

**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. AND FPS
CANADA INC.

Applicants

**MOTION RECORD
(Stay Extension and Authorization to Terminate Benefit Plans)
(returnable on April 20, 2011)**

April 15, 2011

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TAB 1

**ONTARIO
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CANADA INC.

Applicants

**NOTICE OF MOTION
(returnable on April 20, 2011)**

The Applicants will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Wednesday, April 20, 2011 at 10:00 o'clock in the morning or as soon thereafter as this motion can be heard at 330 University Avenue, in the City of Toronto, Ontario.

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

THE MOTION IS FOR:

1. an Order extending the stay of proceedings granted under the Order of the Honourable Mr. Justice Morawetz dated June 18, 2009, as amended (the "**Initial Order**") to the earlier of: (a) May 31, 2011; and (b) the CCAA Termination Date (as defined in the

Order of the Honourable Madam Justice Pepall dated February 10, 2011 (the “**Sanction Order**”));

2. an Order authorizing and directing Glen McMillan as the Chief Restructuring Officer of the Applicants to execute all necessary resolutions and documents to terminate the following benefit plans (collectively, the “**Benefit Plans**”):
 - (a) the Fraser Papers Inc. Defined Contribution Pension Plan (the “**DC Plan**”);
 - (b) the Fraser Papers Inc. Supplemental Employee Retirement Plan (the “**SERP**”);
 - (c) the Fraser Papers Inc. Deferred Stock Unit Plan for Non-Employee Directors (the “**Directors Deferred SOP**”);
 - (d) the Fraser Papers Inc. Stock Option Plan (the “**SOP**”);
 - (e) the Fraser Papers Inc. Management Deferred Share Unit Plan (the “**Management Deferred SOP**”); and
 - (f) the FPS Canada Inc. Health and Welfare Plan and the FPS Canada Inc. Health and Welfare Trust Fund; (collectively, the “**HWT**”); and
3. such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. capitalized terms used but not otherwise defined in this Notice of Motion shall have the meanings ascribed to them in the Sanction Order or the Amended Consolidated Plan of Compromise and Arrangement concerning, affecting and involving the Applicants dated January 27, 2011, as amended (the “**Plan**”);

2. on June 18, 2009, the Applicants filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and PricewaterhouseCoopers Inc. was appointed as monitor (the "**Monitor**") pursuant to the Initial Order;
3. the Applicants sought and obtained recognition of these proceedings as foreign main proceedings pursuant to Chapter 15 of the *U.S. Bankruptcy Code* in the United States Bankruptcy Court for the District of Delaware;
4. the Plan was approved by the Applicants' creditors on February 8, 2011 and sanctioned by the Court on February 10, 2011;
5. the Plan Implementation Date occurred on February 15, 2011;
6. the Implementation Payment Date under the Plan occurred on February 25, 2011;
7. prior to the Final Determination Date occurring under the Plan, all Unresolved Claims have to be resolved. In addition, the Applicants have to file their final tax returns, collect all amounts relating to residual assets and dissolve Fraser Papers Inc. ("**Fraser Papers**") effective on the CCAA Termination Date;
8. the Benefit Plans each contemplate that they may be terminated by the board of directors of Fraser Papers except the HWT, which contemplates that it may be terminated by the board of directors of FPS Canada Inc. ("**FPS**");

9. termination of the Benefit Plans will not give rise to any Restructuring Claims as any and all claims relating to the Benefit Plans, where applicable, were fully and finally addressed pursuant to the Plan;
10. all of the directors of Fraser Papers and FPS resigned effective on the Plan Implementation Date and the Chief Restructuring Officer, Glen McMillan, is the only remaining officer of Fraser Papers and FPS pursuant to the Sanction Order;
11. the stay of proceedings provided by the Initial Order currently expires on the earlier of May 2, 2011 and the CCAA Termination Date;
12. the Applicants require an extension of the stay period in order to, among other things, prepare and file the Applicants' final tax returns, resolve the remaining Unresolved Claims and dissolve Fraser Papers so that the Final Determination Date under the Plan may occur and the CCAA Proceedings may be terminated;
13. the Monitor supports the relief sought by the Applicants;
14. the Applicants are proceeding in good faith and with due diligence;
15. section 11(4) of the CCAA;
16. rules 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1994, Reg. 194, as amended; and
17. such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. the Affidavit of Glen McMillan sworn on April 15, 2011 and the exhibits thereto;
2. the Nineteenth Report of the Monitor, filed separately; and
3. such further and other materials as counsel may advise and this Honourable Court may permit.

April 15, 2011

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPERS FRASER INC. AND FPS CANADA INC.

Applicants

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

NOTICE OF MOTION
(returnable on April 20, 2011)

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TAB 2

**ONTARIO
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FRASER PAPERS INC./PAPIERS FRASER INC. AND FPS
CANADA INC.**

Applicants

**AFFIDAVIT OF GLEN McMILLAN
(Sworn on April 15th, 2011)**

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

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

2. All monetary amounts referred to in this Affidavit are in United States (US) currency unless otherwise stated, and all capitalized terms used herein and not otherwise defined are as defined in the "Amended Consolidated Plan of Compromise and Arrangement" dated January 27, 2011 and filed by the Applicants, as same may be amended (the "**Plan**").

I. RELIEF SOUGHT

3. This Affidavit is filed in support of a Motion brought by the Applicants for the relief set out in the Notice of Motion dated April 15, 2011 (the "**Notice of Motion**"). In particular, this Affidavit is sworn in support of the Applicants' request for:

- (a) an Order extending the stay of proceedings granted under the Order of the Honourable Mr. Justice Morawetz dated June 18, 2009, as amended (the “**Initial Order**”) to the earlier of: (a) May 31, 2011; and (b) the CCAA Termination Date (as defined in the Order of the Honourable Madam Justice Pepall dated February 10, 2011 (the “**Sanction Order**”));
- (b) an Order authorizing and directing me, as the CRO of the Applicants, to execute all resolutions and documents necessary to terminate the following benefit plans (collectively, the “**Benefit Plans**”):
 - (i) the Fraser Papers Inc. Defined Contribution Pension Plan (the “**DC Plan**”);
 - (ii) the Fraser Papers Inc. Supplemental Employee Retirement Plan (the “**SERP**”);
 - (iii) the Fraser Papers Inc. Deferred Stock Unit Plan for Non-Employee Directors (the “**Directors Deferred SOP**”);
 - (iv) the Fraser Papers Inc. Stock Option Plan (the “**SOP**”);
 - (v) the Fraser Papers Inc. Management Deferred Share Unit Plan (the “**Management Deferred SOP**”); and
 - (vi) the FPS Canada Inc. (“**FPS**”) Health and Welfare Plan and the FPS Canada Inc. Health and Welfare Trust Fund (collectively, the “**HWT**”).

II. IMPLEMENTATION OF THE PLAN

4. The Plan was approved by the Applicants’ creditors on February 8, 2011 and sanctioned by the Court on February 10, 2011.

5. The Plan became effective on the Plan Implementation Date. The Plan Implementation Date occurred on February 15, 2011.

6. Effective on the Plan Implementation Date, all of the directors of the Applicants resigned. I am the sole remaining officer of Fraser Papers and FPS, which are the sole remaining Applicants.

7. Subsequently, effective on February 25, 2011, the Applicants with the consent of the Monitor and the Plan Sponsor amended the Plan to allow for an interim distribution of Cash of up to \$500,000 to be remitted to the Trusts, PBGC and the Reserve on the Implementation Payment Date (the “**Interim Distribution**”).

8. The Implementation Payment Date occurred on February 25, 2001. In accordance with the Plan, the Affected Creditors with Proven Distribution Claims were sent their Implementation Payment 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); and (ii) \$500.00. In addition, the Applicants made an Interim Distribution of \$500,000 the Trusts, PBGC and the Reserve in accordance with the terms of the Plan.

9. Prior to the Final Determination Date occurring under the Plan, all Unresolved Claims have to be resolved. In addition, there are a few remaining items that the Applicants have to complete prior to the Final Determination Date including, without limitation, filing their final tax returns, collecting all amounts relating to residual assets and dissolving Fraser Papers effective on the CCAA Termination Date.

III. STAY EXTENSION

10. The stay of proceedings was extended in the Sanction Order to the earlier of May 2, 2011 and the CCAA Termination Date. At the time the Applicants sought the extension of the stay of proceedings, it was anticipated that the Final Determination Date would occur on or about April 30, 2010.

11. It has now been determined that the Applicants will be unable to file their final tax returns, collect all amounts in respect of the Applicants' residual assets and dissolve Fraser Papers prior to the expiry of the stay of proceedings. As a result, the Applicants are requesting that the stay of proceedings be extended to the earlier of May 31, 2011 and the CCAA Termination Date to allow the Applicants further time to complete these items and the orderly termination of the CCAA Proceedings.

12. The Applicants continue to monitor their cash requirements relative to the Cash Flow Forecast filed with the Court on January 28, 2011. Annexed hereto and marked as Exhibit "A" is an updated Cash Flow Forecast for the period ending May 31, 2011 that I have prepared and discussed with the Monitor, which shows that the Applicants have sufficient liquidity to fund their expenses during this period.

IV. TERMINATION OF THE BENEFIT PLANS

13. The Benefit Plans each contemplate that they may be terminated by the board of directors of the Applicant to which the plan relates. Since all of the directors of the Applicants resigned on the Plan Implementation Date, the Applicants are seeking the authorization and direction of the Court to allow me to execute all resolutions and documents necessary to terminate the Benefit Plans.

The DC Plan

14. The DC Plan is a defined contribution pension plan. Annexed hereto and marked as Exhibit "B" is a copy of the DC Plan text and amendments.

15. I am the only remaining member of the DC Plan. The DC Plan will continue to accrue benefits until my termination or resignation as CRO. As a result, the termination of the DC Plan will not give rise to any Restructuring Claims in the CCAA Proceedings.

16. There are approximately 25 former members of the DC Plan who still have assets in the plan since they have not yet provided the necessary documentation to effect the transfer of their assets out of the plan. Upon termination of the DC Plan, Sun Life, the third party administrator of the plan will file the necessary documentation with the New Brunswick Superintendent of

Pensions and will provide the former members of the plan with the information they will need in order to transfer their assets from the DC Plan.

The SERP

17. The SERP is a supplemental retirement plan. Annexed hereto and marked as Exhibit “C” is a copy of the SERP.

18. Any Claims relating to the SERPS have already been filed and determined in the Claims Process and, therefore, termination of the SERP will not give rise to any Restructuring Claims in the CCAA Proceedings.

The Stock Option Plans

19. The Directors Deferred SOP, the Management Deferred SOP and the SOP are all share option plans. Annexed hereto and marked as Exhibits “D”, “E” and “F” is a copy of the Directors Deferred SOP, the Management Deferred SOP and the SOP, respectively.

20. On March 10, 2011, cease trade orders were issued in respect of the shares in Ontario, British Columbia and Quebec. Given that the shares of Fraser Papers have no value, the termination of these plans will not give rise to any Restructuring Claims in the CCAA Proceedings.

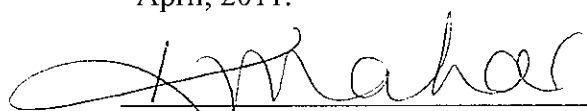
The Health and Welfare Plan and Trust

21. As I previously advised the Court in my affidavit sworn February 4, 2011, the Applicants requested quotes from life insurance companies for the premium cost of purchasing an annuity on an insured, non-refundable basis so that the Applicants could purchase an annuity to cover the LTD obligations payable from the HWT. The Applicants obtained quotes and entered into a paid up insurance policy with Great West Life under which the LTD obligations payable from the HWT were secured effective April 1, 2011. Having secured the LTD obligations, there are no further benefits payable from the HWT. As such, the HWT should be terminated. Annexed hereto and marked as Exhibit “G” is a copy of the Health and Welfare Plan, Trust and amendments to date.

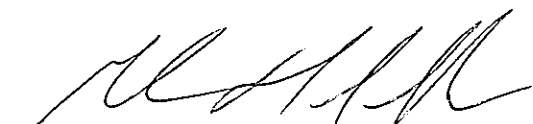
22. In accordance with its terms, on termination of the HWT, once benefits are secured and after the payment of any fees and expenses, any surplus assets are to be returned to the Applicants. The trustees named in the Trust are in the process of conducting an audit of the funds remaining in the HWT following the purchase of the annuity for LTD obligations and the surplus will be returned to the Applicants on termination of the HWT and available to form part of the Distribution Pool under the Plan.

23. I swear this Affidavit in support of the relief requested in the Applicants' Notice of Motion and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 15th day of
April, 2011.



Commissioner for Taking Affidavits



GLEN McMILLAN

EXHIBIT “A”

Fraser Paper Inc.

8 Week Cash Flow Forecast

USD (in 000's)

Notes & Assumptions

- 1 The US businesses were sold pursuant to the Transaction Agreement on February 15, 2011, hence the cash flow forecast reflects only the activities of Fraser Papers Inc.
- 2 Collection of Accounts Receivable includes the collection of final trade receivable receipts and amounts owing from Twin Rivers Paper Company for work which is refundable under the Pulp and Paper Green Transformation Program.
- 3 HWT Amount represents excess funds that will be received by the Applicant once all benefit obligations of the Fraser Papers Inc. Health and Welfare Trust have been met.
- 4 GST/HST refunds represent collection of amounts that are being withheld by the Canadian and Quebec governments pending the filing of the Applicant's 2009 income tax returns. These tax returns were recently filed with the respective governments.
- 5 Collection of other deposits represents amounts that were placed on deposit with the Applicant's benefits administrator. The benefits programs have wound down and the deposits are now being refunded to the Applicant.
- 6 Selling, General and Admin costs consist primarily of professional fees and administrative expenses.
- 7 Employee costs represent the salary, benefits and vacation pay of the Applicant's Chief Restructuring Officer.
- 8 Payments to Trusts represent payments of \$15,000 to each of the Pension Deficit Funding Trust for the Pension Plan for NB Hourly Employees of Fraser Papers Inc. and Pension Deficit Funding Trust for the Pension Plan for NB Salaried Employees of Fraser Papers Inc., pursuant to agreements reached with each of these trusts.
- 9 An exchange rate of \$0.96 USD/\$CAD is used throughout the eight week cash flow forecast.

Fraser Paper Inc.
8 Week Cash Flow Forecast
USD (in 000's)

	1		2		3		4		5		6		7		8	
	April	April	April	April	April	April	May	May	May	May	May	May	May	May	May	Total
	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast
Week Beginning	4/11	4/18	4/25	5/2	5/9	5/16	5/23	5/30								
Receipts																
Collection of Accounts Receivable	0	0	22	0	0	0	0	0	0	0	0	0	0	0	120	142
Health and Welfare Trust (HWT) Refund	0	0	0	0	0	0	0	0	0	0	0	0	1,586	0	0	1,586
GST/HST Refunds	0	0	0	0	250	156	0	0	0	0	0	0	0	0	0	406
Collection of other Deposits	0	0	0	0	0	0	0	0	0	210	0	0	0	0	0	210
Total Receipts	0	0	22	250	156	210	1,586	120	210	1,586	120	2,344				
Disbursements:																
Raw Material Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Production Overhead Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selling, General & Admin Costs	194	236	52	57	42	21	239	220	21	239	220	1,061				
Employee Costs	2	14	2	14	2	14	2	53	2	53	103					
Payments to Trusts	0	0	30	0	0	0	0	0	0	0	0	30				
Bank Charges	0	0	0	4	0	0	0	4	0	0	4	8				
Other	0	0	0	0	0	0	0	0	0	0	0	0				
Total Disbursements	196	250	84	75	44	35	241	277	35	241	277	1,202				
Net Cash Flow	-196	-250	-62	175	112	175	1,345	-157	175	1,345	-157	1,142				
Opening Cash Balance	2,577	2,381	2,131	2,069	2,244	2,356	2,531	3,876	2,531	3,876	2,577					
Net Cash Flow	-196	-250	-62	175	112	175	1,345	-157	175	1,345	-157	1,142				
Closing Cash Balance	2,381	2,131	2,069	2,244	2,356	2,531	3,876	3,719	2,531	3,876	3,719	3,719				

This Cash Flow Forecast must be read in conjunction with the notes and assumptions attached hereto.

EXHIBIT “B”

Fraser Papers Inc.
Fraser Papers Inc. Defined Contribution Pension Plan
Effective as of January 1, 2005

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Article 1 – Introduction

- 1.01 The primary purpose of the Plan is to provide periodic payments to eligible employees of the Company after retirement and until death in respect of their service as Employees.
- 1.02 Prior to June 30, 2004, the Company and Norbord Industries Inc. were wholly owned subsidiaries of Nexfor Inc. Effective June 30, 2004, the Company was spun off as a separate corporate entity, and Nexfor Inc. changed its name to Norbord Inc. The Company established the Plan effective January 1, 2005. An Employee hired on a full-time basis is required to become a Member of the Plan, and an Employee hired on a part-time basis may elect to join the Plan. Certain corporate employees and technology employees who were employed by Norbord Industries Inc. or Norbord Inc. shall become employed by the Company on January 1, 2005 and April 1, 2005, respectively, and each such Employee shall become a Member of the Plan. In addition, certain non-bargaining employees and seasonal employees employed at Woodlands may elect to join the Plan effective July 1, 2005. In addition, certain Employees who on December 31, 2004 were employed at the Juniper sawmill and who were accruing benefits under the Salaried Pension Plan could elect to join the Plan effective January 1, 2005.
- 1.03 The Plan is intended to be a pension plan accepted for registration under Revenue Rules and Applicable Pension Laws. The Plan shall be designed, written and administered to comply with the requirements for registration under Revenue Rules and Applicable Pension Laws. If the Plan fails to comply with any such requirements, the Company may in its sole and absolute discretion amend the Plan so to comply, or discontinue the Plan.

Any amendment to the Plan is conditional upon acceptance for registration under both Revenue Rules and Applicable Pension Laws, and may be modified or withdrawn by the Company, in its sole and absolute discretion if the amendment is not accepted for registration under either Revenue Rules or Applicable Pension Laws.

Article 2 – Construction, Interpretation and Definitions

Construction and Interpretation

- 2.01 This document, as it may be amended from time to time, constitutes the Plan. No statement in any other document or communication, whether or not such document or communication is required by Applicable Pension Laws or Revenue Rules, shall create or confer any right or obligation other than as set out in this document or otherwise as required by Applicable Pension Laws or Revenue Rules, nor may any such document or communication be used or relied upon to interpret or vary any terms or provisions of the Plan.
- 2.02 In the Plan, references to the masculine shall include the feminine and vice versa; references to the singular shall include the plural and vice versa, as the context shall require, and references to a subparagraph, paragraph, Section, Article or Appendix mean a subparagraph, paragraph, Section, Article or Appendix of the Plan.
- 2.03 The Plan shall be administered in accordance with Revenue Rules and in accordance with the laws of the Province of New Brunswick except insofar as Applicable Pension Laws or other legislation of another jurisdiction in respect of Members employed in or resident in that jurisdiction applies by operation of law.
- 2.04 All amounts payable under the Plan are stated and shall be paid in the lawful currency of Canada.
- 2.05 Each provision of the Plan is distinct and severable, and if any provision of the Plan or part thereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.
- 2.06 Headings wherever used herein are for reference purposes only, and do not limit or extend the meaning of any of the Plan's provisions.

Definitions

In the Plan, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- 2.07 “Account” means one or more of the accounts which are maintained under the Plan as follows:
- (a) “Employee Account” means the separate account maintained on behalf of a Member in accordance with Section 8.01(a).
 - (b) “Employer Account” means the separate account maintained on behalf of the Company in accordance with Section 8.02.
 - (c) “Retirement Account” means the separate account maintained on behalf of a Member in accordance with Section 8.01(b).
- 2.08 “Administrator” means the entity responsible for administering the Plan in accordance with Section 17.01.
- 2.09 “Applicable Pension Laws” means the Pension Benefits Act (New Brunswick) and any regulation pursuant thereto and any amendments or substitutes therefor except insofar as legislation of another jurisdiction in respect of Members employed in or resident in that jurisdiction applies by operation of law.
- 2.10 “Beneficiary” means that person last designated by the Member in accordance with Section 10.03 to receive benefits under the Plan on the death of the Member.
- 2.11 “Board” means the Board of Directors of the Company.
- 2.12 “Company” means Fraser Papers Inc. and any successor corporation, whether by amalgamation, merger or otherwise.
- 2.13 “Company Contributions” means:
- (a) in respect of a Member who is a Juniper Employee, the contributions made pursuant to Section 6.01(a);

- (b) in respect of a Member who is a Non-Juniper Employee, the contributions made pursuant to Sections 6.01(a) and (b); and
 - (c) in respect of each Member, the contributions made pursuant to Section 6.01(c).
- 2.14 "Continuous Service" means the service of a Member as defined in Section 4.01.
- 2.15 "Disabled" means, in respect of a Member, a mental or physical impairment, as certified in writing by a medical doctor licensed to practise in the province in which the Member resides, that prevents the Member from performing the duties of employment in which the Member was engaged before the commencement of the impairment.
- 2.16 "Earnings" means:
 - (a) in respect of a Member who is a Juniper Employee, the Member's base salary and wages received in a Plan Year from the Company to a maximum of \$225,000, excluding any overtime, bonus and disability income payments; and
 - (b) in respect of a Member who is a Non-Juniper Employee, base salary and wages and bonuses received in a Plan Year from the Company to a maximum of \$225,000, excluding commissions, the value of any deferred compensation, banked vacation or cash in lieu thereof, any bonus or any portion of a bonus which a Member elects to defer, or other lump sum payment in lieu of salary increase, or other benefits or allowances, if any.
- 2.17 "Effective Date" means January 1, 2005.
- 2.18 "Employee" means:
 - (a) as of the Effective Date:
 - (i) each person employed by the Company on a salaried or hourly basis at the Juniper sawmill who is hired on or after January 1, 2005;
 - (ii) each person employed by the Company on a salaried or hourly basis at the Juniper sawmill who on December 31, 2004 was accruing benefits under Appendix A of the Salaried Pension Plan and who elected to cease

- accruing benefits under Appendix A of the Salaried Pension Plan and commence accruing benefits under the Plan on and after January 1, 2005;
- (iii) each person employed by the Company on a salaried or hourly basis at the Juniper sawmill who on December 31, 2004 had not yet satisfied the eligibility criteria to become a member of the Salaried Pension Plan and who made an election to join the Plan effective January 1, 2005;
 - (iv) each person who is a non-bargaining employee hired on or after January 1, 2005 and who reports to work at one of the following Company locations:
 - (A) Edmundston pulp mill;
 - (B) Woodlands;
 - (C) Plaster Rock lumber mill;
 - (D) the Toronto corporate office;
 - (E) sales and aviation;
 - (v) each person who on December 31, 2004 was employed by Norbord Inc., was transferred to employment with the Company effective January 1, 2005 and who prior to being transferred, was accruing benefits under the Norbord RAP; and
 - (vi) each person employed in a non-bargaining position by the Company at Woodlands or a person employed on a seasonal basis at Woodlands who on December 31, 2004 had not yet satisfied the eligibility criteria to become a member of the Hourly Pension Plan and who makes an election to join the Plan effective July 1, 2005.
- (b) Effective April 1, 2005:
- (i) the persons described in paragraph (a); and
 - (ii) a Fraser Technology Employee.

- (c) Effective July 1, 2005:
 - (i) the persons described in paragraphs (a) and (b);
 - (ii) each person who is a non-bargaining employee of the Company at Woodlands or a person employed on a seasonal basis at Woodlands who on June 30, 2005 was a member of the Hourly Pension Plan, whose age and Continuous Service equal less than 65 points at June 30, 2005 and who elected to cease accruing benefits under the Hourly Pension Plan and commence accruing benefits under the Plan on and after July 1, 2005; and
 - (iii) each person who is a non-bargaining employee of the Company who on June 30, 2005 was a member of the Salaried Pension Plan, whose age and Continuous Service equal less than 65 points at June 30, 2005 and who elected to cease accruing benefits under the Salaried Pension Plan and commence accruing benefits under the Plan on and after July 1, 2005.
- 2.19 "Fraser Technology Employee" means a salaried technology Employee who prior to April 1, 2005 is employed by Norbord Inc. and who is transferred to the Company effective April 1, 2005.
- 2.20 "Fund" means the fund established for the purposes of the Plan.
- 2.21 "Funding Agent" means a trust or insurance company or any group of individual trustees or any combination thereof eligible under Applicable Pension Laws, designated by the Company to hold the whole or a portion of the assets of the Fund at any time pursuant to the terms of a Funding Agreement.
- 2.22 "Funding Agreement" means any written arrangement or agreement in force between the Company and any Funding Agent, with respect to the portion of the assets of the Fund held by the Funding Agent, as amended from time to time.

- 2.23 “Hourly Pension Plan” means the Pension Plan for New Brunswick Hourly Paid Employees of Fraser Papers Inc. (formerly called the Nexfor Inc., Fraser Operations, New Brunswick Hourly Paid Pension Plan).
- 2.24 “Insurer” means a life insurance company or any other entity licensed to transact annuity business in Canada.
- 2.25 “Juniper Employee” means an Employee who meets the requirements of Section 2.18(a) (b) or (c), as applicable.
- 2.26 “Locking-in Date”¹ means the earlier of:
- (a) the date the Member completes two years of Continuous Service as a Member; and
 - (b) the date the Member completes five years of Continuous Service.

For the purpose of this Section, Continuous Service as a Member shall include any period of continuous service accrued immediately prior to January 1, 2005, April 1, 2005 or July 1, 2005, as applicable, in respect of a Member who immediately prior to becoming an Employee, accrued benefits under the Hourly Pension Plan, the Salaried Pension Plan or the Norbord RAP, as applicable.

- 2.27 “Locked-in Retirement Savings Vehicle” means, in relation to the transfer of amounts from a Member’s Retirement Account or Employee Account:
- (a) a registered pension plan; or
 - (b) such other registered vehicle as may be approved under Applicable Pension Laws and Revenue Rules;

as designated by the Member, provided, however, the administrator of such plan or vehicle agrees in writing to administer the transferred amounts within the conditions of Applicable Pension Laws and unless any approval by the Member’s Spouse that is required by Applicable Pension Laws has been given in respect of the transfer.

¹ Applicable as modified in Appendix A and B for Members employed in Ontario and Quebec.

- 2.28 “Member” means an Employee who has joined the Plan in accordance with Article 3 and for whom an Account or Accounts are maintained in accordance with Article 8.
- 2.29 “Member Contributions” means contributions which the Member makes to the Plan in accordance with Section 5.01, Section 5.02, or Section 5.04, as applicable.
- 2.30 “Norbord RAP” means the Retirement Annuity Plan – Norbord Inc.
- 2.31 “Non-Juniper Employee” means an Employee who is not a Juniper Employee.
- 2.32 “Normal Retirement Date” means the first day of the month coincident with or next following the day the Member attains age 65.
- 2.33 “Plan” means the Fraser Papers Inc. Defined Contribution Pension Plan as amended from time to time.
- 2.34 “Plan Year” means the calendar year.
- 2.35 “Revenue Rules” means the provisions of the Income Tax Act (Canada) and any applicable provincial income tax act, and any relevant regulations thereto, as they may be amended from time to time, pertaining to pension plans or funds registered under the Income Tax Act (Canada) as they are applicable to the Plan.
- 2.36 “RRSP” means a retirement savings plan which is registered under the Income Tax Act (Canada).
- 2.37 “Salaried Pension Plan” means the Pension Plan for New Brunswick Salaried Employees of Fraser Papers Inc. (formerly called the Nexfor Inc., Fraser Operations, Salaried Pension Plan).
- 2.38 “Service Provider” means the entity appointed by the Company pursuant to Section 13.01(c) to provide administrative services and to make available investment options for the Members and the Company.
- 2.39 “Service Provider Agreement” means any written agreement or contract in force between the Company and a Service Provider as amended from time to time.

2.40 “Spouse”² means, subject to the requirements for registration under Applicable Pension Laws and Revenue Rules, in relation to a Member, the person of the opposite sex who at the earlier of the commencement of a Member’s pension and the date of the Member’s death meets one of the following eligibility requirements:

- (a) is married to the Member; or
- (b) is married to the Member by a marriage that is voidable and has not been avoided by a declaration of nullity; or
- (c) has gone through a form of marriage with the Member, in good faith, that is void, and has cohabited with the Member within the preceding year; or
- (d) is not married to the Member, provided that the person is cohabiting with the Member and they have cohabited:
 - (i) continuously for a period of three years or more in a conjugal relationship in which one person has been substantially dependent upon the other for support; or
 - (ii) in a relationship of some permanence where there is a child born of whom they are the natural parents.

and they have cohabited within the preceding year.

2.41 “Valuation Date” means a date at which the Funding Agent determines the value of each Account within the Fund in accordance with Section 8.04.

2.42 “Vesting Date”³ means the completion of one year of Continuous Service. Notwithstanding the foregoing, a Member shall be immediately vested upon attaining his Normal Retirement Date or upon his death prior to retirement. For the purpose of this Section, Continuous Service shall include any period of continuous service accrued with Norbord Inc. or Nexfor Inc. immediately prior to January 1, 2005, April 1, 2005 or

² Applicable as modified in the Appendix A and B for Members employed in Ontario and Quebec.

³ Applicable as modified in the Appendix B for Members employed in Quebec.

July 1, 2005, as applicable, in respect of a Member who immediately prior to becoming an Employee, accrued benefits under the Norbord RAP, the Hourly Pension Plan, or the Salaried Pension Plan, as applicable.

- 2.43 “YMPE” means the Year’s Maximum Pensionable Earnings as defined under the Canada Pension Plan.

Article 3 – Membership

3.01 Members on January 1, 2005

- (a) Each person who is an Employee in full-time employment with the Company on January 1, 2005, other than an Employee described in paragraph 2.18(a)(vi), shall become a Member of the Plan on January 1, 2005.
- (b) Each person who is an Employee in part-time employment with the Company, other than an Employee described in paragraph 2.18(a)(vi), and who has satisfied the requirements of Section 3.05 on January 1, 2005, shall become a Member of the Plan on January 1, 2005.

3.02 Members on April 1, 2005

Each person who is a Fraser Technology Employee shall become a Member of the Plan on April 1, 2005.

3.03 Members on July 1, 2005

Each person who is an Employee pursuant to paragraph 2.18(a)(vi) or 2.18(c)(ii) or 2.18(c)(iii) shall become a Member of the Plan on July 1, 2005.

3.04 Full-time Employees

Each person who is an Employee in full-time employment with the Company shall be required to join the Plan upon the first day the person becomes an Employee.

3.05 Part-time Employees⁴

- (a) Each person who is an Employee in part-time employment with the Company and who earned at least 35% of the YMPE during two consecutive calendar years shall be eligible to become a Member on the first day of the month coincident with or following 24 months of Continuous Service.

⁴ Applicable as modified in the Appendix A and B for Members employed in Ontario and Quebec.

- (b) Each Employee who has satisfied the criteria in paragraph (a) and who elects not to join the Plan, shall provide a written waiver in the form and manner prescribed by the Company.
- (c) An Employee who has elected not to join the Plan pursuant to paragraph (b), may elect to become a Member on the first day of the month following the date the Member provides written notice to the Company, in the form and manner prescribed by the Company.

3.06 Not a Contract of Employment

Nothing herein contained shall be deemed to give any Employee the right to be retained in the service of the Company or to interfere with the rights of the Company to discharge or lay off any Employee at any time and to treat such Employee without regard to the effect which such treatment might have under the Plan upon such Employee.

3.07 Enrolment

Upon joining the Plan, an Employee shall complete and sign an enrolment form prescribed by the Administrator.

3.08 No Discontinuance of Membership

While an Employee, a Member may not terminate, suspend or withdraw from participation in the Plan.

Article 4 – Continuous Service

4.01 Continuous Service

- (a) Continuous Service means the period of uninterrupted employment of a Member with the Company, beginning with the date on which the Member was last hired by the Company or any predecessor entity acquired by the Company and ending on the earliest of:
 - (i) the Member's no longer being employed by the Company;
 - (ii) the Member's death;
 - (iii) the Member's retirement, but in any event, no later than December 1 of the calendar year in which the Member attains age 69; or
 - (iv) the partial or complete discontinuance of the Plan without immediate substitution of a successor registered pension plan.
- (b) The following shall not constitute an interruption of Continuous Service:
 - (i) leave of absence duly authorized by the Company, including, but not restricted to sickness, accident, disability, emergency, pregnancy or parental leave. Notwithstanding the foregoing, if such Employee does not return to active employment with the Company upon expiry of the period concerned, his employment with the Company shall be deemed to have terminated as of the date of the Employee was due to, but failed to return to active employment; and
 - (ii) any suspension of employment that lasts less than two years and is expected to be temporary in nature, any period of lay-off that does not end in termination of employment or any other period of temporary suspension of employment prescribed by Applicable Pension Laws.

4.02 Re-Employment

- (a) If an Employee terminates employment with the Company, is subsequently re-employed with the Company and the date of re-hire is prior to Normal Retirement Date, his periods of Continuous Service shall be treated separately, and the second period shall be considered to start from the date of said subsequent re-employment for the purposes of the Plan, unless otherwise agreed in writing by the Company. Such Employee shall be eligible to join the Plan upon fulfilling the eligibility requirements under Section 3.04 or Section 3.05, as applicable.
- (b) If an Employee terminates employment with the Company, is subsequently re-employed with the Company and the date of re-hire is on or after Normal Retirement Date, subject to applicable legislation, the Employee shall not accrue further Continuous Service and shall not make further Member Contributions or receive any Company Contributions.

Article 5 – Member Contributions

5.01 Member Contributions – Juniper Employees

Subject to Section 7.01, in each Plan Year or portion thereof, a Member who is a Juniper Employee shall contribute to the Plan, by regular payroll deduction, 3% of the Member's Earnings. Such Member Contributions shall cease upon the earliest of:

- (a) the Member's transfer to a category of employment where the Member ceases to be an Employee;
- (b) the Member's transfer to a category of employment where the Member becomes a Non-Juniper Employee;
- (c) the Member's termination of employment;
- (d) the Member's retirement, but in any event, no later than December 1 of the calendar year in which the Member attains age 69;
- (e) the Member's death;
- (f) the date the Member becomes Disabled;
- (g) the date the Member commences a period of foreign service pursuant to Section 5.05; or
- (h) the date of partial or complete discontinuance of the Plan for affected Members.

All Member Contributions shall be paid into the Fund and allocated to the Member's Employee Account within the time limits prescribed by Applicable Pension Laws.

5.02 Member Contributions – Non – Juniper Employees

Subject to Section 7.01, in each Plan Year or portion thereof, a Member who is a Non-Juniper Employee may elect to contribute to the Plan, by regular payroll deduction, 0% to 8% (in whole percentages), as elected by the Member, of the Member's Earnings. Such Member Contributions shall cease upon the earliest of:

- (a) the beginning of the pay period following the date the Member files an election with the Administrator to cease contributions;
- (b) the Member's transfer to a category of employment where the Member ceases to be a Non-Juniper Employee;
- (c) the Member's termination of employment;
- (d) the Member's retirement, but in any event, no later than December 1 of the calendar year in which the Member attains age 69;
- (e) the Member's death;
- (f) subject to Section 5.03(a), the date the Member becomes Disabled;
- (g) the date the Member commences a period of foreign service pursuant to Section 5.05; or
- (h) the date of partial or complete discontinuance of the Plan for affected Members.

All Member Contributions shall be paid into the Fund and allocated to the Member's Employee Account within the time limits prescribed by Applicable Pension Laws.

5.03 Disability

- (a) If a Member is a Non-Juniper Employee who is Disabled, such Member may elect to make Member Contributions to the Plan while the Member remains Disabled, based on the Member's Earnings in effect prior to the date the Member became Disabled and at a contribution rate as elected by the Member.
- (b) Company Contributions pursuant to Section 6.01(a) shall continue based on the Member's Earnings rate in force immediately prior to the date the Member became Disabled. If a Member who is a Non-Juniper Employee continues to make Member Contributions pursuant to paragraph (a), the Company Contributions pursuant to Section 6.01(b) shall continue to be made, based on the contributions actually made by the Member while Disabled.

- (c) Member Contributions and Company Contributions made pursuant to this Section shall cease on the earliest of:
 - (i) the Member no longer being Disabled;
 - (ii) the Member's date of death;
 - (iii) the Member's termination of employment;
 - (iv) the Member's Normal Retirement Date; or
 - (v) the date of partial or complete discontinuance of the Plan for affected Members.

5.04 Continuance of Member Contributions During a Period of Leave

- (a) If a Member is on a maternity or parental leave during which the Member does not have Earnings, the Member may elect to make the Member Contributions that would have been made had the Member been in active employment during such period, to a maximum of one year, based on the Member's Earnings rate in force immediately prior to the commencement of the period of leave.
- (b) If a Member is on a leave of absence during a workplace injury and the legislation applicable to the Member provides that the Member may continue to accrue benefits, the Member may elect to make the Member Contributions that would have been made had the Member been in active employment during such period, based on the Member's Earnings rate in force immediately prior to the commencement of the period of leave. Contributions pursuant to this paragraph (b) may continue for the period of absence.
- (c) If a Member is on a leave of absence during which the Member does not have Earnings, other than a leave described in paragraph (a) or (b), the Member shall not be permitted to make contributions to the Plan for the period of absence.
- (d) Member Contributions made pursuant to this Section 5.04 shall be paid on such terms and in such manner as may be determined by the Administrator.

- (e) If a Member is absent due to a maternity or parental leave or a workplace injury pursuant to paragraphs (a) or (b), Company Contributions made pursuant to Section 6.01(a) shall continue for the period prescribed in paragraph (a) or (b), as applicable, regardless of whether the Member makes Member Contributions during such period.
- (f) If a Member makes Member Contributions during such period, Company Contributions made pursuant to Section 6.01(b) shall continue. In no event shall the total periods for which contributions are made by or in respect of a Member, excluding any period during which the Member is Disabled, exceed the sum of:
 - (i) the full-time equivalent of five years; and
 - (ii) the periods of parenting, as defined in Revenue Rules, subject to a maximum of the full-time equivalent of 36 months of such periods of parenting and a maximum of 12 months for any one period of parenting.

5.05 Contributions During a Period of Foreign Service

If a Member is employed by a foreign associate or affiliate of the Company, the Member Contributions made pursuant to Section 5.01 or 5.02, as applicable, shall cease. At the sole discretion of the Company and on a current service basis only, the Company Contributions made pursuant to Section 6.01(a) shall continue during the period of foreign service up to a maximum of five years or such other period as may be permissible under Revenue Rules. Company Contributions shall be based on the Earnings the Member would have received if he had been employed by the Company. Such Company Contributions shall be allocated to the Member's Retirement Account.

The Company Contributions made pursuant to this Section shall cease on the earliest of:

- (a) the Member returning to employment in Canada with the Company;
- (b) the Member's date of death;
- (c) the Member's termination of employment;
- (d) the Member's Normal Retirement Date;

- (e) the date the Member becomes Disabled; or
- (f) the date of partial or complete discontinuance of the Plan for affected Members.

Article 6 – Company Contributions

6.01 Company Contributions

- (a) Subject to Section 6.02 and Section 7.01, the Company shall contribute during each Plan Year or portion thereof, on behalf of each Member, 3% of the Member's Earnings.
- (b) In addition to Company Contributions made pursuant to Section 6.01(a), and subject to Section 6.02 and Section 7.01, during the periods that a Member who is a Non-Juniper Employee makes Member Contributions in accordance with Section 5.02, the Company shall contribute on behalf of the Member an amount equal to 50% of the Member Contributions.
- (c) The Company shall also make contributions pursuant to Sections 5.03, 5.04 or 5.05, as applicable.
- (d) Company Contributions shall be paid into the Fund and allocated to the Member's Retirement Account within the time limits specified in Applicable Pension Laws. Subject to Applicable Pension Laws, the liability of the Company at any time is limited to such contributions as should have been made by it in accordance with Applicable Pension Laws.

6.02 Allocation of Employer Account

At the discretion of the Company and subject to the provisions of Applicable Pension Laws, the balance of the Employer Account shall, within the time limits specified in Revenue Rules:

- (a) to the extent allowed and subject to any conditions or approval procedures under Applicable Pension Laws, be returned to the Company;
- (b) used to pay expenses pursuant to Section 13.01(f); or

- (c) be used to reduce the Company Contributions otherwise required under the Plan by means of transfer of monies from the Employer Account to the Members' Retirement Accounts.

Article 7 – Maximum Contributions

7.01 Maximum Contribution Limit

- (a) For the purpose of Articles 5 and 6, the maximum contribution limit in respect of any calendar year shall be 18% of a Member's remuneration in that calendar year, subject to the money purchase dollar limit as defined in Revenue Rules as is applicable in that calendar year.
- (b) The maximum contribution limit calculated in accordance with paragraph (a) shall be reduced by the amount, if any, of a Member's expected pension adjustment, as defined in Revenue Rules, for any benefits accrued or contributions made in the calendar year under any other registered pension plan or deferred profit sharing plan of the Company.

7.02 Special Inclusion in Earnings

For the purpose of Section 7.01 only, a Member's Earnings shall include the amount of remuneration which corresponds, based on the contribution rates specified in Section 5.01 or Section 5.02, as applicable, to any contributions made by the Member or on the Member's behalf in accordance with Sections 5.03, 5.04 and 5.05.

7.03 Excess Contributions

If the Company or a Member makes a contribution to the Plan which would cause the Plan's registration to be revocable under Revenue Rules, such contribution shall be returned to the Company or the Member, as applicable, subject to conditions or approval procedures under Applicable Pension Laws.

Article 8 – Accounts

8.01 Member Accounts

Two individual accounts shall be maintained in the Fund with respect to each Member:

- (a) Member Contributions made in accordance with Section 5.01, 5.02, 5.03 or 5.04, as applicable, and transfers made pursuant to Section 8.05, shall be allocated to the Member's Employee Account.
- (b) The Company Contributions made in accordance with Section 6.01 or transferred from the Employer Account in accordance with Section 6.02, shall be allocated to the Member's Retirement Account.

8.02 Employer Account

A separate Employer Account representing the Company's share of undistributed Members' Retirement Accounts, forfeited in accordance with Section 11.02 shall be maintained in the Fund. At each Valuation Date, the Funding Agent shall decrease the Employer Account by the amount of any applications, made in accordance with Section 6.02, since the previous Valuation Date.

8.03 Investment of Accounts

- (a) The Member's Retirement Account and Employee Account shall be invested, pursuant to directions provided by the Member, in a number of investment options to be made available by the Funding Agent under the terms of the Funding Agreement.
- (b) The Employer Account shall be invested, pursuant to directions provided by the Company, in a number of investment options to be made available by the Funding Agent under the terms of the Funding Agreement.
- (c) In the event that the Member fails to make an election as to the investment option for the Member's Retirement Account and Employee Account, the Accounts shall be invested in a balanced fund, or such other fund that may be

prescribed from time to time in accordance with the investment guidelines established by the Company from time to time, until the Member files an election with the Company.

- (d) A Member may, during any payroll cycle, change the investment options in which the Member's Retirement Account and Employee Account are invested, in the manner prescribed by the Company.

8.04 Valuation of Accounts

- (a) The value of each Account shall be determined by the Funding Agent or its agent at each Valuation Date to account for the allocation of:
 - (i) net investment income;
 - (ii) net realized and unrealized capital gains and losses; and
 - (iii) fees and expenses paid from the Account.
- (b) Valuation Dates shall occur at such times as may be required or permitted by the Funding Agreement, but not less frequently than monthly. The value of each Account shall be computed on the basis of market values at the Valuation Date concerned, having regard to the terms of the Funding Agreement.

8.05 Transfers

- (a) Each Member who is:
 - (i) a Juniper Employee, as described in Section 2.18(b); or
 - (ii) a Non-Juniper Employee who immediately prior to the Effective Date (or April 1, 2005 in respect of a Fraser Technology Employee) accrued benefits under the Norbord RAP;

may, subject to such approvals as may be required under Applicable Pension Laws and the completion of an election form in the time and manner prescribed by the Administrator, transfer the value of the benefits accrued under the Salaried Pension Plan or the Norbord RAP, as applicable to the Plan. The funds

transferred pursuant to this paragraph (a) shall be allocated to the Member's Employee Account.

- (b) At the sole discretion of the Company, the Company may accept a transfer of funds from another registered pension plan. Any funds transferred pursuant to this paragraph (b) shall be allocated to a Member's Employee Account.

Article 9 – Retirement Benefits

9.01 Retirement

For purposes of the Plan, a Member shall retire if:

- (a) the Member's employment with the Company ceases on or after the Member's Normal Retirement Date and in no event later than December 1 of the calendar year in which the Member attains age 69; or
- (b) the Member terminates employment within the 10-year period immediately preceding his Normal Retirement Date, provided the Member has attained his Vesting Date.

9.02 Retirement Benefit

Upon retirement, a Member shall be entitled to the distribution of the value of the Member's Retirement Account and Employee Account in the form elected by the Member in accordance with Section 9.03, determined as of the Valuation Date coincident with or immediately preceding distribution of the Member's Accounts.

9.03 Payment of Retirement Benefit

- (a) If a Member retires in accordance with Section 9.01, the Member shall elect distribution of the Member's Retirement Account and Employee Account in any one of the following forms, subject to Section 11.05:
 - (i) a single premium purchase of a life annuity from an Insurer, in a form acceptable under Applicable Pension Laws and Revenue Rules; or
 - (ii) a lump sum transfer to a Locked-in Retirement Savings Vehicle.
- (b) If, at the date the first instalment of the life annuity purchased in accordance with subparagraph (a)(i) or ultimately purchased with the amount transferred in accordance with subparagraph (a)(ii) is due:
 - (i) the former Member has a Spouse; and

- (ii) the Spouse has not waived where permitted by Applicable Pension Laws, in the prescribed form, the right to a contingent pension within the period prescribed by Applicable Pension Laws;

the former Member shall receive any retirement income as if the former Member had elected to receive his retirement income with provision for a portion of the former Member's retirement income continuing to be paid to the Spouse after the former Member's death. This portion shall be 60% or such higher percentage elected by the Member.

A Spouse who has waived the right to a contingent pension may revoke such a waiver in writing prior to the date the first instalment is due to the former Member.

A life annuity purchased in accordance with this paragraph shall comply with any other requirements prescribed by Applicable Pension Laws.

9.04 Payment in Default of Election

If a Member who is entitled to elect distribution of an Account fails to make an election within the time required or permitted under Applicable Pension Laws, the Administrator may, in its absolute discretion, make payment in such form as may be permitted under Applicable Pension Laws, including the purchase of a life annuity on behalf of the Member from an Insurer with the Member's Retirement Account and Employee Account.

9.05 Phased Retirement⁵

A Member shall not be permitted to take a phased retirement.

⁵ Applicable as modified in Appendix B for Members employed in Quebec.

Article 10 – Death Benefits

10.01 Death Benefits Prior to Distribution of Member's Accounts⁶

If the death of a Member occurs prior to the distribution of the Member's Retirement Account and Employee Account under any other Article of the Plan, the Member's Spouse or, if there is no Spouse, the Member's Beneficiary shall be entitled to the distribution in accordance with Section 10.02, of the value of the Member's Retirement Account and Employee Account. A Spouse may not waive entitlement to a pre-retirement death benefit.

10.02 Payment of Death Benefits

- (a) If a Member dies, distribution of the Member's Retirement Account and Employee Account, to the Member's Spouse shall be made as:
 - (i) a lump sum transfer to an RRSP in the name of the Spouse, to another registered pension plan or to such other registered vehicle as may be approved under Applicable Pension Laws and Revenue Rules;
 - (ii) a lump sum cash payment; or
 - (iii) a single premium purchase of a life annuity from an Insurer, commencing no later than the end of the calendar year in which the Spouse attains age 69, or, if later, within one year of the Member's date of death, in a form acceptable under Applicable Pension Laws and Revenue Rules;

as designated by the Spouse, or if the Spouse fails to make a designation within the time required or permitted under Applicable Pension Laws, as may be determined by the Administrator in its absolute discretion, in such form as may be permitted under Applicable Pension Laws.

⁶ Applicable as modified in Appendix A and Appendix B for Members employed in Ontario and Quebec.

- (b) The value of the Member's Retirement Account and Employee Account shall be determined as of the Valuation Date coincident with or immediately preceding the date of distribution.
- (c) Distribution of the Member's Retirement Account and Employee Account on the death of a Member to the Member's Beneficiary who is not a Spouse shall be made as a lump sum cash payment.

10.03 Beneficiary Designation

A Member shall designate, in writing, a Beneficiary to receive any Account payable under the Plan to a Beneficiary upon the death of such Member. Subject to Applicable Pension Laws, a Member may change such designation from time to time. Such designation or change must be filed with the Administrator, and must be in accordance with any law applicable to the Member and in such form and executed in such manner as the Administrator may, from time to time, determine.

An Account payable as a result of the death of a Member shall be paid in accordance with the most recent designation filed by the Member with the Administrator and, in the absence of an effective designation of a Beneficiary, the Administrator shall instruct the Funding Agent to make payment of any Account payable to the Beneficiary under the Plan to the estate of the Member and any such payment shall completely discharge all liability with respect to the amount paid.

10.04 Timing of Payment

Any death benefit payable under the Plan shall be paid as soon as practicable after the Member's death.

Article 11 – Benefits On Termination of Employment

11.01 Not Vested

If a Member terminates Continuous Service other than by death or retirement prior to the Member attaining his Vesting Date, such Member shall not be entitled to the distribution of the Member's Retirement Account. The value of such Member's Retirement Account shall be allocated to the Employer Account. The Member's Employee Account shall be distributed in accordance with Section 11.03.

11.02 Vesting and Locking-in

If a Member's terminates Continuous Service other than by death or retirement after the Member has attained his Vesting Date, such Member shall be entitled to the distribution of the Member's Retirement Account and Employee Account. If the Member has not attained his Locking-in Date, the Member's Employee Account shall be distributed in accordance with Section 11.03. If the Member has attained his Locking-in Date, the Member's Retirement Account and Employee Account shall be distributed in accordance with Section 11.04.

11.03 Payment of Accounts Prior to Member's Locking-in Date

A Member who:

- (a) has not attained his Vesting Date; or
- (b) has attained his Vesting Date, but has not attained his Locking-in Date;

is entitled to distribution of the Member's Employee Account, and if applicable, the Member's Retirement Account, in one of the following forms:

- (c) a lump sum cash payment;
- (d) paid into another registered pension plan, if the administrator of the other plan so permits;
- (e) paid into an RRSP;

- (f) transferred to an Insurer for the purchase of a life annuity commencing not later than December 31 of the calendar year during which the Member or Spouse, as applicable, attains age 69, in a form acceptable under Revenue Rules; or
- (g) paid into such other registered vehicle as may be approved under Revenue Rules.

The value of the Member's Employee Account and, if applicable, the Member's Retirement Account shall be determined as of the Valuation Date coincident with or immediately preceding the date of distribution.

11.04 Payment of Accounts On and After Member's Locking-in Date

A Member who has attained his Vesting Date and his Locking-in Date is entitled to distribution of the Member's Retirement Account and Employee Account in one of the following forms:

- (a) a transfer to a Locked-in Retirement Savings Vehicle; or
- (b) a transfer to an Insurer for the purchase a life annuity, commencing no later than the end of the calendar year in which the Member attains age 69, in a form acceptable under Applicable Pension Laws and Revenue Rules.

The value of the Member's Retirement Account and Employee Account shall be determined as of the Valuation Date coincident with or immediately preceding the date of distribution.

11.05 Commutation of Pensions and Lump Sum Refunds⁷

- (a) A Member's Retirement Account and Employee Account may be commuted and paid in a lump sum, at the discretion of the Member, upon termination of employment if the adjusted commuted value, as defined under Applicable Pension Laws, of the Member's Retirement Account and Employee Account is less than 40% of the YMPE.

⁷ Applicable as modified in Appendix A and B for Members employed in Ontario and Quebec.

- (b) An annuity required to be paid under the Plan to a Member who has ceased to accrue Continuous Service, who is neither a Canadian citizen nor a resident of Canada for purposes of Revenue Rules and whose Spouse, if applicable, is neither a Canadian citizen nor a resident of Canada for purposes of Revenue Rules, may be commuted and paid in a lump sum at the request of the person entitled to the benefit, provided that the appropriate forms, including a spousal waiver, are completed and filed as required under Applicable Pension Laws.
- (c) Any lump sum refund paid from the Plan may, subject to Revenue Rules, be transferred to an RRSP.

Article 12 – Transfers of Employment

12.01 Transfers Within the Company - Employment not Covered by Plan⁸

- (a) If a Member is transferred within the Company to a category of employment such that the Member ceases to be an Employee for the purposes of the Plan, this transfer shall not constitute a termination of employment for the purposes of Section 4.02, Article 9 and Article 11. Such Member's Retirement Account and Employee Account shall be distributed upon the Member ceasing to accrue Continuous Service.
- (b) A Member to whom Section 12.01(a) applies shall continue to direct the investment of his Retirement Account and Employee Account in accordance with Section 8.03.

⁸ Applicable as modified in Appendix B for Members employed in Quebec.

Article 13 – Fund

13.01 Fund

- (a) A Fund has been established for the purpose of holding the Accounts under the Plan.
- (b) The Company shall select a Funding Agent for the purpose of the custody of the Fund. The Fund shall be held by the Funding Agent in accordance with the terms of the Funding Agreement entered into between the Company and such Funding Agent. The Company and the Funding Agent may agree to amend the form and the terms of the Funding Agreement at any time and from time to time.
- (c) The Company may appoint a Service Provider to maintain records, make payments from the Accounts and provide investment funds. The Company may replace any Service Provider so appointed at any time, in accordance with the terms of any Service Provider Agreement.
- (d) The Funding Agreement and Service Provider Agreement are ancillary to the Plan and are intended to receive contributions made to the Plan and to give effect to the provisions of the Plan relating to the safekeeping and investment of Accounts and to facilitate payments properly made under the Plan, in accordance with Applicable Pension Laws and Revenue Rules, and not to create rights to payments which are in addition to those payments expressly provided under the Plan. In the case of conflict between the provisions of the Plan and those of the Funding Agreement or the Service Provider Agreement, the provisions of the Plan shall govern.
- (e) Subject to Applicable Pension Laws, the payments from the Plan shall only be paid to the extent that they are provided for by the assets held in the Accounts, and no liability or obligation to make any contributions thereto or otherwise shall be imposed upon the Company other than in accordance with Section 6.01.
- (f) The Company shall pay such fees and expenses related to the Plan as it agrees to with the Funding Agency from time to time to cover a portion of the cost

associated with the custodian, recordkeeping and administration of the Plan. The Company reserves the right, in its sole discretion, to modify at any time and from time to time the portion of the cost that it will pay. Any costs not borne directly by the Company shall be paid from the Accounts, including all management fees attributable to the investment funds selected by a Member or the Company in accordance with Article 8. Expenses related to investment brokerage, taxes and similar costs, as well as fees arising from the purchase or sale of securities are included in the unit values of the underlying investment fund. Notwithstanding the foregoing, if a former Member who has terminated Continuous Service does not elect distribution of his Employee Account or Retirement Account in accordance with Sections 11.03 or 11.04, as applicable, the Company reserves the right, in its sole discretion, to charge recordkeeping or other administration fees to such Member's Accounts while they remain in the Fund.

13.02 Investments

- (a) The investment of the Fund shall be made in accordance with Applicable Pension Laws and Revenue Rules.
- (b) The Administrator shall establish a written statement of investment policies and procedures for the Plan.
- (c) The Company reserves the right to change the investment options available under the Plan at any time.

13.03 Borrowing

Neither the Administrator nor the Funding Agent shall borrow money for the purposes of the Plan except as allowed under Applicable Pension Laws and Revenue Rules.

13.04 Claims on the Fund

No Member or any person claiming through a Member shall have any right to, or any interest in any assets of the Plan, save for the Member's Accounts as set out in the Plan.

13.05 **Sole Recourse to Fund**

A Member or person claiming through the Member shall have recourse solely to the Member's Accounts for any benefit or other payment from the Plan. Under no circumstances shall any liability attach to the Company, the Administrator, any member of the pension committee, or any director, officer or employee of the Company, for any payment hereunder.

Article 14 – Protection of Benefits

14.01 Non-Assignability of Benefits

Except as permitted under Section 14.02 and subject to Applicable Pension Laws and the portability and commutation provisions of any other Article of the Plan, no benefit, right or interest provided under the Plan shall be:

- (a) capable of anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, seizure, attachment or other legal or equitable process; or
- (b) capable of being given as security or surrendered;

and, for the purposes of this Section:

- (c) assignment does not include assignment by the legal representative of a deceased individual on the distribution of the individual's estate; and
- (d) surrender does not include a refund of contributions to avoid the revocation of the registration of the Plan under Revenue Rules.

14.02 Support and Division of Property on Marriage Breakdown

- (a) Subject to Applicable Pension Laws, amounts under the Plan may be:
 - (i) subject to execution, seizure or attachment in satisfaction of an order for support or maintenance, pursuant to a decree, order or judgement of a competent tribunal; or
 - (ii) assigned to satisfy a division of matrimonial property, pursuant to a written agreement, decree, order or judgement of a competent tribunal.
- (b) The determination of the amount payable to a person under paragraph (a) shall be subject to Applicable Pension Laws and Revenue Rules.

- (c) The Member's Accounts shall be reduced to account for the value of any settlement made under paragraph (a). Such reduction shall be determined in accordance with Applicable Pension Laws and Revenue Rules.

14.03 Facility of Payment

If the Administrator receives evidence, which in its absolute discretion is satisfactory to it that, that a person entitled to receive a payment under the Plan is a minor or is physically or mentally incompetent, the Administrator may direct the payment to any representative, trustee, guardian, attorney or other person or persons entitled at law to receive the payment on the person's behalf. Such payment shall be a complete discharge of the payment obligation under the Plan.

Article 15 – Amendment or Discontinuance

15.01 Amendment

The Company expects to continue the Plan indefinitely, but nevertheless reserves the right to:

- (a) amend the Plan;
- (b) terminate the Plan, in whole or in part;
- (c) merge or consolidate the Plan with any other registered pension plan adopted by the Board.

Any amendment of the Plan shall be made by:

- (d) the adoption of a resolution by the Board; or
- (e) the execution of a certificate of amendment by an officer of the Company authorized by a resolution of the Board to amend the Plan.

15.02 Amendment Required to Maintain Registration

Notwithstanding any other provision of the Plan, the Company may amend the Plan as may be necessary to maintain the registration of the Plan under Applicable Pension Laws and Revenue Rules.

15.03 Discontinuance

If the Plan is discontinued at any time in whole or in part, the Company shall not be obligated to make any further Company Contributions to the Plan for affected Members with respect to service after the date of termination. Any Company Contributions which were due or accrued prior to the date of termination shall be paid to the Funding Agent for allocation to the Retirement Accounts.

On termination of the Plan in whole or in part, each affected Member shall be entitled to the full amounts in his Retirement Account and Employee Account. Any balance in the

Employer Account shall, subject to Applicable Pension Laws, be returned to the Company.

15.04 Settlement on Discontinuance of Plan

Distribution of a Member's Accounts pursuant to Section 15.03 may be made in the form of cash, the purchase of annuity contracts from an Insurer, the transfer of monies to other registered pension plans or to registered vehicles prescribed by Applicable Pension Laws, or the continuation of the Fund or a combination thereof, at the discretion of the Company and as permitted under Applicable Pension Laws and Revenue Rules.

Article 16 – Disclosure

16.01 Plan Explanation

Within the period prescribed by Applicable Pension Laws, the Administrator shall provide to each Employee who becomes eligible for membership in the Plan, a written description of the Plan. Such description shall explain the terms and conditions of the Plan and amendments thereto applicable to the Employee and the rights and obligations of the Employee in respect of the Plan.

Except as otherwise permitted or required under Applicable Pension Laws, the Administrator shall provide, within the period prescribed under Applicable Pension Laws, a written explanation of an amendment to each Member who accrues Continuous Service and who is affected by the amendment and to each other person as may be prescribed by Applicable Pension Laws.

16.02 Inspection

- (a) The Administrator shall permit a Member, or such person as is required to be permitted under Applicable Pension Laws, to inspect, to make extracts from or to copy the Plan text and any other related documents required to be made available under Applicable Pension Laws, at such time and places as may be prescribed by Applicable Pension Laws.
- (b) To the extent required by Applicable Pension Laws, the Administrator shall provide, on request, a Member, or such person as is required to be permitted under Applicable Pension Laws, with copies of any of the documents required to be made available under Applicable Pension Laws upon payment to the Administrator of a reasonable fee.

16.03 Statement of Account

- (a) Within the period prescribed by Applicable Pension Laws, the Administrator shall provide:

- (i) to each Member who accrues Continuous Service a written statement as to the status of the Member's Accounts and such other information as prescribed by Applicable Pension Laws; and
 - (ii) to each other person as may be required by Applicable Pension Laws, a written statement containing the information prescribed by Applicable Pension Laws.
- (b) Upon cessation of employment of a Member or upon termination of the Member's active membership in the Plan, the Administrator shall provide to the Member (or the person entitled to benefits in the event of the Member's death) within the period prescribed by Applicable Pension Laws, a written statement containing the information prescribed under Applicable Pension Laws in respect of the options to which the Member or other person is entitled.

16.04 Other Information

The Administrator or the Company shall provide such other information regarding the Plan, statistical or otherwise, as is required under Applicable Pension Laws and Revenue Rules.

16.05 Limitation

Such explanation, statement or right of disclosure of the Plan text and other documents provided shall have no effect on the rights or obligations of any person under the Plan, and shall not be referred to in interpreting or giving effect to the provisions of the Plan. Neither the Administrator, any member of the pension committee, nor any employee, officer or director of the Company who is involved in the administration of the Plan shall be liable for any loss or damage claimed by any person to have been caused by any error or omission in such explanation, statement or other information.

Article 17 – Administration

17.01 The Administrator

- (a) The Plan has been established by the Company.
- (b) The Company is the Administrator of the Plan for all purposes including, without limitation, for purposes of Applicable Pension Laws. The Administrator shall decide conclusively all matters relating to the operation, interpretation and application of the Plan.
- (c) The Plan and the Fund shall be administered by the Administrator in accordance with the Plan, the Funding Agreement, written statement of investment policies and procedures for the Plan, the Articles and bylaws of the Company, Applicable Pension Laws and Revenue Rules.
- (d) The Administrator may make rules for the administration of the Plan and may amend such rules from time to time, provided such rules do not conflict with any provision of the Plan.

17.02 Power to Delegate

The Administrator may appoint one or more agents to carry out any act or transaction required for the administration and management of the Plan and the Fund or may retain advisors. Every agent appointed by the Administrator shall report to and shall be subject to the direction and continuing supervision of the Administrator.

17.03 Pension Committee

- (a) *Appointment*
 - (i) The Administrator may appoint individuals to a pension committee.
 - (ii) No individual shall be appointed or accepted for appointment to the pension committee unless the Administrator is satisfied of the

individual's suitability to discharge the responsibilities conferred hereunder.

- (iii) The pension committee shall report to and shall be subject to the direction and control of the Administrator.

(b) *Responsibilities*

- (i) The pension committee shall:
 - (A) monitor the administration of the Plan to ensure compliance with its terms and conditions and all Applicable Pension Laws and Revenue Rules;
 - (B) receive and review financial and other reports that have been prepared pertaining to the Plan;
 - (C) make recommendations to the Administrator with respect to the administration of the Plan;
 - (D) promote awareness and understanding of the Plan among Members and Employees;
 - (E) carry out such other tasks relating to the Plan operations as may be delegated to it by the Administrator from time to time; and
 - (F) make recommendations to the Administrator with respect to the Service Provider and the investment options available under the Plan.
- (ii) Subject to the other provisions of this Article, the pension committee may make rules for the administration of the Plan and for the conduct of the affairs of the pension committee and without limiting the generality of the foregoing, the pension committee may make rules:
 - (A) approving forms and providing for their use;

- (B) prescribing the information to be submitted as a condition of payment made from the Plan; and
- (C) approving disclosure material to be given to Members.

17.04 Entitlement to Rely on Statements

The Administrator or a member of the pension committee may rely in good faith on the statements or reports of the Funding Agent, the Service Provider, an accountant, an appraiser, a lawyer or other professional advisor retained by the Company, the pension committee or the Administrator.

17.05 No Personal Liability

Subject to Applicable Pension Laws, neither the Administrator, nor any member of the pension committee, nor any director, officer or other employee of the Company shall be liable to any person whatsoever for anything done or omitted to be done in respect of the administration of the Plan, except where the act or omission was fraudulent or in bad faith on the part of the person against whom a claim is made.

17.06 Indemnification

The Company shall indemnify and save harmless the members of the pension committee and any other employee, officer or director of the Company whose responsibilities or duties involve any aspect of the administration of the Plan from personal liability in respect of their respective acts or omissions in respect of the administration of the Plan, except where the act or omission was fraudulent or in bad faith on the part of the member, employee, officer or director.

17.07 Company Records

Whenever the records of the Company are used for the purposes of the Plan, such records shall be conclusive of the facts with which they are concerned.

17.08 Information Provided by the Member

- (a) In the absence of actual notice to the contrary, the Administrator shall make payment in accordance with information provided by the Member. If there is a dispute as to whether a person is a Spouse, Beneficiary or other person entitled to payments hereunder, or where two or more persons make adverse claims in respect of an Account, or where a person makes a claim that is inconsistent with information provided by the Member, the Administrator may obtain court directions.
- (b) Payment from or of an Account shall not be made until the person claiming entitlement to such payment delivers to the Administrator, such information as may be required to make such payment, including, without limitation, satisfactory proof of age of the person or persons who may become entitled to the payment.

Appendix A – PROVINCIAL PROVISIONS – ONTARIO

Notwithstanding any other provision of the Plan, provisions of this Appendix shall apply to a Member who is an Ontario Employee.

“Ontario Employee” means an Employee who reports for work at an establishment of the Company in the Province of Ontario. If the Employee is not required to report to work at an establishment of the Company or is required to report to more than one establishment of the Company in different provinces, “Ontario Employee” means an Employee who is paid from an establishment of the Company, such establishment being situated in the Province of Ontario.

Article 2 – Definitions

- 2.26 “Locking-in Date” means the date the Member completes two years of Continuous Service as a Member. For the purpose of this Section, Continuous Service as a Member shall include any period of continuous service accrued immediately prior to January 1, 2005 while a member of the Salaried Pension Plan or the Norbord RAP or immediately prior to April 1, 2005 in respect of a Fraser Technology Employee while a member of the Norbord RAP.
- 2.40 “Spouse” means, in relation to a Member, the person who, at the relevant date, meets one of the following eligibility requirements:
- (a) is married to the Member; or
 - (c) is not married to the Member and is living with the Member in a conjugal relationship:
 - (i) continuously for a period of not less than three years; or
 - (ii) in a relationship of some permanence, if they are the natural or adoptive parents of a child, both as defined in the Family Law Act (Ontario).

For the purposes of eligibility for survivor benefits under Section 9.03 or Section 10.01, the person must not be living separate and apart from the Member at the time of the Member’s death or retirement, as the case may be.

Article 3 – Membership

3.05 Part-time Employees

- (a) Each person who is an Employee in part-time employment with the Company and who earned at least 35% of the YMPE or worked 700 hours with the Company during two consecutive calendar years shall be eligible to become a Member on the first day of the month coincident with or next following 24 months of Continuous Service.
- (b) Each Employee who has satisfied the criteria in paragraph (a) and who elects not to join the Plan, shall provide a written waiver in the form and manner prescribed by the Company.
- (c) An Employee who has elected not to join the Plan pursuant to paragraph (b), may elect to become a Member on the first day of the month following the date the Member provides written notice to the Company, in the form and manner prescribed by the Company.

Article 10 – Death Benefits

10.01 Death Benefits Prior to Distribution of Member's Accounts

If the death of a Member occurs prior to the distribution of the Member's Retirement Account and Employee Account under any other Article of the Plan, the Member's Spouse or, if there is no Spouse or if the Spouse has waived, in prescribed form and in accordance with Applicable Pension Laws, the right to the death benefit, the Member's Beneficiary shall be entitled to distribution in accordance with Section 10.02 of the value of the Member's Retirement Account and Employee Account.

Article 11 – Termination of Employment

11.05 Commutation of Pensions and Lump Sum Refunds

- (a) If a Member's Retirement Account and Employee Account would upon application to purchase an annuity payable to the Member at Normal Retirement

Date, provide annual instalments of less than 2% of the YMPE (or such other amount as may be commuted in accordance with both Applicable Pension Laws and Revenue Rules), the Administrator may arrange settlement by directing the payment of the Member's Retirement Account and Employee Account in a lump sum to the Member.

- (b) A former Member's Retirement Account and Employee Account may be commuted and paid in a lump sum if requested by the former Member and if the former Member:
 - (i) establishes that he has an illness or physical disability which is likely to shorten his life expectancy to less than two years, as certified by a written statement from a qualified medical doctor licensed to practice in Canada;
 - (ii) provides an application to the Administrator in the prescribed form; and
 - (iii) satisfies any other conditions prescribed by Applicable Pension Laws.
- (c) Any lump sum refund paid from the Plan may, subject to Revenue Rules, be transferred to an RRSP.

Appendix B – PROVINCIAL PROVISIONS - QUEBEC

Notwithstanding any other provision of the Plan, provisions of this Appendix shall apply to a Member who is a Quebec Employee.

“Quebec Employee” means an Employee who reports for work at an establishment of the Company in the Province of Quebec. If the Employee is not required to report to work at an establishment of the Company or is required to report to more than one establishment of the Company in different provinces, “Quebec Employee” means an Employee who is paid from an establishment of the Company, such establishment being situated in the Province of Quebec.

Article 2 – Definitions

2.26 “Locking-in Date” means the date an Employee becomes a Member of the Plan.

2.40 (a) “Spouse” means, in relation to a Member, the person, whether the person is of the opposite sex or the same sex, who, at the earlier of the commencement of the Member’s pension and the date of the Member’s death, meets one of the following eligibility requirements:

- (i) is married to or is in a civil union with the Member; or
- (ii) where the Member is neither married nor in a civil union, the person who lives together with the Member in a conjugal relationship:
 - (A) continuously for a period of three years or more; or
 - (B) continuously for a period of one year or more if:
 - (1) at least one child is born, or to be born, of their union;
 - (2) they have adopted, jointly, at least one child while living together in a conjugal relationship; or

- (3) one of them has adopted at least one child who is the child of the other, while living together in a conjugal relationship.

For the purposes of (ii), the birth or adoption of a child during a marriage or a period of conjugal relationship prior to the period of conjugal relationship existing on the day as of which spousal status is established may qualify a person as a Spouse.

- (b) “Separation” means, in relation to a Member and his Spouse:
 - (i) legal separation from bed and board if the Spouse satisfies the eligibility requirement set out in subparagraph (a)(i); or
 - (ii) cessation of conjugal relationship if the Spouse satisfies the eligibility requirement set out in subparagraph (a)(ii).

If Separation occurs prior to the date of the Member’s death, the person who is the Member’s Spouse in accordance with (a) shall cease to be the Member’s Spouse for the purposes of Article 10.

- (c) If Separation occurs pursuant to subparagraph (b)(i) prior to the date of the first instalment of a life annuity is due to the Member, the person who is the Member’s Spouse in accordance with (a)(i) shall cease to be the Member’s Spouse for the purposes of Section 9.03(b) except where the Member notified the Insurer in writing to have such person entitled to the contingent pension despite such Separation.
- (d) If, after the first instalment of a life annuity is paid to a Member, Separation occurs or the Spouse ceases to be married to or in a civil union with the Member, the person who was the Spouse of the Member on the commencement of the life annuity payment shall cease to be the Member’s Spouse for the purposes of any contingent retirement income payable under the form of payment elected by the Member in accordance with the terms of the Insurer, except where the Member notified the Insurer in writing to have such person entitled to the contingent pension despite such Separation or termination of marriage or civil union.

2.42 “Vesting Date” means the date an Employee becomes a Member of the Plan.

Article 3 – Membership

3.05 Part-time Employees

- (a) Each person who is a Quebec Employee in part-time employment with the Company shall be eligible to become a Member on January 1, or the date the Employee is rehired, if applicable, of the calendar year following the year in which the Employee earned at least 35% of the YMPE or worked 700 hours with the Company and on the first day of any month after that date during that calendar year.
- (b) Each Employee who has satisfied the criteria in paragraph (a) and who elects not to join the Plan, shall provide a written waiver in the form and manner prescribed by the Company.
- (c) An Employee who has elected not to join the Plan pursuant to paragraph (b), may elect to become a Member on the first day of the month following the date the Member provides written notice to the Company, in the form and manner prescribed by the Company.

Article 9 – Retirement Benefits

9.05 Phased Retirement

A Member whose working time is reduced in accordance with a phased retirement agreement with the Company may receive, on request, for each calendar year covered by the agreement with the Company, a lump sum payment which shall not exceed the lesser of:

- (a) 70% of the reduction in the Member’s remuneration resulting from the reduction in his working time during that year;
- (b) 40% of the YMPE for that year; and
- (c) the value of the Member’s Retirement Account and Employee Account.

Article 10 – Death Benefits

10.01 Death Benefits Prior to Distribution of Member's Accounts

If the death of a Member occurs prior to the distribution of the Member's Retirement Account and Employee Account under any other Article of the Plan, the Member's Spouse or, if there is no Spouse or if the Spouse has waived, in accordance with Applicable Pension Laws, the right to the death benefit, the Member's Beneficiary shall be entitled to distribution in accordance with Section 10.02 of the value of the Member's Retirement Account and Employee Account.

Article 11 – Termination of Employment

11.05 Commutation of Pensions and Lump Sum Refunds

- (a) A Member's Retirement Account and Employee Account may be commuted and paid in a lump sum, at the discretion of the Member, upon termination of employment or retirement, or may be paid in a lump sum to the Member's Spouse, if the Member has died, if the value of the Accounts is less than 20% of the YMPE.
- (b) Any lump sum refund paid from the Plan may, subject to Revenue Rules, be transferred to an RRSP.
- (c) The Member's Retirement Account and Employee Account may be commuted and paid in a lump sum, at the discretion of the Member, if:
 - (i) the Member has attained age 65;
 - (ii) the sum of the Member's Retirement Account and Employee Account and balances in any defined contribution provision of another registered pension plan and in any Locked-in Retirement Savings Vehicle, is less than 40% of the YMPE in the year the benefits are being paid; and
 - (iii) the person entitled to the benefits files a duly signed form prescribed by Applicable Pension Laws with the Administrator.

Article 12 – Transfer of Employment

12.01 Transfer Within the Company – Employment Not Covered by Plan

If a Member is transferred within the Company to a category of employment such that the Member ceases to be an Employee for the purposes of the Plan, the Member may elect to receive benefits in accordance with Article 11.

CERTIFICATE OF AMENDMENT
TO THE FRASER PAPERS INC. DEFINED CONTRIBUTION PENSION PLAN
AMENDMENT NUMBER 2

WHEREAS Fraser Papers Inc. (the "Company") sponsors the Fraser Papers Inc. Defined Contribution Pension Plan (the "Plan");

AND WHEREAS pursuant to Section 15.01 of the Plan, the Company reserves the right to amend the Plan;

AND WHEREAS the Company wishes to amend the Plan to prohibit any non-bargaining employee hired at the Thurso pulp mill on or after April 1, 2008 from being eligible to join the Plan;

AND WHEREAS the Company wishes to amend the Plan to prohibit a bargaining unit employee who is transferred to a non-bargaining position at the Thurso pulp mill and who has completed his probationary period in respect of such position on or after April 1, 2008 from being eligible to join the Plan;

NOW THEREFORE BE IT RESOLVED THAT:

1. Effective April 1, 2008, paragraph 2.18 (d) shall be deleted in its entirety and replaced with the following:

“(d) Effective April 1, 2008:

- (i) the persons described in paragraphs (a), (b) and (c);
- (ii) each person who is hired in a non-bargaining position at the Thurso pulp mill on or after March 10, 2006 and prior to April 1, 2008;
- (iii) each person who is a bargaining unit employee at the Thurso pulp mill who is transferred to a non-bargaining position at the Thurso pulp mill and who has completed his probationary period in respect of such position prior to April 1, 2008; and

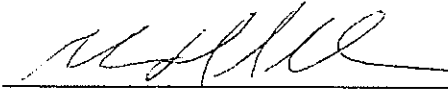
- (iv) each person who is a bargaining unit employee who accrues benefits under the Hourly Pension Plan, who is transferred to a non-bargaining position and who has completed his probationary period in respect of such position.”

IN WITNESS WHEREOF the undersigned officers of Fraser Papers Inc., acting pursuant to standing resolutions of the Company's Board of Directors, hereby adopt the foregoing resolutions and amend the Plan as set forth above.

DATED this day of , 2008.



Marina Mueller
Assistant Corporate Secretary



Glen McMillan
Senior Vice President and Chief Financial Officer

CERTIFICATE OF AMENDMENT
TO THE FRASER PAPERS INC. DEFINED CONTRIBUTION PENSION PLAN
AMENDMENT NUMBER 2

WHEREAS Fraser Papers Inc. (the "Company") sponsors the Fraser Papers Inc. Defined Contribution Pension Plan (the "Plan");

AND WHEREAS pursuant to Section 15.01 of the Plan, the Company reserves the right to amend the Plan;

AND WHEREAS the Company wishes to amend the Plan to prohibit any non-bargaining employee hired at the Thurso pulp mill on or after April 1, 2008 from being eligible to join the Plan;

AND WHEREAS the Company wishes to amend the Plan to prohibit a bargaining unit employee who is transferred to a non-bargaining position at the Thurso pulp mill and who has completed his probationary period in respect of such position on or after April 1, 2008 from being eligible to join the Plan;

NOW THEREFORE BE IT RESOLVED THAT:

1. Effective April 1, 2008, paragraph 2.18 (d) shall be deleted in its entirety and replaced with the following:

“(d) Effective April 1, 2008:

- (i) the persons described in paragraphs (a), (b) and (c);
- (ii) each person who is hired in a non-bargaining position at the Thurso pulp mill on or after March 10, 2006 and prior to April 1, 2008;
- (iii) each person who is a bargaining unit employee at the Thurso pulp mill who is transferred to a non-bargaining position at the Thurso pulp mill and who has completed his probationary period in respect of such position prior to April 1, 2008; and

- (iv) each person who is a bargaining unit employee who accrues benefits under the Hourly Pension Plan, who is transferred to a non-bargaining position and who has completed his probationary period in respect of such position.”

IN WITNESS WHEREOF the undersigned officers of Fraser Papers Inc., acting pursuant to standing resolutions of the Company’s Board of Directors, hereby adopt the foregoing resolutions and amend the Plan as set forth above.

DATED this day of , 2008.



Marina Mueller
Assistant Corporate Secretary



Glen McMillan
Senior Vice President and Chief Financial Officer

**AMENDMENT
TO THE FRASER PAPERS INC. DEFINED CONTRIBUTION PENSION PLAN
AMENDMENT NUMBER 3**

WHEREAS Fraser Papers Inc. (the "Company") sponsors the Fraser Papers Inc. Defined Contribution Pension Plan (the "Plan");

AND WHEREAS pursuant to Section 15.01 of the Plan, the Company reserves the right to amend the Plan;

AND WHEREAS the Company wishes to amend the Plan to provide that no employees will be able to join the Plan after October 31, 2009;

NOW THEREFORE BE IT RESOLVED THAT, effective October 31, 2009:

1. The following is added to the end of Section 1.02:

"Effective October 31, 2009, the Plan was closed to new Members and persons hired by the Company on and after November 1, 2009 are not eligible to join this Plan."

2. A new subsection 2.18(e) is added to the definition of "Employee" as follows:

"(e) Notwithstanding the foregoing, no person hired by the Company on and after November 1, 2009 shall be an Employee within the meaning of this Plan."

3. A new Section 3.09 is added to the Plan as follows:

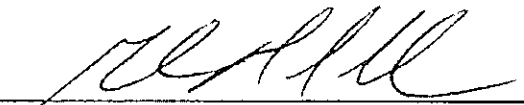
"3.09 Plan Closed October 31, 2009

Notwithstanding any other provision of this Plan, no Employee shall become eligible to become a Member of this Plan after October 31, 2009."

IN WITNESS WHEREOF the undersigned officers of Fraser Papers Inc., acting pursuant to a resolution of the Company's Board of Directors dated October 28, 2009, hereby adopt the foregoing resolutions and amend the Plan as set forth above.

DATED at Toronto, Canada this 29th of October, 2009.

For Fraser Papers Inc.

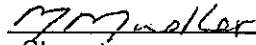
Per: 
Signature

Glen McMillan

Name (printed)

Senior VP and Chief Financial Officer

Title


Signature

Marina Mueller

Name (printed)

Assistant Corporate Secretary

Title

EXHIBIT “C”

Fraser Papers Inc.
Supplemental Employee Retirement Plan
Effective January 1, 2002

Restated January 1, 2007

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PURPOSE AND ORGANIZATION

The Company hereby establishes the Supplemental Plan effective January 1, 2002, to provide retirement benefits to eligible salaried employees of the Company who are members of either the Edmundston Plan, the Thurso Plan or, on or after January 1, 2005, the Fraser DC Plan (collectively referred to as the "Pension Plan"). The Supplemental Plan supersedes all prior agreements between a Member and the Company dealing with the subject matter hereof. The purposes of the Supplemental Plan are to:

- (a) provide benefits on a defined benefit basis to PEP Members, Flex Members and Thurso DB Members in excess of the benefits payable to such employees under the Pension Plan, which benefits are restricted by the maximum benefits permitted under the Income Tax Act (Canada). For this purpose, the Supplemental Plan restores benefits under the Pension Plan to the level that would be available in accordance with the benefit formula under the Pension Plan if such restrictions were not applicable;
- (b) provide benefits on a defined contribution basis to Fraser DC Members in excess of the contributions that may be made in respect of such employees under the Fraser DC Plan, which contributions are restricted by the maximum contributions permitted under the Income Tax Act (Canada). For this purpose, the Supplemental Plan restores benefits under the Fraser DC Plan to the level that would be available in accordance with the contribution formula under the Fraser DC Plan if such restrictions were not applicable; and
- (c) reimburse to Flex Members any balance in the Flex Member's Ancillary Account which is forfeited by the Flex Member under the Edmundston Plan at retirement, termination or death, as a result of the conditions for registration of flexible pension plans under the Income Tax Act (Canada).

The Supplemental Plan is intended to be exempt from provincial legislation relating to registered pension plans.

Articles 1 to 3 inclusive set forth the benefits payable to PEP Members. Articles 4 to 7 inclusive set forth the benefits payable to Flex Members. Articles 8 to 10 inclusive set forth the benefits payable to Thurso DB Members. Articles 11 to 15 inclusive set forth the benefits payable to Fraser DC Members. Articles 16 to 22 inclusive set forth general provisions that apply to all Members.

Subject to Appendix I, the Supplemental Plan shall apply in respect of the determination of benefits payable to an eligible employee who retires, dies or terminates employment on or after January 1, 2002 except for Articles 11 to 15 inclusive, which are effective January 1, 2005. For greater certainty, the Supplemental Plan shall not apply to any former Employees eligible to receive, or in receipt of a supplemental pension benefit as at December 31, 2001.

PENSION EQUITY PLAN (PEP) PROVISIONS

The provisions contained in Articles 1 to 3 inclusive shall apply to PEP Members only.

Article 1 – RETIREMENT BENEFITS

- 1.01 If a PEP Member's Continuous Service terminates on or after his Early Retirement Date, the Company will pay a Supplemental Allowance to the PEP Member. Subject to Section 22.02, the Supplemental Allowance will be paid in the same form and in the same manner and at the same time as the PEP Member elects, or is deemed to elect, to receive retirement income under the Pension Plan.
- 1.02 The amount of the Supplemental Allowance payable under Section 1.01 will be determined in accordance with (a) or (b) below, as applicable:
- (a) where the retirement benefits under the Pension Plan are payable as an immediate or deferred pension, the Supplemental Allowance shall be paid as an immediate or deferred pension, as applicable, in an annual amount equal to the excess of (i) over (ii), as follows:
 - (i) the amount of annual lifetime pension which would be determined in accordance with Article 1 of the Edmundston Plan (without reference to the minimum pension in Section 1.06 thereof) or Article 5 of the Thurso Plan, as applicable, at the date benefits commence to be paid and in the form elected or deemed to be elected by the PEP Member, as if the limits as to the maximum pension payable as set out in Section 19.01 of the Edmundston Plan or Section 15.01 of the Thurso Plan were not applicable;
 - (ii) the amount of annual lifetime pension actually payable to the PEP Member from year to year in accordance with Article 1 of the Edmundston Plan or Article 5 of the Thurso Plan, as applicable, in the form elected or deemed to be elected by the PEP Member thereunder; and
 - (b) where the PEP Member has elected to transfer his or her Cash Value under the Pension Plan, the Supplemental Allowance will be paid in a lump sum in an amount equal to the excess of (i) over (ii), as follows:
 - (i) the Cash Value which would be determined in respect of the PEP Member in accordance with Section 1.02(b) of the Edmundston Plan (without reference to the minimum pension in Section 1.06 thereof) or

Section 5.03 of the Thurso Plan, as applicable, as if the restrictions in Sections 1.02(c) and (d) of the Edmundston Plan or Section 5.02 of the Thurso Plan were not applicable;

- (ii) the Cash Value actually payable in respect of the PEP Member in accordance with Article 1 of the Edmundston Plan or Article 5 of the Thurso Plan, as applicable, based on Credited Service to the date of termination of Continuous Service.

The payment of the Supplemental Allowance in the form of a lump sum shall serve as a full discharge of all rights of the PEP Member to benefits under the Supplemental Plan.

- 1.03 A PEP Member who, while accruing Continuous Service, becomes totally disabled (within the meaning of the Pension Plan) and who is receiving income under the Company's long-term disability income plan shall be deemed to be on an authorized disability leave of absence and shall accrue a benefit under this Supplemental Plan in accordance with the terms and conditions under the Pension Plan that apply to such accrual.
- 1.04 For greater certainty, in determining the amount of Supplemental Allowance payable under Section 1.02, the amount of retirement income or Cash Value payable under the Pension Plan shall include any amount payable thereunder to any former Spouse of the PEP Member.

Article 2 – TERMINATION OF EMPLOYMENT

- 2.01 If a PEP Member's Continuous Service terminates prior to his Early Retirement Date (and, in the case of a PEP Member who is a member of the Edmundston Plan, after the completion of two (2) years of Continuous Service), for any reason other than retirement or death, the Company will pay a Supplemental Allowance to the PEP Member. Subject to Section 22.02, the Supplemental Allowance will be paid in the same form and in the same manner and at the same time as the PEP Member elects, or is deemed to elect, to receive retirement income from the Pension Plan.
- 2.02 The amount of the Supplemental Allowance payable under Section 2.01 will be determined in accordance with (a) or (b) below, as applicable:
- (a) where the retirement benefits under the Pension Plan are payable as a deferred pension, the Supplemental Allowance shall be paid as a deferred pension in an annual amount equal to the excess of (i) over (ii), as follows:
 - (i) the amount of annual pension which would be determined in accordance with Article 2 of the Edmundston Plan (without reference to the minimum pension in Section 1.06 thereof) or Article 6 of the Thurso Plan, as applicable, in the form elected or deemed to be elected by the PEP Member, based on Credited Service to the date of termination of Continuous Service, as if the limits as to the maximum pension payable as set out in Section 19.01 of the Edmundston Plan or Section 15.01 of the Thurso Plan were not applicable;
 - (ii) the amount of annual pension actually payable to the PEP Member from year to year in accordance with Article 2 of the Edmundston Plan or Article 6 of the Thurso Plan, as applicable, in the form elected or deemed to be elected by the PEP Member thereunder, based on Credited Service to the date of termination of Continuous Service; and
 - (b) where the PEP Member has elected to transfer his or her Cash Value under the Pension Plan, the Supplemental Allowance will be paid in a lump sum in an amount equal to the excess of (i) over (ii), as follows:

- (i) the Cash Value which would be determined in respect of the PEP Member in accordance with Article 2 of the Edmundston Plan (without reference to the minimum pension in Section 1.06 thereof) or Article 6 of the Thurso Plan, as applicable, as if the restrictions in Sections 1.02(c) and (d) of the Edmundston Plan or Section 5.02 of the Thurso Plan were not applicable;
- (ii) the Cash Value actually payable in respect of the PEP Member in accordance with Article 2 of the Edmundston Plan or Article 6 of the Thurso Plan, as applicable, based on Credited Service to the date of termination of Continuous Service.

The payment of the Supplemental Allowance in the form of a lump sum shall serve as a full discharge of all rights of the PEP Member to benefits under the Supplemental Plan.

- 2.03 If the Continuous Service of a PEP Member who is a member of the Edmundston Plan terminates prior to his Early Retirement Date and prior to the completion of two (2) years of Continuous Service, for any reason other than retirement or death, no Supplemental Allowance will be payable to such PEP Member.
- 2.04 For greater certainty, in determining the amount of Supplemental Allowance payable under Section 2.02, the amount of retirement income or Cash Value payable under the Pension Plan shall include any amount payable thereunder to any former Spouse of the PEP Member.

Article 3 – DEATH BENEFITS

Death Benefits Prior to Retirement Date

- 3.01 If a PEP Member dies prior to retirement (and in the case of a PEP Member who is a member of the Edmundston Plan, after the completion of two (2) years of Continuous Service), the Company will pay a Supplemental Allowance in respect of the Member.
- 3.02 The amount of the Supplemental Allowance payable under Section 3.01 will be determined in accordance with (a) or (b) below, as applicable:
- (a) where the death benefits under the Pension Plan are payable as an immediate or deferred pension to the PEP Member's Spouse, the Supplemental Allowance shall be paid as an immediate or deferred pension, as applicable, to the Spouse, in an annual amount equal to the excess of (i) over (ii), as follows:
 - (i) the amount of annual pension which would be determined in accordance with Article 3 of the Edmundston Plan (without reference to the minimum pension in Section 1.06 thereof) or Article 7 of the Thurso Plan, as applicable, in the form elected or deemed to be elected by the Spouse, as if the restrictions in Sections 1.02(c) and (d) of the Edmundston Plan or Section 5.02 of the Thurso Plan were not applicable;
 - (ii) the amount of annual pension actually payable to the Spouse from year to year in accordance with Article 3 of the Edmundston Plan or Article 7 of the Thurso Plan in the form elected or deemed to be elected by the Spouse thereunder; and
 - (b) where the death benefits under the Pension Plan are payable in a lump sum to the PEP Member's Spouse or Beneficiary, the Supplemental Allowance will be paid to the Spouse or Beneficiary, as applicable, in a lump sum in an amount equal to the excess of (i) over (ii), as follows:
 - (i) the Cash Value which would be determined in respect of the PEP Member in accordance with Article 3 of the Edmundston Plan (without reference to the minimum pension in Section 1.06 thereof) or Article 7 of the Thurso Plan, as applicable, as if the restrictions in Sections 1.02(c)

and (d) of the Edmundston Plan or Section 5.02 of the Thurso Plan were not applicable;

- (ii) the Cash Value actually payable to the Spouse or Beneficiary, as applicable, in accordance with Article 3 of the Edmundston Plan or Article 7 of the Thurso Plan, as applicable.

The payment of the Supplemental Allowance in the form of a lump sum shall serve as a full discharge of all rights to benefits in respect of the PEP Member under the Supplemental Plan.

- 3.03 If a PEP Member who is a member of the Edmundston Plan dies prior to retirement and prior to the completion of two (2) years of Continuous Service, no Supplemental Allowance will be payable hereunder.
- 3.04 For greater certainty, in determining the amount of Supplemental Allowance payable under Section 3.02, the amount of retirement income or Cash Value payable under the Pension Plan shall include any amount payable thereunder to any former Spouse of the PEP Member.

Death Benefits After Retirement Date

- 3.05 If a PEP Member dies after commencement of a Supplemental Allowance that is paid in the form of a retirement income, subsequent monthly instalments, if any, shall be paid in the same manner and upon the same terms and conditions relating to the monthly instalments determined under the provisions of Article 1 and Section 22.02.

FLEXIBLE PENSION PLAN (FLEX) PROVISIONS

The provisions contained in Articles 4 to 7 inclusive shall apply to Flex Members only.

Article 4 – RETIREMENT BENEFITS

- 4.01 If a Flex Member's Continuous Service terminates on or after his Early Retirement Date, the Company will pay a Supplemental Allowance to the Flex Member. Subject to Section 22.02, the Supplemental Allowance will be paid in the same form and in the same manner and at the same time as the Flex Member elects, or is deemed to elect, to receive retirement income from the Edmundston Plan.
- 4.02 The annual amount of the Supplemental Allowance will be an amount equal to the excess of (a) over (b), as follows, where:
- (a) is the amount of annual lifetime pension and bridge benefit, if any, which would be determined in accordance with Article 5 of the Edmundston Plan at the date benefits commence to be paid and in the form elected or deemed to be elected by the Flex Member, if the limits as to the maximum pension and maximum bridge benefits payable as set out in Sections 19.01, 19.02 and 19.03 of the Edmundston Plan were not applicable;
 - (b) is the amount of annual lifetime pension and bridge benefit, if any, actually payable to the Flex Member from year to year in accordance with Article 5 of the Edmundston Plan in the form elected or deemed to be elected by the Flex Member thereunder.
- 4.03 A Flex Member who, while accruing Continuous Service, becomes totally disabled (within the meaning of the Edmundston Plan) and who is receiving income under the Company's long-term disability income plan shall be deemed to be on an authorized disability leave of absence and shall accrue a benefit under this Supplemental Plan in accordance with the terms and conditions under the Edmundston Plan that apply to such accrual.
- 4.04 For greater certainty:
- (a) in determining the amount of Supplemental Allowance payable under Section 4.02, the amount of retirement income payable under the Edmundston Plan shall include any amount payable thereunder to any former Spouse of the Flex Member; and

- (b) the Supplemental Allowance payable under Section 4.02 shall be determined without reference to any ancillary benefits purchased by a Flex Member under Article 7 of the Edmundston Plan.

4.05 The Company may, in its discretion, establish and maintain an individual Notional Ancillary Account in respect of a Flex Member and may make Notional Ancillary Contributions to such Notional Ancillary Account in such amount(s) and on such terms as the Company may determine. Such Notional Ancillary Contributions shall accumulate with notional interest each calendar year at the same rate applicable to the Flex Member's ancillary contributions under Section 6.02 of the Edmundston Plan for such calendar year. Upon the Flex Member's retirement or termination of employment, as applicable, the Flex Member's Notional Ancillary Account shall be used to provide a 5-year annuity certain payable monthly to the Flex Member, calculated using the same discount rate used to convert the Flex Member's optional ancillary contributions to optional ancillary benefits under the Edmundston Plan, as determined by the Actuary. If the Flex Member dies prior to receiving the 60th monthly payment, the remaining payments shall be paid to the Member's Spouse or Beneficiary, as applicable, in an Actuarial Equivalent lump sum amount.

Upon the Flex Member's death prior to retirement or termination of employment, the Member's Notional Ancillary Account balance shall be paid to the Member's Spouse or Beneficiary, as applicable, in a lump sum

Article 5 – TERMINATION OF EMPLOYMENT

- 5.01 If a Flex Member's Continuous Service terminates prior to his Early Retirement Date, for any reason other than retirement or death, the Company will pay a Supplemental Allowance to the Flex Member. Subject to Section 22.02, the Supplemental Allowance will be paid in the same form and in the same manner and at the same time as the Flex Member elects, or is deemed to elect, to receive retirement income from the Edmundston Plan.
- 5.02 The amount of the Supplemental Allowance payable under Section 5.01 will be determined in accordance with (a) or (b) below, as applicable:
- (a) where the retirement benefits under the Edmundston Plan are payable as a deferred pension, the Supplemental Allowance shall be paid as a deferred pension in an annual amount equal to the excess of (i) over (ii), as follows:
 - (i) the amount of annual pension which would be determined in accordance with Article 8 of the Edmundston Plan in the form elected or deemed to be elected by the Flex Member, based on Credited Service to the date of termination of Continuous Service, as if the limits as to the maximum pension payable as set out in Section 19.01 of the Edmundston Plan were not applicable;
 - (ii) the amount of annual pension actually payable to the Flex Member from year to year in accordance with Article 8 of the Edmundston Plan in the form elected or deemed to be elected by the Flex Member thereunder, based on Credited Service to the date of termination of Continuous Service; and
 - (b) where the Flex Member has elected to transfer the commuted value of the benefits under the Edmundston Plan, the Supplemental Allowance will be paid in a lump sum in an amount equal to the excess of (i) over (ii), as follows:
 - (i) the Actuarial Equivalent of the amount determined under Section 5.02(a)(i);

- (ii) the lump sum amount actually payable in respect of the Flex Member in accordance with Section 21.01 of the Edmundston Plan, based on Credited Service to the date of termination of Continuous Service.

Subject to Article 7, the payment of the Supplemental Allowance in the form of a lump sum shall serve as a full discharge of all rights of the Flex Member to benefits under the Supplemental Plan.

5.03 For greater certainty:

- (a) in determining the amount of Supplemental Allowance payable under Section 5.02, the amount of retirement income payable under the Edmundston Plan shall include any amount payable thereunder to any former Spouse of the Flex Member; and
- (b) the Supplemental Allowance payable under Section 5.02 shall be determined without reference to any ancillary benefits purchased by a Flex Member under Article 7 of the Edmundston Plan.

Article 6 – DEATH BENEFITS

Death Benefits Prior to Retirement Date

- 6.01 If a Flex Member dies prior to the commencement of a Supplemental Allowance, the Company will pay to the Spouse, or if there is no Spouse or if the Flex Member and the Spouse have jointly waived the Spouse's entitlements under the Edmundston Plan, the Beneficiary, an amount equal to the excess of (a) over (b), as follows:
- (a) the amount that would be determined in accordance with Article 9 of the Edmundston Plan, based on Credited Service to the date of death, as if the limits as to the maximum pension payable as set out in Section 19.01 of the Edmundston Plan were not applicable; and
 - (b) the amount actually payable to the Spouse or Beneficiary, as applicable, in accordance with Article 9 of the Edmundston Plan based on Credited Service to the date of death.
- 6.02 Subject to Section 22.02, any amount payable under the terms of this Article 6 will be paid in the same form and manner as the death benefits payable under the Edmundston Plan. Subject to Article 7, any such payment made in the form of a lump sum shall serve as a full discharge of all rights to benefits in respect of the Flex Member under the Supplemental Plan.
- 6.03 For greater certainty:
- (a) in determining the amount of Supplemental Allowance payable under Section 6.01, the amount of retirement income payable under the Edmundston Plan shall include any amount payable thereunder to any former Spouse of the Flex Member; and
 - (b) the Supplemental Allowance payable under Section 6.01 shall be determined without reference to any ancillary benefits purchased by a Flex Member under Article 7 of the Edmundston Plan.

Death Benefits After Retirement Date

- 6.04 If a Flex Member dies after commencement of a Supplemental Allowance that is paid in the form of a retirement income, subsequent monthly instalments, if any, shall be paid in the same manner and upon the same terms and conditions relating to the monthly instalments determined under the provisions of Article 4 and Section 22.02.

Article 7 – REIMBURSEMENT OF FORFEITED AMOUNTS

- 7.01 If, upon retirement, termination of employment or death of a Flex Member, the Flex Member forfeits any balance in his or her Ancillary Account pursuant to Section 7.07(b) of the Edmundston Plan, the Company shall pay a Supplemental Allowance as follows:
- (a) In the case of retirement or termination of employment (other than as a result of death), the amount forfeited pursuant to Section 7.07(b) of the Edmundston Plan shall be used to provide a 5-year annuity certain payable monthly to the Flex Member, equal to the Actuarial Equivalent of the amount forfeited as at such date and calculated using the same discount rate used to convert the Flex Member's optional ancillary contributions to optional ancillary benefits under the Edmundston Plan, as determined by the Actuary. If the Flex Member dies prior to receiving the 60th monthly payment, the remaining payments shall be paid to the Member's Spouse or Beneficiary, as applicable, in an Actuarial Equivalent lump sum amount.
 - (b) In the case of death prior to retirement or termination of employment, the amount forfeited pursuant to Section 7.07(b) of the Edmundston Plan shall be paid to the Member's Spouse, Beneficiary or estate, as applicable, in a lump sum.
- 7.02 Any amount paid in respect of a Flex Member in a lump sum, or payment to a Flex Member of the 60th monthly instalment, as applicable, under Section 7.01, shall serve as a full discharge of all rights to benefits in respect of the Flex Member's Ancillary Account under the Edmundston Plan and the Supplemental Plan.

THURSO DEFINED BENEFIT PLAN (DB) PROVISIONS

The provisions contained in Articles 8 to 10 inclusive shall apply to Thurso DB Members only.

Article 8 – RETIREMENT BENEFITS

- 8.01 If a Thurso DB Member's Continuous Service terminates on or after his Early Retirement Date, the Company will pay a Supplemental Allowance to the Thurso DB Member. Subject to Section 22.02, the Supplemental Allowance will be paid in the same form and in the same manner and at the same time as the Thurso DB Member elects, or is deemed to elect, to receive retirement income under the Thurso Plan.
- 8.02 The annual amount of the Supplemental Allowance payable under Section 8.01 shall be equal to the excess of (a) over (b), as follows:
- (a) the amount of annual pension which would be determined in accordance with Article 1 of the Thurso Plan at the date benefits commence to be paid and in the form elected or deemed to be elected by the Thurso DB Member, as if the limits as to the maximum pension payable as set out in Section 15.01 of the Thurso Plan were not applicable;
 - (b) the amount of annual pension actually payable to the Thurso DB Member from year to year in accordance with Article 1 of the Thurso Plan in the form elected or deemed to be elected by the Thurso DB Member thereunder.
- 8.03 A Thurso DB Member who, while accruing Continuous Service, becomes totally disabled (within the meaning of the Thurso Plan) and who is receiving income under the Company's long-term disability income plan shall be deemed to be on an authorized disability leave of absence and shall accrue a benefit under this Supplemental Plan in accordance with the terms and conditions under the Thurso Plan that apply to such accrual.
- 8.04 For greater certainty, in determining the amount of Supplemental Allowance payable under Section 8.02, the amount of retirement income payable under the Thurso Plan shall include any amount payable thereunder to any former Spouse of the Thurso DB Member.

Article 9 – TERMINATION OF EMPLOYMENT

- 9.01 If a Thurso DB Member's Continuous Service terminates prior to his Early Retirement Date, the Company will pay a Supplemental Allowance to the Thurso DB Member. Subject to Section 22.02, the Supplemental Allowance will be paid in the same form and

in the same manner and at the same time as the Thurso DB Member elects, or is deemed to elect, to receive retirement income from the Thurso Plan.

9.02 The amount of the Supplemental Allowance payable under Section 9.01 will be determined in accordance with (a) or (b) below, as applicable:

- (a) where the retirement benefits under the Thurso Plan are payable as a deferred pension, the Supplemental Allowance shall be paid as a deferred pension in an annual amount equal to the excess of (i) over (ii), as follows:
 - (i) the amount of annual pension which would be determined in accordance with Article 2 of the Thurso Plan in the form elected or deemed to be elected by the Thurso DB Member, based on Credited Service to the date of termination of Continuous Service, as if the limits as to the maximum pension payable as set out in Section 15.01 of the Thurso Plan were not applicable;
 - (ii) the amount of annual pension actually payable to the Thurso DB Member from year to year in accordance with Article 2 of the Thurso Plan in the form elected or deemed to be elected by the Thurso DB Member thereunder, based on Credited Service to the date of termination of Continuous Service; and
- (b) where the Thurso DB Member has elected to transfer the commuted value of the benefits under the Thurso Plan, the Supplemental Allowance will be paid in a lump sum in an amount equal to the excess of (i) over (ii), as follows:
 - (i) the Actuarial Equivalent of the amount determined under Section 9.02(a)(i);
 - (ii) the lump sum amount actually payable in respect of the Thurso DB Member in accordance with Article 2 of the Thurso Plan, based on Credited Service to the date of termination of Continuous Service.

The payment of the Supplemental Allowance in the form of a lump sum shall serve as a full discharge of all rights of the Thurso DB Member to benefits under the Supplemental Plan.

9.03 For greater certainty, in determining the amount of Supplemental Allowance payable under Section 9.02, the amount of retirement income payable under the Thurso Plan

shall include any amount payable thereunder to any former Spouse of the Thurso DB Member.

Article 10 – DEATH BENEFITS

Death Benefits Prior to Retirement Date

10.01 If a Thurso DB Member dies prior to retirement, the Company will pay to the Spouse, or if there is no Spouse or if the Thurso DB Member and the Spouse have jointly waived the Spouse's entitlements under the Thurso Plan, the Beneficiary, an amount equal to the excess of (a) over (b), as follows:

- (a) the amount that would be determined in accordance with Article 3 of the Thurso Plan, based on Credited Service to the date of death, as if the limits as to the maximum pension payable as set out in Section 15.01 of the Thurso Plan were not applicable; and
- (b) the amount actually payable to the Spouse or Beneficiary, as applicable, in accordance with Article 3 of the Thurso Plan based on Credited Service to the date of death.

10.02 Subject to Section 22.02, any amount payable under the terms of this Article 10 will be paid in the same form and manner as the death benefits payable under the Thurso Plan. Any such payment made in the form of a lump sum shall serve as a full discharge of all rights to benefits in respect of the Thurso DB Member under the Supplemental Plan.

10.03 For greater certainty, in determining the amount of Supplemental Allowance payable under Section 10.01, the amount of retirement income payable under the Thurso Plan shall include any amount payable thereunder to any former Spouse of the Thurso DB Member.

Death Benefits After Retirement Date

10.04 If a Thurso DB Member dies after commencement of a Supplemental Allowance that is paid in the form of a retirement income, subsequent monthly instalments, if any, shall be paid in the same manner and upon the same terms and conditions relating to the monthly instalments determined under the provisions of Article 8 and Section 22.02.

FRASER DC PLAN PROVISIONS

The provisions contained in Articles 11 to 15 inclusive shall be effective January 1, 2005 and shall apply to Fraser DC Members only.

Article 11 – SUPPLEMENTAL ACCOUNTS

- 11.01 The Company shall establish and maintain an individual Supplemental Account in respect of each Fraser DC Member.
- 11.02 In respect of each month of Continuous Service during which the Fraser DC Member participates under the Fraser DC Plan, the Company shall make notional allocations to the Fraser DC Member's Supplemental Account in an amount equal to the excess of (a) over (b), as follows, where:
- (a) is the amount of Company contributions that would be made to the Fraser DC Member's Retirement Account for such month in accordance with Section 6.01 of the Fraser DC Plan, as if the limits as to the maximum contributions as set out in Section 7.01 of the Fraser DC Plan were not applicable and based on the Fraser DC Member's contribution rate in effect under Article 5 of the Fraser DC Plan immediately prior to the date such notional allocations, if any, are first made in respect of the Fraser DC Member for a particular calendar year; and
 - (b) is the amount of Company contributions actually made to the Member's Retirement Account for such month in accordance with Section 6.01 of the Fraser DC Plan.
- 11.03 The notional allocations, if any, in respect of a Fraser DC Member for a month in a calendar year shall be credited to the Fraser DC Member's Supplemental Account hereunder not later than the date that Company contributions made to the Fraser DC Plan in respect of the Fraser DC Member for the same period are credited under the Fraser DC Plan.
- 11.04 Notwithstanding Section 11.02(a), the Company may, in its absolute discretion, make additional notional allocations to a Fraser DC Member's Supplemental Account in such amount(s) and on such terms as it may determine, provided such additional notional allocations are not made on a discriminatory basis prohibited by law.

Article 12 – NOTIONAL INVESTMENT ALLOCATIONS

- 12.01 For the purposes of calculating notional investment income under a Fraser DC Member's Supplemental Account, the notional allocations made by the Company to a Fraser DC Member's Supplemental Account shall be treated as if they are invested in one or more pooled investment funds selected by the Fraser DC Member from time to time from the pooled investment funds available under the Fraser DC Plan.

Article 13 – RETIREMENT BENEFITS

- 13.01 If a Fraser DC Member terminates Continuous Service on or after Early Retirement Date and after attaining his or her vesting date under the Fraser DC Plan, the Company will pay a Supplemental Allowance to the Fraser DC Member. Subject to Section 22.02, the Supplemental Allowance will be paid in five annual instalments in advance. The first annual instalment shall be an amount equal to $\frac{1}{5}$ of the balance in the Fraser DC Member's Supplemental Account at the date of payment. The second annual instalment shall be an amount equal to $\frac{1}{4}$ of the balance in the Fraser DC Member's Supplemental Account at the date of payment. The third annual instalment shall be an amount equal to $\frac{1}{3}$ of the balance in the Fraser DC Member's Supplemental Account at the date of payment. The fourth annual instalment shall be an amount equal to $\frac{1}{2}$ of the balance in the Fraser DC Member's Supplemental Account at the date of payment. The fifth annual instalment shall be an amount equal to the remaining balance in the Fraser DC Member's Supplemental Account at the date of payment. If the Fraser DC Member dies prior to receiving the fifth annual instalment, the balance remaining in the Fraser DC Member's Supplemental Account shall be paid to the Member's Spouse or Beneficiary, as applicable, in a lump sum.
- 13.02 Any amount paid in respect of a Fraser DC Member in a lump sum, or payment to a Fraser DC Member of the fifth annual instalment, as applicable, under Section 13.01 shall serve as a full discharge of all rights to benefits in respect of the Fraser DC Member's Supplemental Account under the Plan.

Article 14 – TERMINATION OF EMPLOYMENT

- 14.01 If a Fraser DC Member terminates Continuous Service prior to his Early Retirement Date, but after attaining his or her vesting date under the Fraser DC Plan, the Company will pay a Supplemental Allowance to the Fraser DC Member. Subject to Section 22.02, the Supplemental Allowance will be paid in five annual instalments in advance. The first annual instalment shall be an amount equal to 1/5 of the balance in the Fraser DC Member's Supplemental Account at the date of payment. The second annual instalment shall be an amount equal to 1/4 of the balance in the Fraser DC Member's Supplemental Account at the date of payment. The third annual instalment shall be an amount equal to 1/3 of the balance in the Fraser DC Member's Supplemental Account at the date of payment. The fourth annual instalment shall be an amount equal to 1/2 of the balance in the Fraser DC Member's Supplemental Account at the date of payment. The fifth annual instalment shall be an amount equal to the remaining balance in the Fraser DC Member's Supplemental Account at the date of payment. If the Fraser DC Member dies prior to receiving the fifth annual instalment, the balance remaining in the Fraser DC Member's Supplemental Account shall be paid to the Member's Spouse or Beneficiary, as applicable, in a lump sum.
- 14.02 If a Fraser DC Member terminates Continuous Service prior to his Early Retirement Date and prior to attaining his or her vesting date under the Fraser DC Plan, no Supplemental Allowance will be payable to the Fraser DC Member.
- 14.03 Any amount paid in respect of a Fraser DC Member in a lump sum, or payment to a Fraser DC Member of the fifth annual instalment, as applicable, under Section 14.01 shall serve as a full discharge of all rights to benefits in respect of the Fraser DC Member's Supplemental Account under the Plan.

Article 15 – DEATH PRIOR TO RETIREMENT OR TERMINATION

- 15.01 If a Fraser DC Member dies prior to the payment of a Supplemental Allowance, the Company will pay a Supplemental Allowance to the Spouse, or if there is no Spouse or if the Fraser DC Member and the Spouse have jointly waived the Spouse's entitlements under the Fraser DC Plan, the Beneficiary. Subject to Section 22.02, the Supplemental Allowance will be a lump sum amount equal to the balance in the Fraser DC Member's Supplemental Account at the date of payment.

GENERAL PROVISIONS APPLICABLE TO ALL MEMBERS

The provisions contained in Articles 16 to 22 inclusive shall apply to all Members.

Article 16 – DEFINITIONS

For the purposes of this Supplemental Plan, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- 16.01 “Actuarial Equivalent” shall have the meaning attributed to it under the Pension Plan. For greater certainty, the determination of Actuarial Equivalent amounts hereunder will be based on factors and methodologies consistent with those used for similar calculations under the Pension Plan at the time of the calculation, unless otherwise specified herein.
- 16.02 “Ancillary Account” means the Flex Member’s ancillary account as defined under the Edmundston Plan.
- 16.03 “Beneficiary” means the Member’s beneficiary as defined and designated as such under the Pension Plan from time to time.
- 16.04 “Best 5-Year Average Earnings” means the PEP Member’s best 5-year average earnings as defined under the Pension Plan.
- 16.05 “Cash Value” means the lump sum amount payable in respect of a PEP Member on retirement, termination or death, as determined in accordance with Article 1 of the Edmundston Plan or Article 5 of the Thurso Plan, as applicable.
- 16.06 “Company” means Fraser Papers Inc.
- 16.07 “Continuous Service” means the Member’s continuous service as defined under the Pension Plan.
- 16.08 “Credited Service” means the Member’s credited service as defined under the Pension Plan.
- 16.09 “Early Retirement Date” means the early retirement date as defined under the Pension Plan.
- 16.10 “Earnings” means the Member’s earnings as defined under the Pension Plan, to a maximum of \$225,000 in a plan year.
- 16.11 “Edmundston Plan” means the Pension Plan for New Brunswick Salaried Employees of Fraser Papers Inc. (formerly named the Nexfor Inc., Fraser Operations Salaried Pension

Plan) as amended and restated effective January 1, 2000, and as subsequently amended or restated from time to time.

- 16.12 "Employee" means an employee as defined under the Pension Plan.
- 16.13 "Final 5-Year Average Earnings" means the Flex Member's final 5-year average earnings as defined under the Edmundston Plan.
- 16.14 "Flex Member" means a Member who accrues benefits under Article 5 to 9, inclusive, of the Edmundston Plan.
- 16.15 "Fraser DC Member" means a Member who accrues benefits under the Fraser DC Plan.
- 16.16 "Fraser DC Plan" means the Fraser Papers Inc. Defined Contribution Pension Plan, effective as of January 1, 2005.
- 16.17 "Member" means an Employee who is a member of the Pension Plan, who has satisfied the eligibility conditions to receive benefits under the Supplemental Plan in accordance with Article 17 and who remains contingently or absolutely entitled to a benefit under the Supplemental Plan.
- 16.18 "Notional Ancillary Account" means the notional account established and maintained by the Company to record the Notional Ancillary Contributions, with investment returns, in respect of a Flex Member, in accordance with Section 4.05.
- 16.19 "Notional Ancillary Contributions" means the notional allocations made by the Company under Section 4.05 in respect of a Flex Member.
- 16.20 "Pension Plan" means the Edmundston Plan, the Thurso Plan or the Fraser DC Plan, as applicable to a Member.
- 16.21 "PEP Member" means a Member who accrues benefits under Articles 1 to 4, inclusive, of the Edmundston Plan, or under Articles 5 to 8, inclusive, of the Thurso Plan, as applicable.
- 16.22 "Retirement Account" means the employer account maintained in respect of a Fraser DC Member under the Fraser DC Plan, as defined under the Fraser DC Plan.
- 16.23 "Spouse" means the Member's spouse, if any, as defined under the Pension Plan, who is entitled to benefits from the Pension Plan upon the death of the Member or who would be entitled to such benefits except for having waived them.

- 16.24 "Supplemental Account" means the individual retirement account maintained by the Company with respect to each Fraser DC Member in accordance with Section 11.01.
- 16.25 "Supplemental Allowance" means the retirement income, lump sum amount or instalment payment payable to a Member pursuant to this Supplemental Plan.
- 16.26 "Supplemental Plan" means this Fraser Papers Inc. Supplemental Employee Retirement Plan.
- 16.27 "Thurso DB Member" means a Member who accrues benefits under the Thurso Plan and who is not a PEP Member.
- 16.28 "Thurso Plan" means the Régime de retraite des salariés de Papier Fraser Inc., Pâtes Thurso as amended and restated effective January 1, 2001, and as subsequently amended or restated from time to time.
- 16.29 "YMPE" means the YMPE as defined under the Pension Plan.
- 16.30 "YMPE Average" means the YMPE average as defined under the Pension Plan.

In this Supplemental Plan, words importing the singular include the plural and vice versa; words importing the masculine gender include the feminine and vice versa, as the context shall require, and references to a Section or Article mean a Section or Article of the Supplemental Plan, except as otherwise stated herein.

Article 17 – MEMBERSHIP

17.01 This Supplemental Plan shall apply to each Employee who is a member of the Pension Plan.

17.02 Each Employee described in Section 17.01:

- (a) whose retirement income or related benefits under the Pension Plan (other than the Fraser DC Plan), at retirement, termination of employment or membership, or death, are limited as a result of the restrictions contained in the Income Tax Act (Canada) regarding the maximum benefits which may be paid under the Pension Plan, or
- (b) who forfeits all or a portion of his or her balance in the Employee's Ancillary Account under the Edmundston Plan at retirement, termination of employment or membership, or death,

shall become a Member of the Supplemental Plan and shall be eligible to receive a Supplemental Allowance hereunder determined in accordance with Articles 1 to 10, as applicable. In no event shall an Employee who is not entitled to benefits under the Pension Plan (other than the Fraser DC Plan) be eligible to receive a Supplemental Allowance under the Supplemental Plan.

17.03 Each Employee who is a member of the Fraser DC Plan shall become a Member of the Supplemental Plan effective as of the first day of the month in which the Company contributions made to the Member's Retirement Account are first limited as a result of the restrictions contained in the Income Tax Act (Canada) regarding the maximum contributions which may be paid under the Fraser DC Plan in respect of the Member. Such Member shall be eligible to receive a Supplemental Allowance hereunder determined in accordance with Articles 11 to 15, as applicable. In no event shall an Employee who is not entitled to benefits under the Fraser DC Plan be eligible to receive a Supplemental Allowance under the Supplemental Plan.

Article 18 – FUNDING

- 18.01 A Member shall neither be required nor permitted to make any contributions to this Supplemental Plan.
- 18.02 Payments to be made by the Company under the Supplemental Plan shall be paid solely out of the general funds of the Company then available for that purpose. The Company shall not be required to contribute or set aside any amounts to or for a separate fund to satisfy its obligations or otherwise secure its obligations under this Supplemental Plan.
- 18.03 Notwithstanding Section 18.02, the Company may, in its sole discretion and at any time, establish a trust fund to provide for the benefits accrued under this Supplemental Plan and contribute such amounts as it determines to provide such benefits, or otherwise secure such benefits.
- 18.04 For greater certainty, it is hereby declared that in the event that a trust fund is established pursuant to Section 18.03:
- (a) if an actuarial surplus arises in the trust fund while the Supplemental Plan continues on an on-going basis, any surplus assets shall, to the extent that they exceed 100% of the liabilities of the Supplemental Plan, as determined by the actuary for the Supplemental Plan, be paid to the Company; and
 - (b) upon discontinuance of the Supplemental Plan, in whole or in part, any assets of such trust fund (or the appropriate portion of such trust fund in the case of a partial discontinuance) in excess of those required to discharge all liability for accrued benefits shall be paid to the Company.

Article 19 – PROVISION FOR INCREASES/DECREASES TO SUPPLEMENTAL ALLOWANCE

- 19.01 The Company may, in its sole discretion, provide ad hoc cost of living adjustments to the amount of any Supplemental Allowance payable as a retirement income under the Supplemental Plan. For greater certainty, the ad hoc cost of living adjustments under this Section 19.01 may be provided to PEP Members only, to Flex Members only, to Thurso DB Members only, or to any combination of such Members.
- 19.02 Any ad hoc adjustment made in accordance with Section 19.01 shall be payable in the same form and in the same manner and at the same time as the basic benefit payable under the Supplemental Plan. Such ad hoc adjustment shall remain payable for the remaining lifetime of the Member, Spouse or Beneficiary, as applicable.
- 19.03 Notwithstanding any other provision of the Supplemental Plan, the Company reserves the right, in its sole discretion, to offset from the amount of the Supplemental Allowance otherwise payable hereunder, or from any ad hoc adjustment granted under Section 19.01, the amount of any ad hoc adjustments or other benefit improvements provided to the Member from time to time under the Pension Plan.
- 19.04 For greater certainty, this Article 19 shall not apply to any benefits payable in respect of Continuous Service while a Fraser DC Member.

Article 20 – AMENDMENT OR TERMINATION OF SUPPLEMENTAL PLAN OR PENSION PLAN

- 20.01 The Company expects to continue the Supplemental Plan indefinitely, but nevertheless reserves the right to amend or discontinue the Supplemental Plan, provided that no such action shall adversely affect the aggregate of the benefits which have accrued under the Pension Plan and the Supplemental Plan immediately prior to the time such action is taken, based on the Member's Credited Service, Earnings, Best 5-Year Average Earnings, Final 5-Year Average Earnings, Cash Value, YMPE, YMPE Average and Supplemental Account balance, as applicable, as of the date of such amendment or discontinuance.
- 20.02 Any amendment to the Supplemental Plan shall be made by the adoption of a resolution of the board of directors of the Company. All such amendments shall be binding upon each Member.
- 20.03 It is hereby acknowledged that the Supplemental Allowance payable pursuant to this Supplemental Plan is contingent on the continuation of the Pension Plan. In the event that the Pension Plan is discontinued or terminated and not replaced by a successor pension plan within the meaning of the Pension Benefits Act (New Brunswick) (in the case of a Member who is a member of the Edmundston Plan or the Fraser DC Plan) or the Supplemental Pension Plans Act (Quebec) (in the case of a Member who is a member of the Thurso Plan), the Supplemental Plan shall continue on a suspended basis and the amount of the Supplemental Allowance payable to affected PEP Members, Flex Members or Thurso DB Members hereunder, if any, shall be determined based on the Member's Credited Service, Best 5-Year Average Earnings, Final 5-Year Average Earnings, Cash Value, YMPE, YMPE Average and Notional Ancillary Account balance, as applicable, as at the date of such discontinuance or termination, unless otherwise determined by the Company. The amount of Supplemental Allowance payable to a Fraser DC Member hereunder, if any, shall be based on the Member's Supplemental Account balance as at the date of payment, except that notional allocations under Article 11 shall cease as of the date of discontinuance or termination, unless otherwise determined by the Company. Notwithstanding the foregoing, the discontinuance or termination of the Pension Plan shall not adversely affect the

aggregate of the benefits which have accrued to the Member under the Pension Plan and the Supplemental Plan immediately prior to the time such action is taken.

- 20.04 If the Pension Plan is amended so that references contained in the Supplemental Plan are no longer applicable, the Supplemental Plan shall be deemed to be amended accordingly. No such amendment will be considered to adversely affect any right with respect to benefits which have accrued immediately prior to the time such action is taken.

Article 21 – ADMINISTRATION

21.01 The Company shall administer this Supplemental Plan and shall adopt such rules as it may deem necessary for its proper administration.

The Company shall have the powers necessary to carry out the administration of the Supplemental Plan, including, but not restricted to, the power:

- (a) to determine all disbursements payable under the Supplemental Plan; and
- (b) to determine questions involving the interpretation and application of the provisions of the Supplemental Plan.

The Company's decision in all matters involving the interpretation and application of such rules shall be final, conclusive and binding.

21.02 Any reference in the Supplemental Plan to any action to be taken, consent, approval or opinion to be given, or a discretion or decision to be exercised or made by the Company, shall refer to Fraser Papers Inc., acting through its board of directors or any other person or persons from time to time authorized by this board of directors for purposes of the Supplemental Plan. The Company may appoint one (1) or more agents or committees to carry out any act or transaction required for the administration and management of the Supplemental Plan.

21.03 Neither the Company nor any employee, officer or director thereof shall be liable to any person whatsoever for anything done or omitted to be done in respect of the administration of the Supplemental Plan, except where the act or omission was fraudulent or in bad faith on the part of the person against whom a claim is made.

21.04 The Company shall indemnify and save harmless any employee, officer or director of the Company from personal liability in respect of their respective acts or omissions in administering the Supplemental Plan, except where the act or omission was fraudulent or in bad faith on the part of the employee, officer or director.

21.05 Whenever the records of the Company are used for the purposes of the Supplemental Plan, such records shall be conclusive of the facts with which they are concerned.

21.06 Notwithstanding any other provision of the Supplemental Plan, no amount shall be payable to or in respect of a Member until the Member, Spouse or Beneficiary, as

applicable, has provided the Company with all information reasonably required to calculate and pay any amounts due under the Supplemental Plan and the Pension Plan.

Article 22 – GENERAL CONDITIONS

- 22.01 The adoption and maintenance of this Supplemental Plan shall not be deemed to constitute a contract of employment between the Company and any Member. Nothing contained herein shall be deemed to give to any Member the right to be retained in the service of the Company or to interfere with the right of the Company to terminate the employment of such Member at any time without regard to the effect such treatment might have under the Supplemental Plan upon such Member.
- 22.02 (a) Notwithstanding any other provision of the Supplemental Plan and the form and manner in which benefits are paid to such person under the Pension Plan, the Company may, in its sole discretion, require the Member, Spouse or Beneficiary, as applicable, to receive any Supplemental Allowance payable hereunder in a lump sum, in instalments, or as a retirement income in the form and manner determined by the Company, in full satisfaction of all rights of the Member, Spouse or Beneficiary under the Supplemental Plan. Such lump sum or retirement income shall be the Actuarial Equivalent of the Supplemental Allowance otherwise payable under the Supplemental Plan.
- (b) A Flex Member or a Fraser DC Member may, prior to the date of payment of the first instalment or first periodic payment of a Supplemental Allowance under Section 4.05, 7.01, 13.01 or 14.01, as applicable, request that the Supplemental Allowance be paid in a lump sum. The Company may, in its sole discretion, which may be exercised in the Company's own interest, approve or deny the Member's request. If the request is approved, the Company shall pay to the Member a lump sum equal to the Flex Member's Notional Ancillary Account balance under Section 4.05, the amount forfeited under the Flex Member's Ancillary Account as described in Section 7.01, or the Fraser DC Member's Supplemental Account balance under Section 13.01 or 14.01, as applicable. Any such lump sum payment shall serve as a full discharge of all rights to benefits under Section 4.05, 7.01, 13.01 or 14.01, as applicable.
- 22.03 (a) All benefits to which a person is, or may become, entitled pursuant to this Supplemental Plan are for the support and maintenance of such person and may not in any manner, in whole or in part, be assigned, alienated, sold, transferred, pledged, hypothecated, encumbered or charged and, except as otherwise required

by law, shall not be subject to attachment or otherwise by, or on behalf of, the creditors of such person.

- (b) Notwithstanding Section 22.03(a), pursuant to a lawful decree, order or judgement of a competent tribunal, a benefit payable under this Supplemental Plan may be subject to execution, seizure or attachment in satisfaction of an order for support or maintenance or may be assigned, pledged, charged, encumbered or alienated to satisfy a division of matrimonial property

For greater certainty, a benefit payable under the Supplemental Plan shall not be subject to execution, seizure or attachment or assigned, pledged, charged encumbered or alienated until the Member has retired, terminated or died and a determination has been made by the Company that a benefit is payable under the Supplemental Plan.

- 22.04 Article and Section headings are convenient references only and shall not be deemed to be a part of the substance of the Supplemental Plan or in any way to enlarge or limit the contents of any Article or Section.
- 22.05 In the event that any provision of this Supplemental Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Supplemental Plan shall be construed and enforced as if such illegal and invalid provision never existed.
- 22.06 Subject to Section 18.03, nothing contained in this Supplemental Plan shall create or be construed to create a trust of any kind. A Member and any person claiming a benefit through him shall have recourse only to the Company for any Supplemental Allowance benefits payable under this Supplemental Plan. Without restricting the generality of the foregoing, the directors, officers and other employees of the Company shall not be liable to any person for any Supplemental Allowance payable hereunder.
- 22.07 (a) This Supplemental Plan shall be construed in accordance with the laws of the province of Ontario and the laws of Canada therein.
 - (b) All disputes between the Company and any other party in respect of this Supplemental Plan shall be finally and conclusively resolved by way of arbitration in accordance with the Arbitration's Act (Ontario) . Any such arbitration shall be by reference to a single arbitrator appointed by the parties.

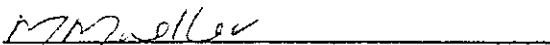
The arbitrator shall award costs in respect of an arbitration in his or her discretion.

- 22.08 All amounts payable under this Supplemental Plan shall be construed as being expressed in the lawful currency of Canada. Where a Member's earnings have been paid in a currency other than that of Canada, the earnings shall be converted to Canadian currency based on practices adopted by the Company.
- 22.09 All amounts payable under this Supplemental Plan shall be subject to deductions at source for income taxes or other assessments as may be required by law.
- 22.10 This Supplemental Plan shall enure to the benefit of and be binding upon the Company and its successors and assigns, the Members and their respective heirs, executors and assigns.

IN WITNESS WHEREOF the Fraser Papers Inc. Supplemental Executive Retirement plan as restated above, is hereby adopted and approved this 23rd day of December, 2008, effective as of January 1, 2007.



Glen McMillan
Senior Vice President and
Chief Financial Officer



Marina Mueller
Assistant Corporate Secretary

Appendix I – Benefits in Pay under Prior Plan

The following individuals are in receipt of a supplemental pension payable from the Company, out of general revenues, in the amounts and forms of pension described below, in accordance with the terms of the Fraser Inc. Supplemental Executive Retirement Plan, (the “Fraser SERP”), (the “Régime de retraite supplémentaire des cadres supérieurs désignés des Industries James Maclaren inc.”), (the “*Maclaren SERP*”) or as may otherwise be agreed by the Company:

Retiree	Plan	Date of Retirement	Monthly Amount of Supplemental Pension	Form of Pension	Beneficiary
Donald Brown	Fraser SERP	May 1, 1990	\$ 440.54	J&S 60%	Eleanor I. Brown – spouse
Shirley Creech	Fraser SERP	Sept 1, 1996	314.62	Life pension only	
Knut Grotterod	Fraser SERP	Mar 1, 1987	1,569.81	Life pension, 5 year guarantee	Isabel Grotterod – spouse
Myles Glenford	Fraser SERP	Jan 1, 1998	534.50	Life pension, 10 year guarantee	Rose Mules – spouse
Niall O'Briain	Fraser SERP	Feb 1, 1996	2,874.14	J&S 60%	
Robert Parkin	Fraser SERP	Jan 1, 1998	856.10	J&S 100%	Lise Partin – spouse
Douglas Sheldrick	Fraser SERP	Dec 31, 1989	1,789.72	J&S 75%	Patricia Sheldrick – spouse
Laura Carol	Fraser SERP	Jun 30, 1987	71.86	Life pension only	
Anna Sauchuk	Fraser SERP	Jun 30, 1987	41.92	Life pension only	
Guiseppe Serravale	Fraser SERP	Jun 30, 1987	40.94	Life pension only	
Lillian Stewart	Fraser SERP	Jun 30, 1987	55.38	Life pension only	
Clarence Godsoe	Fraser SERP	Jan 1, 2003	191.81	J&S 60%	Sharon Godsoe – spouse
Claude Porter	Fraser SERP	Jan 1, 2003	812.92	Life pension, 5 year guarantee	Barbara Porter – spouse
Juliette St. Onge	Fraser SERP	Apr 1, 2003	476.27	Life pension only	
Norman Lavoie	Fraser SERP	Jul 31, 2003	480.00	Life pension, 10 year guarantee	Anne-Marie Lavoie – spouse

Retiree	Plan	Date of Retirement	Monthly Amount of Supplemental Pension	Form of Pension	Beneficiary
Gilles Bosse	Fraser SERP	Jul 31, 2003	480.00	J&S 60%	Leoline Bosse – spouse
Raoul Ouellete	Fraser SERP	Aug 1, 2003	45.55	J&S 60%	Nicole Ouellette – spouse
Raymond Nadeau	Fraser SERP	Oct 1, 2003	383.33	Life pension, 5 year guarantee ¹	Yvonne Nadeau – spouse
Monette Hebert	Fraser SERP	Oct 1, 2003	598.32	Life pension, 5 year guarantee ²	Guy Hebert – spouse
Maurice Marquis	Fraser SERP	Jan 1, 2005	553.68	J&S 100% ³	Dorina Marchand – common law
John Jenkins	Fraser SERP	July 1, 2003	281.08	J&S 60% ⁴	Donna Jenkins
Douglas Cameron	Maclaren SERP	Apr 1, 1995	3,634.50	J&S 60%, 15 year guarantee	
Jock E. Coulson	Maclaren SERP	Jan 1, 1999	1,039.88	J&S 60%, 5 year guarantee	
Marc R. Daoust	Maclaren SERP	Sep 1, 2002	6,295.67	J&S 60%, 15 year guarantee	
Paul Desrosiers	Maclaren SERP	Mar 1, 1997	883.80	J&S 100%, 15 year guarantee	
J.S. Hermon	Maclaren SERP	Jul 1, 1979	5,119.84	J&S 50%	
R.T. Kenny	Maclaren SERP	Apr 1, 1991	15,645.78	J&S 60%	
Bruce W. Little	Maclaren SERP	Jul 1, 1996	5,463.09	J&S 60%	
Armand Renaud	Maclaren SERP	Jul 1, 2002	1,692.34	J&S 60%, 5 year guarantee	
Andre Lafleur	Maclaren SERP	Feb 1, 2004	498.06	J&S 60%	
Douglas Thomson	Maclaren SERP	Jan 1, 2004	N/A	N/A ⁵	
Eleanor Skabar	Maclaren SERP	Jan 1, 1990	115.19	Life pension only ⁶	
Leonard R. Wells	Maclaren SERP	Jan 1, 1994	228.31	J&S 60%, 5 year guarantee	

Notes:

¹ Raymond Nadeau also receiving a monthly bridge of \$286.77 until age 60 and \$246.74 from age 60 to 65.

² Monette Hebert also receiving a monthly bridge of \$692.88 until age 60 and \$335.94 from age 60 to 65.

³ Maurice Marquis also receiving a monthly bridge of \$519.36 until age 60 and \$251.81 from age 60 to 65.

⁴ John Jenkins also is receiving a monthly bridge benefit of \$480.00 until age 61.

⁵ Douglas Thomson is receiving a monthly bridge of \$814.73 until age 65.

⁶ Eleanor Skabar is the spouse of Michael Skabar who retired January 1, 1990 and died October 14, 1991. At the time of retirement, Mr. Skabar elected a J&S 60% pension.

Appendix II – Special Provisions for US Taxpayers

The provisions of Appendix II shall apply effective January 1, 2005 to Fraser DC Members who are subject to the provisions of the American Jobs Creation Act of 2004 (hereinafter “U.S. Taxpayers”) in respect of a period of Continuous Service under the Supplemental Plan.

Appendix II shall apply only to such Continuous Service and shall apply notwithstanding any other provision of the Supplemental Plan. For greater certainty, Appendix II shall not apply to a U.S. Taxpayer in respect of whom the Supplemental Plan qualifies as a “broad-based foreign retirement plan” under the American Jobs Creation Act of 2004.

Notwithstanding Section 11.02(a), the notional allocations made by the Company for a calendar year under Section 11.02 in respect of a Fraser DC Member who is a U.S. Taxpayer shall be based on the Fraser DC Member’s contribution rate in effect under Article 5 of the Fraser DC Plan on the January 1 of such calendar year.

EXHIBIT “D”

Deferred Stock Unit Plan for Non-Employee Directors

1. Purpose

The Fraser Papers Inc. Deferred Stock Unit Plan for Non-Employee Directors is intended to enhance the Corporation's ability to attract and retain high quality individuals to serve as members of the Board and to promote a greater alignment of interests between non-employee members of the Board and the shareholders of the Corporation.

2. Definitions

As used in the Plan:

- (a) **"Board"** means the Board of Directors of the Corporation.
- (b) **"Committee"** means the Corporate Governance Committee of the Board, or such other persons designated by the Board.
- (c) **"Common Share"** means a Common Share of the Corporation.
- (d) **"Corporation"** means Fraser Papers Inc.
- (e) **"Deferred Share Unit"** means a bookkeeping entry, equivalent in value to a Common Share, credited in accordance with an election made by an Eligible Director pursuant to Section 5.
- (f) **"Dividend Equivalents"** means a bookkeeping entry, whereby each Deferred Share Unit is credited with the equivalent amount of the dividend paid on a Common Share in accordance with Section 6.
- (g) **"Election Date"** means the date on which an Eligible Director files an election with the secretary of the Corporation pursuant to Section 5.
- (h) **"Eligible Director"** means any director who is neither an employee nor an officer (other than the holding of a Board office) of the Corporation or any affiliate of the Corporation on the applicable Election Date.
- (i) **"Fair Market Value"** means the closing price of the Common Shares as reported on the Toronto Stock Exchange (or, if such Exchange is not open on such date, the immediately preceding date on which such Exchange is open), or, if the Common Shares are not so listed or traded, the closing price of the Common Shares as reported on the stock exchange on which the Common Shares are listed and had the greatest volume of trading, or, if the Common Shares are not so listed or traded, the Fair Market Value will be the value established by the Committee in good faith.

- (j) **“Plan”** means this Fraser Papers Inc. Deferred Stock Unit Plan for Non-Employee Directors.
- (k) **“US Eligible Director”** means any Eligible Director who is subject to taxation in the United States of America.
- (l) **“Valuation Date”** means, unless otherwise determined by the Committee, the third business day following the next forthcoming release of the Corporation’s quarterly or annual results with respect to the specific credit of Deferred Share Units.

3. Effective Date

The Plan is effective as of June 25, 2004.

4. Administration

The Plan will be administered by the Committee. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, will lie within its sole and absolute discretion and will be final, conclusive and binding on all parties concerned.

5. Payment Election

Each Eligible Director must complete and deliver to the secretary of the Corporation a written election in the form attached as Schedule A (in the case of a current Eligible Director) or Schedule B (in the case of a new Eligible Director) indicating one of the following payment elections:

- (a) to receive his or her director fees (which will include in all cases fees for service as a committee chair) in cash;
- (b) to receive a specified percentage of his or her director fees in Deferred Share Units and the balance in cash; or
- (c) to receive his or her director fees in Deferred Share Units.

Current Eligible Directors must deliver the written election on or before December 31st each year, designating his or her payment election for the fees payable in the following calendar year. New Eligible Directors must deliver the written election not later than 30 days after the date on which his or her term as a director commenced, designating his or her payment election for the director fees payable in the current calendar year. If no election is made, and no prior election

remains effective, the Eligible Director will be deemed to have elected to be paid his or her director fees in cash.

6. Deferred Share Units

If an Eligible Director elects to be paid all or part of his or her director fees in the form of Deferred Share Units, such Eligible Director will have Deferred Share Units credited to an account maintained for the Eligible Director on the books of the Corporation, as of the Valuation Date immediately following the date on which director fees are payable. The number of Deferred Share Units (including fractional Deferred Share Units) to be credited as of the Valuation Date will be determined by dividing the amount of the directors fees to be deferred into Deferred Share Units by the Fair Market Value as of the Valuation Date.

Deferred Share Units will be credited with Dividend Equivalents when dividends are paid on Common Shares and such Dividend Equivalents will be converted into additional Deferred Share Units based on the Fair Market Value of Common Shares on the date credited.

The secretary will provide each participant with a notice of credits to his or her account under the Plan within 30 days of any change in such credits.

7. Adjustments and Reorganizations

Subject to any relevant resolutions of the Board, reasonable and appropriate adjustments may be made by the Committee to preserve the intended benefits of the Plan for Eligible Directors with respect to Deferred Share Units issued or to be issued in order to adjust for the effect of subdivision or consolidation of the Common Shares, payment of dividends in stock (other than dividends in the ordinary course), reclassification or conversion of the Common Shares, recapitalization, reorganization, change of control or any other event that, in the judgment of the Committee, necessitates action by way of adjustment to the number or terms of Deferred Share Units issued or to be issued.

8. Termination of Eligibility

Following termination of Board service by an Eligible Director, provided such termination is not followed by the employment by the Corporation or its affiliates of an Eligible Director to whom Deferred Share Units have been granted under the Plan, the Eligible Director (other than a US Eligible Director) may elect to receive (a) a lump sum payment, net of any applicable withholdings, in cash equal to the number of Deferred Share Units credited to his or her account as of the third business day following the first release of the Corporation's quarterly results next following such termination multiplied by the Fair Market Value of a Common Share on the day that the notice of redemption is received by the Corporation, or if no such notice is received, on five business days prior to the end of the calendar year following the calendar year in which the Eligible Director terminated Board service; or (b) Common Shares equal in number to the Deferred Share Units credited to the Eligible Director's account multiplied by the Fair Market Value of a Common Share on the day that the notice of redemption is received by the Corporation, net of any applicable withholdings, and then divided by the Fair Market Value of a

Common Share on that day. If the Eligible Director (other than a US Eligible Director) elects to receive a lump sum payment as determined under paragraph (a) the Corporation will make such payment within five business days after the notice of redemption is received or, if no notice of redemption is received, on the final business day of the calendar year following the calendar year in which the Eligible Director terminated Board service. If the Eligible Director (other than a US Eligible Director) elects to receive Common Shares under paragraph (b), the Corporation will transfer to a broker on the Eligible Director's behalf and as such director's agent, an amount of cash sufficient to purchase, the whole number of Common Shares to which the Eligible Director is entitled and the broker will, as soon as practicable thereafter, purchase those Common Shares on a stock exchange on which the Common Shares are listed or traded so that the Eligible Director becomes the beneficial owner thereof. Any fractional shares will be paid in cash based on the Fair Market Value of a Common Share on that day. The broker will deliver to the Eligible Director a certificate for the Common Shares as agreed between the Eligible Director and their broker.

For greater certainty, in no event will an Eligible Director receive the payment under (a) or acquire the Common Shares under (b) after the end of the calendar year following the calendar year in which the Eligible Director's entitlement arose under this Section 8.

Following termination of Board service by an US Eligible Director, provided such termination is not followed by the employment by the Corporation or its affiliates of an US Eligible Director to whom Deferred Shares Units have been granted under the Plan, the US Eligible Director will receive a lump sum payment, net of any applicable withholdings, in cash equal to the number of Deferred Share Units credited to his or her account as of the third business day following the first release of the Corporation's quarterly results next following such termination (the "Valuation Day") multiplied by the Fair Market Value of a Common Share on that day.

9. Transferability of Awards

Deferred Share Units are not transferable or assignable other than by will or the laws of succession.

10. No Right to Service

Neither participation in the Plan nor any action under the Plan will be construed to give any Eligible Director a right to be retained in the service of the Corporation.

11. Unfunded Plan

Unless otherwise determined by the Committee, the Plan will be unfunded. To the extent any individual holds any rights by virtue of a grant awarded under the Plan, such rights (unless otherwise determined by the Committee) will be no greater than the rights of an unsecured general creditor of the Corporation.

12. Successors and Assigns

The Plan will enure to the benefit of and be binding on all successors and assigns of the Corporation and an Eligible Director, including without limitation, the estate of such Eligible Director and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Eligible Director's creditors.

13. Plan Amendment

The Board may amend the Plan as it deems necessary or appropriate including as otherwise necessary to ensure the Plan continues to qualify as a plan described in subsection 6801(d) of the regulations to the *Income Tax Act* (Canada) and, with respect to US Eligible Directors, to comply with Section 409A of the Internal Revenue Code (U.S.) and the regulations and guidance thereunder.

14. Plan Termination

The Board may terminate the Plan at any time. However, if so terminated, prior awards will remain outstanding and in effect in accordance with their applicable terms and conditions.

15. Governing Law

The validity, construction and effect of the Plan and any actions taken or relating to the Plan will be governed by and interpreted and construed in accordance with the laws of the Province of Ontario.

Deferred Stock Unit Plan for Non-Employee Directors

With amendments approved May 4, 2005 and amendments approved April 29, 2009.

EXHIBIT “E”

Management Deferred Share Unit Plan

1. Purpose

The purpose of the Fraser Papers Inc. Management Deferred Share Unit Plan is to provide senior officers of the Corporation, or its Subsidiaries, compensation opportunities that are consistent with shareholder interests.

2. Definitions

As used in this Plan:

- (a) **"Beneficiary"** means a dependent or relation of the Participant.
- (b) **"Board"** means the Board of Directors of the Corporation.
- (c) **"Committee"** means the Human Resources Committee of the Board.
- (d) **"Corporation"** means Fraser Papers Inc.
- (e) **"Executive"** means a designated senior officer of the Corporation or a Subsidiary.
- (f) **"Fiscal Year"** means the Corporation's Fiscal Year as defined under the Income Tax Act. The Corporation currently has a Fiscal Year end of December 31.
- (g) **"Notification Date"** means the date during the year when the bonus is awarded for the prior year.
- (h) **"Participant"** means an Executive who participates in the Plan.
- (i) **"Plan"** means the Fraser Papers Inc. Management Deferred Share Unit Plan as set forth herein.
- (j) **"Share"** means a Common Share of the Corporation.
- (k) **"Subsidiary"** means a subsidiary of the Corporation.
- (l) **"TSX"** means the Toronto Stock Exchange, or successor thereto.
- (m) **"Units"** means a bookkeeping entry, equivalent in value to a Share, credited to a Participant in accordance with sections 6 and 8 of the Plan.
- (n) **"US Participant"** means a Participant who is subject to taxation in the United States of America.

3. Interpretation

This Plan qualifies as a “prescribed plan” as defined in paragraph 6801(d) of the Income Tax Regulations. As a result, the value of Units granted under the Plan, including dividend equivalents, will not be included in a Participant’s income until the year the Units are redeemed.

4. Administration

- (a) The Plan will be administered by the Corporation’s Human Resources Committee and the Corporation will be responsible for all costs relating to the administration of the Plan.
- (b) The Committee is authorized, subject to the provisions of the Plan, to establish, amend and rescind such rules and regulations as it deems necessary for the proper administration of the Plan and to make determinations and take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each determination or action made or taken pursuant to the Plan, including interpretation of the Plan, will be final and conclusive for all purposes and binding upon all parties.

5. Eligibility

Designated senior officers of the Corporation, or its Subsidiaries, are eligible to participate.

6. Election of Participants

- (a) Eligible Participants will have the option to elect each year to receive all or a portion of their Annual Incentive Plan (AIP) bonus to which they may be entitled in the form of Units.
- (b) The portion of the AIP bonus allocated to the Plan will be increased at the discretion of the Committee by a factor of up to two when calculating the number of Units granted.
- (c) A Participant must indicate his/her decision to participate in the Plan before the start of a Fiscal Year with respect to the AIP bonus for that Fiscal Year, other than the first year of participation in the Plan in which event such decision must be made before 30 days after the date on which he/she participates in the AIP for that Fiscal Year.
- (d) Once the election is made to participate, it is irrevocable with respect to the AIP bonus for that Fiscal Year.

7. Deferred Share Units

- (a) There will be no Shares issued, authorized, reserved, purchased or sold by the Corporation, or its Subsidiaries, at any time in connection with Units allocated under the Plan.
- (b) Under no circumstances will Units be considered Shares, or entitle any Participant to the exercise of voting rights or to the exercise of any other rights arising from the ownership of Shares.
- (c) No certificates will be issued with respect to the Units.
- (d) One Unit is equivalent to one Share. Fractional Units are permitted under the Plan.
- (e) In no event may the rights or interest of a Participant be assigned, encumbered or transferred, except to the extent that rights may pass to a Beneficiary or legal representative of a Participant pursuant to the terms of the Plan upon the death of a Participant.

8. Allotment of the Deferred Share Units

- (a) Following the end of the Fiscal Year, once AIP bonuses have been determined, the adjusted dollar value of the portion of the AIP bonus allocated to the Plan will be divided by the closing price of a Share on the TSX on the Notification Date.
- (b) Additional Units will be allotted to Participants to reflect dividends paid on an equivalent number of Shares to the total Units held at the time of payment. The number of additional Units will be determined by dividing the dollar value of the notional dividends by the closing price of a Share on the TSX on the dividend payment date.
- (c) The Corporation, and its Subsidiaries, and their directors and officers, will not be liable to any Participant, Beneficiary or legal representative for any decrease in the value of Units that may occur. Any Participant, Beneficiary or legal representative will not be entitled, either immediately or in the future, absolutely or contingently, to receive or obtain any amount or benefit designed to reduce the impact of any reduction in the fair market value of the Shares.

9. Vesting

- (a) Unless otherwise determined by the Board, the Units awarded pursuant to an election under Section 6(a) will vest upon allotment. Units awarded pursuant to Section 6(b) and any other allotments will vest in the discretion of the Board.

- (b) In the event of termination of employment of a Participant by the Corporation, the Participant will be eligible to redeem all vested Units and 50% of any unvested Units at that time.
- (c) In the event of death, the Units become fully vested.

10. Designation of a Beneficiary

A Participant may designate a Beneficiary who will be entitled to receive all amounts that may be received under the Plan after the Participant's death. If no Beneficiary is designated, the legal representative of the Participant will be entitled to receive such amounts.

11. Redemption of the Deferred Share Units

- (a) Vested Units, and unvested Units that the Participant is eligible to redeem under Section 9(b), can be redeemed only after cessation of employment whether due to termination, retirement or death, which is hereafter referred to as Retirement.
- (b) In the event of death, a Participant's designated Beneficiary, or legal representative, as the case may be, will be entitled to redeem the Units.
- (c) Other than a US Participant, the value of the Units on redemption will be based on the closing price of a Share on the TSX on the date the notice of redemption is received by the Corporation or if no such notice is received, on the first anniversary of the Retirement, whichever is the later. The value of the Units will be paid in cash less applicable statutory deductions. For greater certainty, in no event will a Participant receive such payment after the end of the calendar year following the calendar year in which the Retirement occurred.
- (d) With respect to a US Participant, the value of the Units on redemption will be paid based on the closing price of a Share on the TSX on the third business day following the next release of the Corporation's quarterly results immediately following Retirement and paid on the fourth business day following the release of such quarterly results. The value of the Units will be paid in cash less applicable statutory deductions.
- (e) Notwithstanding the foregoing, for a US Participant who is a key employee (as defined in Section 416(i) of the United States Internal Revenue Code of 1986, as amended (the "Code") without regard to paragraph (5) thereof) of the Corporation, the US Participant or his/her designated Beneficiary, or legal representative, as the case may be, will not be entitled to redeem the Units for six months after the Retirement (or, if earlier, the date of death of the US Participant). In such case, the value of the Units on redemption will be based on the closing price of a Share of the Corporation on the TSX on the third business day following the next release of the Corporation's quarterly results immediately

following the end of the six month period following Retirement and paid on the fourth business day following such next release.

12. Adjustments

Subject to any relevant resolutions of the Board, reasonable and appropriate adjustments may be made by the Committee to preserve the intended benefits of the Plan for Participants with respect to Units issued or to be issued in order to adjust for the effect of subdivision or consolidation of the Shares, payment of dividends in stock (other than dividends in the ordinary course), reclassification or conversion of the Shares, recapitalization, reorganization, change of control or any other event that, in the judgment of the Committee, necessitates action by way of adjustment to the number or terms of Units issued or to be issued.

13. Amendment or Termination

The Committee may amend, suspend or terminate the Plan at any time and in such manner and to such extent as it deems advisable, including as otherwise necessary to ensure the Plan continues to qualify as a plan described in subsection 6801(d) of the regulations to the *Income Tax Act* (Canada) and, with respect to U.S. Participants, to comply with Section 409A of the Code and the regulations and guidance thereunder. No such amendment or termination will materially adversely affect the right of a Participant in respect of Units granted prior to the date of such amendment or suspension and such Units will remain outstanding and in effect in accordance with their applicable terms and conditions.

Management Deferred Share Unit Plan
With amendments approved May 4, 2005.

EXHIBIT “F”

FRASER PAPERS INC. STOCK OPTION PLAN

1. **Purpose**

The purpose of the Plan is to advance the interest of the Corporation and its Subsidiaries by encouraging and enabling officers and employees to acquire a larger share interest in the Corporation.

2. **Definitions**

In this Plan:

“Black Out Period” means any period during which a policy of the Corporation prevents an Insider from trading in the Shares.

“board” means the board of directors of the Corporation.

“Corporation” means Fraser Papers Inc. and any successor corporation.

“Grant Date” means the date on which an Option is to be granted, which date may be on or, if determined by the board at the time of grant, after the date that the board resolves to grant the Option provided that if the board resolves to grant the Option during a Black Out Period, the Option will be deemed to be granted on the first trading day immediately following the expiration of the Black Out Period.

“Human Resources Committee” means the Human Resources Committee of the board.

“Insider” has the meaning given to that term in the Securities Act and also includes associates and affiliates of the insider, but does not include directors or senior officers of a subsidiary or affiliate of the Corporation unless such director or senior officer:

- (i) in the ordinary course receives or has access to information as material facts or material changes concerning the Corporation before the material facts or material changes are generally disclosed;
- (ii) is a director or senior officer of a “major subsidiary” of the Corporation (where “major subsidiary” has the meaning given to that term in National Instrument 55-101 – Insider Reporting Exemptions); or
- (iii) is an insider of the Corporation in a capacity other than as a director or senior officer of the subsidiary or affiliate.

For the purpose of this definition, the terms “affiliate”, “associate” and “subsidiary” have the meanings given to them, respectively, in the Securities Act.

“Market Price” means the closing price per share of a board lot of the Shares on the principal stock exchange on which the Shares are trading on the Grant Date or if the Shares did not trade on such day, the average, rounded up to the nearest cent, of the bid and ask prices per share for a board lot of the Shares at the close of trading on such day or, if the Shares are not listed on a stock exchange, the fair market value of a Share on the Grant Date as determined by the board.

“NI-45-106” means National Instrument 45-106 – Prospectus and Registration Exemptions.

“Option” means a right to acquire Shares under the Plan.

“Option price” means the Market Price of a Share on the Grant Date of an Option.

“participant” means a person who has been granted an Option.

“Pension Plan” means the various retirement plans of Fraser Papers Group Companies, as the same may from time to time be amended or replaced.

“permitted assigns” has the meaning ascribed to that term in section 2.22 of NI 45-106.

“Plan” is the Fraser Papers Inc. Stock Option Plan, as amended from time to time.

“Securities Act” means the *Securities Act* (Ontario).

“Shares” means, subject to the provisions of Section 10, Common Shares of the Corporation.

“Subsidiary” means any corporation designated as such by the board for the purpose of the Plan and may, without limitation, include a corporation that is under the management or control of the Corporation or any Subsidiary and, in the case of the granting of an Option to a person other than an officer or employee of the Corporation, the granting of such Option will for all purposes of the Plan be deemed a designation by the board of the corporation in respect of which the person to whom such Option is granted is an officer or employee as a subsidiary corporation.

“year”, with respect to any Option, means the period of 12 months commencing on the date of the granting of the Option or on any anniversary thereof.

Words importing the singular include the plural and *vice versa* and words importing any gender include any other gender. A reference to any statute, regulation, national instrument or other legislation is to that legislation as now enacted or as the same may from time to time be amended, re-enacted or replaced.

3. **Grant of Options**

(1) The board may from time to time, in its discretion, grant an Option at the Option price to any officer of the Corporation or a Subsidiary and any other employee of the Corporation or a Subsidiary who, in the opinion of the board, is a key employee of the Corporation or a Subsidiary, upon and subject to the terms and conditions contained herein and as the board may from time to time impose in the option agreement or by regulation.

(2) Notwithstanding the provisions of Section 3(1), no Option will be granted under the Plan unless recommended by a majority of the Human Resources Committee. The recommendations of the Human Resources Committee with respect to Options must be in writing and delivered to the Secretary of the Corporation for transmission to the board.

(3) The terms and conditions of each Option will be contained in a written option agreement in a form approved by the Human Resources Committee and containing such provisions as may be approved by the board consistent with the Plan.

(4) More than one Option may be granted to the same person and each of such Options will be dealt with as a separate Option.

(5) The number of Shares issuable to Insiders, at any time, pursuant to the Plan and any other securities based compensation arrangement of the Corporation, cannot exceed 10% of the issued and outstanding Shares.

(6) The number of Shares issued to Insiders, within any one year period, under the Plan and any other securities based compensation arrangement of the Corporation, cannot exceed 10% of the issued and outstanding Shares.

(7) An Option may be granted subject to vesting requirements. The vesting requirements will be determined at the time the Option is granted and will be contained in the applicable option agreement.

4. **Eligibility**

No Option will be granted to any person who:

- (a) is not an officer or employee of the Corporation or a Subsidiary; or
- (b) has reached the age of normal retirement as fixed from time to time in the Pension Plan.

5. **Option Period**

- (1) An Option will expire on the first to occur of the following dates:
 - (a) the date of, and coincident with, termination of employment of the participant with the Corporation or a Subsidiary for cause or as a result of resignation (but not including termination of employment due to early retirement or retirement under the provisions of the Pension Plan or due to sickness or disability under the provisions of the Pension Plan);
 - (b) six months after the date of the death of the participant; and
 - (c) the expiry date of the Option as fixed by the board.
- (2) Notwithstanding the provisions of Section 5(1),
 - (a) if the date on which an Option expires pursuant to an option agreement occurs during or within 10 days after the last day of a Black Out Period, the expiry date for the Option will be the last day of such 10-day period; and
 - (b) subject to the provisions of Sections 10 and 12(3), the Human Resources Committee has the discretion and authority (i) to amend the exercise terms of any Option granted to any person who has ceased to be an officer or employee of the Corporation or a Subsidiary for any reason including by accelerating the vesting dates or extending the expiry date and (ii) to cancel any Option granted to any such person who is determined by the Human Resources Committee to be engaged in activities that are competitive with those of the Corporation or its Subsidiaries. For greater certainty, no damages will be recoverable by a participant and no compensation will be paid to a participant with respect to any amendment to or cancellation of any Option by the Human Resources Committee.
- (3) On the expiry of an Option all rights of a participant thereunder, whether unexercised or not yet exercisable, will automatically expire and be cancelled without any compensation being paid therefor.

6. **Assignment**

- (1) A participant may assign Options to a permitted assign of the participant subject to any provisions to the contrary in the option agreement. For greater certainty, the terms of the Plan continue to apply to assigned Options except that the assigned Options are exercisable by the permitted assign.
- (2) Except as provided in Section 7(1), an Option may be exercised only by the participant or the permitted assign of the participant and is not assignable in law or in equity, and any purported assignment is void and of no force and effect whatsoever.

7. **Exercise of Options**

(1) Subject to the terms and conditions of each Option, an Option may be exercised in whole or in part by delivery by a participant or the legal representatives of a deceased participant of a written notice of exercise to the Corporation at its principal office in the City of Toronto, Ontario addressed to the attention of the Secretary. The Option will be deemed to be exercised upon the date of delivery of such written notice. The written notice should specify the number of Shares in respect of which the Option is being exercised. If the written notice is delivered by the legal representatives of a deceased participant, it must be accompanied by satisfactory evidence of authority to act.

(2) If an Option is exercised, the written notice referred to in Section 7(1) must be accompanied by a cheque for the aggregate exercise price (i.e., the aggregate Option price) for the Shares in respect of which the Option is being exercised.

(3) An Option may not be exercised in respect of less than 25 Shares at one time except where the remainder totals less than 25.

8. **Issue of Shares**

(1) Shares duly purchased and paid for under the terms of an Option, this Plan and any applicable regulation made hereunder will be conclusively deemed to have been issued as fully paid and non-assessable Shares.

(2) Share certificates will be issued to participants within a reasonable time following receipt of the written notice referred to in Section 7(1) and receipt of a cheque in payment of the full exercise price. A participant to whom Shares are to be issued will not have any rights in respect of such Shares until the share certificates therefor have been issued to the participant.

(3) The obligation of the Corporation to deliver share certificates is subject to all applicable laws, regulations, rules, orders and approvals then in effect and required by regulatory authorities and any stock exchange on which the Shares are listed including any obligation to withhold income or other taxes arising in respect of the grant of Options or their exercise.

9. **Maximum Shares**

The aggregate number of Shares issuable pursuant to the Plan, subject to adjustment pursuant to Section 10, will not exceed 5,000,000 Shares. Shares in respect of which Options are not exercised prior to expiry will be available for subsequent grants of Options under the Plan.

10. **Share Capital Adjustments**

(1) Subject to the right of the board to make such additional or other adjustments as it considers appropriate in the circumstances:

- (a) upon a subdivision of the Shares into a greater number of Shares, a consolidation of the Shares into a lesser number of Shares or the issue of a stock dividend to holders of the Shares (other than dividends in the ordinary course), the number of Shares authorized to be issued under the Plan, the number of Shares receivable on the exercise of an Option and the Option price thereof will be increased or reduced proportionately and the Corporation will deliver upon the exercise of an Option, in addition to or in lieu of the number of optioned Shares in respect of which the right to purchase is being exercised and without the participant making any additional payment, such greater or lesser number of Shares as results from the subdivision, consolidation or stock dividend;
- (b) upon the distribution by the Corporation to holders of the Shares of shares of any class (whether of the Corporation or another corporation, but other than Shares), rights, options or warrants, evidences of indebtedness or cash (other than dividends in the ordinary course), other securities or other assets, either the Option price of the optioned Shares will be reduced proportionately or the Corporation will deliver upon exercise of an Option, in addition to the number of optioned Shares in respect of which the right to purchase is being exercised and without the participant making any additional payment, such other securities, evidence of indebtedness or assets as result from such distribution; and
- (c) upon a capital reorganization, reclassification or change of the Shares, a consolidation, merger, amalgamation, arrangement or other form of corporate reorganization or combination of the Corporation with another corporation or a sale, lease or exchange of all or substantially all of the assets of the Corporation, the Corporation will deliver upon exercise of an Option, in lieu of the optioned Shares in respect of which the right to purchase is being exercised, the kind and amount of shares or other securities or assets as result from such event.

The purpose of such adjustments is to ensure that any participant exercising an Option after any such event will be in substantially the same position as such participant would have been in if he or she had exercised the Option prior to such event.

(2) Notwithstanding any other provision herein, in the event that the board, in its sole discretion, determines that a transaction will result in a person acquiring the power to direct, directly or indirectly, the management and policies of the Corporation (a "Change of Control"), the board may, as deemed necessary or equitable by the board in its sole discretion, determine the manner in which all unexercised Options granted under the Plan will be treated including, for example, requiring the acceleration of the time for the exercise of such Options by the participant and of the time for the fulfillment of any conditions or restrictions on such exercise. All determinations of the board under this Section will be binding for all purposes of the Plan. If the board elects to accelerate the vesting of any or all outstanding Options immediately prior to the completion of any such transaction, it may also determine that all such outstanding Options will be purchased by the Corporation or a related entity for an amount per Option equal to the "Transaction Price" (as defined below), less the applicable Option price (except that where the

Option price exceeds the Transaction Price, the amount per Option for such Options will be \$0.01), as of the date such transaction is determined to have occurred or as of such other date prior to the transaction closing date as the board may determine. For purposes of this paragraph, "Transaction Price" means the fair market value of a Share based on the consideration payable in the applicable transaction as determined by the board.

(3) If, at any time when an Option granted under the Plan remains unexercised, an offer to purchase all of the Shares of the Corporation is made by a third party, the Corporation will use its best efforts to bring such offer to the attention of the participant as soon as practicable.

(4) An adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative.

(5) The Corporation will not be required to issue fractional Shares or other securities under the Plan and any fractional interest in a Share or other security that would otherwise be delivered upon the exercise of an Option will be cancelled.

(6) Except as expressly provided in this Section 10 or as determined by the board, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to, the number of Shares that may be acquired on the exercise of any outstanding Option or the Option price of any outstanding Option.

11. Administration

(1) The board may from time to time make, amend and repeal such regulations hereunder as it deems expedient for the purpose of carrying out the Plan.

(2) All decisions and interpretations of the board or the Human Resources Committee respecting the Plan or Options granted thereunder will be binding and conclusive on the Corporation and on all participants, their permitted assigns and their legal representatives and on all persons eligible under the provisions of the Plan to participate therein.

12. Amendment and Termination

(1) The board may, at any time and from time to time, amend, suspend or terminate the Plan at any time, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or materially prejudice the rights of any participant under any Option previously granted to the participant without the consent or deemed consent of the participant.

(2) Notwithstanding the provisions of Section 12(1), the board may not, without the approval of the security holders of the Corporation, make amendments to the Plan for any of the following purposes:

- (a) to increase the maximum number of Shares that may be issued pursuant to Options granted under the Plan as set out in Section 9, subject to adjustment pursuant to Section 10;
- (b) to reduce the Option price of Options to less than the Market Price;
- (c) to reduce the Option price of Options for the benefit of an Insider;
- (d) to extend the expiry date of Options for the benefit of an Insider;
- (e) to increase the maximum number of Shares issuable pursuant to Section 3(5) or (6); and
- (f) to amend the provisions of this Section 12.

(3) In addition to the adjustments that may be made pursuant to Section 10, the board may, at any time and from time to time, without the approval of the security holders of the Corporation, amend any term of any outstanding Option (including, without limitation, the Option price, vesting and expiry of the Option), provided that:

- (a) any required approval of any regulatory authority or stock exchange is obtained;
- (b) if the amendments would reduce the Option price or extend the expiry date of Options granted to Insiders, other than as authorized pursuant to Section 10, approval of the security holders of the Corporation must be obtained;
- (c) the board would have had the authority to initially grant the Option under the terms as so amended; and
- (d) the consent or deemed consent of the participant is obtained if the amendment would materially prejudice the rights of the participant under the Option.

13. **Governing Laws**

The Plan and each option agreement will be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Stock Option Plan

[Amendment to 9. Maximum Shares approved by shareholders at the AGM on May 1, 2008.]

EXHIBIT “G”

FRASER INC.

HEALTH AND WELFARE TRUST

J.P. Katruk

CONTENTS

TAB NO.

1. Agreement and Declaration of Trust
2. Health and Welfare Plan

FRASER INC.

AND

TRUSTEES OF THE FRASER INC.
HEALTH AND WELFARE TRUST FUND

AGREEMENT AND DECLARATION OF TRUST

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This table of contents forms no part of the AGREEMENT AND DECLARATION OF TRUST but is inserted for convenience of reference only.

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THIS AGREEMENT AND DECLARATION OF TRUST made as of the 1st day of January 1988.

BETWEEN:

FRASER INC., a corporate body duly incorporated under the laws of New Brunswick, and having its Registered Office in Edmundston, New Brunswick, E3V 1S9 (hereinafter called "Fraser Inc."),

AND:

TRUSTEES OF THE FRASER INC. HEALTH AND WELFARE TRUST FUND, in Edmundston, New Brunswick, E3V 1S9 (hereinafter called the "Trustees"),

WHEREAS:

- A. Fraser Inc. wishes to provide health and welfare benefits to its employees,
- B. Fraser Inc. wishes to make available health and welfare benefits to the employees of the other companies in which Fraser has a direct financial interest, and
- C. For such purpose Fraser Inc. and the Trustees have agreed to enter into this Agreement and Declaration of Trust.

NOW THEREFORE THIS AGREEMENT AND DECLARATION OF TRUST WITNESSETH

that in consideration of the premises, and in order to establish, maintain and provide for the maintenance of a trust fund to be known as the "Fraser Inc. Health and Welfare Trust Fund", and a Health and Welfare Plan to be known as the "Fraser Inc. Health and Welfare Plan" for the purposes of providing such health and welfare benefits, a copy of which Plan as may be amended from time to time is attached hereto as Appendix "A",

THE PARTIES HERETO COVENANT AND AGREE WITH EACH OTHER, AS FOLLOWS:

SECTION I

DEFINITIONS

- 1.00 Whenever used in this Agreement, the following words and phrases wherever they appear in this text with the initial letter capitalized shall have the meanings as defined in this Section.
- 1.01 "Agreement" or "Agreement and Declaration of Trust" shall mean this instrument, including all amendments and modifications hereto.
- 1.02 "Contributions" shall mean any and all sums of money required to be paid by a Participating Employer and Participating members into the Trust Fund. The amount of contributions required to be paid by the Participating Employers and Participating Members shall be the amount necessary to provide accrued benefits hereunder, as determined, from time to time, by the Trustees.
- 1.03 "Fund" or "Trust Fund" shall mean the "Fraser Inc. Health and Welfare Trust Fund".
- 1.04 "Participating Member" shall mean and include any employee who is eligible in accordance with the terms of the Plan and on whose behalf contributions are being made by his Participating Employer.
- 1.05 "Participating Employer" shall mean Fraser Inc. and any subsidiary, affiliate or operating division of Fraser Inc. which elects to participate in the Plan, agrees to make contributions thereto, and is approved for participation by the Trustees.
- 1.06 "Plan" shall mean the "Fraser Inc. Health and Welfare Plan".
- 1.07 "Trustee" shall mean any person designated as a Trustee, pursuant to this Agreement and Declaration of Trust.
- 1.08 "Fraser" shall mean the management committee of Fraser Inc.

SECTION II

TRUSTEES

- 2.00 The Trustees under this Agreement and Declaration of Trust, who shall be the Trustees of the Trust Fund created and established hereunder, shall be appointed by Fraser, and such Trustees shall constitute the Board of Trustees (herein called the "Board"). The following are the Trustees:

JOHN P. KATRUK

JOSEPH D. LEGRIS

REGAL D. McLEAN

J. DOUGLAS SHELDRIK

- 2.01 The Board shall determine the time and place for meetings of the Board, which shall be held at least annually. The Trustees may adopt such procedures, by-laws, regulations and rules of procedure as they deem necessary, including, but not limiting the generality of the foregoing, the frequency of meetings, the constitution of a quorum at a meeting and the issuance of cheques from the Trust Fund.
- 2.02 Unless otherwise provided in this Agreement and Declaration of Trust, all decisions of the Board shall be made by majority vote of the Trustees present at the meeting, at which such vote is taken, or by resolution of all Trustees in writing without a meeting.
- 2.03 A Trustee referred to in clause 2.00, upon signing this Agreement and Declaration of Trust, or upon written acceptance filed with the Secretary in the case of any successor Trustee, shall be deemed to accept the trust created and established by this Agreement and Declaration of Trust, and to consent to act as Trustee and to agree to administer the Trust Fund, as provided herein.
- 2.04 Each Trustee shall continue to serve as such until the appointment or designation of a successor Trustee by Fraser.

- 2.05 (a) A Trustee may resign by giving notice to Fraser in writing specifying therein the date upon which he desires such resignation to take effect (hereinafter called the "Cessation Date"). Such resignation shall take effect on either the Cessation Date, or the earlier date upon which the successor Trustee shall have filed his written acceptance with Fraser.
- (b) Any Trustee may be removed at any time by Fraser.
- (c) Any Trustee, upon his resignation becoming effective, or upon his removal, as the case may be, shall thereafter be fully discharged from all future duties, obligations and responsibilities thereunder.
- 2.06 If any Trustee dies, becomes incapable of acting, resigns or is removed from office, a successor shall immediately be appointed by Fraser.
- 2.07 Any successor Trustee shall, immediately upon his appointment or his acceptance become vested with all the property, rights, powers and duties of a Trustee hereunder.
- 2.08 Notwithstanding that it be subsequently discovered or determined that there existed some defect in the appointment, removal or qualification of any Trustee, all acts and proceedings of the Board, done and carried on in good faith, at any time while any such defect existed, shall be valid and effective.
- 2.09 A Trustee shall not be entitled to be paid or to receive any compensation for the performance of his duties as a Trustee.
- 2.10 A Trustee who would otherwise be eligible for coverages under the benefit plans will continue to be eligible for such coverages under the plans.

SECTION III

CREATION, PURPOSE AND APPLICATION OF THE TRUST FUND

- 3.00 The Trust Fund hereby created shall consist of all monies received by the Trustees as contributions, all contracts (including dividends, interest, refunds or other sums payable to the Trustees on account of such contracts), all investments made and held by the Trustees, and all income received from investments, as well as any other property received and held by the Trustees for any purposes of the trusts set forth herein.
- 3.01 The Trustees agree to receive the Trust Fund and to hold and administer it for the purpose of providing health and welfare benefits, including payments for private health services plans, group term life insurance premiums and group sickness or accident insurance plans and other benefits as may be provided from time to time for participating members, their eligible dependents or beneficiaries.
- 3.02 The Trustees are hereby authorized, empowered and directed to establish the Plan, which shall not be inconsistent with this Agreement, defining the health and welfare benefits to be provided, which shall be in accordance with the requirements of each Participating Employer, the conditions of eligibility for such benefits, and such other terms as the Trustees shall deem necessary to include. The Trustees, may, at any time, and from time to time, change or modify the benefits provided under the Plan and the eligibility rule or rules, as the case may be, and any such change or modification may take effect retroactively or otherwise, as the Trustees may, in their discretion, decide.
- 3.03 To give proper effect to this Agreement, the Trustees shall have power to use and apply the Trust Fund for the following purposes:
- (a) To pay or provide for the payments of all reasonable and necessary expenses, costs and fees incurred by the Board in connection with the maintenance, operation and administration of the Trust fund and Plan, including the employment of such actuarial, legal, accounting, administrative and other assistance as the Trustees in their discretion deem necessary or appropriate in the performance of their duties, provided that no part of the Trust Fund shall be used for the compensation of the Trustees;

- (b) To pay or provide for the payment of all real and personal property taxes, income and other taxes, or assessment of any and all kinds levied or assessed under existing or future laws upon or with respect to the Trust Fund, or any money or property forming a part thereof;
- (c) To establish and accumulate such reserve funds as may be adequate to provide for administrative expenses and other obligations of the Trust Fund, including the maintenance and operation of the Plan;
- (d) To invest and re-invest the principal and income of the Trust Fund without distinction between principal and income in such investments as the Trustee may, in their sole and absolute discretion, select from time to time.

3.04 The following limitation shall apply to the rights or interest in or use of the Trust Fund;

- (a) Neither Fraser Inc. nor any other Participating Employer, nor any Participating Member, nor any other person, association, or corporation shall have any right, title or interest in or to the Trust Fund, save as by this Agreement expressly provided, and save as by law provided, however, nothing herein contained shall impair or derogate from the rights of the Participating Members and their eligible dependents and beneficiaries to the benefits under the Plan.
- (b) Except as provided in Section III^{and Section X} no part of the assets or income of the Trust Fund shall be used for or diverted to purposes other than for the exclusive benefit of the Participating Members and their eligible dependents, except for necessary administration and other expenses as may be authorized herein;
- (c) No money, property, equity or interest of any nature whatsoever in the Trust Fund or in any benefits or monies payable therefrom shall be subject in any manner by any Participating member or eligible dependent, or beneficiary or person claiming through any of them, to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, garnishment, lien, or charge, and any attempt to cause the same to be subject thereto, shall be null and void.

SECTION IV

ADMINISTRATION OF THE TRUST FUND

4.00 The Trustees shall have all powers and authority necessary to administer the Trust Fund and Plan and, without limiting the capacity of the foregoing, the Trustees are hereby authorized and empowered as follows:

- (a) to engage and dismiss, from time to time, such agents, employees, professionals, and others, as the Trustees deem necessary to assist them in their administration of the Trust Fund and Plan and the Trustees may delegate any of their administrative powers or duties to any such person or persons;
- (b) to make and enforce such rules and regulations consistent with the provisions of this Agreement and Declaration of Trust as the Trustees consider advisable for the administration of the Trust Fund and Plan;
- (c) to compute the amount of benefits payable to any Participating Member or beneficiary in accordance with provisions of the Plan.
- (d) to develop and establish procedures to be followed by the Participating Employers in reporting and remitting contributions;
- (e) to obtain and evaluate all statistical and actuarial data which may be reasonably required with respect to the administration of the Trust Fund and Plan;
- (f) to deal with any securities contracts or agreements considered advisable in connection with the administration of the Trust Fund and the Plan, and do all other acts considered necessary or advisable for the protection of the Trust Fund and Plan;
- (g) to retain monies and other properties of the Trust Fund on deposit or for safekeeping at any bank, licensed trust company or credit union and to enter into arrangements and contracts with such bank, trust company or credit union for purposes of the trusts set forth in this Agreement.

- (h) to make reciprocal agreements with any person, firm, corporation, or other trust fund charged with the duty of maintaining and/or operating and administering any other health and welfare plan for the reciprocal transfer of credited service and benefits between such plan and the Plan constituted hereunder, and for the payment or receipt, as the case may require, of such funds as shall be actuarially determined to be proper to fund benefits accrued to the date of such transfer;
- (i) to make such other rules and regulations as may be necessary for the administration of the Trust Fund and Plan and not inconsistent with the purposes of the Trust.

4.01 All cheques, drafts, vouchers or other withdrawals of money from the Trust Fund, and the transfer of any property or security of the Trust Fund, shall require the signature of at least two Trustees who have been first duly authorized by resolution of the Trustees to sign such documents.

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SECTION V

DEALINGS WITH TRUSTEES

- 5.01 Any questions arising in connection with carrying out of the terms and provisions of this Agreement not herein specifically provided for, shall be left to the sole discretion of the Trustees.
- 5.02 The Trustees may seek judicial interpretation they may deem necessary or advisable to settle their accounts, or may obtain a judicial determination of declaratory judgement as to any questions of construction of this Agreement or instruction as to any action hereunder. Any such determination shall be binding upon all parties to or claiming under this Agreement.
- 5.03 The costs and expenses of any action, suit or proceedings brought by or against the Trustees, or any of them, (including reasonable counsel fees), shall be paid by Fraser Inc., except in relation to matters as to which it shall be adjudged in such action, suit or proceedings that such Trustees were acting in bad faith or were guilty of wilful default or misconduct.

SECTION VI

LIMITATION OF LIABILITY

- 6.00 A Trustee shall not be liable for any error of judgement or for any loss to the Trust Fund or any insufficiency or deficiency of the Trust Fund arising through any act or omission done or permitted by him reasonably and in good faith.
- 6.01 Unless a Trustee is otherwise authorized or directed by an express provision of the law or this Agreement or of the Plan, he may invest trust money in any kind of property, real, personal or mixed, but in so doing, he shall exercise the judgement and care that a man of prudence, discretion and intelligence would exercise as a trustee of the property of others.
- 6.02 A Trustee, without prejudice to the provisions of this Agreement and the Plan, is chargeable only for money and securities actually received by him or by any attorney lawfully appointed by him, notwithstanding his signing any receipt for the sake of conformity, and is answerable and accountable only for his own or his attorney's acts, receipts, neglects or defaults, and not for those of any other Trustee, or of any banker, broker or other person with whom any trust money or securities may be deposited, nor for the insufficiency or deficiency of any securities, nor for any other loss, unless the same happens through his own or his attorney's wilful default.

SECTION VII

AMENDMENT

7.00 The Parties hereto may, at any time and from time to time, modify or amend this Agreement, provided however, that no amendment or modification shall be made which:

- (a) alters the basic principles or intent of this Agreement, or
- (b) subject to clause 10.01, permits the Trust Fund to be used other than to provide for health and welfare benefits as set fourth in clause 3.01, for Participating Members and their beneficiaries and for the administration of the Trust Fund, or
- (c) diverts the Trust Fund or any part thereof to a purpose other than as set out herein, or
- (d) eliminates the requirements of an audit, the results of which shall be available for inspection by any Trustee, Fraser and any Participating Employer.

SECTION VIII

TERMINATION OF RIGHT TO PARTICIPATE IN THE PLAN

- 8.00 A Participating Employer may at any time elect to withdraw from the Plan by delivering to the Trustees notice in writing of such election and he shall cease to be a Participating Employer upon receipt by the Trustees of such notice of election.
- 8.01 If a Participating Employer fails to make contributions for a period of three (3) months, then the Trustees may declare that he has ceased to be a Participating Employer, provided however that such Participating Employer shall remain liable for the payment of all contributions accrued due up to the date he ceases to be a Participating Employer.
- 8.02 A Participating Member shall cease to be such immediately upon his Participating Employer ceasing to be such and withdrawing from the Plan in accordance with clauses 8.00 and 8.01 or from the date he ceases to be an employee of a Participating Employer.

SECTION IX

TRANSFER OF ASSETS

- 9.00 The Trustees may, in their sole discretion, authorize the transfer of assets of the Trust Fund of a Participating Employer to another Health and Welfare Trust Fund and Plan (hereinafter called "Successor Health and Welfare Trust Fund") provided, however, that the successor Health the Welfare Trust Fund provides for equivalent or greater benefits than those provided hereunder and provided also that the Trustees and the Trust Fund and Plan are discharged from any further liabilities hereunder.
- 9.01 As soon as the Trustees shall have decided to make payment into a Successor Health and Welfare Trust Fund, as contemplated and authorized herein, the provisions of clause 10.01 shall apply to and govern the subsequent conduct and actions of the Trustees in implementing their decisions, and upon such payment into the Successor Trust Fund being effected, all of the trusts relating to such Participating Members contained herein shall cease and terminate, and the Trustees shall be relieved and released of and from all obligations, responsibilities and liabilities imposed upon them by and pursuant to this Agreement and/or the Plan and otherwise howsoever as they may relate to such Participating Members.

SECTION X

TERMINATION OF THE TRUST

- 10.00 This Agreement and the Plan established hereunder shall be terminated by the Trustees on receipt of written instructions from Fraser.
- 10.01 In the event of termination, the Trustees shall:
- (a) make provisions out of the Trust Fund for the payment of reasonable expenses incurred up to the date of termination of the Trust Fund and the expenses incidental to such termination;
 - (b) pay, or make appropriate provisions to pay, all benefits to which members, former members and other persons are entitled under the Plan;
 - (c) arrange for a final audit and report of their transactions and accounts for the purpose of terminating their trusteeship;
 - (d) pay the residue of the Trust Fund to Fraser Inc.

SECTION XI

SITUS AND CONSTRUCTION OF TRUST

- 11.00 All questions pertaining to the validity, construction and administration of this Agreement shall be determined in accordance with the laws of Canada and the Province of New Brunswick.
- 11.01 Wherever the singular or masculine is used throughout this Agreement, the same shall be deemed to include the plural or feminine or body politic or corporate wherever the context and the parties hereto so require.
- 11.02 This Agreement shall enure to the benefit of and be binding upon the parties hereto, their and each of their heirs, executors, administrators, successors and assigns, as the case may be.

IN WITNESS WHEREOF the parties hereto have executed these presents.

FRASER INC.

By: Miall O'Brien
President

By: J. O. Legrain
Vice-President, Secretary
and General Counsel

J.P. KATRUK

Trustee (print name)
22 Matheson St.
Edmundston, N.B. E3V 2A2

Address

Manager, Personnel Administration

Occupation

J. O. Legrain
Trustee's signature

R.D. McLEAN

Trustee (print name)
24 Lawson St.
Edmundston, N.B. E3V 1Z4

Address

Vice-President, Human Resources

Occupation

R. D. McLean
Trustee's signature

J.D. SHELDRICK

Trustee (print name)
12 Matheson St.
Edmundston, N.B. E3V 2A1

Address
Vice-President, Finance
and Treasurer

Occupation


Trustee's signature

Trustee (print name) _____

Address _____

Occupation _____

Trustee's signature

J.D. LEGRIS
Trustee (print name)
28 Matheson St.
Edmundston, N.B. E3V 2A2
Address
Vice-President, Secretary
and General Counsel
Occupation

J. H. H. H.
Trustee's signature

New Brunswick , do solemnly declare that I know J.P. Katruk
(names of Trustees)

R.D. McLean , J.D. Sheldrick and J.D. Legris .

the foregoing sign and initial this agreement and declaration of Trust and do hereby give witness thereto, on this 30th day of September, 1988.

Witness' signature

FRASER INC. HEALTH AND WELFARE PLAN
PARTICIPATION APPLICATION

The undersigned, duly authorized by the Board of Directors that he represents (refer to resolution affixed hereto) hereby applies to the Board of Trustees of Fraser Inc. Health and Welfare Plan for approval and acceptance of the undersigned as a Participating Employer.

If approved and accepted as a Participating Employer the undersigned undertakes and agrees to make contributions to the Fraser Inc. Health and Welfare Plan, or directly to such firm or corporation as the Trustees may, from time to time, direct, and further undertakes and agrees to be bound by all the terms and provisions of the Agreement and Declaration of Trust under and pursuant to which the Fraser Inc. Health and Welfare Plan is constituted and duly to perform and discharge all the obligations therein imposed upon Participating Employers, and it is understood by the undersigned that the undertaking and agreement to make such contributions and to perform and discharge such obligations are conditions of the approval and acceptance of the undersigned by the Trustees.

EFFECTIVE this _____ day of _____ 198____.
(day) (month)

Applicant - Company

Executed by: Name and Title
(Affix Corporate Seal)

APPROVED AND ACCEPTED BY THE TRUSTEES on the ____ day of _____, 198__.

By: _____
On Behalf of the Trustees

APPENDIX "A"

established

FRASER INC.
HEALTH AND WELFARE PLAN

I N D E X

DEFINITIONS

Section 1	-	ELIGIBILITY
Section 2	-	BENEFITS
Section 3	-	TRUST FUND
Section 4	-	GENERAL PROVISIONS
Section 5	-	FUTURE OF THE PLAN
Section 6	-	CO-ORDINATION OF BENEFITS
Section 7	-	ADMINISTRATION
Section 8	-	MISCELLANEOUS
Schedule A	-	BENEFITS

DEFINITIONS

Fraser: Fraser Inc. and any successor company by consolidation, merger, amalgamation, reorganization or otherwise that shall acquire all or substantially all the business and assets of Fraser Inc. except that reference in the Plan to any action to be taken, consent, approval, or opinion to be given or discretion or decision to be exercised or made by Fraser shall refer to Fraser Inc. acting by its Board of Directors or any person or persons from time to time appointed, designated or authorized by the said Board of Directors so to act.

Employee: A person engaged in the service of a Participating Employer.

Participating Employer: An Employer, whether a division or separate corporation, which has adopted the Plan and to which the Plan has been extended by Fraser and is directly or indirectly affiliated with Fraser through stock ownership and which adoption is evidenced by an Acknowledgement of the Trustees and Fraser.

Plan: The Fraser Health and Welfare Plan which was established to provide group life and accidental death and dismemberment benefits, long term disability income benefits and certain other benefits to the employees of Participating Employers all as further set forth on Schedule A hereto.

Trust: The Fraser Health and Welfare Trust as it may be amended from time to time.

Section 1

ELIGIBILITY

Employees of Participating Employers and their dependents are included in the Plan subject to the terms and conditions of eligibility defined in Schedule A hereto.

Section 2

BENEFITS

Eligible Employees and their dependents are provided with welfare benefits in accordance with the terms and provisions of Schedule A attached hereto set for such benefits for each category of Employee group for each Participating Employer.

Section 3

TRUST FUND

- 3.1 All contributions of Participating Employers will be paid into the Fraser Health and Welfare Trust which will be administered by the Trustees in accordance with the terms of the Trust Agreement which forms part of and is the sole funding vehicle for this Plan.
- 3.2 All benefits, insurance premiums, reimbursements under the Administration Services Agreement and other expenses payable under the Plan shall be paid from the Trust Fund.
- 3.3 The Participating Employers will request the Trustees to maintain and report on all assets in the Trust Fund.
- 3.4 The Participating Employers will contribute to the Plan in such amounts as directed by Fraser. Failure to make required contributions shall terminate a Participating Employer's participation in the Plan.

Section 4

GENERAL PROVISIONS

- 4.1 The establishment and implementation of the Plan shall not constitute an enlargement of any rights an Employee has apart from the Plan.
- 4.2 Whenever the records of a Participating Employer are used for the purpose of the Plan, such records shall be conclusive as to the facts with which they are concerned.
- 4.3 If, in the opinion of the Participating Employer any person entitled to receive a benefit under the Plan is, as a result of physical or mental infirmity, incapable of managing his affairs, or is a minor, the Participating Employer may authorize any payment to which any such person is entitled to be made to his spouse, child, guardian, or other person for his account, and such payment shall be a complete discharge of the obligation of the Participating Employer to make payment.
- 4.4 Any notice to be given, made or communicated pursuant to or for any purpose of the Plan shall be given, made or communicated, as the case may be, in such manner as Fraser shall determine.
- 4.5 The provisions of the Plan shall be construed, administered and enforced according to the laws of the Province of New Brunswick. All contributions to the Trustees shall be deemed to take place in the Province of New Brunswick.

Section 5

FUTURE OF THE PLAN

- 5.1 The Participating Employers intend to maintain the Plan in force indefinitely, but necessarily reserve the right to amend or discontinue the Plan in whole or in part.
- 5.2 If a Participating Employer shall become bankrupt, the assets held pursuant to or for purposes of the Plan or part of the Plan pertaining to such Participating Employer's eligible Employees will be applied for the benefit of such eligible Employees in such equitable manner as shall be determined by the Participating Employer.
- 5.3 No liability shall attach to the Participating Employer or any receiver in liquidation or trustee in bankruptcy in connection with such application or distribution if made in good faith.
- 5.4 Notwithstanding paragraph 3.1 of the Plan, any assets in excess of the amounts required to provide the benefits under the Plan will be reimbursed to the Participating Employer.

Section 6

CO-ORDINATION OF BENEFITS

- 6.1 If any covered Employee or dependent is covered by any other plan(s) described in Section 6.3 below for the same illness, injury or service for which benefits are payable under this Plan, benefits under this Plan shall be reduced so that the sum of such benefits plus benefits payable under such other plan or plans shall be equal to the actual charges or actual expenses covered under the plan or plans whenever co-ordination is required.
- 6.2 Co-ordination of benefits shall be required in the following circumstances with respect to the Extended Health Care Plan.
- (a) When the individual for whom charges were incurred is covered as a dependent under this Plan and is covered in a capacity other than as a dependent under the other plan or plans;
 - (b) When the individual for whom charges were incurred is covered as a dependent of a spouse under the other plan or plans;
- 6.3 Benefits under this Plan will co-ordinate with any plan providing medical or dental benefits or services under a group, blanket, or franchise insurance coverage or a self-funded, prepaid, or government supported program.
- 6.4 Whenever Fraser has directed payments which exceed the maximum payment necessary under this Plan, taking into account the provisions dealing with co-ordination of benefits, Fraser on behalf of the Trust shall have the right to recover such excess payment from among one or more of the following as Fraser shall determine: any person to, from, or with respect to whom such payments were made, any insurance company, or any other organization.
- 6.5 If payments are made under this Plan for replacement of income for any treatment or services because of injury to or sickness of a covered person who has a lawful claim, demand or right against a third party (including any insurance carrier) for indemnification, damages or other payment with respect to such injury or sickness, then;
- (a) Fraser on behalf of the Trust shall be subrogated to the extent of the payment made under this Plan, to the rights of the covered person to receive or claim such indemnification, damages or other payments and the covered person shall execute or secure the execution of such instruments as Fraser may reasonably require to enforce its rights hereunder; and

- (b) Any individual who shall receive payment from any such third party because of injury to or sickness of a covered person shall reimburse the Trust from each payment so received (but not in excess of the amount received) for all payment made under this Plan for treatment or service with respect to the same injury or sickness.

Section 7

ADMINISTRATION

Fraser on behalf of all Participating Employers shall have all powers as may be necessary to discharge all duties hereunder, to interpret and construe this Plan, to determine all questions of eligibility and of the status and rights of participants, beneficiaries or any other person having or claiming a benefit under the Plan, to decide any dispute arising under this Plan and any question arising in the administration, interpretation or application of this Plan, to compute the amount of any benefits under this Plan and direct the Trustee with respect to the payment thereof, and to exercise any powers granted to it in the Trust Agreement. Any determination or decision of Fraser shall be conclusive and binding on all persons at any time having or claiming to have any interest whatever under this Plan, and in making any such determination or decision Fraser shall be entitled to rely conclusively upon information furnished to it by the Participating Employers.

Fraser on behalf of itself and all Participating Employers from time to time may engage an agent or designate a Committee to carry out any of its administrative responsibilities under this Section 7.

Section 8

MISCELLANEOUS

- 8.1 Fraser shall require such notices, applications, and evidentiary documents as it shall deem necessary to provide benefits set forth in this Plan within ninety days or as soon as reasonably possible after the occurrence of the loss for which claim is made. Compliance with such requirements shall be a condition precedent to receipt of any benefits under this Plan.
- 8.2 Benefits may not be assigned, transferred, hypothecated or anticipated by those entitled to benefits under the Plan.
- 8.3 The Plan may be adopted all as more fully set forth in the Trust.

IN WITNESS WHEREOF, this Plan has been executed by duly authorized officers of Fraser Inc. this 1st day of JANUARY, 1988.

Fraser Inc.

By: Michael D. Brian
President

By: John O'Leary
Vice-President, Secretary
and General Counsel

SCHEDULE A

The Fraser Health and Welfare Plan includes the following insurance and administration service contracts.

Benefits and eligibility provisions are in accordance with the terms and provisions of the following contracts as amended from time to time.

Sun Life

Group Life Policies 933-G; 16330-G; 16331-G; 16332-G

Accidental Death and Dismemberment Policies 50290

50291

Excelsior Life

Administrative Services Contracts

7076

7089

Blue Cross

Maritime Hospital Associates
Group Health Contracts

6400

6401

6402

6403

6405

6406

6407

6408

6411 *out*

6412

6412-1

6415

6415-1

6422

6433

6434

8972

8979

can. Resident out.

*7075 W.I.
7076 L.I.D.
7079 L.I.D. 10
30*

*7072
2000
?*

The Fraser Health and Welfare Plan also includes the Fraser Extended Health Care Plan, a private health services plan administered by Fraser.

Fraser Extended Health Care

Eligibility - All salaried employees eligible to participate under the Blue Cross Plans 6412-000, 6412-001, 6422-000 and 6423-000 and their eligible dependents as defined under these plans, who elect to participate under the Extended Health Care Plan.

Eligible Expenses - All medical expenses which would qualify as medical expenses under the Income Tax Act, Section 110(1)(c).

Benefit Payment - The Extended Health Care Plan will reimburse employees for all medical expenses up to the employee's lifetime maximum limit, providing these medical expenses are not reimbursed, or not eligible for reimbursement under any other private health services plan or any other government or government sponsored plan.

Lifetime Maximum - An eligible employee may elect a lifetime maximum reimbursement limit. Eligible expenses incurred in the subsequent calendar year and each year thereafter will be reimbursed until the maximum limit is reached.

Each year an eligible employee may elect a new lifetime limit which will be added to the unused balance of lifetime maximum limits of previous years.

Termination of Coverage - Following the death or retirement of the employee, coverage continues for an employee and dependents until all accumulated lifetime maximum limits have been exhausted,

Following termination of employment, other than death or retirement, coverage will continue until all accumulated lifetime limits have been exhausted but not beyond 90 days following termination of employment.

AMENDMENT #1
TO THE AGREEMENT AND DECLARATION OF TRUST

WHEREAS Fraser Inc., a corporation incorporated under the laws of New Brunswick, entered into an Agreement and Declaration of Trust dated January 1, 1988 (the "Agreement") in respect of Fraser Inc.'s Health and Welfare Trust (the "Trust");

AND WHEREAS pursuant to Articles of Continuance, on April 11, 1996 Fraser Inc. changed its name to Fraser Paper Inc. (Canada) and was continued under the laws of Canada;

AND WHEREAS, on August 20, 1996, Fraser Paper Inc. (Canada) changed its name to Fraser Papers Inc. (Canada);

AND WHEREAS on June 28, 2004, Fraser Papers Inc. (Canada) changed its name to FPS Canada Inc. (the "Corporation");

AND WHEREAS the Trustees under the Agreement (the "Former Trustees") are no longer affiliated or employed by the Corporation;

AND WHEREAS the Corporation wishes to amend the Agreement to, among other things, appoint new Trustees;

AND WHEREAS it is desirable and in the best interest of the Trust that the Agreement be amended;

Now therefore the Agreement and Declaration of Trust is hereby amended as follows:

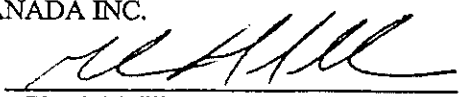
1. All references to "Fraser Inc." are deleted and replaced with "FPS Canada Inc.";
2. The Former Trustees listed in Section 2.00 are removed and the following are appointed in the place and stead of the Former Trustees:

Jean Paul Fournier
Linda Pellizzari
William Peterson
Carole Savage

This amendment does not change or modify any other terms of the Agreement.

Dated as of April 30, 2009.

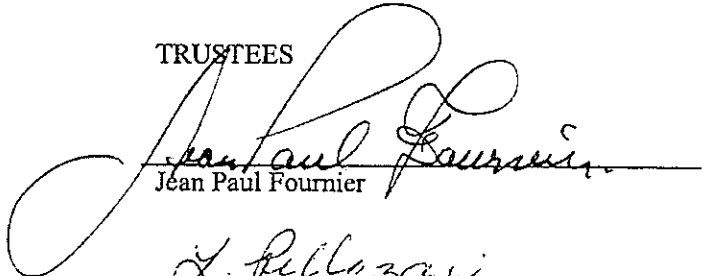
FPS CANADA INC.

By: 
Name: Glen McMillan
Title: Secretary

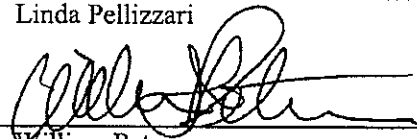
By: 
Name: Marina Mueller
Title: Assistant Secretary

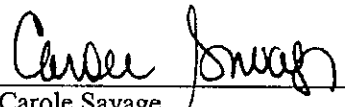
Accepted and agreed as of April 30, 2009.

TRUSTEES


Jean Paul Fournier


Linda Pellizzari


William Peterson


Carole Savage

AMENDMENT #1
TO THE HEALTH AND WELFARE PLAN

WHEREAS Fraser Inc., a corporation incorporated under the laws of New Brunswick, established a Health and Welfare Plan dated January 1, 1988 (the "Plan") to administer Fraser Inc.'s Health and Welfare Trust (the "Trust");

AND WHEREAS pursuant to Articles of Continuance, on April 11, 1996 Fraser Inc. changed its name to Fraser Paper Inc. (Canada) and was continued under the laws of Canada;

AND WHEREAS, on August 20, 1996, Fraser Paper Inc. (Canada) changed its name to Fraser Papers Inc. (Canada);

AND WHEREAS on June 28, 2004, Fraser Papers Inc. (Canada) changed its name to FPS Canada Inc. (the "Corporation");

AND WHEREAS it is desirable and in the best interest of the Plan that it be amended;

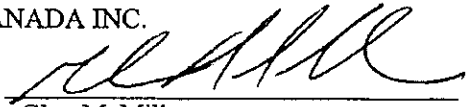
Now therefore the Plan is hereby amended as follows:

1. All references to "Fraser Inc." are deleted and replaced with "FPS Canada Inc.";
2. Schedule A to the Plan is hereby repealed and replaced with the attached Schedule A dated April 30, 2009.

This amendment does not change or modify any other terms of the Plan.

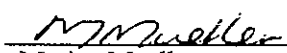
Dated as of April 30, 2009.

FPS CANADA INC.

By: 

Name: Glen McMillan

Title: Secretary

By: 

Name: Marina Mueller

Title: Assistant Secretary

SCHEDULE A

The Fraser Health and Welfare Plan includes the following insurance administration service contracts.

Benefits and eligibility provisions are in accordance with the terms and provisions of the following contracts as amended from time to time.

Life Insurance

Group Policies	933-G and 16331
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Accidental Death and Dismemberment

Policies	AB-10329901 OK-10329901
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Health and Dental

Group Health/Dental Policies	6400 6401 6402 6405 6406 6407 6419 6431 6432 6433 6435 6945 8971 8972 8979 9060 9061
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<u>Weekly Indemnity Policies</u>	7075
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<u>Long Term Disability Policies</u>	7076 7079
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The Fraser Health and Welfare Plan also includes the Fraser Extended Health Care Plan, a private health services plan administered by Medavie Blue Cross.

Fraser Extended Health Care Plan

Eligibility - All salaried employees eligible to participate under the Medavie Blue Cross Plans. 6431, 6432, 6433, 6435 and 6419 and their eligible dependents as defined under these plans who elect to participate under the Extended Health Care Plan.

Eligible Expenses - All medical/dental expenses which would qualify as eligible expenses based on the Canada Revenue Agency Income Tax Act.

Benefit

Payment -

The Extended Health Care Plan will reimburse employees for all medical/dental expenses up to the employee's pledge maximum limit, providing these medical/dental expenses are not reimbursed, or not eligible for reimbursement under any other private health/dental services plan or any other government or government sponsored plan.

Termination

Of Coverage -

Following the death or retirement of the employee, coverage continues for an employee and dependents until all accumulated lifetime maximum limits have been exhausted.

Following termination of employment, other than death or retirement, coverage will continue until all accumulated lifetime limits have been exhausted but not beyond 90 days following termination of employment.

Dated April 30, 2009

**AMENDMENT #2
TO THE AGREEMENT AND DECLARATION OF TRUST**

WHEREAS FPS Canada Inc. (the "Corporation") is party to an Agreement and Declaration of Trust dated January 1, 1988 and as amended by Amendment No. 1 dated as of April 30, 2009, which provides for the maintenance of a trust fund to be known as the "FPS Canada Inc. Health and Welfare Trust Fund";

AND WHEREAS pursuant to Section II of the Agreement and Declaration of Trust, the Corporation may remove any Trustee and may appoint Trustees for the ;

AND WHEREAS the Corporation wishes to amend the Agreement to remove certain of the existing Trustees and appoint new Trustees;

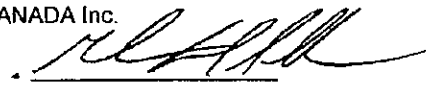
NOW THEREFORE BE IT RESOLVED THAT, effective January 31, 2011:

1. The following Trustees of the FPS Canada Inc. Health and Welfare Trust Fund, as appointed by pursuant to Amendment #1 to the Agreement and Declaration of Trust dated April 30, 2009, are removed:
 - (a) Jean Paul Fournier
 - (b) William Peterson
 - (c) Carole Savage
2. In addition to Linda Pellizzari who remains as a Trustee, the Corporation appoints the following individual is appointed as a successor Trustees:
 - (a) Marina Mueller

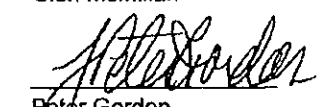
AND BE IT FURTHER RESOLVED THAT that any officer or director of FPS Canada Inc. be and hereby are authorized and directed to do all things, including to take all such actions as may be appropriate and requisite for the purpose of carrying into effect the intent of this amendment, and to execute all documents as may be necessary to give effect to this Amendment and to carry out its intent.

Dated as of February 15, 2011

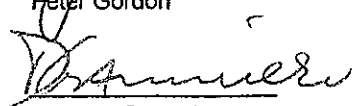
FPS CANADA Inc.

By: 

Name: Glen McMillan

By: 

Name: Peter Gordon

By: 

Name: Dominic Gammiero

**AMENDMENT #2
TO THE FPS CANADA INC. HEALTH AND WELFARE PLAN**

WHEREAS FPS Canada Inc. (the "Corporation") established the FPS Canada Inc. Health and Welfare Plan (the "Plan") to provide group life and accidental death and dismemberment benefits, long term disability income benefits and certain other benefits to employees of Participating Employers as set forth on Schedule A to the Plan;

AND WHEREAS pursuant to section 5.1 of the Plan, the Participating Employers, have reserved the right to amend or discontinue the Plan in whole or in part

AND WHEREAS the Corporation is acting on behalf of all Participating Employers;

AND WHEREAS the Corporation wishes to amend the Plan to reflect that certain insurance and administration service contracts listed in Schedule A to the Plan have been terminated;

NOW THEREFORE BE IT RESOLED THAT, effective May 1, 2010:

1. Schedule A to the Plan is deleted and replaced with the following:

"Schedule A

The FPS Canada Inc. Health and Welfare Plan includes the following administration service contract with Medavie Blue Cross.

Long Term Disability Policy 7076

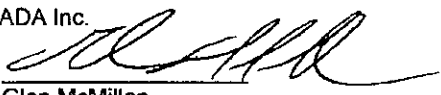
The Long Term Disability Policy 7076 is an Administrative Services Only policy administered by Medavie Blue Cross.

Effective May 1, 2010, no other benefits are provided under either the FPS Canada Inc. Health and Welfare Plan or FPS Canada Inc. Health and Welfare Trust."

AND BE IT FURTHER RESOLVED THAT that any officer or director of FPS Canada Inc. be and hereby are authorized and directed to do all things, including to take all such actions as may be appropriate and requisite for the purpose of carrying into effect the intent of this amendment, and to execute all documents as may be necessary to give effect to this Amendment and to carry out its intent.

Dated as of February 15, 2011

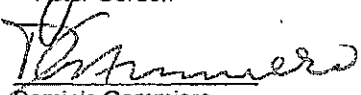
FPS CANADA Inc.

By: 

Name: Glen McMillan

By: 

Name: Peter Gordon

By: 

Name: Dominic Gammiero

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.

Applicants

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

AFFIDAVIT OF GLEN MCMILLAN
(SWORN ON APRIL 15, 2011)

Thornton Grout Finnigan 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)
Kyla E.M. Mahar (LSUC# 44182G)
Tel: 416-304-1616
Fax: 416-304-1313

TAB 3

although all duly served as appears from the affidavit of service of ► sworn April ►, 2011, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for the service of the Notice of Motion and the Motion Record be and it is hereby abridged to the date of actual service, this Motion is properly returnable today and service upon any other party other than those served with the Notice of Motion be and it is hereby dispensed with.

STAY EXTENSION

2. **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 31, 2011; and (b) the CCAA Termination Date.

TERMINATION OF BENEFIT PLANS

3. **THIS COURT AUTHORIZES AND DIRECTS** Glen McMillan as the Chief Restructuring Officer of the Applicants to execute all necessary resolutions and documents to terminate the following benefit plans:
 - (a) the Fraser Papers Inc. Defined Contribution Pension Plan;
 - (b) the Fraser Papers Inc. Supplemental Employee Retirement Plan;
 - (c) the Fraser Papers Inc. Deferred Stock Unit Plan for Non-Employee Directors;
 - (d) the Fraser Papers Inc. Stock Option Plan;

- (e) the Fraser Papers Inc. Management Deferred Share Unit Plan; and
- (f) the FPS Canada Inc. Health and Welfare Plan and the FPS Canada Inc. Health and Welfare Trust Fund.

EFFECT, RECOGNITION AND ASSISTANCE

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPERS FRASER INC. AND FPS CANADA INC.

Applicants

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER
(STAY EXTENSION AND AUTHORIZATION TO
TERMINATE BENEFIT PLANS)

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO
FRASER PAPERS INC./PAPERS FRASER INC. AND FPS CANADA INC.

Applicants

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

MOTION RECORD

(Stay Extension and Authorization to Terminate Benefit Plans)
(returnable on April 20, 2011)

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