administrative orders, declarations or assessments, commenced, taken or proceeded with against the Directors or that could have been commenced, taken or proceeded with against the Directors save for the stay of proceedings, and discharge the Directors from any liability arising as a result of their acting as a director and/or officer of any of the Applicants;
- (m) confirm the releases contemplated by Section 9.01 of the Plan;
- (n) effective on the Plan Implementation Date, permanently enjoin the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedy or recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the Plan;
- (o) confirm that the Monitor and the Applicants' advisors shall continue to have the benefit of the Administration Charge and the Directors shall continue to have the benefit of the Directors Charge, as provided in the Initial Order until such time as the CCAA Proceedings are terminated and all obligations secured thereby are paid in full; and
- (p) effective on the Plan Implementation Date, discharge the Inter-Company Charge and the DIP Lender Charge and, except as against the FPHL Shares and the Purchased Companies, continue the Administration Charge and the Directors' Charge until the CCAA Proceedings are terminated and all obligations secured thereby are paid in full.

ARTICLE VII
CONDITIONS PRECEDENT

7.01 Conditions Precedent to Implementation of Plan

The implementation of the Plan is conditional upon the fulfilment, satisfaction or waiver by the Applicants, the Plan Sponsor and the DIP Lenders, as applicable, of the following conditions on or before the Plan Implementation Date:

- (a) the Plan being approved by the Required Majority;
- (b) the Plan terms being acceptable to the Plan Sponsor;
- (c) the Sanction Order and Vesting Order being issued by the Court on or before February 10, 2011 or such later date as may be agreed by the Applicants and the Monitor;
- (d) the U.S. Recognition Order being issued by the U.S. Court on or before February 11, 2011 or such later date as may be agreed by the Applicants and the Monitor;
- (e) all applicable appeal periods in respect of the Sanction Order, the Vesting Order and the U.S. Recognition Order having expired and any appeals therefrom having been finally disposed of by the applicable appellate tribunal;
- (f) the transactions, events and actions contemplated under the Transaction Agreement having been completed and the Applicants and the Plan Sponsor being in compliance with all of their obligations and agreements under the Transaction Agreement, the Plan, the Sanction Order, the Vesting Order and the U.S. Recognition Order;
- (g) arrangements satisfactory to the Applicants and the DIP Lender having been made for the repayment of all amounts secured under the DIP Lender's Charge;
- (h) the resolution of Secured Claims on terms acceptable to the Applicants and the Monitor or pursuant to an Order of the Court;
- (i) the issuance of replacement Promissory Notes and the resolution and release of the holdback in accordance with the Twin Rivers APA;
- (j) the establishment and funding of the Creditor Trust to hold the Promissory Notes and the Common Shares for the benefit of the Affected Creditors with Proven Distribution Claims (other than in respect of the NB Hourly Claim and the NB Salaried Claim) from and after the Plan Implementation Date as contemplated under the Trust Order; and
- (k) the execution of releases satisfactory to the Applicants and the Directors by the administrators of the Terminated Pension Plans, the Superintendent of Pensions for New Brunswick and the Regie des rentes du Quebec; and

- (l) all relevant Persons having executed, delivered and filed all documents and other instruments and the Applicants having obtained all consents and approvals that, in the opinion of the Applicants, acting reasonably, are necessary to implement the provisions of the Plan.

7.02 Waiver

Any waiver of the conditions in Section 7.01 hereof capable of being waived shall be in writing by the Applicants, the Plan Sponsor or the DIP Lender, as applicable.

7.03 Monitor's Certificate

Upon being advised by the Applicants and the Plan Sponsor that the conditions set out in Section 7.01 hereof have been satisfied or waived, the Monitor shall file with the Court a certificate that states that all conditions precedent set out in Section 7.01 of the Plan have been satisfied or waived.

ARTICLE VIII EFFECT OF PLAN

8.01 Effect of Plan Generally

The Plan (including, without limitation, the releases and injunctions contained in the Plan), upon being sanctioned and approved by the Court pursuant to the Sanction Order and the Sanction Order being recognized by the U.S. Court pursuant to the U.S. Recognition Order, shall be binding as of the Plan Implementation Date on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose and shall constitute:

- (a) a full, final and absolute settlement of all rights of the holders of all Claims; and
- (b) an absolute release and discharge of all indebtedness, liabilities and obligations of the Applicants of or in respect of the Claims.

8.02 Consents, Waivers and Agreements

On the Plan Implementation Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of the Plan in its entirety. In particular, each Affected Creditor shall be deemed:

- (a) to have executed and delivered to the Monitor and the Applicants all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and
- (b) to have waived any and all defaults then existing or previously committed by the Applicants in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all

amendments or supplements thereto, existing between any such Affected Creditor and the Applicants and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded.

ARTICLE IX RELEASES AND INJUNCTIONS

9.01 Release and the Released Parties

For good and valuable consideration, including, without limitation, the settlement by the Applicants of the Creditor Trust and the distributions to be made pursuant to the Plan, every Person, (regardless of whether or not such person is a Creditor), and save and except for Unaffected Creditors with respect to their Unaffected Claims (other than as it relates to the Included Property or the Purchased Companies pursuant to the Transaction Agreement), on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, hereby fully, finally, irrevocably and unconditionally releases and forever discharges each of the Applicants, the Directors, the Monitor, the Plan Sponsor, the DIP Lender, Representative Counsel and all current and former members of all pension committees together with each of their and their affiliates' respective current and former legal representatives, directors, officers, predecessors, heirs, spouses, dependants, administrators, executors, subsidiaries, affiliates, related companies, member companies, partners, shareholders, employees, solicitors, attorneys, auditors, contractors, consultants, financial advisors, servants, agents and assigns (collectively, the **"Released Parties"** and individually, a **"Released Party"**), of and from any and all claims, including, without limitation, all claims in respect of statutory liabilities of Directors and any alleged fiduciary (whether acting as a director, officer, member of pension committee or acting in any other capacity in connection with the administration of the Terminated Pension Plans or any other pension or benefit plans or trusts of any of the Applicants) and any and all past, present and future claims, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, damages, expenses, fees (including solicitors' fees and liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or omission existing or taking place on or prior to the Plan Implementation Date relating to or otherwise in connection with the Applicants including, without limitation, the business and operations of the Applicants, the property of the Applicants, the CCAA Proceedings, the Chapter 15 Proceedings, all pension plans administered by the Applicants, including the Terminated Pension Plans, or in respect of which the Released Parties had any role, whether in their capacity as Directors or in any other capacity, including as or on behalf of the administrators of the Terminated Pension Plans and any other employee benefit or retirement savings plan, including without limitation any post-employment benefits and as trustees of the health and welfare trust, and all agreements with the DIP Lender (collectively, the **"Released Claims"**); and each Person shall not make or continue any claims or proceedings whatsoever based on, in connection with, arising out of, or in any way related to, in whole or in

part, directly or indirectly, the substance of the facts giving rise to any matter herein released (including, without limitation, any action, cross-claim, counter-claim, third party action or application) against any Person who claims or might reasonably be expected to claim in any manner or forum against one or more of the Released Parties, including, without limitation, by way of contribution or indemnity, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, and that in the event that any of the Released Parties are added to such claim or proceeding, it will immediately discontinue any such claim or proceeding. Notwithstanding the foregoing, nothing herein shall release or discharge a Released Party from its obligations, if any, under the Plan. This Section 9.01 does not release: (i) any Unaffected Claims; (ii) any claim referred to in Section 5.1(2) of the CCAA or (iii) any claim against any actuarial firm or record keeper/third party administrator affiliated with such actuarial firm, whether such firm operates as a partnership, limited partnership or corporation (which for greater certainty shall not include the Released Parties) of the Terminated Pension Plans (the "**Non-Released Parties**") solely for the several liability for such Non-Released Party's contribution to any loss or damages (those matters included in subparagraphs (i), (ii) and (iii) being collectively referred to herein as the "**Non-Released Claims**"). For greater certainty, and notwithstanding anything else contained herein, any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to claim over, claim against or otherwise assert or pursue any rights or any claim against any of the Released Parties at any time, all of which are hereby released.

9.02 Injunction

All Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Plan Implementation Date, with respect to the Released Claims, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to

make such a claim in any manner or forum, against one or more of the Released Parties;

- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or
- (e) taking any actions to interfere with the implementation or consummation of the Plan, the Transaction Agreement or rights under the Trusts.

This Section 9.02 does not apply to any Non-Released Claims or to the enforcement of any obligations under the Plan. For greater certainty, and notwithstanding anything else contained herein, any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to claim over, claim against or otherwise assert or pursue any rights or any claim against any of the Released Parties at any time, all of which are hereby enjoined.

9.03 Carve Out to Release and Injunction

For greater certainty: (i) nothing in the Plan shall release, enjoin or compromise the Non-Released Claims; and (ii) any Non-Released Claim that may be asserted by any Person against any Non-Released Parties expressly excludes any right of such Non-Released Party to claim over, claim against or otherwise assert or pursue any rights or any claim against any of the Released Parties at any time.

9.04 Inter-Company Claims

For greater certainty and for good and valuable consideration including, without limitation, the terms of the Plan and the release of all Claims as against the Applicants, each of the Applicants has agreed and shall be deemed to have agreed that, conditional only upon the implementation of the Plan on the Plan Implementation Date:

- (a) it shall not prove, nor vote, nor receive a distribution under the Plan on account of its Inter-Company Claims, if any; and
- (b) its Inter-Company Claims, if any, are hereby fully, finally, irrevocably and unconditionally waived and released and each of the other Applicants stands fully and finally released, remised and forever discharged of any and all liability in connection with such Inter-Company Claims.

ARTICLE X PLAN AMENDMENTS OR TERMINATION

10.01 Plan Amendment

Prior to and during the Meeting, the Applicants, in consultation with the Monitor, may at any time and from time to time (subject to the approval of the Plan Sponsor) amend, modify and/or supplement the Plan by written instrument, and the Monitor shall post such amendment on the Website. The Applicants will give reasonable written notice to all Affected Creditors present at

the Meeting of the details of any such amendment prior to the vote being taken to approve the Plan.

Following the Sanction Order, any amendment, modification or supplement to the Plan may be made by the Applicants by written instrument with the consent of the Monitor and the Plan Sponsor or approved by the Court provided that it concerns a matter which, in the opinion of the Applicants, the Monitor and the Plan Sponsor, each acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and to the Sanction Order and is not adverse or prejudicial to the financial or economic interests of the Affected Creditors. The Monitor shall post such amendment on the Website and the Applicants shall file the amendment to the Plan with the Court, but no additional vote of the Affected Creditors will be necessary in order to give effect to such amendment to the Plan.

Any amended, modified or supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section 10.01, approved by the Court, shall, for all purposes, be and be deemed to be a part of, and be incorporated in the Plan.

10.02 Termination of the Plan

At any time prior to the Plan Implementation Date, the Applicants may, subject to further order of the Court, determine not to proceed with the Plan notwithstanding any prior approvals given at the Meeting or the obtaining of the Sanction Order.

If the conditions precedent to implementation of the Plan are not satisfied or waived, if the Applicants determine not to proceed with the Plan, or if the Sanction Order are not issued by the Court: (a) the Plan shall be null and void in all respects; (b) any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan, and no act taken in preparation of the consummation of the Plan, shall constitute or be deemed to constitute a waiver or release of any Claims or any defences thereto by or against any of the Applicants or any other Person.

ARTICLE XI GENERAL PROVISIONS

11.01 Severability of Plan Provisions

If, prior to the Plan Implementation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants, may: (a) sever such term or provision from the balance of the Plan and provide the Applicants with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date; or (b) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, holding, alteration or interpretation, and provided the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or

interpretation. Notwithstanding the foregoing, no such severance, alteration or interpretation shall affect Unaffected Claims and the rights of Creditors with Unaffected Claims.

11.02 Advice and Directions

The Applicants and the Monitor shall each be entitled to apply to the Court from time to time for advice and directions concerning the implementation, operation and administration of the Plan.

11.03 Paramountcy

From and after the Plan Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, credit document, agreement for sale, by-laws of the Applicants, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Creditors and the Applicants as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority.

11.04 Responsibilities of the Monitor

The Monitor is acting solely in its capacity as Monitor in the CCAA Proceedings and shall not be responsible or liable for any obligations of the Applicants hereunder. The Monitor shall have those powers and protections granted to it by the Plan, the CCAA and by any Order of the Court in the CCAA Proceedings, including the Initial Order, the Claims Order, the Meeting Order and the Sanction Order.

11.05 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

11.06 Notices

Any notice or communication to be delivered hereunder shall be in writing and shall reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, mail or by facsimile addressed to the respective parties as follows:

(i) if to the Applicants:

Fraser Papers Inc.
Box 762, Suite 200
Brookfield Place, 181 Bay Street
Toronto, ON M5J 2T4

Attention: Glen McMillan, CRO
Facsimile: (416) 359-8606

with a copy to:

Thornton Grout Finnigan LLP
Suite 3200, Canadian Pacific Tower,
100 Wellington St. West, P.O. Box 329
Toronto Dominion Centre
Toronto, ON M5K 1K7

Attention: D.J. Miller
Facsimile: 416-304-1313

(ii) if to the Monitor:

PricewaterhouseCoopers Inc.
Royal Trust Tower
20th Floor, 77 King Street West
Toronto, ON M5K 1G8

Attention: John McKenna
Facsimile: (416) 941-8378

with a copy to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto ON M5H 2S7

Attention: Robert Chadwick
Facsimile: (416) 979-1234

or to such other address as any party may from time to time notify the others in accordance with this Section 11.06. All such notices and communications that are hand delivered shall be deemed to have been received on the date of delivery, provided same is a Business Day. Any such notices and communications that are faxed shall be deemed to be received on the date faxed if sent before 5:00 p.m. on a Business Day and otherwise shall be deemed to be received on the Business Day next following the day upon which such fax was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing if mailed within Canada and on the ninth Business Day after the date of mailing if mailed outside of Canada. The unintentional failure by the Applicants to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to the Plan.

11.07 Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator, successor or assign of such Person.

11.08 Further Assurances

Notwithstanding that the transactions and events set out in the Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by the Applicants in order to implement and give effect to the Plan.

11.09 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. In the event of any dispute or issue in connection with, or related to, the interpretation, application or effect of the Plan, such dispute or issue shall be subject to the exclusive jurisdiction of the Court.

Dated at Toronto, Ontario this 27th day of January, 2011.

Schedule “A” – Transaction Agreement, without schedules

TRANSACTION AGREEMENT

BY AND AMONG

FRASER PAPERS INC., FRASER PAPERS LIMITED, FPS CANADA INC., FRASER
PAPERS HOLDINGS INC., FRASER TIMBER LIMITED AND FRASER N.H. LLC

As the Vendors and Plan Proponents

AND

THE PLAN SPONSOR, AS HEREIN DEFINED

As the Purchaser and Plan Sponsor

DATED AS OF NOVEMBER 25, 2010

TRANSACTION AGREEMENT

TRANSACTION AGREEMENT, dated as of November 25, 2010 (the "Effective Date") by and among Fraser Papers Inc. ("FPI"), a corporation incorporated under the federal laws of Canada, Fraser Papers Limited ("Fraser Madawaska"), a corporation incorporated under the laws of the State of Maine, FPS Canada Inc., a corporation incorporated under the federal laws of Canada ("FPS Canada"), Fraser Papers Holdings Inc. ("FPHI"), a corporation incorporated under the laws of the State of Delaware, Fraser Timber Limited ("FTL"), a corporation incorporated under the laws of the State of Maine, and Fraser N.H. LLC ("FNHL"), a limited liability company formed under the laws of the State of Delaware (collectively, the "Vendors") and Brookfield Asset Management Inc., a corporation amalgamated under the laws of the Province of Ontario.

RECITALS:

WHEREAS, on June 18, 2009, the Vendors 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");

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

AND WHEREAS, the Vendors desire to propose a plan of arrangement or compromise on a substantively consolidated basis in the CCAA Proceedings, to be recognized and ratified in the Bankruptcy Case;

AND WHEREAS, in conjunction with their proposed plan of arrangement or compromise, the Vendors wish to sell to the Plan Sponsor all of the FPHI Shares (as hereinafter defined) on the basis that the Purchased Companies (as hereinafter defined) will at Closing (as hereinafter defined) hold all right, title and interest in the Included Property (as hereinafter defined) and will have no Liabilities (as hereinafter defined) other than the Continuing Obligations (as hereinafter defined), and on the other terms and conditions of this Agreement;

AND WHEREAS, the Plan Sponsor wishes to purchase from the Vendors all of the FPHI Shares on the basis that the Purchased Companies will at Closing hold all right, title and interest in the Included Property and will have no Liabilities other than the Continuing Obligations, and on the other terms and conditions of this Agreement;

AND WHEREAS, Plan Sponsor wishes to facilitate the plan of arrangement or compromise to be proposed by the Vendors in conjunction with the transactions contemplated by this Agreement;

AND WHEREAS, the boards of directors of each of the Vendors have determined that it is advisable and in the best interests of each of the Vendors' estates and the beneficiaries of such estates to proceed with the Plan (as hereinafter defined) and to consummate the transactions provided for herein pursuant to the Canadian Orders (as hereinafter defined) and the U.S. Orders (as hereinafter defined), and have approved the Plan and this Agreement;

AND WHEREAS, the Plan and the transactions contemplated by this Agreement and the Ancillary Agreements are subject to the approval of the Canadian Court and the Bankruptcy Court and will be consummated only subject to the terms and conditions set forth herein and in accordance with the Canadian Orders (as hereinafter defined) and the U.S. Orders (as hereinafter defined) to be entered in the CCAA Proceedings and the Bankruptcy Case, respectively;

NOW, THEREFORE, in consideration of the premises, representations and warranties and the mutual covenants and agreements set forth herein and other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, the Parties, agree as follows:

ARTICLE 1 DEFINITIONS; INTERPRETATION

Section 1.1 Definitions.

As used herein, the following terms shall have the following meanings:

"Accounts Receivable" shall mean any and all accounts receivable, notes receivable, book debts, trade debts, rebates, refunds and other debts or receivables due or accruing due, together with all interest accrued on such items, and the full benefit of any security therefor, but excluding any Intercompany Receivable.

"Affiliate" shall mean, with respect to any Person, any other Person which Controls, is Controlled by or is under common Control with, directly or indirectly, such Person, and, if such Person is a natural person, includes any member of such Person's immediate family, or, if such Person is an entity, includes any trustee, member, general partner, manager, director or executive officer of, or any Person performing similar functions for, such Person.

"Agreement" shall mean this Transaction Agreement, including the Schedules and the Exhibits hereto, in each case as amended or supplemented from time to time.

"Ancillary Agreements" shall mean any and all agreements or documents entered into or executed by the Parties on or prior to Closing in connection with or pursuant to the terms of this Agreement and the transactions contemplated herein, all in form and substance satisfactory to the Plan Sponsor, acting reasonably.

"Ashland Assets" shall mean the property and assets of every kind and description used in the operation of or relating to the Ashland Mill.

"Ashland Mill" shall mean the lumber mill owned and operated by the Vendors at 100 Levesque Mill Road, Ashland, Maine 04732 and the operations carried on thereat.

"Assets" shall mean collectively the Ashland Assets, the Masardis Assets and the Gorham Assets. If the Gorham Assets and the Gorham Mill become Excluded Property in accordance with the terms set out in Section 2.3 of this Agreement, the term "Assets" shall mean collectively the Ashland Assets and the Masardis Assets.

"Bankruptcy Case" shall have the meaning given to such term in the recitals.

"Bankruptcy Code" shall have the meaning given to such term in the recitals.

"Bankruptcy Court" shall have the meaning given to such term in the recitals.

"Benefit Plans" shall mean all oral or written plans, arrangements, agreements, programs, policies, practices or undertakings of the Vendors with respect to some or all of the Employees and which provide for or relate to:

(a) bonus, profit sharing or deferred profit sharing, performance compensation, deferred or incentive compensation, supplemental retirement arrangements, share compensation, share purchase or share option, share appreciation rights, phantom stock, vacation or vacation pay, sick pay, employee loans, or any other compensation in addition to salary; or

(b) insured or self-insured benefits for or relating to income continuation or other benefits during absence from work (including short term disability, long term disability and workers compensation), hospitalization, health, welfare, legal costs or expenses, medical or dental treatments or expenses, life insurance, accident, death or survivor's benefits, supplementary employment insurance, day care, tuition or professional commitments or expenses or similar employment benefits.

"Books and Records" shall mean any and all books of account, legal, financial and accounting information and records, production reports and records, equipment logs, operating guides, manuals and marketing and advertising materials and all other files, correspondence and other information (whether written, printed, electronic or computer print out form, or saved on computer disc or other data and software storage and media devices), in any form, but excluding for greater certainty any books and records pertaining solely to the Excluded Property.

"Brookfield" shall mean Brookfield Asset Management Inc.

"Brookfield DIP Facility" shall mean the court approved senior secured superpriority revolving loan facility of up to a maximum amount of US\$25,000,000 provided to the Vendors by the DIP Lender.

"Brookfield Letters of Credit" shall mean the letters of credit or letters of guarantee issued or provided for the benefit of the Vendors under the Brookfield DIP Facility or otherwise by the DIP Lender, the Plan Sponsor or the Plan Sponsor's Affiliates.

"Budget" shall mean the rolling 19 week cash flow projection as at October 22, 2010 and attached as Exhibit B to the affidavit of Glen McMillan sworn October 28, 2010, as amended, updated, modified and supplemented pursuant to and in accordance with the terms of the Brookfield DIP Facility.

"Business" shall mean collectively, the Gorham Business and the Lumber Mill Business. If the Gorham Assets and the Gorham Mill become Excluded Property in accordance with the terms set out in Section 2.3 of this Agreement, the term "Business" shall mean the Lumber Mill Business.

"Business Day" shall mean any day of the year other than (a) any Saturday or Sunday, or (b) any other day on which the banks located in the Province of Ontario are required by Law to be closed for business.

"Canadian Approval and Vesting Order" shall mean one or more Orders of the Canadian Court in form and substance satisfactory to the Plan Sponsor, acting reasonably, approving and giving effect to this Agreement and the transactions contemplated herein and, among other things, (i) vesting the FPHI Shares in the Plan Sponsor free and clear of any and all Encumbrances except Permitted Encumbrances, (ii) vesting the Included Property in the Purchased Companies free and clear of any and all Encumbrances except Permitted Encumbrances, and (iii) extinguishing and forever barring any and all Liabilities of the Purchased Companies other than the Continuing Obligations.

"Canadian Court" shall have the meaning given to such term in the recitals.

"Canadian Orders" shall mean collectively, the Canadian Approval and Vesting Order, the Canadian Sanction Order, and any other Order of the Canadian Court, in form and substance satisfactory to the Plan Sponsor, acting reasonably, issued and entered in the CCAA Proceedings in respect of the transactions contemplated in this Agreement and the Plan.

"Canadian Sanction Order" shall mean an Order of the Canadian Court sanctioning the Plan in form and substance satisfactory to the Plan Sponsor, acting reasonably.

"CCAA" shall have the meaning given to such term in the recitals.

"CCAA Proceedings" shall have the meaning given to such term in the recitals.

"Closing" shall have the meaning given to such term in Section 12.1.

"Closing Date" shall have the meaning given to such term in Section 12.1.

"Consents and Approvals" shall mean all consents, approvals, notifications, waivers and/or filings from Third Parties (including any Governmental Authority and counter parties under any Contracts of the Purchased Companies) as may be necessary or desirable to effectuate the transactions contemplated by this Agreement including, without limitation all consents, approvals, notifications, waivers and/or filings required: (a) by the terms of (or which are necessary or desirable to avoid breach, contravention, violation, forfeiture, or termination of) the Contracts, the Permits, and the Timber Licences of the Purchased Companies; (b) to avoid the triggering of any Third Party rights resulting from the transactions contemplated by this Agreement, the Plan, the CCAA Proceedings or the Bankruptcy Case; and (c) by Order of the Canadian Court in the CCAA Proceedings pursuant to Section 11.3 of the CCAA, as such Order is recognized by the Bankruptcy Court in the Bankruptcy Case (all such Orders being to the satisfaction of the Plan Sponsor, acting reasonably).

"Continuing Employees" shall mean the Designated Employees who continue to be employed by the Purchased Companies as at the Closing Date. For greater certainty, Unionized Employees are not Continuing Employees.

"Continuing Obligations" shall have the meaning given to such term in Section 3.1.

"Contracts" means any and all contracts, agreements, leases instruments and other legally binding commitments or arrangements, written or oral.

"Control" means:

(a) when applied to the relationship between a Person and a corporation, the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than the greater of 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation and the percentage of voting rights ordinarily exercisable at meetings of shareholders of such corporation that are sufficient to elect a majority of the directors of such corporation;

(b) when applied to the relationship between a Person and a partnership, joint venture or other unincorporated entity, the beneficial ownership by such Person at the relevant time of more than 50% of the ownership interests of the partnership, joint venture or other unincorporated entity in circumstances where it can reasonably be expected that such Person directs or has the power to direct the affairs of the partnership, joint venture or other unincorporated entity; and

(c) in the case of any Person, the right to directly or indirectly (i) exercise a majority of the voting rights in respect of that Person, (ii) otherwise control that Person by virtue of provisions contained in its constituting documents, or (iii) manage all or substantially all of the assets of that Person pursuant to any contract or arrangement;

"Court Orders" shall mean the Canadian Orders and the U.S. Orders.

"Designated Employees" shall mean the Employees who are not Unionized Employees and who are designated by the Plan Sponsor on a schedule to be delivered by the Plan Sponsor to the Vendors on or before Closing and which, when delivered, shall form Schedule A hereto, which schedule shall include all or substantially all Employees at the Closing Date who are not Unionized Employees.

"DIP Lender" shall mean Brookfield (US) Corporation.

"Employee" shall mean an individual who is employed by the Vendors in the Business, whether on a full-time or a part-time basis.

"Encumbrance" means any interest, charge, lien, claim, mortgage, lease, sublease, hypothecation, deed of trust, pledge, security interest, option, right of use or possession, right of first offer or first refusal, right of way, easement, servitude, restrictive covenant, encroachment, encumbrance, or other restriction or limitation of any kind howsoever erected or arising.

"Equity Interests" of a Person shall mean capital stock, capital stock equivalents (including stock options, restricted stock units, stock appreciation rights, any securities convertible into or exchangeable or exercisable for any such capital stock, and phantom stock), partnership interests, membership interests, participations, shares and other equity interests of any class or kind (however designated) of such Person.

"Excluded Property" shall have the meaning given to such term in Section 2.3.

"Existing Collective Agreement" shall mean the Labour Agreement dated as of May 31, 2002 between Fraser NH LLC and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union A.F.L.-C.I.O. and its Local Union No. 4-0075 (extended by agreement until August 29, 2010).

"Filing Date" shall mean the date of the commencement of the CCAA Proceedings, being June 18, 2009.

"Final Order" shall mean an order, judgment or other decree: (i) the operation or effect of which has not been reversed, stayed, modified or amended; (ii) as to which any and all appeal periods with respect to such order, judgment or decree have expired; and (iii) as to which no appeal or any extension thereof shall then be pending or, if an appeal has been sought, such appeal has been withdrawn, discontinued, dismissed with prejudice, or affirmed by the highest court to which it was appealed, and the time to appeal under any extension thereof has expired.

"Fixed Assets" means any and all equipment and machinery, improvements, office equipment, furniture, fixtures, signage, tools, storage systems, furnishings and supplies of all kinds of the Vendors.

"FNEHL Shares" shall mean any and all of the issued and outstanding shares and other Equity Interests of FNEHL.

"Former Landfill" shall mean Former Landfill LLC, a limited liability company formed under the laws of the State of New Hampshire.

"FPFI Shares" shall mean any and all of the issued and outstanding shares and other Equity Interests of FPFI.

"Fraser Madawaska Shares" shall mean any and all of the issued and outstanding shares and other Equity Interests of Fraser Madawaska.

"FTL Shares" shall mean any and all of the issued and outstanding shares and other Equity Interests of FTL.

"Gorham APA" shall mean the asset purchase agreement dated November 3, 2010 between M&M Consulting and Contracting LLC and FNEHL.

"Gorham Assets" shall mean the property and assets of every kind and description used in the operation of or relating to the Gorham Mill.

"Gorham Business" shall mean the business of manufacturing and selling paper products and related activities carried on with the Gorham Assets or otherwise in relation to the Gorham Mill.

"Gorham Mill" means the paper mill owned and operated by the Vendors at 72 Cascade Flats, Gorham, New Hampshire, U.S., 03581 and the operations carried on thereat.

"Governmental Authority" shall mean any government (including any Canadian, US or foreign, federal, provincial, state, city, municipal or county government), any political subdivision thereof and any governmental, administrative, ministerial, regulatory, central bank, self-regulatory, quasi-governmental, taxing, executive or legislative department, commission, body, agency, authority or instrumentality of any thereof, including any Judicial Authority.

"Included Property" shall mean the Assets and any and all other direct or indirect businesses, property and assets of each of the Purchased Companies other than the Excluded Property, and shall include, without limitation, any and all: (i) Accounts Receivable, Inventory, Fixed Assets, Lands, Contracts, Permits, Timber Licenses, Equity Interests (including, without limitation, the FTL Shares, the Fraser Madawaska Shares and, unless excluded pursuant to Section 2.3(a) hereof, the FNHL Shares), Intellectual Property, Prepaid Expenses and Books and Records; (ii) the Mills; and (iii) the Katahdin Preferred Shares.

"Intellectual Property" shall mean all intellectual property including, without limitation, 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 including, without limitation, URLs and world wide web domain names.

"Intercompany Liabilities" shall mean any and all Liabilities owing by any Vendor or any of such Vendor's Affiliates or Subsidiaries, respectively, to any other Vendor or any of such other Vendor's Affiliates or Subsidiaries, respectively.

"Intercompany Receivables" shall mean any and all Accounts Receivables owing to any Vendor or any of such Vendor's Affiliates or Subsidiaries, respectively, from any other Vendor or any of such other Vendor's Affiliates or Subsidiaries, respectively.

"Inventory" shall mean any and all inventory including, without limitation: (i) raw materials, including all wood, fiber supplies, chemicals and fillers; (ii) operating supplies, including fuel and other consumables; (iii) all spare parts, mill stores, supplies and equipment including, but not limited to, those described in Schedule B, (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 as at the Closing Date; and (v) all finished goods as at the Closing Date.

"Judicial Authority" shall mean any court, arbitrator, special master, receiver, tribunal or similar body of any kind entitled to exercise judicial authority including without limitation the Canadian Court and the Bankruptcy Court.

"Katahdin Preferred Shares" shall mean the 10,000 convertible, term units of Katahdin Paper Company LLC owned by Fraser Madawaska.

"Lands" shall mean any and all freehold property and interests therein, and all buildings and other structures, facilities or improvements currently or hereafter located thereon, all fixtures, systems and items of personal property attached or appurtenant thereto and any and all rights of way, licences or rights of occupation, easements or other similar rights, as applicable, in connection with such freehold property, including without limitation the freehold property municipally known as:

(a) 100 Levesque Mill Road, Ashland, Maine;

(b) Route 11, 1220 Masardis Road, Masardis, Maine; and

(c) to the extent that the Gorham Assets and the Gorham Mill do not become Excluded Property in accordance with the terms set out in Section 2.3 of this Agreement, 75 Cascade Flats, Gorham, New Hampshire.

"Law" shall mean any treaty, code, statute, law (including common law), rule, regulation, or ordinance of any kind of any Governmental Authority.

"Liability" shall mean, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"Lumber Mills" shall mean collectively, the Ashland Mill and the Masardis Mill.

"Lumber Mills Business" shall mean the business of manufacturing and selling lumber and related activities carried on with the Ashland Assets and the Masardis Assets or otherwise in relation to the Lumber Mills.

"Masardis Assets" shall mean the property and assets of every kind and description used in the operation of or relating to the Masardis Mill.

"Masardis Mill" shall mean the lumber mill owned and operated by the Vendors at Route 11, 1220 Masardis Road, Masardis, Maine 04732 and the operations carried on thereat.

"Material Adverse Effect" shall mean any change, event or occurrence, or any material worsening of any current circumstance, event or occurrence, that individually or in the aggregate (taking into account all other such changes, events or occurrences or material worsening) has had, or would in the reasonable opinion of the Plan Sponsor be likely to have (i) a material

adverse change in or material adverse effect on the business, operations, performance, prospects, liabilities, results of operations, assets, properties or condition (financial or otherwise) of any of the Vendors, the Purchased Companies, the Business or the Included Property (excluding the Excluded Property and the Excluded Liabilities) or the Plan Sponsor's use and enjoyment of the Purchased Companies or the Included Property, in each case taken as a whole, or (ii) a material adverse change in or to the ability of the Vendors to consummate the transactions contemplated by this Agreement or to perform their obligations hereunder, or (iii) a material adverse change to or deviation from the Budget; or (iv) a material adverse change to the CCAA Proceedings or the Bankruptcy Case; or (v) the result or consequence that the Plan Sponsor or the Purchased Companies shall be deemed or required to assume or discharge any debt, liability or obligation other than as may be specifically provided for in this Agreement, but excluding, in any case (i) effects resulting from changes in general economic, regulatory, political or industry conditions or from acts of terror or war, (ii) effects resulting from changes in (or proposals to change) any Laws after the date hereof; (iii) effects resulting from the identity of, or acts attributable to, or omissions by the Plan Sponsor, the Plan Sponsor's Affiliates or the Purchased Companies, (iv) effects resulting from changes in commodity or energy prices, in interest or currency exchange rates or in capital market conditions, (v) effects resulting from circumstances that affect the industries in which the Vendors operate generally, or (vi) effects resulting from changes in generally accepted accounting principles after the date hereof. For greater certainty and without limiting the generality of the foregoing, each of the following events shall constitute a Material Adverse Effect: (a) any change, event or occurrence, or any material worsening of any current circumstance, event or occurrence, that individually or in the aggregate reduces the reasonable market value of the FPHI Shares, the Included Property or the Business by \$1,500,000 or more; and (ii) a Default or an Event of Default (as such terms are defined in the Brookfield DIP Facility) occurs under the Brookfield DIP Facility.

"Mills" shall mean collectively, the Gorham Mill and the Lumber Mills. If the Gorham Assets and the Gorham Mill become Excluded Property in accordance with the terms set out in Section 2.3 of this Agreement, the term "Mills" shall mean the Lumber Mills.

"Monitor" shall have the meaning given to such term in the recitals.

"Monitor's Certificate" means the certificate of the Monitor confirming that all matters to be completed prior to the consummation of the purchase transactions contemplated hereby have been completed, substantially in the form attached to the Canadian Approval and Vesting Order.

"Net Working Capital" shall mean the sum of all of the following that is Included Property in relation to the Lumber Mills Business: (a) Accounts Receivable; (b) Prepaid Expenses; (c) Inventory that is in good and useful condition for its purpose; minus the Continuing Accounts Payable in relation to the Lumber Mills Business.

"Order" shall mean any judgment, writ, decree, directive, decision, injunction, ruling, award or order (including any consent decree or cease and desist order) of any kind of any Governmental Authority or Judicial Authority.

"Ordinary Course" shall mean, with respect to any action to be taken by a Vendor or a Purchased Company, that such action is consistent with the past customs and practices (including

with respect to quantity and frequency) of such Vendor or Purchased Company and is taken in the ordinary course of the normal day-to-day business, operations and activities of the Vendor or the Purchased Company in respect of the Business, taking into account the commencement of the CCAA Proceedings and the Bankruptcy Case.

"Organizational Documents" of a Person at any time shall mean (a) all certificates, articles or agreements of any kind filed with any Governmental Authority or Judicial Authority to form or organize such Person, and (b) all agreements, documents or instruments creating, organizing or governing the internal affairs of such Person, including trust agreements, by-laws, codes of regulations, memoranda of incorporation or association, partnership agreements, limited liability company agreements, articles, charters and operating agreements, in each case, as in effect at such time.

"Party" shall mean a party to this Agreement and any reference to a Party includes its successors and permitted assigns and "Parties" means every Party.

"Permits" means any and all authorizations, registrations, permits, certificates of approval, approvals, grants, licences, quotas, consents, commitments, rights or privileges (other than those relating to the Intellectual Property) issued or granted by any Governmental Authority.

"Permitted Encumbrances" shall mean (i) easements, leases, reservations, or other rights of others in, or minor defects and irregularities in title that do not materially impair the use of the encumbered property or assets for the purposes for which they are held; (ii) mechanics', materialmen's, carriers', workers', repairers' and similar statutory liens arising in the Ordinary Course which liens have not had and are not reasonably likely to have a material impact on the RPMH Shares or the Included Property; (iii) any Encumbrance or privilege vested in any lessor, licensor or permitfor for rent or other obligations solely related to the period after Closing in respect of any Contract; (iv) licenses of or other grants of rights to use Intellectual Property entered into prior to the Filing Date in the ordinary course of business consistent with past practice of the Vendors (and from and after the Filing Date, in the Ordinary Course) that do not materially impair the use of the encumbered property or assets for the purposes for which they are held; (v) Encumbrances, title exceptions or other imperfections of title caused by or resulting from acts of the Plan Sponsor or any of the Plan Sponsor's Affiliates, employees, officers, directors, agents, contractors, invitees or licensees of the Plan Sponsor; and (vi) such other Liens as permitted by the Plan Sponsor, in its sole discretion.

"Person" shall mean an individual, a partnership, a sole proprietorship, a company, a firm, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, a union, a group acting in concert, a Judicial Authority, a Governmental Authority or any other entity or association of any kind.

"Plan" shall mean the plan of compromise or arrangement under the CCAA in respect of all of the Vendors on a substantively consolidated basis that, among other things, is consistent with and gives effect to the transactions contemplated by this Agreement, and is otherwise in form and substance satisfactory to the Plan Sponsor, acting reasonably, substantially in the form attached as Exhibit A, as recognized by the Bankruptcy Court in the Bankruptcy Case, as

amended, modified, varied, or restated from time to time in a manner acceptable to the Plan Sponsor, acting reasonably.

"Plan Sponsor" shall mean Brookfield or such other Person or Persons as it may designate on or prior to Closing.

"Plan Sponsor's Affiliates" shall mean any and all Affiliates of the Plan Sponsor other than the Vendors and the Subsidiaries of the Vendors.

"Plan Sponsor's Solicitors" means Torys LLP.

"Premises" means all real property, buildings and facilities, including Lands and any part of any property, building or facility owned, leased, or operated.

"Prepaid Expenses" shall mean any and all prepaid expenses and deposits at any time.

"Purchase Price" shall have the meaning given to such term in Section 4.1(a).

"Purchased Companies" shall mean collectively, FPHI, Fraser Madawaska, FTL and, unless the FNLH Shares, the Gorham Assets and the Gorham Mill become Excluded Property pursuant to Section 2.3 hereof, FNLH.

"Representatives" of a Person shall mean controlling persons, partners, directors, officers, managers, trustees, including any trustee-in-bankruptcy, employees, agents, representatives, consultants, affiliates, advisors, counsel or nominees of such Person.

"Subsidiary" means, with respect to any specified Person, any other Person of which such specified Person is, at the time, directly or indirectly, (a) owns at least 50% of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally, (b) holds at least 50% of the partnership, limited liability company, joint venture or similar interests, or (c) is a general partner, managing member or joint venturer.

"Targeted Net Working Capital" shall mean Three Million, Eight Hundred and Forty Thousand Dollars (\$3,840,000.00), representing the targeted Net Working Capital of the Lumber Mills Business as at the Closing Date.

"Tax" shall mean all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax, together with any installments with respect thereto, and any interest, fines and penalties, in all cases imposed by any Governmental Authority in respect thereof and whether disputed or not.

"Termination Date" shall have the meaning given to such term in Section 13.2(b).

"Third Party" shall mean any Person other than a Party or any of its Affiliates.

"Timber Licences" shall mean any and all rights to harvest timber from lands issued by a Governmental Authority or otherwise.

"Transaction" shall mean the transactions contemplated by this Agreement.

"Transactional Costs" shall mean all filing fees, recording fees, surveys, notarial fees, software license fees and all other similar fees and costs arising out of this Agreement, the transfer, assignment, conveyance or delivery of property and assets pursuant hereto, and the other transactions contemplated by this Agreement.

"Unionized Employees" shall mean the Employees who are governed by the Existing Collective Agreement and who are employees of FNHL as of the Closing Date.

"United States" or "U.S." shall mean the United States of America

"U.S. Orders" shall mean collectively, the U.S. Sale Order, the U.S. Sanction Recognition Order and any other Order of the Bankruptcy Court issued and entered in the Bankruptcy Case in respect of the transactions contemplated in this Agreement and the Plan.

"U.S. Sale Order" shall mean an Order of the Bankruptcy Court recognizing and giving effect to the Canadian Approval and Vesting Order and approving the transactions contemplated by this Agreement, in form and substance satisfactory to the Plan Sponsor, acting reasonably.

"U.S. Sanction Recognition Order" shall mean an Order of the Bankruptcy Court recognizing the Canadian Sanction Order, in form and substance satisfactory to the Plan Sponsor, acting reasonably.

"Vendors" shall have the meaning given to such term in the introductory paragraph.

"Vendors' Affiliates" shall mean an Affiliate of the Vendors, which Affiliate for greater certainty shall exclude the Plan Sponsor and any of the Plan Sponsor's Affiliates.

"Vendors' Solicitors" means Thornton Grout Finnigan LLP.

"Workers Compensation Obligations" shall mean obligations of the Purchased Companies to present or past employees of either Lumber Mill pursuant to the Maine Workers Compensation Law (39 A.M.R.S. § 101 et seq. or predecessor or successor statutes) and which are subject to insurance policies that are Included Property, including without limitation the claims listed on Schedule C. For greater certainty, any claims under or in relation to insurance policies that are not Included Property and do not remain with the Purchased Companies following Closing are not Workers Compensation Obligations for purposes of this Agreement.

Section 1.2 Headings and Table of Contents.

The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article,

Section or other portion hereof. Unless otherwise provided, references herein to Articles, Sections and Schedules are to Articles, Sections and Schedules to this Agreement.

Section 1.3 Gender and Number and Extended Meanings.

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and *vice versa*, words importing gender include all genders or the neuter, and words importing the neuter include all genders. The term "includes" and "including" means "includes without limitation" and "including without limitation".

Section 1.4 Statutory References.

In this Agreement, unless the context otherwise requires or except as otherwise provided herein, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

Section 1.5 Currency.

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in U.S. currency.

Section 1.6 Generally Accepted Accounting Principles.

In this Agreement, except to the extent otherwise expressly provided, references to "generally accepted accounting principles" mean, for all principles stated in the Handbook of the Canadian Institute of Chartered Accountants, such principles so stated.

Section 1.7 Interpretation.

The Parties acknowledge and agree that: (i) each Party and its counsel reviewed and negotiated the terms and provisions of this Agreement and have contributed to their revision; (ii) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement; and (iii) the terms and provisions of this Agreement shall be construed fairly as to the Parties hereto and not in favour of or against any Party, regardless of which Party was generally responsible for the preparation of this Agreement.

Section 1.8 Invalidity of Provisions.

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by Law, the Parties waive any provision of Law which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties shall engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

Section 1.9 Entire Agreement.

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by any Party to this Agreement or its directors, officers, employees or agents, to any other party to this Agreement or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement, and none of the Parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such warranty, representation, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent contemplated above.

Section 1.10 Waiver, Amendment.

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

Section 1.11 Governing Law.

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

Section 1.12 Schedules and Exhibits.

The following are the Schedules and Exhibits attached to this Agreement:

Exhibit A	—	Form of Plan
Exhibit B	—	Form of U.S. Tax Certificate
Exhibit C	—	Form of Notice Re U.S. Tax Certificate
Schedule A	—	Designated Employees
Schedule B	—	Inventory
Schedule C	—	Workers Compensation Obligations
Schedule 3.1	—	Continuing Obligations
Schedule 3.1(a)	—	Continuing Accounts Payable
Schedule 7.1	—	Capitalization
Schedule 7.5	—	Compliance with Laws
Schedule 7.6	—	Permits

Schedule 7.7 --- Title
Schedule 7.8 --- Lands

ARTICLE 2
AGREEMENT OF PURCHASE AND SALE AND PLAN PROPOSAL.

Section 2.1 Agreement to Purchase and Sell the FPHI Shares.

Upon the terms and subject to the conditions contained in this Agreement, at Closing the Vendors shall sell, convey, transfer, assign and deliver to the Plan Sponsor, and the Plan Sponsor shall purchase and accept from the Vendors, free and clear of any and all Encumbrances, all right, title and interest of the Vendors in and to the FPHI Shares.

Section 2.2 Release and Assignment of Interests in Included Property.

Upon the terms and subject to the conditions contained in this Agreement, at Closing the Vendors other than the Purchased Companies shall release, sell, convey, transfer, assign and deliver to the Purchased Companies, and the Purchased Companies shall purchase and accept from such other Vendors, free and clear of any and all Encumbrances (other than Permitted Encumbrances), any and all right, title and interest they may have in and to the Included Property. For greater certainty, all right, title and interest in and to the Included Property shall on and after Closing be held by the Purchased Companies free and clear of any and all Encumbrances other than Permitted Encumbrances and free and clear of any and all Liabilities other than Continuing Obligations.

Section 2.3 Excluded Property.

Notwithstanding anything contained herein to the contrary, subject to the terms and conditions contained in this Agreement, the Included Property shall not include any of the following (collectively, the "Excluded Property"):

(a) the Gorham Assets, the Gorham Mill and the FNEHL Shares if, prior to Closing, the Vendors complete the sale or the liquidation of the Gorham Assets and the Gorham Mill to one or more arm's length third party Plan Sponsors for cash consideration and on terms and conditions satisfactory to the Plan Sponsor, acting reasonably, whether pursuant to the Gorham APA or otherwise; and

(b) any Assets or other property and assets of the Purchased Companies that the Plan Sponsor designates as Excluded Property by written notice given to the Vendors at any time on or before Closing.

Section 2.4 The Plan.

The purchase and sale transactions contemplated by this Agreement shall be implemented in conjunction with the implementation of the Plan in respect of all of the Vendors. The Plan, and all Court Orders and other documents relating to the Plan, shall among other things extinguish and forever bar any and all Liabilities of the Purchased Companies as of

Closing other than the Continuing Obligations, and shall give effect to and be consistent with the terms and conditions of this Agreement and the Ancillary Agreements and be otherwise in form and content satisfactory to the Plan Sponsor, acting reasonably.

ARTICLE 3 CONTINUING OBLIGATIONS

Section 3.1 Continuing Obligations.

(a) For greater certainty, and notwithstanding anything else in this Agreement or in the Ancillary Agreements; (i) none of the Plan Sponsor and the Plan Sponsor's Affiliates shall assume or be deemed to assume, agree to become responsible for, perform, discharge or pay when due, any Liabilities whatsoever of the Purchased Companies or the other Vendors including, without limitation, the Continuing Obligations and the Excluded Liabilities; and (ii) none of the Purchased Companies shall assume or be deemed to assume, agree to become responsible for, perform, discharge or pay when due any Continuing Obligations of any other Purchased Company.

(b) As a result of the implementation of the Plan, the Court Orders, and other events contemplated by this Agreement, and as a condition precedent to completion of the transactions contemplated by this Agreement, on and immediately after Closing the Purchased Companies shall have no Liabilities whatsoever except for the Liabilities described in Schedule 3.1 attached hereto (collectively, the "Continuing Obligations").

(c) For greater certainty, on Closing the Purchased Companies shall only be liable for accounts payable that constitute Continuing Accounts Payable set out in Schedules 3.1 and 3.1(a) delivered by the Vendors on Closing and mutually agreed to by the Parties. The Purchased Companies shall have no liability whatsoever for any Liabilities with respect to the Ordinary Course accounts payable and trade payables that are to be paid by the Vendors in the Ordinary Course before the Closing. For greater certainty, the Continuing Accounts Payable shall be limited to the post-Filing Date amounts owing to the Person(s) listed in Schedule 3.1(a).

(d) Without limiting the generality of the foregoing, and for greater certainty, the Continuing Obligations will not include any of the following (collectively, the "Excluded Liabilities"):

- (i) any and all Liabilities relating to Excluded Property;
- (ii) any and all Intercompany Liabilities owing by any of the Purchased Companies to any of the other Vendors;
- (iii) any and all Liabilities incurred under or in relation to the Vendors' CCAA Proceedings or Bankruptcy Case;
- (iv) any and all Liabilities of any of the Purchased Companies or other Vendors arising prior to, or relating to events or any operations occurring prior to, the Filing Date (except for the Liabilities expressly set out in clause (ii) and (iii) of Schedule 3.1);

- (v) any and all Liabilities with respect to any current or former Employees of the Purchased Companies who are neither Continuing Employees nor Unionized Employees (regardless of when such Liability arises), and any and all Liabilities with respect to any current or former Employees of any of the other Vendors;
- (vi) any and all Liabilities with respect to the Workers Compensation Obligations if, on or prior to Closing, the Vendors implement Alternative LC Arrangements as defined in Section 4.2 of this Agreement; and
- (vii) any and all Liabilities of the Vendors arising under this Agreement or the Ancillary Agreements.

ARTICLE 4 PURCHASE PRICE AND RELATED MATTERS

Section 4.1 Purchase Price.

(a) Subject to Section 4.1(b), the aggregate purchase price (the "Purchase Price") payable by the Plan Sponsor to the Vendors in respect of the purchase and sale transactions contemplated by this Agreement shall be Fifteen Million Dollars (\$15,000,000) in cash (the "Cash Component"), subject to adjustment in accordance with Section 4.5 of this Agreement.

(b) If the Gorham Assets, the Gorham Mill and the FNIIL Shares become Excluded Property in accordance with the terms set out in Section 2.3 of this Agreement, the Cash Component will be reduced by an amount equal to the lesser of: (i) the aggregate net proceeds realized from the sale or liquidation of the Gorham Assets and the Gorham Mill; or (ii) \$2,695,722 million.

Section 4.2 Payment of Purchase Price.

(a) On Closing, the Plan Sponsor shall pay the Cash Component, as adjusted in accordance with Section 4.5 of this Agreement, as follows:

- (i) Payment to the DIP Lender of such amount as may be required to fully and finally repay and satisfy any and all debts, obligations and liabilities under or in respect of the Brookfield DIP Facility. For greater certainty, subject to Section 4.3, the Vendors' obligations in respect of the Brookfield Letters of Credit shall be satisfied by irrevocable and unconditional payment to the DIP Lender of cash in an amount equal to the full amount which may be payable, contingent or otherwise, to recipients or beneficiaries of the Brookfield Letters of Credit (the "Brookfield LC Amount").
- (ii) The balance of the Cash Component, if any, to the Monitor in trust for the benefit of the Vendors other than the Purchased Companies (the "Balance").

(b) The Vendors may make such alternative arrangements as may be available to them prior to Closing, and as may be satisfactory to the Plan Sponsor acting reasonably, to terminate, cancel and surrender the Brookfield Letters of Credit without payment or other obligation, contingent or otherwise, on the part of the DIP Lender, Brookfield, the Plan Sponsor or the Plan Sponsor's Affiliates (the "Alternative LC Arrangements"). In that event, the amount payable under Section 4.2(a)(i) of this Agreement shall be adjusted accordingly so that no amount shall be payable to the DIP Lender in respect of the Brookfield Letters of Credit and the Workers Compensation Obligations shall be Excluded Liabilities.

Section 4.3 Contingent Reimbursement Obligation

IF:

(a) at Closing the Vendors satisfy their obligations in respect of the Brookfield Letters of Credit by irrevocable and unconditional payment to the DIP Lender of the Brookfield LC Amount, pursuant to and as contemplated by Section 4.2(a)(i) of this Agreement; and

(b) the cumulative aggregate payments, out-of-pocket costs and expenses, and other third party out-of-pocket amounts paid or payable by the DIP Lender, the Purchased Companies, the Plan Sponsor or the Plan Sponsor's Affiliates to fully and finally satisfy and terminate all obligations and liabilities in respect of the Brookfield Letters of Credit and Workers Compensation Obligations (the "Actual WCB/LC Liability") is less than the Brookfield LC Amount;

the Plan Sponsor shall, as soon as practicable, make to or for the benefit of the Vendors (other than the Purchased Companies) a cash reimbursement payment in an amount equal to the amount by which the Actual WCB/LC Liability is less than the Brookfield LC Amount. The Purchased Companies, the Plan Sponsor and the DIP Lender shall at any time following Closing be entitled to enter into reasonable agreements and arrangements for the satisfaction of any or all liabilities and obligations in respect of the Brookfield Letters of Credit and Workers Compensation Obligations. On or before Closing, the Vendors, the Plan Sponsor, the DIP Lender and the Monitor, each acting reasonably, shall enter into a further agreement detailing the administration of the obligations in this Section 4.3.

Section 4.4 Closing Date Estimated Balance Sheet

Not less than two (2) Business Days before the Closing Date, the Vendors shall deliver to the Plan Sponsor a balance sheet of the Business as at the Closing Date which shall reflect a good faith estimate by the Vendors of the (a) balance sheets of the Business and the Purchased Companies as at the Closing Date, and (b) the Net Working Capital of the Purchased Companies (the "Closing Date Estimated Balance Sheet"). The Closing Date Estimated Balance Sheet shall be accompanied by a certificate of the chief restructuring officer of FPI, or other senior officer of FPI acceptable to the Plan Sponsor, to the effect that such officer has reviewed the Closing Date Estimated Balance Sheet; that the Closing Date Estimated Balance Sheet represents the best estimate, made in good faith, of the financial position of the Business as at the Closing Date, prepared in accordance with this Agreement, and that such officer has no reason to believe that such estimate may not be relied upon for purposes of the Closing. The Closing Date Estimated

Balance Sheet shall also be accompanied by a copy of the working papers of the Vendors used in the preparation thereof, together with such other evidence supporting the amounts specified therein as the Plan Sponsor may reasonably request.

Section 4.5 Adjustment to Cash Component

(a) Within three (3) Business Days of the Closing Date, the Vendors shall notify the Plan Sponsor of any revisions to the Closing Date Estimated Balance Sheet (the "Final Closing Date Balance Sheet"), accompanied by an updated certificate and other materials referred to in Section 4.3 hereof. If, and to the extent that, the Net Working Capital is disclosed in the Final Closing Balance Sheet as being less or more than the Targeted Net Working Capital, the Cash Component will be adjusted accordingly.

(b) For greater certainty: (a) if the Final Closing Date Balance Sheet discloses that the Net Working Capital is greater than the Targeted Net Working Capital, the Cash Component will be increased by the same amount as such difference; and (b) if the Final Closing Date Balance Sheet discloses that the Net Working Capital is less than the Targeted Net Working Capital, the Cash Component will be decreased by the same amount as such shortfall.

(c) Absent patent error, inconsistencies or other defects, the Final Closing Date Balance Sheet shall be used for purposes of determining the Cash Component on Closing and for otherwise completing the transactions contemplated by this Agreement on Closing.

(d) The Purchase Price shall be held and not distributed by the Vendors and the Monitor until the Final Closing Date Balance Sheet has been delivered to the Plan Sponsor and the payment contemplated by Section 4.5(b) hereof, if any, has been made. Notwithstanding the foregoing, the Vendors shall on the Closing Date use any portion of the Purchase Price required to fully repay and satisfy the Brookfield DIP Facility as contemplated by this Agreement.

Section 4.6 Financial Statements

All financial statements and financial information required to be prepared and provided pursuant to this Agreement shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with previous fiscal periods, except as otherwise provided in this Agreement.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES REGARDING THE PLAN SPONSOR

The Plan Sponsor hereby represents and warrants to the Vendors as of the date hereof as follows:

Section 5.1 Organization.

The Plan Sponsor is a corporation, partnership, limited liability company or other entity that is duly organized, validly existing and in good standing under the Laws of its jurisdiction of formation. The Plan Sponsor has the corporate power and authority necessary to (a) execute,

deliver and perform its obligations under this Agreement and the Ancillary Agreements, (b) consummate the transactions contemplated hereby and thereby to be consummated by it, and (c) conduct its business as currently conducted by it. The Plan Sponsor is duly qualified or licensed and in good standing as a foreign corporation authorized to do business under the Laws of each jurisdiction in which the ownership, leasing or use of assets by it or the conduct of business by it requires such licensing or qualification, except where the failure to be so licensed or qualified and in good standing would not have a material adverse effect on the Plan Sponsor, the execution, delivery or performance of this Agreement, or any of the Ancillary Agreements by the Plan Sponsor or the consummation of the transactions contemplated hereby and thereby to be consummated by it. The Plan Sponsor is not in violation of any provision of its Organizational Documents.

Section 5.2 Authorization, Execution and Enforceability.

The execution and delivery of this Agreement and the Ancillary Agreements in each case to which the Plan Sponsor is a party, by the Plan Sponsor, the performance by the Plan Sponsor of its obligations hereunder and thereunder and the consummation by the Plan Sponsor of the transactions contemplated hereby and thereby to be consummated by it have been duly authorized by all necessary corporate action on the part of the Plan Sponsor. This Agreement constitutes and, as of the Closing each of the Ancillary Agreements will constitute, a legal, valid and binding obligation of the Plan Sponsor, enforceable against the Plan Sponsor in accordance with its respective terms, except insofar as enforceability may be limited by bankruptcy, insolvency, moratorium or other Laws which may affect creditors' rights and remedies generally and by principles of equity (regardless of whether such enforceability is considered in a Proceeding in equity or at law). This Agreement has been, and, as of the Closing each Ancillary Agreement will have been, duly executed and delivered by the Plan Sponsor.

Section 5.3 Financing.

The Plan Sponsor has sufficient funds available on hand to enable the Plan Sponsor (a) to pay the Purchase Price and all fees and expenses related to the transactions contemplated hereby, to the extent that this Agreement or the Ancillary Agreements requires it to pay such fees and expenses, and (b) to pay and discharge all of its other liabilities and obligations when due.

Section 5.4 Brokers; Finders.

No finder, broker or similar intermediary acting on behalf of the Plan Sponsor or any of the Plan Sponsor's Affiliates is entitled to a commission, fee or other compensation in connection with the negotiation, execution or delivery of this Agreement or the Ancillary Agreements or the consummation of any of the transactions contemplated hereby or thereby.

Section 5.5 Vendors' Acknowledgment; Exclusivity of Representations and Warranties.

The Vendors acknowledge and agree that except for the representations and warranties expressly set forth herein or in any Ancillary Agreement, the Vendors have not relied on any representation or warranty from the Plan Sponsor or any of the Plan Sponsor's Affiliates or any employee, officer, director, accountant, financial, legal or other Representative of the Plan Sponsor or the Plan Sponsor's Affiliates in determining whether to enter into this Agreement.

**ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE VENDORS**

Each of the Vendors represents and warrants to the Plan Sponsor, as of the date hereof, as follows:

Section 6.1 Organization.

Each of the Vendors is a corporation, partnership, limited liability company or other entity that is duly organized, validly existing and in good standing under the Laws of its jurisdiction of formation. Each of the Vendors has the corporate power and authority necessary to conduct the Business as currently conducted by it. Subject to requisite Canadian Court and Bankruptcy Court approval, each of the Vendors has the corporate power and authority necessary to (a) execute, deliver and perform its obligations under this Agreement and the Ancillary Agreements, and (b) consummate the transactions contemplated hereby and thereby to be consummated by it. Each of the Vendors is duly qualified or licensed and in good standing as a foreign corporation authorized to do business under the Laws of each jurisdiction in which the current ownership, leasing or use of assets by it or the current conduct of business by it requires such licensing or qualification, except where the failure to be so licensed or qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on any of the Vendors, the execution, delivery or performance of this Agreement, or any of the Ancillary Agreements by each of the Vendors or the consummation of the transactions contemplated hereby and thereby to be consummated by each of them. Each of the Vendors is not in violation of any provision of its Organizational Documents except where such violation would not, individually or in the aggregate, have a Material Adverse Effect.

Section 6.2 Authorization, Execution and Enforceability.

Subject to requisite Canadian Court approval and Bankruptcy Court approval, the execution and delivery of this Agreement and the Ancillary Agreements by each of the Vendors, the performance by each of the Vendors of its obligations hereunder and thereunder and the consummation by each of the Vendors of the transactions contemplated hereby and thereby to be consummated by it have been duly authorized by all necessary corporate action on the part of each of the Vendors. Subject to requisite Canadian Court approval and Bankruptcy Court approval, this Agreement constitutes, and, as of the Closing each of the Ancillary Agreements will constitute, a legal, valid and binding obligation of each of the Vendors, enforceable against each of the Vendors in accordance with its respective terms, except insofar as enforceability may be limited by general principles of equity. This Agreement has been, and, as of the Closing each Ancillary Agreement will have been, duly executed and delivered by each of the Vendors.

Section 6.3 No Conflict.

Subject to approval of the Canadian Court and the Bankruptcy Court and receipt of the Consents and Approvals, the execution, delivery and performance by each Vendor of this Agreement and the Ancillary Agreements to which such Vendor is, or on the Closing Date will be, a party do not and will not conflict with or result in a breach of the terms, conditions or provisions of, constitute a default under, result in a violation of, give to any Person any right of

termination, amendment, modification, acceleration or cancellation or any preemptive right or right to the payment of any penalty under, or result in the creation or imposition of any Encumbrance upon any of the assets or property of the Vendors, or require any consent or other action by or declaration or notice to any Government Authority pursuant to (i) the Organizational Documents of the Vendors, (ii) any material contract to which the Vendors are a party or to which any of their assets or property are subject, (iii) any order of any Government Authority or Judicial Authority applicable to any Vendor or by which any of their assets or property are bound, or (iv) any Laws to which any of the Vendors, or any of their assets or property are subject, except for such defaults, violations and notifications that would not, individually or in the aggregate, materially hinder, delay or impair the performance by the Vendors of any of their obligations under the Ancillary Agreements.

Section 6.4 Brokers; Finders.

No finder, broker or similar intermediary acting on behalf of the Vendors is entitled to a commission, fee or other compensation in connection with the negotiation, execution or delivery of this Agreement or the Ancillary Agreements or the consummation of any of the transactions contemplated hereby or thereby.

Section 6.5 Non Resident.

FPI is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

Section 6.6 Title to the FPHI Shares.

FPI is the beneficial owner of record of the FPHI Shares with good title thereto. The FPHI Shares are not subject to any voting trust, shareholder agreement or voting agreement. Upon completion of the transactions contemplated by this Agreement, all of the FPHI Shares will be owned by the Plan Sponsor as the beneficial owner of record, with good title thereto, and, at the Time of Closing, will be free and clear of all Encumbrances, except for Permitted Encumbrances.

Section 6.7 Title to the FTL Shares and the Fraser Madawaska Shares.

FPI is the beneficial owner of record of the FTL Shares and the Fraser Madawaska Shares, in each case, with good title thereto. None of the FTL Shares or the Fraser Madawaska Shares is subject to any voting trust, shareholder agreement or voting agreement. Upon completion of the transactions contemplated by this Agreement, all of the FTL Shares and the Fraser Madawaska Shares will be owned by the Plan Sponsor as the beneficial owner of record, with good title thereto, and, at the Time of Closing, will be free and clear of all Encumbrances, except Permitted Encumbrances.

Section 6.8 Title to the FNHL Shares.

Fraser Madawaska is the beneficial owner of record of the FNHL Shares with good title thereto. The FNHL Shares are not subject to any voting trust, shareholder agreement or voting agreement. Unless excluded pursuant to Section 2.3(a) hereof, upon completion of the transactions contemplated by this Agreement, all of the FNHL Shares will be owned by Fraser

Madawaska as the beneficial owner of record, with good title thereto, and, at the Time of Closing, will be free and clear of all Encumbrances, except for Permitted Encumbrances.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES IN RESPECT OF THE PURCHASED
COMPANIES, THE INCLUDED ASSETS AND THE BUSINESS

Each of the Vendors represents and warrants to the Plan Sponsor, as of the date hereof, as follows:

Section 7.1 Capitalization.

Schedule 7.1 sets out the particulars of the authorized and issued capital of each of the Purchased Companies, the names of the beneficial owners of such securities, and if such beneficial owners are not the registered owners of such securities, the names of the Persons shown on the securities register of the applicable Purchased Company. The owners have good and marketable title, free of all Encumbrances, to the securities which are owned by them, as set out in Schedule 7.1. All of the securities listed in Schedule 7.1 as being issued and outstanding have been validly issued in compliance with all applicable Law and are outstanding as fully paid and non-assessable securities.

Section 7.2 Subsidiaries.

Except for the Katahdin Preferred Shares, FNEIL and Former Landfill, none of the Purchased Companies has any other direct or indirect subsidiaries or hold, directly or indirectly, any shares or other ownership, equity or proprietary interests in any other Person or have any agreement of any nature to acquire, directly or indirectly, any shares or other ownership, equity or proprietary interests in any other Person.

Section 7.3 No Other Agreements to Purchase or Sell.

Except as set out in this Agreement and the transactions contemplated thereby and hereby, and except for the Gorham APA, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by applicable Law, pre-emptive or contractual) capable of becoming such for the purchase, subscription, allotment or issuance of any interests in any of the Purchased Companies, the FPHI Shares or any of the Included Property.

Section 7.4 Records.

The Books and Records of each of the Purchased Companies are complete and accurate in all material respects and all corporate proceedings and actions reflected in such Books and Records have been conducted or taken in compliance with all applicable Law and with the applicable Organizational Documents of each of the Purchased Companies, as applicable.

Section 7.5 Compliance with Laws.

Except as set forth in Schedule 7.5, and except as would not, individually or in the aggregate, have a Material Adverse Effect, each of the Purchased Companies has conducted and

continues to conduct the Business in accordance with all Laws and Orders applicable to the Business and, to the knowledge of the Vendors, none of the Purchased Companies is in violation of any Law or any Order applicable to the operation of the Business.

Section 7.6 Permits.

Schedule 7.6 sets forth all of the material Permits and all pending applications therefore which have been issued to, or are held or used by, each of the Vendors which are, or upon issuance, would reasonably be expected to be, material to the conduct of Business or the ownership of the FPHI Shares or the Included Property. The Permits have been duly obtained and are to the knowledge of the Vendors, in full force and effect. The Vendors are in compliance with all material terms of such Permits, in each case except for such violations as would not have, individually or in the aggregate, a Material Adverse Effect.

Section 7.7 Title.

Each of the Vendors, including the Purchased Companies are the beneficial owners of the Included Property, as applicable, and have good and marketable title thereto. Except for the Encumbrances listed in Schedule 7.7 that will be discharged by the Vendors prior to Closing or pursuant to the Plan approved by the Court Orders, each of the Purchased Companies owns its respective Included Property free and clear of all Encumbrances, except Permitted Encumbrances.

Section 7.8 Lands.

Schedule 7.8 contains true and complete descriptions of all of the Lands. Except as described in Schedule 7.8 or except as would not have, individually or in the aggregate, a Material Adverse Effect, the Purchased Companies have title in fee simple to the Lands, as applicable, free and clear of all Encumbrances, except Permitted Encumbrances and Encumbrances that will be discharged by the Vendors on or before Closing or pursuant to the Court Orders. None of the Lands has been classified as "Tree Growth", "Farmland", or "Open Space" property for tax purposes.

Section 7.9 Survival of Covenants, Representations and Warranties.

The covenants, representations and warranties contained in this Agreement, the Ancillary Agreements and in all certificates and documents delivered pursuant to or contemplated by this Agreement or the Ancillary Agreements shall survive the Closing.

ARTICLE 8 EMPLOYEE MATTERS

Section 8.1 Continuing Employment.

(a) In the event that the Gorham Assets and the Gorham Mill constitute Included Property, at Closing FNHL shall continue to employ the Unionized Employees who are Employees of FNHL immediately prior to Closing, on the same terms and conditions applicable to such Unionized Employees immediately prior to the Closing.

(b) The Purchased Companies shall continue to employ at Closing such of their respective Employees who are Continuing Employees, pursuant to and in accordance with the terms and conditions of this Agreement. The Vendors and the Plan Sponsor acknowledge that the transactions contemplated by this Agreement shall not constitute a severance of employment of any such Continuing Employee prior to or upon the consummation of the transactions contemplated hereby, and that such employees will have continuous and uninterrupted employment immediately before and immediately after the Closing.

(c) The Purchased Companies agree to provide any required notice under the *Worker Adjustment and Retraining Notification Act*, as amended (the "WARN Act"), and any similar statute, and to otherwise comply with any such statute with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or similar event affecting Continuing Employees or Unionized Employees (including as a result of the consummation of the transactions contemplated by this Agreement) and occurring on or after the Closing Date. Between the Effective Date and the Closing Date, the Vendors shall not, without the Plan Sponsor's consent, which consent may be withheld in the Plan Sponsor's sole and absolute discretion, take any action whatsoever that would cause any termination of employment of any Employees by the Purchased Companies during such period of time that would constitute a "plant closing" or "mass layoff" under the WARN Act or any similar statute.

ARTICLE 9 ADDITIONAL AGREEMENTS OF THE PARTIES

Section 9.1 Conduct by the Plan Sponsor.

The Plan Sponsor covenants and agrees that, except as expressly contemplated by this Agreement, or as otherwise required by Law, after the Effective Date and prior to the earlier of the Closing Date or the Termination Date:

(a) the Plan Sponsor shall, and shall cause the Plan Sponsor's Affiliates to, refrain from taking any action which would cause any representation or warranty contained in Article 5 to be untrue or incorrect in any material respect as of the Closing; and

(b) subject to the Court Orders and subject to the express provisions of this Agreement, the Plan Sponsor shall use commercially reasonable efforts (i) to perform and satisfy all conditions to each of the Plan Sponsor's obligations to consummate the transactions contemplated by this Agreement that are to be performed or satisfied by the Plan Sponsor under this Agreement, and (ii) to cause the Closing to occur as promptly as reasonably practicable and the Plan Sponsor shall not, and shall not permit any of the Plan Sponsor's Affiliates to, intentionally take any action that is reasonably likely to prevent or delay the consummation of the transactions contemplated hereby.

Section 9.2 Conduct by the Vendors.

Each of the Vendors covenants and agrees that, except as expressly contemplated by this Agreement, or as otherwise required by Law, after the Effective Date and prior to the earlier of the Closing Date or the Termination Date:

(a) each of the Vendors shall, and shall cause the Vendors' Affiliates to, refrain from taking any action that would cause any representation or warranty contained in Article 6 or Article 7 to be untrue or incorrect as of the Closing; and

(b) subject to the Court Orders and the express provisions of this Agreement, each of the Vendors shall use commercially reasonable efforts (i) to perform and satisfy all conditions to such Vendor's obligations to consummate the transactions contemplated by this Agreement that are to be performed or satisfied by such Vendor under this Agreement; and (ii) to cause the Closing to occur as promptly as reasonably practicable, and each of the Vendors shall not, and shall not permit any of the Vendors' Affiliates to, intentionally take any action that is reasonably likely to prevent or delay the consummation of the transactions contemplated hereby.

Section 9.3 Conduct of Business.

Subject to any Court Orders, after the Effective Date and prior to the earlier of the Closing Date or the Termination Date, to the extent related solely to the Business and the Purchased Companies, each of the Vendors shall, and shall cause the Vendors' Affiliates to, except as may otherwise be consented to by the Plan Sponsor, in writing, acting reasonably: (i) carry on business in the Ordinary Course; (ii) use its best efforts to preserve its business organization and goodwill; (iii) maintain its relationships with suppliers, customers, consultants and others having business relations with it; (iv) retain in its employ all of its employees; and (v) make all payments in the Ordinary Course; and shall not, except as may otherwise be consented to by the Plan Sponsor, acting reasonably:

(a) amend, revise, modify or agree to do any of the foregoing in respect of any Contract material to the Business;

(b) amend, revise, modify or agree to do any of the foregoing in respect of any of the Benefit Plans; and

(c) seek any Order in respect of, in relation to or in connection with the PPFI Shares, the Included Property, the Continuing Obligations or the Business unless such Order is satisfactory to the Plan Sponsor, acting reasonably.

Section 9.4 Access to Information.

Prior to the Closing, the Vendors shall, and shall cause their Subsidiaries to, (i) give the Plan Sponsor and its authorized Representatives, upon reasonable advance notice and during regular business hours, reasonable access to all Books and Records, personnel, officers and other facilities and properties of the Business, (ii) permit the Plan Sponsor to make such copies and inspections thereof, upon reasonable advance notice and during regular business hours, as the Plan Sponsor may reasonably request, (iii) grant the Plan Sponsor and its Representatives reasonable access to each of the facilities of the Business where the PPFI Shares or the Included Property is located for purposes of completing an updated inventory of the fixed assets of the Business for purposes of completing an appraisal of the value thereof, and (iv) cause the officers of the Vendors to furnish the Plan Sponsor with such additional financial and operating data and other information with respect to the Business as is regularly prepared in the Ordinary Course that the Plan Sponsor may from time to time reasonably request; provided, however, that any

such access shall be conducted at the Plan Sponsor's expense, in accordance with Law, at a reasonable time, under the supervision of the Vendors' personnel and in such a manner as to maintain confidentiality and not to unreasonably interfere with the normal operations of the businesses of the Vendors and the Vendors' Affiliates.

Section 9.5 Regulatory Matters.

Each of the Parties, as promptly as practicable after the execution of this Agreement, will make, or cause to be made, all such filings and submissions under all Laws, as may be required for it to consummate the purchase and sale of the EPMI Shares and the Included Property in accordance with the terms of this Agreement. The Parties will coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing, including providing each other with all notices and information supplied to or filed with any Governmental Authority (except for notices and information which any Party, acting reasonably, considers highly confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Governmental Authority.

Section 9.6 Maintenance of Books and Records; Access after Closing.

The Plan Sponsor shall use its commercially reasonable efforts to retain all of the Books and Records delivered to it by the Vendors hereunder and relating to any period ending on or prior to the Closing Date for a period of six (6) years following the Closing Date. At any time during such six-year period, each of the Vendors and its Representatives shall have reasonable access thereto, during normal business hours, in connection with the affairs of the Vendors but the Plan Sponsor shall not be responsible or liable to any of the Vendors for or as a result of any unintentional loss or destruction of or damage to any of the Books and Records.

Section 9.7 Ancillary Agreements.

The Parties shall use their reasonable efforts to promptly negotiate and finalize in good faith the Ancillary Agreements to which it is contemplated they will be Parties. All Ancillary Agreements must be in form and content satisfactory to the Plan Sponsor, acting reasonably.

Section 9.8 Tax Structure.

During the period from the date hereof to the Time of Closing, each of the Vendors shall use its reasonable efforts to assist and co-operate with the Plan Sponsor in structuring the transactions contemplated by this Agreement in a tax effective and tax efficient manner for the Purchased Companies, the Plan Sponsor and the Plan Sponsor's Affiliates, as may be reasonably requested by the Plan Sponsor, provided that the Vendors shall not be required to undertake any structuring that adversely affects the financial condition of the Vendors, acting reasonably.

Section 9.9 Transfer of Assets.

Prior to the Time of Closing, each of the Vendors, other than the Purchased Companies, shall have executed, delivered and registered all documents, at such Vendor's expense and in form and substance satisfactory to the Plan Sponsor, required to release or convey, free of

Encumbrances other than Permitted Encumbrances, to the Purchased Companies any and all right, title and interest in: (i) any and all assets and properties used in the operation of or relating to any or all of the Mills; (ii) the Katahdin Preferred Shares; and (iii) all other Included Property.

Section 9.10 Notice of Untrue Representation or Warranty.

The Vendors will promptly notify the Plan Sponsor, and the Plan Sponsor will promptly notify the Vendors, upon (i) any representation or warranty made by it contained in this Agreement becoming untrue, incorrect or misleading during the period from the date hereof to the Time of Closing and for the purposes of this Section 9.10 each representation and warranty will be deemed to be given at and as of all times during such period; and (ii) becoming aware that any representation or warranty made by it contained in any of the Ancillary Agreements will not be true and correct as at the Time of Closing. Any such notification will set out particulars of the untrue, incorrect or misleading representation or warranty and details of any actions being taken by the Vendors or the Plan Sponsor, as the case may be, to rectify that state of affairs.

Section 9.11 Vendors' Covenants

Each of the Vendors covenants and agrees that none of its obligations under this Agreement or any Ancillary Agreement shall be subject to compromise or arrangement pursuant to the Plan or otherwise under the CCAA Proceedings, any recognition proceedings under the Bankruptcy Case, or any other applicable Law or proceeding.

**ARTICLE 10
CONDITIONS TO CLOSING**

Section 10.1 Conditions for the Benefit of the Plan Sponsor.

The obligations of the Plan Sponsor to consummate the transactions contemplated hereby are, unless waived by the Plan Sponsor, subject to the fulfillment, at or before the Closing or as otherwise specified below, of each of the following conditions:

(a) the representations and warranties of the Vendors set forth in Article 6 and Article 7 shall be true and correct in all material respects;

(b) the Schedules provided on or before the Effective Date and required to be updated and delivered for Closing shall not contain any new information at Closing that would, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(c) (i) no Law shall be in effect, and (ii) no Governmental Authority shall have enacted, issued, promulgated or entered an Order which is in effect, in each case that has the effect of making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;

(d) the Vendors shall have at all times been in compliance with all of their covenants and agreements in this Agreement;

(e) the Plan Sponsor shall have received the Ancillary Agreements required to be delivered to it by the Vendors at or before the Closing, duly executed by all necessary Persons (other than the Plan Sponsor) and in form and content satisfactory to the Plan Sponsor, acting reasonably;

(f) the Canadian Court shall have entered the Canadian Orders and the Bankruptcy Court shall have entered the U.S. Orders, which orders shall be in form and content satisfactory to the Plan Sponsor, acting reasonably, shall have become Final Orders, and shall not have been stayed, modified or amended in any way;

(g) no injunction or other Order shall have been issued to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement;

(h) all actions, proceedings, instruments and documents required to complete the Transaction, including the Agreement and the Ancillary Agreements, shall have been approved as to form, substance and legality by the Plan Sponsor, and the Plan Sponsor and the Vendors shall have entered into the Ancillary Agreements;

(i) satisfaction of the Plan Sponsor, acting reasonably, that on Closing none of the Purchased Companies will be liable for any Liabilities other than the Continuing Obligations, solely as specifically and expressly provided for in this Agreement;

(j) satisfaction of the Plan Sponsor, acting reasonably, that none of it or the Plan Sponsor's Affiliates will assume or be deemed to assume any Liabilities of the Purchased Companies or the Vendors as a result of having entered into this Agreement or having taken any action contemplated by or in furtherance of this Agreement or the Transaction;

(k) each of the Vendors shall have complied, at all times, with the terms and conditions of all of its agreements with the Plan Sponsor and the Plan Sponsor's Affiliates including, without limitation, the DIP Lender;

(l) the obligations of the Vendors under or in respect of the Brookfield DIP Facility shall not have materially exceeded the borrowing projections contemplated by the Budget and, in any case, shall not at Closing exceed US\$15,000,000 less the amount of the net proceeds realized or to be realized from a sale or liquidation of the Gorham Assets and the Gorham Mill on or before Closing;

(m) (i) the Vendors shall have promptly applied all cash-on-hand and cash receipts (including, without limitation, all net proceeds realized from a sale or liquidation of the Gorham Assets and the Gorham Mill and the Cash Component) to repayment of all amounts owing under the Brookfield DIP Facility; (ii) all obligations under the Brookfield DIP Facility shall have been fully paid and satisfied in the manner contemplated by this Agreement (including, without limitation, in relation to the Brookfield Letters of Credit); and (iii) the Brookfield DIP Facility shall have been terminated and cancelled in a manner satisfactory to the DIP Lender, acting reasonably;

(n) the transfers and conveyances contemplated in Section 9.9 shall have been completed, in form and substance satisfactory to the Plan Sponsor;

(o) the Plan shall have received all necessary or desirable approvals to the satisfaction of the Plan Sponsor, acting reasonably, and the Plan Sponsor shall be satisfied, acting reasonably, with the terms and conditions of the Plan and all other materials and documents relating to the Plan or the Transaction;

(p) the Closing shall have occurred and the Transaction shall have been consummated on or prior to February 15, 2011;

(q) all Consents and Approvals shall have been obtained on terms and conditions satisfactory to the Plan Sponsor, acting reasonably, in respect of the transactions contemplated by this Agreement including, without limitation, the sale of the PFH Shares, the release and assignment of the Included Property (including Contracts, Permits and Timber Licences of the Purchased Companies), and the implementation of the Plan;

(r) no Material Adverse Effect shall, individually or in the aggregate, have occurred between the Effective Date and the Closing Date; and

(s) all other events and actions contemplated by this Agreement shall have been completed, and the Vendors shall be in compliance with all of their obligations and agreements under this Agreement, the Plan, and the Court Orders, all to the satisfaction of the Plan Sponsor, acting reasonably.

The foregoing conditions are for the exclusive benefit of the Plan Sponsor and may be waived by the Plan Sponsor in whole or in part. Any such waiver shall be binding on the Plan Sponsor only if made in writing.

Section 10.2 Conditions for the Benefit of the Vendors.

The obligations of the Vendors to consummate the transactions contemplated hereby are, unless waived by the Vendors, subject to the fulfillment, at or before the Closing, of each of the following conditions:

(a) payment of the Purchase Price as set forth in Section 4.2, subject to adjustment as set forth in Section 4.1(b) and Section 4.5 of this Agreement;

(b) the representations and warranties of the Plan Sponsor set forth in Article 5 shall be true and correct in all material respects;

(c) (i) no Law shall be in effect, and (ii) no Governmental Authority shall have enacted, issued, promulgated or entered an Order which is in effect, in each case that has the effect of making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;

(d) the Plan Sponsor shall have at all times been in compliance in all material respects with all of its covenants and agreements set forth in this Agreement;

(e) the Vendors shall have received the Ancillary Agreements required to be delivered to them by the Plan Sponsor at or before the Closing, duly executed by all necessary

Persons (other than the Vendors) and in form and content satisfactory to the Vendors, acting reasonably;

(f) (i) the Canadian Court shall have entered the Canadian Orders and the Bankruptcy Court shall have entered the U.S. Orders, which orders shall not have been stayed, modified or amended in any way;

(g) no injunction or other Order shall have been issued to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement; and

(h) this Agreement shall have been approved by the Board of Directors of the Vendors.

The foregoing conditions are for the exclusive benefit of the Vendors and may be waived by the Vendors in whole or in part. Any such waiver shall be binding on the Vendors only if made in writing.

ARTICLE 11 TRANSACTIONAL COSTS

Section 11.1 Payment of Transactional Costs.

The Plan Sponsor and the Vendors shall be liable for all of their own Transactional Costs and transactional taxes payable under any Law on or with respect to the transactions contemplated by this Agreement.

Section 11.2 Elections.

The Vendors and the Plan Sponsor agree to make, execute and file with the appropriate taxing authorities such elections or purchase exemption certificates as the parties hereto agree are reasonable or mutually desirable, if any, in prescribed form and within the prescribed time.

Section 11.3 U.S. Tax Certificate Information

The Vendors shall provide to the Plan Sponsor prior to Closing such information as the Plan Sponsor may reasonably request to allow the Plan Sponsor to confirm that the stock of FPHI does not constitute a "United States real property interest" within the meaning of Section 897(c)(1) of the United States Internal Revenue Code of 1986, as amended, and such statements and documents in relation thereto as the Plan Sponsor may reasonably request for filing with or delivery to applicable tax authorities including, without limitation, in relation to the filing of certificates substantially in the form of Exhibits B and C attached to this Agreement.

ARTICLE 12 CLOSING

Section 12.1 Location and Time of the Closing.

Upon the terms and subject to the conditions hereof, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Torys LLP, located at Suite 3000, 79 Wellington St. West, Toronto-Dominion Centre, Toronto, Ontario, M5K 1N2, or such other place as the Plan Sponsor and the Vendors may mutually agree, no later than three (3) Business Days following the date on which the conditions set forth in Section 10.1 and Section 10.2 of this Agreement have been satisfied or (if permissible) waived (other than the conditions which by their nature are to be satisfied at the Closing, but subject to the satisfaction or (if permissible) waiver of such conditions), or such other date as the Vendors and the Plan Sponsor may mutually agree (the "Closing Date"). The Closing shall be deemed to have been consummated and become effective for all purposes as of 12:01 a.m. Toronto time on the Closing Date.

Section 12.2 Closing Deliveries of the Vendors.

At the Closing, the Vendors shall deliver or cause to be delivered to the Plan Sponsor:

(a) assignments or other instruments of transfer duly endorsed in blank, or accompanied by share powers or other instruments of transfer duly executed in blank, and otherwise in form and substance reasonably acceptable to the Plan Sponsor for transfer of the FPHI Shares to the Plan Sponsor, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably required by the Plan Sponsor to complete the Transactions provided for in this Agreement;

(b) all original certificates and instruments in respect of the FPHI Shares;

(c) the written resignation of each member of the board of directors and officer of each of the Purchased Companies, together with a release in favour of each of the Purchased Companies in his or her capacity as director or officer only effective as at the Closing;

(d) all Books and Records relating to the Purchased Companies;

(e) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Vendors contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date. For greater certainty, the representations and warranties of the Vendors contained in this Agreement made as of the Closing Date shall not be qualified by knowledge;

(f) the Schedules to this Agreement updated and delivered for Closing pursuant to the terms of this Agreement in form and content satisfactory to the Plan Sponsor, acting reasonably;

(g) an acknowledgement, dated the Closing Date, that each of the conditions precedent in Section 10.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date;

(h) a certified copy of each of the Canadian Orders;

(i) a certified copy of each of the U.S. Orders;

(j) the Consents and Approvals;

(k) a certificate substantially in the form of Exhibit B;

(l) a Notice substantially in the form of Exhibit C;

(m) an executed copy of the Monitor's Certificate;

(n) a counterpart signature page to each Ancillary Agreement, duly executed by each of the Vendors, as applicable; and

(o) such other certificates, instruments and documents, in form and substance reasonably satisfactory to the Plan Sponsor, as may be contemplated by this Agreement or as the Plan Sponsor may reasonably request.

Section 12.3 Closing Deliveries of the Plan Sponsor.

At the Closing, the Plan Sponsor shall deliver, or cause to be delivered, to the Vendors:

(a) payment of the Purchase Price as set forth in Section 4.2;

(b) a counterpart signature page to each Ancillary Agreement, duly executed by the Plan Sponsor;

(c) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Plan Sponsor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;

(d) an acknowledgement, dated the Closing Date, that each of the conditions precedent in Section 10.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and

(e) such other certificates, instruments and documents in form and substance reasonably acceptable to the Vendors, as the Vendors may reasonably request.

Section 12.4 Maine Real Estate Transfer Taxes.

At Closing, the Plan Sponsor and the Purchased Companies, as applicable, conveying the Lands relating to the Included Assets and/or the Mills shall execute one or more real estate transfer declarations that shall establish the portion of the Purchase Price that is allocable to such Lands. The Plan Sponsor and the Purchased Companies, as applicable, shall use best

commercial efforts to establish that the transfer of such Lands hereunder is exempt from taxation under 36 M.R.S.A. Sec. 4641-C(14). Notwithstanding Section 11.1 hereof, to the extent that any taxes are payable with respect to the transfer of such Lands, the Plan Sponsor and the Vendors shall each be responsible for, and pay, 50% of such taxes.

Section 12.5 Possession.

The Purchased Companies shall be entitled to vacant possession of the Mills and other Included Property on and after Closing. The Vendors shall deliver to the Purchased Companies on Closing such keys, lock and safe combinations and other similar items as the Purchased Companies may require to obtain immediate and full occupation, possession and control of the Mills and the Included Property.

ARTICLE 13 RISK AND TERMINATION

Section 13.1 Risk of Loss.

The FPHI Shares and the Included Property shall be and remain the risk of the Vendors until Closing and at the risk of the Plan Sponsor (in the case of the FPHI Shares) and the Purchased Companies (in the case of the Included Property) from and after Closing. If, prior to Closing, the Included Property shall be substantially damaged or destroyed by fire or other casualty, then, at its option, the Plan Sponsor may decline to complete the Transaction. Such option shall be exercised within five (5) Business Days after notification to the Plan Sponsor by the Vendors of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within five (5) Business Days of the Closing Date) in which event this Agreement shall be terminated automatically. If the Plan Sponsor does not exercise such option, it shall complete the Transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction. Where any damage or destruction is not substantial, the Plan Sponsor shall complete the Transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction provided that such damage or destruction is insured or, otherwise by an agreed abatement.

Section 13.2 Termination.

This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of the Parties;
- (b) by the Plan Sponsor, upon written notice to the Vendors, if the Closing does not take place by February 15, 2011 (the "Termination Date");
- (c) by the Plan Sponsor in the event of a material breach by the Vendors of the Vendors' representations, warranties, agreements or covenants set forth in this Agreement, which breach would result in a failure to satisfy the conditions to Closing set forth in Section 10.1 of this Agreement;

(d) by the Vendors in the event of a material breach by the Plan Sponsor of the Plan Sponsor's representations, warranties, agreements or covenants set forth in this Agreement, which breach would result in a failure to satisfy the conditions to Closing set forth in Section 10.2 of this Agreement;

(e) by the Plan Sponsor if any of the conditions in Section 10.1 of this Agreement have not been satisfied by Closing and the Plan Sponsor has not waived such condition at or prior to Closing; or

(f) by the Vendors if any of the conditions in Section 10.2 of this Agreement have not been satisfied by Closing and the Vendors have not waived such condition at or prior to Closing.

Section 13.3 Effects of Termination.

If this Agreement is terminated pursuant to Section 13.2, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other except for the provisions of: (i) Section 7.9 (Survival of Covenants, Representations and Warranties); (ii) Section 13.2 (Termination); (iii) Section 13.3 (Effects of Termination); and (iv) Article 14 (Miscellaneous), provided, that neither the termination of this Agreement nor anything in this Section shall relieve any Party from liability for any breach of this Agreement occurring before the termination hereof and thereof.

ARTICLE 14 MISCELLANEOUS PROVISIONS

Section 14.1 Confidentiality.

The Parties hereby agree to keep confidential this Agreement and the terms and conditions contained herein, and not at any time to disclose such information except: (i) where such information is in the public domain through no breach of the terms of this Agreement by either Party, (ii) where such information is required by Law to be disclosed to any Governmental Authority (including, without limitation, any stock exchange), (iii) on a need to know basis to each of the Parties' Representatives, (iv) as required in connection with the CCAA Proceedings and the Bankruptcy Case, or as otherwise directed by the Canadian Court and the Bankruptcy Court, or (v) where disclosure is agreed to in writing between the Parties.

Section 14.2 Non-Disclosure.

Except (i) as and to the extent required by Law, the CCAA Proceedings or the Bankruptcy Case, (ii) to its Representatives, (iii) to the Monitor and its Representatives, or (iv) to the DIP Lender and its Representatives, neither the Plan Sponsor nor the Vendors shall, and each shall direct its Representatives not to, without the prior written consent of the other Party, directly or indirectly, make any public comment, statement or communication with respect to, or otherwise disclose or permit the disclosure of the existence of discussions regarding, a possible transaction between the Parties or any of the terms, conditions or other aspects of the Transaction or the contents of this Agreement or the Ancillary Agreements.

Section 14.3 Expenses.

The Plan Sponsor and the Vendors shall be responsible for their own respective costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement.

Section 14.4 Solicitors and Agents and Tender

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by the Plan Sponsor's Solicitors on behalf of the Plan Sponsor and by the Vendors' Solicitors on behalf of the Vendors and any tender of this Agreement or the Ancillary Agreements and the balance of the Purchase Price may be made upon the Vendors' Solicitors and the Plan Sponsor's Solicitors, as the case may be.

Section 14.5 Successors and Assigns.

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. This Agreement may not be assigned by either Party without the prior written consent of the other, which consent shall not be unreasonably withheld; provided, however, that the Plan Sponsor may, without the consent of the Vendors, assign and delegate its rights under this Agreement to one or more of the Plan Sponsor's Affiliates, and in interpreting this Agreement any such assignee(s) shall be considered the "Plan Sponsor".

Section 14.6 Third Party Beneficiaries.

Each Party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto and their successors and permitted assigns, and no Person, other than the Parties hereto and their successors and their permitted assigns, shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

Section 14.7 Notices.

(a) Mode of Giving Notice. Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other means of electronic communication, in each case to the applicable address set out below:

(i) if to the Plan Sponsor, to:

c/o Brookfield Asset Management Inc.
181 Bay Street, Suite 300
Brookfield Place
Toronto, Ontario M5J 2T3

Attention: Sam Pollock/Justin Beber
Email: spollock@brookfield.com/jbeber@brookfield.com
Fax No.: 416.365.9642

with a copy to:

Torys LLP
Suite 3000, 79 Wellington Street West
Toronto-Dominion Centre
Toronto, Ontario M5K 1N2

Attention: Tony DeMarinis/Natasha De Cicco
Email: tdemarinis@torys.com/ndecicco@torys.com
Fax No.: 416.865.7380

(ii) if to the Vendors, to:

c/o Fraser Papers Inc.
181 Bay Street, Suite 200
Brookfield Place
Toronto, Ontario M5J 2T3

Attention: Glen McMillan
Email: gmcmillan@toronto.fraserpapers.com
Fax No.: 416.359.8606

with a copy to:

Thomson Grout Pinnigan LLP
Suite 3200, 100 Wellington Street West
Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: D.J. Miller
Email: djmiller@tgf.ca
Fax No.: 416.304.1313

with a copy to counsel for the Monitor:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Attention: Robert Chadwick
Email: rchadwick@goodmans.ca
Fax: 416.979.1234

(b) Deemed Delivery of Notice. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. (Toronto time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

Section 14.8 Time of Essence.

Time shall be of the essence of this Agreement in all respects.

Section 14.9 Further Assurances.

Each of the Parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

Section 14.10 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by facsimile transmission or other means of electronic communication and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

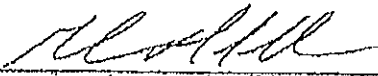
Section 14.11 Paramountcy.

In the event of any conflict or inconsistency between the provisions of this Agreement and any other agreement, document or instrument executed or delivered in connection with the Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such inconsistency.

[Remainder of the Page Intentionally Left Blank; Signature Page Follows]

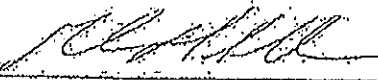
IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

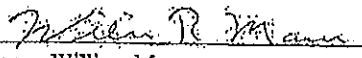
FRASER PAPERS INC.

By: 
Name: Glen McMillan
Title: Chief Restructuring Officer

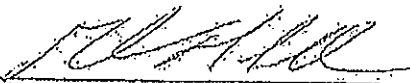
By: 
Name: William Manzer
Title: Senior Vice President, Strategy
and Special Project

FRASER PAPERS LIMITED

By: 
Name: Glen McMillan
Title: Secretary

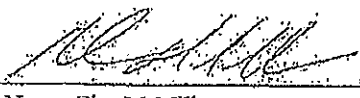
By: 
Name: William Manzer
Title: Vice President

FPS CANADA INC.

By: 
Name: Glen McMillan
Title: Secretary

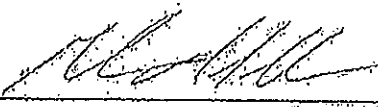
By: 
Name: William Manzer
Title: Vice President

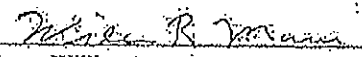
FRASER PAPERS HOLDINGS INC.

By: 
Name: Glen McMillan
Title: Secretary

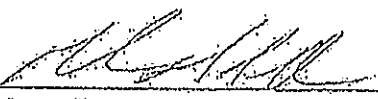
By: 
Name: William Manzer
Title: Vice President

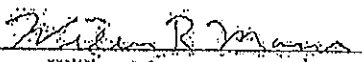
FRASER TIMBER LIMITED

By: 
Name: Glen McMillan
Title: Secretary

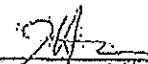
By: 
Name: William Manzer
Title: Vice President

FRASER N.H. LLC

By: 
Name: Glen McMillan
Title: Secretary

By: 
Name: William Manzer
Title: Vice President

BROOKFIELD ASSET MANAGEMENT
INC.

By:  _____

Name: Jeffrey Haar

Title:

By:  _____

Name: Justin Böber

Title:

Schedule 3.1
Continuing Obligations

- (i) Ordinary Course trade payables and accrued payables outstanding as of the Closing Date for goods provided and services rendered following the Filing Date by Person(s) listed in Schedule 3.1(a) attached hereto in relation solely to the Purchased Companies and the Business and all accrued payroll obligations and accrued vacation pay for Continuing Employees and, to the extent that the Gorham Assets are Included Property, the Unionized Employees but excluding, for greater certainty, any and all Intercompany Receivables and Intercompany Liabilities, any and all trade payables and accrued payables to be paid by the Purchased Companies in the Ordinary Course prior to the Closing Date and any and all trade payables and accrued payables for goods provided and services rendered to the Vendors other than the Purchased Companies or to the Purchased Companies for purposes other than the Business (collectively, the "Continuing Accounts Payable");
- (ii) Liabilities arising from asset retirement obligations of FTL in respect of the Ashland Assets and the Masardis Assets that are consistent with past public disclosure and disclosure to the Plan Sponsor and the Plan Sponsor's Affiliates;
- (iii) To the extent that the Gorham Assets and the Gorham Mills are not Excluded Property, Liabilities arising from asset retirement obligations of FNHL in respect of the Gorham Assets that are consistent with past public disclosure and disclosure to the Plan Sponsor and the Plan Sponsor's Affiliates;
- (iv) unless the Vendors implement Alternative LC Arrangements on or prior to Closing, Liabilities of the Purchased Companies arising from the Workers Compensation Obligations that are consistent with past public disclosure and disclosure to the Plan Sponsor and the Plan Sponsor's Affiliates, up to a maximum aggregate amount equal to the maximum aggregate amount payable under the Brookfield Letters of Credit;
- (v) Liabilities arising from the employment of the Continuing Employees and, to the extent that the Gorham Assets and Gorham Mill constitute Included Property, the Unionized Employees from and after the Closing Date in accordance with the provisions of Section 8.1 of this Agreement; and
- (vi) Liabilities arising from the landfill maintenance obligations of Former Landfill to any Governmental Authority in respect of the landfill located in the city of Moraine, Ohio that are consistent with past public disclosure and disclosure to the Plan Sponsor and the Plan Sponsor's Affiliates.

Schedule 3.1(n)
Continuing Accounts Payable

Amounts payable to the following Persons listed hereto.

Notwithstanding anything to the contrary, Continuing Accounts Payable shall not include any amounts owing by any of the Vendors or the Purchased Companies in respect of any goods provided or services rendered, or any other transaction or event occurring, prior to the Filing Date (the "Pre-petition Payables"), and neither the Plan Sponsor nor the Purchased Companies shall under any circumstance be responsible or liable for the Pre-petition Payables.

Schedule "B" – Promissory Notes

NON-NEGOTIABLE NON-TRANSFERABLE
UNSECURED PROMISSORY NOTE

Toronto, Ontario

Principal Amount: US\$30,000,000

April 28, 2010

1. General

(a) FOR VALUE RECEIVED the undersigned, Twin Rivers Paper Company Inc., a corporation incorporated and existing under the laws of the Province of Ontario, having a head office at 27 Rice Street Edmundston, NB, E3V 1S9 (hereinafter, together with its successors and permitted assigns, referred to as the "Payor"), hereby promises to pay to Fraser Papers Inc. (together with its successors and permitted assigns, hereinafter referred to as the "Payee"), on the Maturity Date, in lawful money of the United States, the sum of Thirty Million Dollars (US\$30,000,000) (the "Principal Amount"), as adjusted pursuant to Section 3.8 of the Purchase Agreement (defined below), at its office at Toronto, Ontario, or at such other place as the Payee may designate.

(b) This Promissory Note is issued pursuant to and is subject to the provisions of the Purchase Agreement. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement. The terms and conditions of the Purchase Agreement are incorporated herein by reference with the same force and effect as if such terms and conditions were fully set forth herein.

2. Definitions

In this Promissory Note, capitalized terms used but otherwise defined herein shall have the following meanings ascribed to such terms:

"Brookfield Debt" means any debt owing to Brookfield Asset Management Inc. (or its successors) or an affiliate thereof, pursuant to the definition of "affiliate" in the *Business Corporations Act* (Ontario) as such definition exists as of the date of this Promissory Note.

"CIT Facility" means the senior secured credit facility dated as of the date hereof between the Payor, as borrower, certain subsidiaries of the Payor, as guarantors, CIT Business Credit Canada Inc. as agent and lender and the other lenders party thereto from time to time, as may be amended, restated, or otherwise modified from time to time.

"Fraser Papers" shall mean, collectively, Fraser Papers Inc. and its subsidiaries (being, on the date hereof, Fraser Papers Limited, FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited and Fraser N.H. LLC).

"Maturity Date" means April 28, 2018.

"Purchase Agreement" means the asset purchase agreement dated as of December 22, 2009 (as amended, modified or restated from time to time) between Fraser Papers, as Vendors, and Brookfield Asset Management Inc. or its designate(s), as Purchaser, as assigned to the Payor and

Twin Rivers Paper Company LLC pursuant to an assignment and assumption agreement dated as of April 28, 2010.

"Senior Indebtedness" means the principal of and the interest and premium (or any other amounts payable thereunder), if any, on:

(a) all indebtedness, liabilities and obligations of the Payor in respect of any indebtedness which is secured by liens, encumbrances or charges on any assets of the Payor, whether outstanding on the date of this Promissory Note or thereafter created, incurred, assumed or guaranteed, including, for greater certainty, all indebtedness, liabilities and obligations of the Payor under or in respect of the CIT Facility; and

(b) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations;

unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are *pari passu* with or subordinate in right of payment to this Promissory Note.

"Trustee" means a trustee appointed to hold an interest in the Principal Amount for the benefit of one or more classes or groups of creditors of Fraser Papers.

3. Intercreditor Agreement

The Payee hereby acknowledges and agrees that all rights and remedies of the Payee (including its successors and assigns) hereunder, including with respect to payment and enforcement of this Promissory Note, are subject to the Intercreditor Agreement dated April 28, 2010 between, among others, CIT Business Credit Canada, Inc. and the Payee (the "Intercreditor Agreement").

4. Term

The Principal Amount shall be payable only on the Maturity Date, unless the Principal Amount is prepaid earlier in accordance with the terms and conditions of this Promissory Note and the Intercreditor Agreement. Notwithstanding the foregoing, but subject to the Intercreditor Agreement, the Principal Amount shall become due and payable in the event that the Payor institutes legal proceedings in respect of itself or substantially all of its property and assets under any federal, provincial or applicable foreign law relating to bankruptcy, insolvency, receivership, or creditor protection of insolvent persons (including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada)) or any such legal proceedings are instituted by creditors of the Payor and are not withdrawn, dismissed or terminated within sixty (60) days thereof.

5. Non-Interest Bearing Promissory Note

The Principal Amount shall not bear any interest.

6. Unsecured, Subordinated Promissory Note

This Promissory Note is a direct obligation of the Payor but is not secured by any mortgage, pledge, hypothec or other charge, lien or encumbrance. This Promissory Note and all Replacement Notes (as such term is defined below) shall rank *pari passu* with all other outstanding direct, unsecured and unsubordinated present and future obligations (except as otherwise prescribed by law) of the Payor and will be payable rateably without preference or priority. The Principal Amount hereof is subordinated and postponed to the repayment in full of all Senior Indebtedness of the Payor, provided that notwithstanding the foregoing postponement, the Payor shall repay the Promissory Note on the Maturity Date provided that no default then exists or would result from such payment under any Senior Indebtedness the terms of which would prohibit such repayment if a default then exists or would result from such payment, and provided further that if such Senior Indebtedness is also Brookfield Debt, then 180 days following the Maturity Date the Payee shall be free to pursue its available remedies to enforce payment upon the Promissory Note, however the Promissory Note shall remain subordinated to all Senior Indebtedness including Brookfield Debt.

7. Voluntary Prepayment

The Payor shall have the right and the privilege, at its sole option, of prepaying in whole or in part any portion of the Principal Amount at any time or from time to time prior to the Maturity Date without premium or penalty in minimum increments of US\$1,000,000. In the event that more than one Promissory Note is outstanding as a result of any replacement Promissory Notes being issued pursuant to Section 7 or Section 13, any such voluntary prepayment shall be made in respect of all notes held by parties having claims of equal priority in respect of one another, on a *pro rata* basis. The Payee shall not have the right to require the Payor to redeem or call for the repayment of this Promissory Note at any time prior to the Maturity Date.

8. Successors and Assigns

This Promissory Note shall enure to the benefit of and shall be binding upon the Payor and the Payee and their respective successors and permitted assigns. This Promissory Note shall not be transferable or assignable by the Payee, its successors or its permitted assigns without the prior written consent of the Payor, in its sole and absolute discretion; provided however that:

(a) the Payee may transfer or assign this Promissory Note, in whole and not in part, without the consent of the Payor, to a successor (by operation of law or otherwise) of Fraser Papers; and

(b) the Payee may transfer or assign this Promissory Note, in whole or in part, without the consent of the Payor, to one or more Trustees or a nominee of such Trustee and any successor trustee or nominee thereof, holding the Promissory Note on behalf of Fraser Papers or any Persons designated by Fraser Papers or to whom an interest in the Promissory Note is to be distributed in accordance with such Orders of the Canadian Court and the Bankruptcy Court as may subsequently be made, provided that (i) the terms of any Order authorizing any such distribution shall expressly provide that such distribution, and the rights and remedies of any successor or assign of Payee, is subject to the Intercreditor Agreement, and (ii) Payor is satisfied, acting reasonably, that such transfer or assignment would not result in the Payor becoming a

reporting issuer in any province or territory of Canada (or the equivalent in any other jurisdiction).

9. Amendment

This Promissory Note may not be modified, except and only by a written instrument executed by the Payor and the Payee.

10. Non-Negotiable Instrument

This Promissory Note is not and is not intended to be a negotiable instrument.

11. Governing Law

This Promissory Note is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

12. Submission to Jurisdiction

(a) The Payee hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the courts of the Province of Ontario, and any appellate court thereof, in any action or proceeding arising out of or relating to this Promissory Note, or enforcement of any judgment, and each of the Payor and the Payee hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in Ontario. Each of the Payor and the Payee 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 applicable law. Nothing in this Promissory Note shall affect any right that the Payor may otherwise have to bring any action or proceeding relating to this Promissory Note against the Payee in the courts of any other jurisdiction.

(b) The Payee hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Promissory Note in any court referred to in this Section 12(b). Each of the Payor and the Payee hereby irrevocably waives, to the fullest extent permitted by applicable law, any *forum non conveniens* defence to the maintenance of such action or proceeding in any such court.

13. Waiver of Jury Trial

EACH OF THE PAYOR AND THE PAYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS PROMISSORY NOTE (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE PAYOR AND THE PAYEE (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD

NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

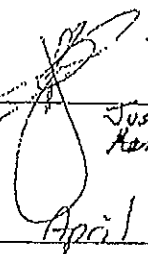
14. Replacement Notes

(a) Should it be determined pursuant to Section 3.8 of the Purchase Agreement, that the Principal Amount of the Promissory Note is to be adjusted to an amount other than \$30,000,000, the Payee shall promptly return this Promissory Note to the Payor in exchange for a promissory note in identical form in the amount of such adjusted Principal Amount.

(b) Upon receiving written notice of any assignment by the Payee of this Promissory Note made in accordance with Section 8, the Payor shall, upon request by the Payee and return of the original Promissory Note to be replaced, issue a replacement promissory note or notes in identical form to reflect such whole or partial transfer. For greater certainty, any replacement note issued in accordance with this Section shall state that the rights and remedies of the Payee thereunder are subject to the Intercreditor Agreement.

IN WITNESS WHEREOF, the undersigned hereunto sets its hand and seal as of the date first set forth above,

TWIN RIVERS PAPER COMPANY INC.

By: 

Name:

Title:

Justin Beber

Managing Partner - ~~General~~
Vice President

Agreed to and acknowledged as of this 28 day of April, 2010.

FRASER PAPERS INC.

By: _____

Name:

Title:

[Signature Page to Promissory Note]

IN WITNESS WHEREOF, the undersigned hereunto sets its hand and seal as of the date first set forth above.

TWIN RIVERS PAPER COMPANY INC.

By: _____

Name: _____

Title: _____

Agreed to and acknowledged as of this 28 day of April, 2010.

FRASER PAPERS INC.

By: _____

Name: Glen McMillan

Title: Senior VP and CFO

By: _____

Name: Marina Mueller

Title: Assistant Corporate Secretary

[Signature Page to Promissory Note]

NON-NEGOTIABLE NON-TRANSFERABLE
UNSECURED PROMISSORY NOTE

Toronto, Ontario

Principal Amount: US\$10,000,000

April 28, 2010

1. General

(a) FOR VALUE RECEIVED the undersigned, Twin Rivers Paper Company Inc., a corporation incorporated and existing under the laws of the Province of Ontario, having a head office at 27 Rice Street Edmundston, NB, E3V 1S9 (hereinafter, together with its successors and permitted assigns, referred to as the "Payor"), hereby promises to pay to Fraser Papers Inc. (together with its successors and permitted assigns, hereinafter referred to as the "Payee"), on the Maturity Date, in lawful money of the United States, the sum of Ten Million Dollars (US\$10,000,000) (the "Principal Amount"), as adjusted pursuant to Section 3.8 of the Purchase Agreement (defined below), at its office at Toronto, Ontario, or at such other place as the Payee may designate.

(b) This Promissory Note is issued pursuant to and is subject to the provisions of the Purchase Agreement. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement. The terms and conditions of the Purchase Agreement are incorporated herein by reference with the same force and effect as if such terms and conditions were fully set forth herein.

2. Definitions

In this Promissory Note, capitalized terms used but otherwise defined herein shall have the following meanings ascribed to such terms:

"Brookfield Debt" means any debt owing to Brookfield Asset Management Inc. (or its successors) or an affiliate thereof, pursuant to the definition of "affiliate" in the *Business Corporations Act* (Ontario) as such definition exists as of the date of this Promissory Note.

"CIT Facility" means the senior secured credit facility dated as of the date hereof between the Payor, as borrower, certain subsidiaries of the Payor, as guarantors, CIT Business Credit Canada Inc. as agent and lender and the other lenders party thereto from time to time, as may be amended, restated, or otherwise modified from time to time.

"Fraser Papers" shall mean, collectively, Fraser Papers Inc. and its subsidiaries (being, on the date hereof, Fraser Papers Limited, FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited and Fraser N.H. LLC).

"Maturity Date" means April 28, 2018.

"Purchase Agreement" means the asset purchase agreement dated as of December 22, 2009 (as amended, modified or restated from time to time) between Fraser Papers, as Vendors, and Brookfield Asset Management Inc. or its designate(s), as Purchaser, as assigned to the Payor and

Twin Rivers Paper Company LLC pursuant to an assignment and assumption agreement dated as of April 28, 2010.

"Senior Indebtedness" means the principal of and the interest and premium (or any other amounts payable thereunder), if any, on:

(a) all indebtedness, liabilities and obligations of the Payor in respect of any indebtedness which is secured by liens, encumbrances or charges on any assets of the Payor, whether outstanding on the date of this Promissory Note or thereafter created, incurred, assumed or guaranteed, including, for greater certainty, all indebtedness, liabilities and obligations of the Payor under or in respect of the CIT Facility; and

(b) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations;

unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are *pari passu* with or subordinate in right of payment to this Promissory Note.

"Trustee" means a trustee appointed to hold an interest in the Principal Amount for the benefit of one or more classes or groups of creditors of Fraser Papers.

3. Intercreditor Agreement

The Payee hereby acknowledges and agrees that all rights and remedies of the Payee (including its successors and assigns) hereunder, including with respect to payment and enforcement of this Promissory Note, are subject to the Intercreditor Agreement dated April 28, 2010 between, among others, CIT Business Credit Canada Inc. and the Payee (the "Intercreditor Agreement").

4. Term

The Principal Amount shall be payable only on the Maturity Date, unless the Principal Amount is prepaid earlier in accordance with the terms and conditions of this Promissory Note and the Intercreditor Agreement. Notwithstanding the foregoing, but subject to the Intercreditor Agreement, the Principal Amount shall become due and payable in the event that the Payor institutes legal proceedings in respect of itself or substantially all of its property and assets under any federal, provincial or applicable foreign law relating to bankruptcy, insolvency, receivership, or creditor protection of insolvent persons (including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada)) or any such legal proceedings are instituted by creditors of the Payor and are not withdrawn, dismissed or terminated within sixty (60) days thereof.

5. Non-Interest Bearing Promissory Note

The Principal Amount shall not bear any interest.

6. Unsecured, Subordinated Promissory Note

This Promissory Note is a direct obligation of the Payor but is not secured by any mortgage, pledge, hypothec or other charge, lien or encumbrance. This Promissory Note and all Replacement Notes (as such term is defined below) shall rank *pari passu* with all other outstanding direct, unsecured and unsubordinated present and future obligations (except as otherwise prescribed by law) of the Payor and will be payable rateably without preference or priority. The Principal Amount hereof is subordinated and postponed to the repayment in full of all Senior Indebtedness of the Payor, provided that notwithstanding the foregoing postponement, the Payor shall repay the Promissory Note on the Maturity Date provided that no default then exists or would result from such payment under any Senior Indebtedness the terms of which would prohibit such repayment if a default then exists or would result from such payment, and provided further that if such Senior Indebtedness is also Brookfield Debt, then 180 days following the Maturity Date the Payee shall be free to pursue its available remedies to enforce payment upon the Promissory Note, however the Promissory Note shall remain subordinated to all Senior Indebtedness including Brookfield Debt.

7. Voluntary Prepayment

The Payor shall have the right and the privilege, at its sole option, of prepaying in whole or in part any portion of the Principal Amount at any time or from time to time prior to the Maturity Date without premium or penalty in minimum increments of US\$1,000,000. In the event that more than one Promissory Note is outstanding as a result of any replacement Promissory Notes being issued pursuant to Section 7 or Section 13, any such voluntary prepayment shall be made in respect of all notes held by parties having claims of equal priority in respect of one another, on a *pro rata* basis. The Payee shall not have the right to require the Payor to redeem or call for the repayment of this Promissory Note at any time prior to the Maturity Date.

8. Successors and Assigns

This Promissory Note shall enure to the benefit of and shall be binding upon the Payor and the Payee and their respective successors and permitted assigns. This Promissory Note shall not be transferable or assignable by the Payee, its successors or its permitted assigns without the prior written consent of the Payor, in its sole and absolute discretion; provided however that:

(a) the Payee may transfer or assign this Promissory Note, in whole and not in part, without the consent of the Payor, to a successor (by operation of law or otherwise) of Fraser Papers; and

(b) the Payee may transfer or assign this Promissory Note, in whole or in part, without the consent of the Payor, to one or more Trustees or a nominee of such Trustee and any successor trustee or nominee thereof, holding the Promissory Note on behalf of Fraser Papers or any Persons designated by Fraser Papers or to whom an interest in the Promissory Note is to be distributed in accordance with such Orders of the Canadian Court and the Bankruptcy Court as may subsequently be made, provided that (i) the terms of any Order authorizing any such distribution shall expressly provide that such distribution, and the rights and remedies of any successor or assign of Payee, is subject to the Intercreditor Agreement; and (ii) Payor is satisfied, acting reasonably, that such transfer or assignment would not result in the Payor becoming a

reporting issuer in any province or territory of Canada (or the equivalent in any other jurisdiction).

9. Amendment

This Promissory Note may not be modified, except and only by a written instrument executed by the Payor and the Payee.

10. Non-Negotiable Instrument

This Promissory Note is not and is not intended to be a negotiable instrument.

11. Governing Law

This Promissory Note is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

12. Submission to Jurisdiction

(a) The Payee hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the courts of the Province of Ontario, and any appellate court thereof, in any action or proceeding arising out of or relating to this Promissory Note, or enforcement of any judgment, and each of the Payor and the Payee hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in Ontario. Each of the Payor and the Payee 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 applicable law. Nothing in this Promissory Note shall affect any right that the Payor may otherwise have to bring any action or proceeding relating to this Promissory Note against the Payee in the courts of any other jurisdiction.

(b) The Payee hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Promissory Note in any court referred to in this Section 12(b). Each of the Payor and the Payee hereby irrevocably waives, to the fullest extent permitted by applicable law, any *forum non conveniens* defence to the maintenance of such action or proceeding in any such court.

13. Waiver of Jury Trial

EACH OF THE PAYOR AND THE PAYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS PROMISSORY NOTE (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE PAYOR AND THE PAYEE (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSED OR OTHERWISE, THAT SUCH OTHER PARTY WOULD

NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

14. Replacement Notes.

(a) Should it be determined pursuant to Section 3.8 of the Purchase Agreement, that the Principal Amount of the Promissory Note is to be adjusted to an amount other than \$10,000,000, the Payee shall promptly return this Promissory Note to the Payor in exchange for a promissory note in identical form in the amount of such adjusted Principal Amount.

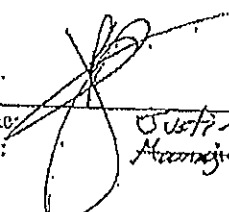
(b) Upon receiving written notice of any assignment by the Payee of this Promissory Note made in accordance with Section 8, the Payor shall, upon request by the Payee and return of the original Promissory Note to be replaced, issue a replacement promissory note or notes in identical form, to reflect such whole or partial transfer. For greater certainty, any replacement note issued in accordance with this Section shall state that the rights and remedies of the Payee thereunder are subject to the Intercreditor Agreement.

IN WITNESS WHEREOF, the undersigned hereunto sets its hand and seal as of the date first set forth above.

TWIN RIVERS PAPER COMPANY INC.

By:

Name:
Title:


Justin Rybel
Managing Partner - General
Vice President

Agreed to and acknowledged as of this _____ day of _____, 2010.

FRASER PAPERS INC.

By: _____

Name:

Title:

[Signature Page to Promissory Note]

IN WITNESS WHEREOF, the undersigned hereunto sets its hand and seal as of the date first set forth above:

TWIN RIVERS PAPER COMPANY INC.

By:

Name:

Title:

Agreed to and acknowledged as of this 28 day of April, 2010.

FRASER PAPERS INC.

By:

Name: Glen McMillan

Title: Senior VP and CFO

By:

Name: Martina Mueller

Title: Assistant Corporate Secretary

[Signature Page to Promissory Note]

Schedule “C” – Share Certificate

INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO

FRASER PAPERS INC.

This is to Certify that

is the registered holder of

2,401,960

Common Shares of

TWIN RIVERS PAPER COMPANY INC.

The class or series of shares represented by this Certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of:

(i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and

(ii) the authority of the directors in the rights, privileges, restrictions and conditions of subsequent series, if applicable.

CERTIFICATE

RESTRICTIONS ON TRANSFER. There are restrictions on the right to transfer the shares represented by this Certificate.

IN WITNESS WHEREOF the Corporation has caused this certificate to be signed by its duly authorized officers

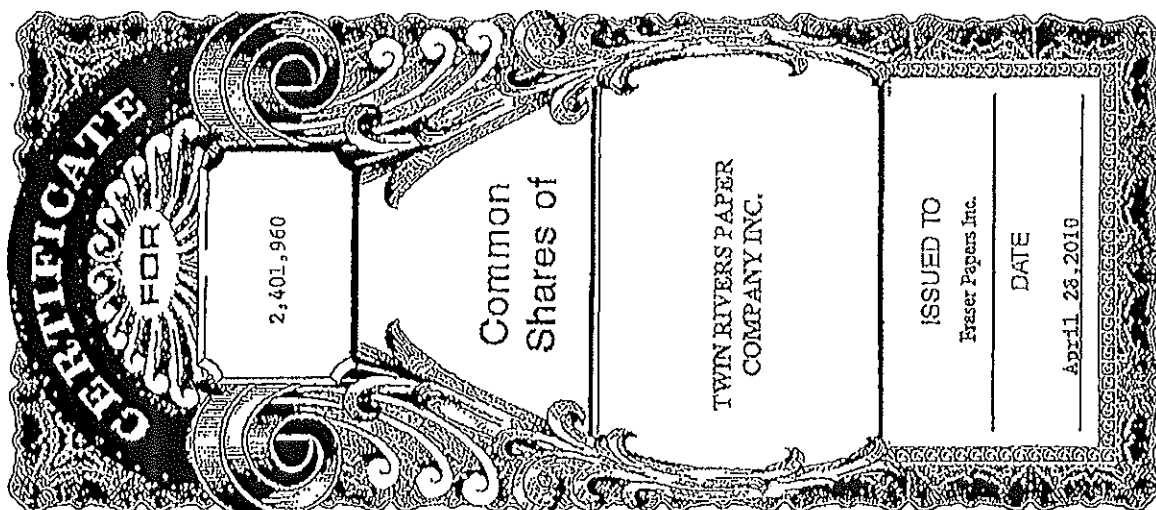
this 28th day of April 2010



NO PAR VALUE

The shares represented by this certificate are subject to a unanimous shareholder agreement made as of the _____ day of _____, 2010 among the Corporation and its shareholders, as the same may be supplemented, amended, restated or replaced from time to time, and may not be pledged, sold or otherwise transferred except in accordance with the provisions thereof.

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is four months and a day after the later of (i) _____, and (ii) the date the Corporation become a reporting issuer in any province or territory.



For Value Received, _____ hereby assigns and transfers unto

_____ Common Shares

represented by the within Certificate.

Dated _____ (year) _____

In the presence of _____

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE THEREOF.

Schedule "B"
Monitor's First Certificate

Schedule "B"
Monitor's First Certificate

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

MONITOR'S FIRST CERTIFICATE

WHEREAS pursuant to the Order of this Court dated June 18, 2009, PricewaterhouseCoopers Inc. was appointed as the monitor (the "Monitor") of 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");

WHEREAS pursuant to the Supplemental Meeting Order dated February 1, 2011 supplementing the Meeting Order of this Court dated December 3, 2010, as amended by the Order (Amending Meeting Order) dated December 17, 2010, the Applicants filed the Amended Consolidated Plan of Compromise and Arrangement of the Applicants dated January 27, 2011, as amended (the "Amended Plan"), which Amended Plan has been approved by the Required Majority and sanctioned by this Honourable Court on February 10, 2011;

WHEREAS the Monitor has been advised by the Applicants and the Plan Sponsor that the conditions precedent set out in Section 7.01 of the Amended Plan have been satisfied or waived; and

WHEREAS all capitalized terms used but not otherwise defined in this Certificate shall have the meanings ascribed to them in the Amended Plan.

THE MONITOR HEREBY CERTIFIES that:

1. All conditions precedent set out in Section 7.01 of the Amended Plan have been satisfied or waived;
2. Upon the filing of this Monitor's First Certificate, the Plan Implementation Date shall have occurred and the Plan Implementation Date is _____, 2011; and
3. This Certificate is delivered by the Monitor on _____, 2011.

PricewaterhouseCoopers Inc., in its capacity as Monitor of Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC and not in its personal capacity

Per: _____

Name:

Title:

Schedule "C"
Monitor's Second Certificate

Schedule "C"
Monitor's Second Certificate

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

MONITOR'S SECOND CERTIFICATE

WHEREAS pursuant to the Order of this Court dated June 18, 2009, PricewaterhouseCoopers Inc. was appointed as the monitor (the "Monitor") of 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");

WHEREAS pursuant to the Supplemental Meeting Order dated February 1, 2011 supplementing the Meeting Order of this Court dated December 3, 2010, as amended by the Order (Amending Meeting Order) dated December 17, 2010, the Applicants filed the Amended Consolidated Plan of Compromise and Arrangement of the Applicants dated January 27, 2011, as amended (the "Amended Plan"), which Amended Plan has been approved by the Required Majority and sanctioned by this Honourable Court on February 10, 2011; and the Plan Implementation Date has occurred;

WHEREAS pursuant to the Sanction Order, this Court approved the discharge of the Monitor, which discharge is to be effective upon the filing by the Monitor with this Court of a certificate certifying completion of the Monitor's duties contemplated in paragraph [30] of the Sanction Order; and

WHEREAS all capitalized terms used but not otherwise defined in this Certificate shall have the meanings ascribed to them in the Amended Plan.

THE MONITOR HEREBY CERTIFIES that:

1. The Final Determination Date occurred and the Final Determination Date is _____, 2011;
2. The Monitor has substantially completed the duties contemplated by paragraph [30] of the Sanction Order;
3. Upon the filing of this Monitor's Second Certificate, the Monitor's final discharge shall have become effective pursuant to the terms of the Sanction Order and the CCAA Proceedings shall be terminated; and
4. This Certificate is delivered by the Monitor on _____, 2011.

PricewaterhouseCoopers Inc., in its capacity
as Monitor of Fraser Papers Inc./Papiers
Fraser Inc., FPS Canada Inc. and Fraser
N.H. LLC and not in its personal capacity

Per: _____
Name:
Title:

Schedule "D"
Document Preservation Notice

Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated February 10, 2011, you are hereby directed to deliver to PricewaterhouseCoopers Inc. ("PwC"), within thirty (30) days of the date of receipt of this Document Preservation Notice, all documents in your power, possession or control (including any documents in electronic form) relating to the Pension Plan for New Brunswick Hourly Paid Employees of Fraser Papers Inc., New Brunswick Registration #0251264 or the Pension Plan for New Brunswick Salaried Paid Employees of Fraser Papers Inc., New Brunswick Registration #0251256 (collectively, the "NB Pension Plans").

If you assert any claim of privilege over any documents that would fall under this request, please place all such documents in a sealed envelope (or box, as the case may be) that is clearly marked "Privileged" with your contact details on the outside of the envelope or box so that you can receive notice of any request for such documents, and have an opportunity to respond.

Delivery shall be made to PwC at the following address, or as you may be subsequently directed by that office:

[address]

Attention:

If you have any questions regarding this notice, or wish to obtain a copy of the Court Order referred to above, please refer to the following website: www.pwc.com/car-fraserpapers

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

SANCTION ORDER
(FEBRUARY 10, 2011)

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

D.J. Miller (LSUC# 34393P)
Kyla E.M. Mahar (LSUC# 44182G)
Tel: 416-304-1109
Fax: 416-304-1313

Lawyers for the Applicants

Exhibit 5



ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM
JUSTICE PEPALL

) THURSDAY, THE 10TH DAY
)
) 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

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicants for an order seeking approval of the transaction (the "Transaction") contemplated by a transaction agreement between the Applicants, as vendors and plan proponents, and Brookfield Asset Management Inc. ("Brookfield") and/or such other Person(s) as it may designate, namely Brookfield US Corporation, as purchaser and plan sponsor (the "Plan Sponsor"), made as of November 25, 2010, as amended, modified or restated from time to time (collectively, the "Transaction Agreement"), and, *inter alia*, vesting (i) the Applicants' right, title and interest in and to the FPHI Shares (as defined in the Transaction Agreement) in the Plan Sponsor; and (ii) vesting the Included Property (as defined in the Transaction Agreement) in the Purchased Companies (as defined in the Transaction Agreement), 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 Eighteenth Report (the "**Eighteenth Report**") of PricewaterhouseCoopers Inc., 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 officers and directors of the Applicants, counsel for the Monitor, counsel for Brookfield, the Plan Sponsor and the DIP Lender, counsel for the court-appointed Committee Representing Unrepresented Employees and Former Employees, counsel for the Superintendent of Financial Services of Ontario, counsel for Morneau Shepell Inc. (formerly Morneau Sobeco Inc.) as the administrator appointed by the Superintendent of Pensions for the Province of New Brunswick (the "**NB Superintendant**") 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 Superintendant, counsel for Communications, Energy and Paperworkers Union of Canada, counsel for Mercer (Canada) Limited and counsel for Towers Watson Canada, Inc. and Towers Watson, and no one appearing for any other person on the service list in the 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 ("**PBGC**"), 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, and upon being advised that all persons received notice of this hearing in accordance with the Order of this Court dated February 1, 2011 (the "**Supplemental Meeting Order**"), supplementing the Order of this Court dated December 3, 2010, as amended by the

Order of this Court dated December 17, 2010 and that no person has filed a Notice of Appearance in accordance with paragraph 20 of the Supplemental Meeting Order:

1. **THIS COURT ORDERS** that all capitalized terms used but not defined in this Order shall have the meanings ascribed thereto in the Transaction Agreement. Any reference in this Order to the Transaction Agreement shall be deemed to be a reference to the Transaction Agreement as amended. In paragraphs 5 and 10 of this Order, any and all references to: (a) the Plan Sponsor and the Plan Sponsor's Affiliates shall include any assignee or transferee thereof; and (b) the Applicants shall include their respective affiliates.

2. **THIS COURT ORDERS** that the time for service of the notice of motion, the motion record in respect of this motion and the Eighteenth Report 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 Transaction Agreement and all of its terms and conditions (including all schedules and exhibits attached thereto), the administration agreement regarding the contingent reimbursement obligations under Section 4.3 of the Transaction Agreement (the "LC Administration Agreement") and the Transaction are hereby fully and finally approved. The execution, delivery and performance of: (a) the Transaction 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) the LC Administration 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); (c) all agreements and other documents contemplated thereby or in furtherance thereof (the "Related Documents"), and each other Ancillary Agreement; and (d) the Transaction by each of the Applicants, PBGC and the trustees of the Trusts (as defined in the Amended Consolidated Plan of Compromise and Arrangement dated January 27, 2011, as amended (the "Amended Plan"), as the case may be, is hereby authorized, ratified and approved.

4. **THIS COURT ORDERS AND DECLARES** that the performance by each of the Applicants of its obligations under the Transaction Agreement is hereby ratified, approved and confirmed and the Applicants, PBGC and the trustees of the Trusts, as the case may be, 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, including, without limitation, for the conveyance of the FPHI Shares to the Plan Sponsor and for the conveyance and transfer of the Included Property to such Purchased Companies as the Plan Sponsor may direct, or in furtherance of this Order and the performance of their obligations thereunder.

5. **THIS COURT ORDERS AND DECLARES** that, to the extent permitted by law, neither the Plan Sponsor nor any of the Plan Sponsor's Affiliates shall assume or be deemed to assume any liabilities or obligations whatsoever of the Purchased Companies or the Applicants including, without limitation, any and all liabilities and obligations in respect of, in connection with or in relation to: (a) any and all termination, severance or related amounts which any current

or former employee of the Applicants could at any time assert against the Applicants; (b) any and all former, current or future employees of the Applicants (other than the Continuing Employees who become employees of the Purchased Companies on the Closing Date as provided for in the Transaction Agreement).

6. **THIS COURT ORDERS AND DECLARES** that, further to the Sanction Order of this Honourable Court dated the date hereof, none of the Purchased Companies shall be or be deemed to be liable for any liabilities or obligations whatsoever other than the Continuing Obligations.

7. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Plan Sponsor substantially in the form attached as Schedule "A" hereto (the "Monitor's Certificate"), all of: (i) the Applicants' right, title, benefit, and interest in and to the FPHI Shares shall vest absolutely in the Plan Sponsor; (ii) the Applicants' (other than the Purchased Companies) right, title, benefit, and interest in the Included Property including, without limitation, the Included Property listed in Schedule "B" attached hereto, but excluding the Excluded Property, shall vest absolutely in the Purchased Companies, in each case, free and clear of and from any and all right, title, interest, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, options, warrants, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, other financial, proprietary or monetary claims, adverse claims, or rights of use, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) the Charges (as defined in the initial order of the Honourable Justice Mr. Justice Morawetz dated June 18, 2009, as amended); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other

personal property registry system pursuant to equivalent legislation in any other jurisdictions which may be applicable; (iii) Claims from employees individually or under successor employer provisions of federal, state and provincial legislation; (iv) Claims in respect of the Terminated Pension Plans (as defined in the Amended Plan); (v) those Claims listed on Schedule "C" attached hereto; and (vi) solely in the case of the Included Property, those Claims in respect of the Lands listed on Schedule "D" attached hereto (all of the above set out in subparagraphs (i) - (vi), inclusive, are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants solely in respect of the Included Property listed on Schedule "E" attached hereto (the "**Permitted Encumbrances**")), and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the FPHI Shares and the Included Property are hereby released, extinguished, expunged and discharged as against the FPHI Shares and the Included Property (except, solely in respect of the Included Property, the Permitted Encumbrances). Counsel for the Plan Sponsor 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.

8. **THIS COURT ORDERS** that upon the registration in the applicable land registry office of an application for registration of vesting order in the applicable prescribed form, the applicable land registrar or equivalent official is hereby directed to delete and expunge from title to the Lands any and all Claims and Encumbrances in respect of the Lands, including, without limitation, the Claims and Encumbrances listed in Schedule "D" attached hereto, but excluding the Permitted Encumbrances in respect of the Lands set out in Schedule "E" attached hereto.

9. **THIS COURT ORDERS** that, notwithstanding paragraph 7 of this Order, the net proceeds from the sale of the FPHI Shares and the Included Property (the “Proceeds”) shall stand in the place and stead of the FPHI Shares and the Included Property 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 FPHI Shares and the Included Property immediately prior to the Closing, as if the FPHI Shares and Included Property had not been sold and/or vested and remained in the possession or control of the person having that possession or control immediately prior to the sale and/or vesting.

10. **THIS COURT ORDERS** that the Applicants shall not revoke, disclaim, terminate or resiliate, in or pursuant to these proceedings or otherwise, any of the Transaction Agreement, the LC Administration Agreement, the Ancillary Agreements, the Related Documents and any and all other agreements and documents delivered to or for the benefit of the Plan Sponsor or the Plan Sponsor’s Affiliates in connection with the Transaction Agreement or the Transaction.

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

12. **THIS COURT ORDERS** that the Applicants are hereby directed to immediately pay the net cash Proceeds payable to the Applicants on Closing to the DIP Lender, up to the amounts outstanding under the Brookfield DIP Facility at such time including, for greater certainty, the Brookfield LC Amount.

13. **THIS COURT ORDERS** that, upon completion of the Transaction and the Closing thereof, the Monitor, on behalf of the Applicants (other than the Purchased Companies) shall hold the Balance of the Cash Component payable under the Transaction Agreement, if any, in

trust for the benefit of the Applicants (other than the Purchased Companies) and is authorized and directed to forthwith distribute it in accordance with the terms of the Amended Plan.

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

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Applicants:
 - (i) the Transaction Agreement, the LC Administration Agreement, the Ancillary Agreements, the Related Documents and the transactions and actions contemplated therein;
 - (ii) the entering into of the Transaction Agreement, the LC Administration Agreement, the Ancillary Agreements and the Related Documents by any of the Applicants;
 - (iii) the vesting of title in the FPHI Shares in the Plan Sponsor free and clear of all Claims and Encumbrances;
 - (iv) the vesting of title of the Included Property in the Purchased Companies free and clear of all Claims and Encumbrances, except the Permitted Encumbrances;
 - (v) the distribution of the Proceeds as provided in this Order; and
 - (vi) the provisions of this Order,

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

15. **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 applicable jurisdictions.

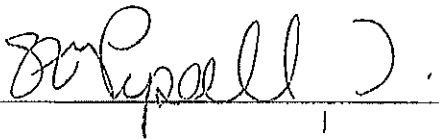
16. **THIS COURT ORDERS AND DECLARES** that all persons shall co-operate fully with the Applicants, the Plan Sponsor, the Plan Sponsor's Affiliates and the Monitor and do all such things that are necessary or desirable for the purpose of giving effect to and in furtherance of this Order, the Transaction Agreement, the LC Administration Agreement and the Transaction.

17. **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.

18. **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 Monitor and their

respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

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



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

FEB 11 2011

PER / PAR:

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Schedule "A" – Form of Monitor's Certificate

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

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

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

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR
ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER
INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER
LTD., FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the
"Applicants")**

MONITOR'S CERTIFICATE

RECITALS

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

B. Pursuant to an Order of the Court dated February [10], 2011 (the "Canadian Approval and Vesting Order"), the Court approved the transaction agreement made as of November 25, 2010 between the Applicants, as vendors and plan proponents, and Brookfield Asset Management Inc. ("Brookfield") and/or such other Person(s) as it may designate, namely Brookfield US Corporation, as purchaser and plan sponsor (the "Plan Sponsor"), as amended, modified or restated from time to time (collectively, the "Transaction Agreement") and providing for, *inter alia*: (a) the vesting of the Applicants' right, title and interest in and to the FPHI Shares (as defined in the Transaction Agreement) in the Plan Sponsor; and (b) vesting the Included Property (as defined in the Transaction Agreement) in the Purchased Companies (as defined in the Transaction Agreement), which vesting is to be effective with respect to the FPHI Shares and the Included Property upon the delivery by the Monitor to the Plan Sponsor of a certificate confirming (i) the payment by the Plan Sponsor of the Purchase Price; (ii) that the

conditions to Closing as set out in the Transaction Agreement have been satisfied or waived by the Applicants and the Plan Sponsor, as the case may be; and (iii) the Transaction as contemplated in the Transaction Agreement and the Approval and Vesting Order has been completed to the satisfaction of the Monitor.

C. Brookfield designated Brookfield US Corporation, as purchaser and the Plan Sponsor.

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

THE MONITOR CERTIFIES the following:

1. The Plan Sponsor has paid and the Applicants have received the Purchase Price payable on Closing pursuant to the Transaction Agreement;
2. The conditions to Closing as set out in the Transaction Agreement have been satisfied or waived by the Applicants and the Plan Sponsor, respectively; and
3. The Transaction has been completed in accordance with the terms of the Transaction Agreement and the Canadian 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., 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" - List of Material Included Property

1. Masardis

All real property of Fraser Timber Limited f/k/a J. Paul Levesque & Sons, Inc. situated in the Town of Masardis, Aroostook County, State of Maine, described in the following deeds recorded in the Southern Aroostook County Registry of Deeds:

Grantor	Grantee	Date	Book/Page	Instrument
International Paper Company	J. Paul Levesque & Sons, Inc.	6/24/86	1900/265	QC
International Paper Company	J. Paul Levesque & Sons, Inc.	7/15/86	1911/ 290	QC
P. Jeanne Lothrop, Personal Representative of the Estate of Daniel Benton Craig	J. Paul Levesque & Sons, Inc.	9/9/88	2127/ 280	PR Deed
Fraser Papers Inc.	J. Paul Levesque & Sons, Inc.	6/27/2004	3993/232	QC w/o Cov

EXCLUDING and EXCEPTING, however, from the foregoing the following real property previously conveyed by the Company, together with all appurtenances, fixtures, equipment, rights, rights-of-way, easements, buildings, and structures appertaining thereto, as recorded in the Southern Aroostook County Registry of Deeds:

Grantor	Grantee	Date	Book/Page	Instrument
J. Paul Levesque & Sons, Inc.	Antonio Levesque & Sons Inc.	6/9/81	1546/121	QC w Cov
J. Paul Levesque & Sons, Inc.	John Beaulieu	9/1983	1692/346	WD
Fraser Timber Limited	Nadeau Logging, Inc.	04/05/06	4263/48	QC w Cov

Fraser Papers Limited	Nadeau Logging, Inc.	04/05/06	4263/50	QC w Cov
Fraser Timber Limited	Heartwood Forestland Fund V Limited Partnership	5/19/05	4124/1	QC w Cov

2. **Ashland**

All real property of Fraser Timber Limited f/k/a J. Paul Levesque & Sons, Inc. situated in the Town of Ashland, Aroostook County, State of Maine, described in the following deeds recorded in the Southern Aroostook County Registry of Deeds:

Grantor	Grantee	Date	Book/Page	Instrument
John Beaulier	J. Paul Levesque & Sons, Inc.	2/20/80	1464/103	W
John Beaulier	J. Paul Levesque & Sons, Inc.	3/25/80	1468/42	W
Inhabitants of Ashland	J. Paul Levesque & Sons, Inc.	5/27/80	1483/124	W
Peter B. Michaud	J. Paul Levesque & Sons, Inc.	10/17/80	1505/9	W
Inhabitants of Ashland	J. Paul Levesque & Sons, Inc.	10/14/80	1505/101	QC
George R. Weaver	J. Paul Levesque & Sons, Inc.	12/9/80	1511/320	W
Town of Ashland	J. Paul Levesque & Sons, Inc.	1/1/81	1517/1	QC
R.L. Fournier, Inc.	J. Paul Levesque & Sons, Inc.	12/19/83	1703/282	W

R.L. Fournier, Inc.	J. Paul Levesque & Sons, Inc.	12/20/83	1705/278	QC
Lloyd I. Weaver and Rhonda H. Weaver	J. Paul Levesque & Sons, Inc.	7/9/84	1744/196	W
Gordon P. Coty, Sr. et al.	J. Paul Levesque & Sons, Inc.	9/24/96	2950/297	W
Fraser Papers Inc.	J. Paul Levesque & Sons, Inc.	6/27/2004	3993/232	QC w/o Cov

EXCLUDING and EXCEPTING, however, from the foregoing the following real property previously conveyed by the Company, together with all appurtenances, fixtures, equipment, rights, rights-of-way, easements, buildings, and structures appertaining thereto, as recorded in the Southern Aroostook County Registry of Deeds:

Grantor	Grantee	Date	Book/Page	Instrument
J. Paul Levesque & Sons, Inc.	Daniel A. Levesque et al.	5/4/81	1530/340	WD
J. Paul Levesque & Sons, Inc.	John Beaulieu	9/1983	1692/346	WD
J. Paul Levesque & Sons, Inc.	Town of Ashland	11/25/03	3911/147	WD
Fraser Timber Limited	Kevin Robinson and Barbara Robinson	10/16/06	4361/323	WD
Fraser Timber Limited	Heartwood Forestland Fund V Limited Partnership	5/19/05	4124/1	QC w Cov

3. Moraine

All real property of Fraser Papers Limited (formerly known as Antonio Levesque & Sons Inc.) situated in the City of Moraine, County of Montgomery, State of Ohio, described in the following deeds recorded in the Montgomery County Registry of Deeds (the "Ohio Lands"):

Grantor	Grantee	Date	Book/Page	Legal Description
Fraser Papers Inc.	Antonio Levesque & Sons, Inc.	Date of Deed: 06/27/04 Date of Recording: 7/8/04	DEED-04-079135	Situate in the City of Moraine, County of Montgomery, State of Ohio, and being Lot number 4279 of the consecutive numbers of lots on the revised plat for the City of Moraine.
Fraser Papers Inc.	Antonio Levesque & Sons, Inc.	Date of Deed: 06/27/04 Date of Recording: 7/8/04	DEED-04-079135	Situate in the City of Moraine, County of Montgomery, State of Ohio, and being Lot number 4272 of the consecutive numbers of lots on the revised plat of the City of Moraine, Ohio.
Fraser Papers Inc.	Antonio Levesque & Sons, Inc.	Date of Deed: 06/27/04 Date of Recording: 7/8/04	DEED-04-079135	Situate in the City of Moraine, County of Montgomery, State of Ohio, and being Lot number 4277 of the consecutive numbers of lots on the revised plat of the City of Moraine, Ohio.
Fraser Papers Inc.	Antonio Levesque & Sons, Inc.	Date of Deed: 06/27/04 Date of Recording: 7/8/04	DEED-04-079135	Situate in the City of Moraine, County of Montgomery, State of Ohio, and being Lot number 4278 of the consecutive numbers of lots on the revised plat of the City of Moraine, Ohio.

Fraser Papers Inc.	Antonio Levesque & Sons, Inc.	Date of Deed: 06/27/04 Date of Recording: 7/8/04	DEED-04- 079135	Situate in the City of Moraine, County of Montgomery, State of Ohio, and being Lot number 4529 of the consecutive numbers of lots on the revised plat of the City of Moraine, Ohio. Save and Except from Lot numbered 4529, the following realty: Situate in Section 24, Town 3, Range 5 East, in the City of Moraine, Montgomery County, Ohio, and being part of Lot 4529 of the revised and consecutive lot numbers of the City of Moraine as conveyed to Miami Paper Corp. by instrument as recorded in microfiche 87-707A12 of the deed records of said County, and being more particularly bounded and described, per a survey performed by Lockwood, Jones and Beals, Inc. in 1995,

				with bearings based on the centerline of right of way of Soldiers Home and West Carrollton Road as recorded in Survey 90-1 of the records of said county, as follows: Beginning at a railroad spike found at the intersection of the centerlines of existing Soldiers Home and West Carrollton Rd. (northward) and existing Pinnacle Road (60.00 feet wide), said spike being the northeast corner of said Lot 4529, the northwest corner of Pt. Lt. 4276, and the True Point of Beginning: Thence with the east line of said Lot 4529 and the west line of Pt. Lt. 4276 South 3° 52' 24" East a distance of 38.14 feet to a point in the new south right of way of Pinnacle Road;

				Thence with said new south right of way line and its westward extension South 86° 23' 21" West a distance of 87.83 feet to a point in the north line of said Lot 4529, being also the centerline of existing Pinnacle Road; Thence with said north line and said centerline North 62° 52' 38" East a distance of 95.59 feet to the True Point of Beginning containing 0.038 acres (1,675 square feet), more or less, subject to all legal easements and restrictions of record.

Fraser Papers Inc.	Antonio Levesque & Sons, Inc.	Date of Deed: 06/27/04 Date of Recording: 7/8/04	DEED-04- 079135	Situate in the City of Moraine, County of Montgomery, State of Ohio, and being Lot number 4276 of the consecutive numbers of lots on the revised plat of the City of Moraine, Ohio. Save and Except from Lot numbered 4276, the following realty: Situate in section 24, Town 3, Range 5 East, in the City of Moraine, Montgomery County, Ohio, and being part of Pt. Lt. 4276 of the revised and consecutive lot numbers of the City of Moraine as conveyed to Falls Paper Co., by instrument as recorded in Microfiche 74-372D04 of the deed records of said County, and being more particularly bounded and described, per a survey performed by Lockwood, Jones and Beals,

				Inc. in 1995, with bearings based on the centerline of right of way of Soldiers Home and West Carrollton Road as recorded in Survey 90-1 of the records of said county, as follows: Beginning at a railroad spike found at the intersection of the centerlines of existing Soldiers Home and West Carrollton Road (northward) and existing Pinnacle Road, said spike being the northwest corner of said Pt. Lt. 4276 and the True Point of Beginning; Thence with the north line of said Pt. Lt. 4276 and the centerline of existing Pinnacle Road North 85° 34' 42" East a distance of 280.53 feet to a railroad spike found, being the northeast corner of said Pt. Lt. 4276; Thence with the east line of said Pt. Lt.

				4276 South 7° 38' 19" East a distance of 40.32 feet to a point in the new south right of way of line of Pinnacle Road; Thence with said new south right of way line 85° 23' 21" West a distance of 107.97 feet to a point; Thence continuing with said line South 86° 23' 21" West a distance of 175.21 feet to a point in the west line of said Pt. Lt. 4276, being the east line of Lot 4529; Thence with said lines North 3° 52' 24" West a distance of 38.14 feet to the True Point of Beginning containing 0.257 acres (11,211 square feet), more or less, subject to all legal easements and restrictions of record.

4. All property and assets of every kind and description used in the operation of the Masardis Mill and Ashland Mill, including but not limited to all of the following:
 - (a) planer mills, lines, trimmers, sorters and all equipment related thereto and necessary for the operation thereof;
 - (b) boiler systems (including refractory) and all equipment related thereto and necessary for the operation thereof;
 - (c) dry kilns and all equipment related thereto and necessary for the operation thereof; and
 - (d) saw lines and all equipment related thereto and necessary for the operation thereof.

Schedule "C" - Other Claims and Encumbrances

I. REGISTRATIONS UNDER THE UNIFORM COMMERCIAL CODE (MAINE)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Timber Limited	Caterpillar Financial Services Corporation	206000181273 7/25/2006	7/25/2011	(1) Caterpillar 966GII Wheel Loader S/N ANZ00395 and substitutions, replacements, additions and accessions thereto, now owned or hereafter acquired and proceeds thereof	
Fraser Papers Inc., Madawaska Mill Fraser Papers Inc.	Buckman Laboratories Inc.	2070001850188 3/29/2007	3/29/2012	Buckman owned equipment located at 82 Bridge Avenue, Madawaska, Maine, more specifically described in Equipment Inventory attached to UCC filing	
Fraser Papers Limited Fraser Papers Inc.	Buckman Laboratories Inc.	2070001851390 4/4/2007	4/4/2012	Buckman owned equipment located at 82 Bridge Avenue, Madawaska, Maine, more specifically described in Equipment Inventory attached to UCC filing	
Fraser Papers Limited	CIBA Specialty Chemicals Corporation, now known as CIBA Corporation	2080001900380 1/22/2008	1/22/2013	Inventory and products listed or referenced in or hereafter added to the Consignment Agreement dated July 1, 2007 between the parties	
Fraser Papers Limited	Brookfield Asset Management Inc.	2080001911408 4/4/2008	4/4/2013	All personal property of every kind and nature including without limitation all goods (including inventory, equipment	

				and accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles)	
Fraser Timber Limited	Brookfield Asset Management Inc.	2080001911411 4/4/2008	4/4/2013	All personal property of every kind and nature including without limitation all goods (including inventory, equipment and accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit evidenced by a writing), commercial tort claims, securities and all other	

				investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles)	
Fraser Papers Limited	NMHG Financial Services Inc.	2080001950991 12/23/2008	12/23/2013	All equipment now or hereafter leased from NMHG, including all accessions, additions, replacements, substitutions thereto and proceeds	Debtor subsequently amended to Twin Rivers Paper Company LLC (registration no. 2100002029802)
Fraser Papers Limited	Motion Industries Inc.	2090001970898 5/13/2009	5/13/2014	Maintenance, repair, operational assets, materials, parts, equipment, supplies and other tangible personal property, held for resale, use or consumption in Fraser Papers Limited's business and supplied by Motion Industries Inc. under consignment or other agreement	
Fraser Papers Limited	Town of Madawaska	2090001980897 7/20/2009	7/20/2014	Notice of Personal Property Tax Lien on personal property of Fraser Papers Limited as set out in Exhibit "A" attached to UCC filing	
Fraser Timber Limited	CIT Business Credit Canada Inc.	2090001992320 10/13/2009	10/13/2014	All the debtor's assets, whether now owned or hereafter acquired, and all proceeds thereof.	Secured party subsequently amended to CIBC Asset-Based Lending Inc. (registration no. 2100002023237)

					Registration subsequently terminated (registration no. 2100002037469)
Fraser Papers Limited	CIT Business Credit Canada Inc.	2090001992321 10/13/2009	10/13/2014	All the debtor's assets, whether now owned or hereafter acquired, and all proceeds thereof.	Secured party subsequently amended to CIBC Asset-Based Lending Inc. (registration no. 2100002023236) Registration subsequently terminated (registration no. 2100002037468)
Fraser Timber Limited	CF II-B TRS LLC c/o Huber Resources Corp.	2100002006431 2/4/2010	2/4/2015	The Products Inventory, provided on consignment to Fraser Timber Limited at its mill in Masardis, Maine, consisting of tree-length spruce and fir, spruce logs and fir stud wood, as more particularly described in the Agreement for Consignment of Logs dated as of January 1, 2010, among the parties	

Fraser Timber Limited	Huber Resources Corp.	2100002006432 2/4/2010	2/4/2015	The Products Inventory, provided on consignment to Fraser Timber Limited at its mill in Masardis, Maine, consisting of tree-length spruce and fir, spruce logs and fir stud wood, as more particularly described in the Agreement for Consignment of Logs dated as of January 1, 2010, among the parties	
Fraser Papers Limited Fraser Timber Limited	Brookfield Asset Management Inc., as administrative agent and collateral agent	2100002030120 7/12/2010	7/12/2015	All personal property of the debtor, whether now owned or hereafter acquired	
Fraser Timber Limited	Town of Ashland	2100002037623 9/13/2010	9/13/2015	Notice of Personal Property Tax Lien on personal property of Fraser Timber Limited listed in Exhibit "A" attached to UCC filing	
Fraser Papers Inc.	Fraser Papers Inc.	2100002041619 10/14/2010	10/14/2015	All personal property located on site of mill in Masardis, Maine	
Fraser Timber Limited	United Rentals (North America), Inc.	2100002050168 12/21/2010	12/21/2015	Fraser Timber Limited grants to United Rentals (North America), Inc. a security interest in the Equipment described as: Customer #: 1086450, Equipment #: 939301, Qty: 1, Invoice/Seq#: 91325929-001, Make: HEAT WAG, Model: VF400, Description:	

				HEATER 400,000 BTU, KEROSENE* and the proceeds of the Equipment to secure the prompt payment and performance of Fraser Timber Limited's purchase price and other obligations.	
Fraser Timber Limited	United Rentals (North America), Inc.	2100002050170 12/21/2010	12/21/2015	Fraser Timber Limited grants to United Rentals (North America), Inc. a security interest in the Equipment described as: Customer #: 1086450, Equipment #: 939295, Qty: 1, Invoice/Seq#: 91325929-001, Make: HEAT WAG, Model: VF400, Description: HEATER 400,000 BTU, KEROSENE* and the proceeds of the Equipment to secure the prompt payment and performance of Fraser Timber Limited's purchase price and other obligations.	
Fraser Timber Limited	United Rentals (North America), Inc.	2100002050178 12/21/2010	12/21/2015	Fraser Timber Limited grants to United Rentals (North America), Inc. a security interest in the Equipment described as: Customer #: 1086450, Equipment #: 664537, Qty: 1, Invoice/Seq#: 91325929-001, Make: HEAT WAG, Model: VF400 W/TANK, Description: HEATER 400,000	

				BTU, KEROSENE* and the proceeds of the Equipment to secure the prompt payment and performance of Fraser Timber Limited's purchase price and other obligations.	

II. REGISTRATIONS UNDER THE UNIFORM COMMERCIAL CODE (DELAWARE)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Papers Holdings Inc.	Brookfield Asset Management Inc.	81194057 4/4/2008	4/4/2013	All personal property of every kind and nature including without limitation all goods (including inventory, equipment and accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles)	
Fraser Paper Holding Inc.	ITW Shippers Products	90501491 2/16/2009	2/16/2014	All dunnage airbags located at Hebert Bros. Trucking, RR2 Box 104, Madawaska, Maine, from time to time	
Fraser Papers Holdings Inc.	CIT Business Credit Canada Inc.	93255756 10/9/2009	10/9/2009	All the debtor's assets, whether now owned or hereafter acquired, and all proceeds thereof	Secured party subsequently amended to CIBC Asset-Based Lending Inc.

					(registration no. 01861859) Registration subsequently terminated (registration no. 03162389)
Fraser Papers Holdings Inc.	Buckman Laboratories Inc.	01152309 4/5/2010	4/5/2015	Buckman owned equipment located at 72 Cascade Flats, Gorham, New Hampshire, more specifically described in Equipment Inventory attached to UCC filing	
Fraser N.H. LLC Fraser Papers Holdings Inc.	Brookfield Asset Management Inc. as administrative agent and collateral agent	02406274 7/12/2010	7/12/2015	All personal property of the debtor, whether now owned or hereafter acquired	

III. REGISTRATIONS UNDER THE UNIFORM COMMERCIAL CODE (DISTRICT OF COLUMBIA)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Papers Inc.	Buckman Laboratories Inc.	2006091226 7/10/2006	7/10/2011	Buckman owned equipment located at 72 Cascade Flats, Gorham, New Hampshire, more specifically described in Equipment Inventory attached to UCC filing	
Fraser Papers Inc./Papiers Fraser Inc.	CIT Business Credit Canada Inc.	2009112563 10/14/2009	10/14/2014	All debtor's assets, whether now owned or hereafter acquired, and all proceeds thereof	Secured party subsequently amended to CIBC Asset-Based Lending Inc. (registration no. 2010049532) Registration subsequently terminated (registration no. 2010061680)
Fraser Papers Inc./Papiers Fraser Inc. FPS Canada Inc.	Brookfield Asset Management Inc. as administrative agent and collateral agent	2010061680 7/13/2010	7/13/2015	All personal property of the debtor, whether now owned or hereafter acquired	

IV. REGISTRATIONS UNDER THE PERSONAL PROPERTY REGISTRY (NEW BRUNSWICK)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Papers Inc. Papiers Fraser Inc. Fraser Papers Inc./Papiers Fraser Inc. Papiers Fraser Inc./Fraser Papers Inc.	Brookfield Asset Management Inc.	16015851 04/04/2008	04/04/2013	All of the Debtors' present and after acquired personal property	
FPS Canada Inc.	Brookfield Asset Management Inc.	16015984 04/04/2008	04/04/2013	All of the Debtors' present and after acquired personal property	
Fraser Papers Inc. Papiers Fraser Inc. Fraser Papers Inc./Papiers Fraser Inc. Papiers Fraser Inc./Fraser Papers Inc. Fraser Papers Limited FPS Canada Inc. Fraser Papers Holdings Inc. Fraser Timber Limited Fraser N.H. LLC	Brookfield Asset Management Inc., as administrative agent and collateral agent	19002518 07/09/2010	07/09/2015	All of the Debtors' present and after acquired personal property	

V. REGISTRATIONS UNDER THE PERSONAL PROPERTY SECURITY ACT (ONTARIO)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Papers Inc. Papiers Fraser Inc. Fraser Papers Inc./Papiers Fraser Inc. Papiers Fraser Inc./Fraser Papers Inc.	Brookfield Asset Management Inc.	20080404 1201 1862 8304 04/04/2008	04/04/2013	Inventory, equipment, accounts, other and motor vehicle included	
FPS Canada Inc.	Brookfield Asset Management Inc.	20080404 1201 1862 8305 04/04/2008	04/04/2013	Inventory, equipment, accounts, other and motor vehicle included	
Fraser Papers Holdings Inc.	Brookfield Asset Management Inc.	20080404 1201 1862 8306 04/04/2008	04/04/2013	Inventory, equipment, accounts, other and motor vehicle included	
Fraser Timber Limited	Brookfield Asset Management Inc.	20080404 1201 1862 8307 04/04/2008	04/04/2013	Inventory, equipment, accounts, other and motor vehicle included	
Fraser Papers Limited	Brookfield Asset Management Inc.	20080404 1201 1862 8308 04/04/2008	04/04/2013	Inventory, equipment, accounts, other and motor vehicle included	
Fraser N.H. LLC	Brookfield Asset Management Inc.	20080404 1203 1862 8309 04/04/2008	04/04/2013	Inventory, equipment, accounts, other and motor vehicle included	
Fraser Papers Inc. Papiers Fraser Inc. Fraser Papers	Brookfield Asset Management Inc., as agent	20100709 1947 1531 2540 07/09/2010	07/09/2015	Inventory, equipment, accounts, other and motor vehicle	

Inc./Papiers Fraser Inc.				included	
Papiers Fraser Inc./Fraser Papers Inc.					
Fraser Papers Limited					
FPS Canada Inc.					
Fraser Papers Holdings Inc.					
Fraser Timber Limited					
Fraser N.H. LLC					

VI. REGISTRATIONS UNDER THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS (QUEBEC)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Papers Inc. Papiers Fraser Inc.	Brookfield Asset Management Inc.	08-0644185-0001 07/11/2008	07/11/2018	The universality of all property of the Grantor	
Fraser Papers Inc./Papiers Fraser Inc.	Brookfield Asset Management Inc.	08-0420056-0002 07/18/2008	07/18/2018	The universality of all property of the Grantor	

Schedule "D" - Claims and Encumbrances re: Lands

1. Right of First Refusal from Fraser Timber Limited to Kevin M. Robinson and Barbara M. Robinson dated October 30, 2006 and recorded in said Registry of Deeds in Book 4361, Page 325.
2. Mortgage Deed, Security Agreement and Financing Statement from Fraser Timber Limited to Brookfield Asset Management Inc. dated June 19, 2008 and recorded in said Registry of Deeds in Book 4593, Page 214; as affected by the First Amendment to Mortgage Deed, Security Agreement and Financing Statement dated November 3, 2008 and recorded in said Registry of Deeds in Book 4648, Page 345.
3. Tax Lien Certificates in favor of the Town of Ashland assessed against J. Paul Levesque & Sons, Inc. recorded in said Registry of Deeds on June 2, 2010 in:
 - a) Book 4828, Page 262 in an amount of \$52,171.74; and
 - b) Book 4828, Page 263 in an amount of \$720.69; and
 - c) Book 4828, Page 264 in an amount of \$282.24.
4. Tax Lien Certificates in favor of the Town of Masardis assessed against Fraser Papers Inc. and Fraser Papers recorded in said Registry of Deeds on October 21, 2010 in:
 - a) Book 4876, Page 259 in an amount of \$68.29; and
 - b) Book 4876, Page 260 in an amount of \$909.01; and
 - c) Book 4876, Page 261 in an amount of \$33.38; and
 - d) Book 4876, Page 262 in an amount of \$39.71; and
 - e) Book 4876, Page 263 in an amount of \$34.00; and
 - f) Book 4876, Page 264 in an amount of \$67.89; and
 - g) Book 4876, Page 265 in an amount of \$49.15.
5. Any and all Claims whatsoever relating to, in connection with or in respect of the Ohio Lands, except the Liabilities arising from the landfill maintenance obligations of Former Landfill LLC to any Governmental Authority in respect of the Ohio Lands in accordance with and subject to the terms of the Transaction Agreement.

Schedule "E" - Permitted Encumbrances re: Included Property

1. Rights and easements granted to Maine Public Service Company and New England Telephone Company as set forth in the Easement Deed dated May 15, 1980 and recorded in said Registry of Deeds in Book 1477, Page 223.
2. Rights and easements granted to Maine Public Service Co. dated May 15, 1980 and recorded in said Registry of Deeds in Book 1477, Page 224.
3. Rights and easements granted to Maine Public Service Company by deed dated October 7, 1985 and recorded in said Registry of Deeds in Book 1843, Page 101.
4. Department of Environmental Protection Orders -- dated August 14, 1990 and recorded in said Registry of Deeds in Book 2306, Page 135 and dated September 19, 1991 and recorded in said Registry of Deeds in Book 2399, Page 146.
5. Department of Environmental Protection Order dated September 13, 1999 and recorded in said Registry of Deeds in Book 3329, Page 34.
6. Department of Environmental Protection Order dated September 13, 2002 and recorded in said Registry of Deeds in Book 3715, Page 277.
7. Rights and easements granted to the Town of Ashland by deeds dated November 25, 2003 in said Registry of Deeds in Book 3911, Pages 149 and 152.
8. Rights and easements granted to the Town of Masardis by deed dated November 25, 2003 and recorded in said Registry of Deeds in Book 3911, Page 154.
9. Rights and easements granted by Fraser Timber Limited to Katahdin Timberlands LLC as described in the deed dated March 18, 2005 and recorded in said Registry of Deeds in Book 4097, Page 260.
10. Rights and easements granted by Fraser Timber Limited to Gerald E. Dunham, et al as described in the deed dated May 19, 2005 and recorded in said Registry of Deeds in Book 4123, Page 26.
11. Department of Environmental Protection Orders- dated November 10, 2004 and recorded in said Registry of Deeds in Book 4057, Page 83 and dated August 8, 2005 and recorded in Book 4171, Page 271.
12. Easement to the Dayton Power & Light Company, of Record in Deed Volume 512, Page 53, Recorder's Office, Montgomery County, Ohio.
13. Easement to the Dayton Power & Light Company, of Record in Deed Volume 512, Page 68, Recorder's Office, Montgomery County, Ohio.
14. Easement to the Dayton Power & Light Company, of Record in Deed Volume 2155, Page 540, Recorder's Office, Montgomery County, Ohio.

15. Easement to the Dayton Power & Light Company, of Record in Deed Microfiche 98 0638D09, Recorder's Office, Montgomery County, Ohio.
16. Easement to the Dayton Power & Light Company, of Record in Deed Microfiche 98 690B11, Recorder's Office, Montgomery County, Ohio.
17. Rights of Public to Use Those Portions of Subject Premises Lying within the Confines of Public Roads and Highway. Pinnacle Road.
18. Rights of Public to Use Those Portions of Subject Premises Lying within the Confines of Public Roads and Highway. Soldiers Home – West Carrollton Road.
19. Easement to Jefferson Regional Water Authority, of Record in Deed Microfiche 82 319E09, Recorder's Office, Montgomery County, Ohio.
20. Easement to Jefferson Regional Water Authority, of Record in Deed Microfiche 82 348C02, Recorder's Office, Montgomery County, Ohio.
21. Easement to the City of Moraine, Ohio, of Record in Deed Microfiche 97 733E07, Recorder's Office, Montgomery County, Ohio.
22. Easement to the Dayton Power and Light Company, of Record in Deed Microfiche 98 0638D06, Recorder's Office, Montgomery County, Ohio.
23. Easement to the Dayton Power and Light Company, of Record in Deed Microfiche 98 0690B11, Recorder's Office, Montgomery County, Ohio.
24. All other easements and rights-of-way of record previously conveyed by Fraser Timber Limited or its predecessors in interest or reserved or excepted in conveyances to Fraser Timber Limited or its predecessors in interest that continue in effect as of the date hereof.

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

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

	ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) Proceedings commenced at Toronto
	APPROVAL AND VESTING ORDER (FEBRUARY 10, 2011)
	Thornton Grout Finnigan LLP Barristers and Solicitors Suite 3200, P.O. Box 329 Canadian Pacific Tower Toronto-Dominion Centre Toronto, ON M5K 1K7 D.J. Miller (LSUC# 34393P) Kyla E.M. Mahar (LSUC# 44182G) Tel: 416-304-1616 Fax: 416-304-1313 Lawyers for the Applicants

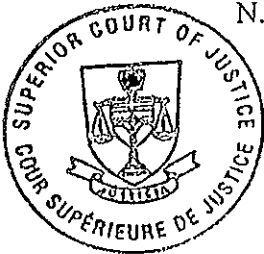
Exhibit 6

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

THE HONOURABLE MADAM) THURSDAY, THE 10th 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 Superintendant, 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.

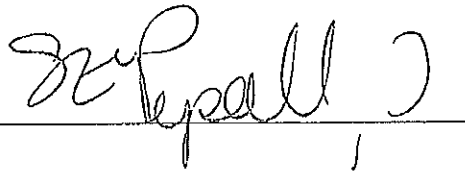
23. **THIS COURT ORDERS** that all Persons shall co-operate fully with the Applicants, the Trustee and the Monitor and do all such things that are necessary or desirable for the purpose of giving effect to and in furtherance of this Order, creating the Creditor Trust and in implementing the Creditor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



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
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)

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

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