

FAQ REGARDING FRASER PAPERS' RECENT FILING FOR PROTECTION UNDER CCAA

- General questions
- Pension concerns
- Ongoing concerns

GENERAL QUESTIONS

1. What has Fraser Papers done?

Fraser Papers has sought protection under the *Companies' Creditors Arrangement Act*, R.S.C. ("CCAA") on June 18th, 2009.

Under the *CCAA*, a company who is more than \$5 million in debt may apply to the court for protection from its creditors. The *CCAA* provides for a court-driven process to restructure the affairs of a company that allows judges a high degree of flexibility in determining how best to deal with the specific cases before them.

PricewaterhouseCoopers Inc. has been appointed as Monitor to oversee the restructuring and advise the Court. The Monitor's job is to oversee the restructuring and report to the Court when necessary about the restructuring efforts.

2. What are the consequences of CCAA protection?

As a result of the application, the Court has issued an Initial Order staying all actions or potential actions against Fraser Papers unless Fraser Papers and the Monitor consent or the Court grants leave for an action to be commenced or continued. A "stay" is a legal term meaning "stop".

The stay is originally for 30 days until July 18, 2009, but will be inevitably extended until such time as the company has completed its re-organization or restructuring. Already, Fraser Papers has been granted a 3-month extension of the original stay period, until October 18, 2009.

In most cases where a company has sought *CCAA* protection, a claims process is eventually put in place whereby a court-appointed Claims Officer or Monitor determines whether a particular claim has any value (and what value that claim has) and then assigns that value as a debt owing by the company. That debt is then "compromised" (i.e. the creditor accept less than full value for the debt) and then the company eventually emerges from the restructuring.

A claims process was approved by Madam Justice Pepall on July 15, 2009 and the Monitor has recently issued Proof of Claim Packages to enable potential claimants to file their claim according to the claims process.

3. What is the expected timeframe for CCAA proceedings?

We do not know the expected timeframe. Typically, restructurings for a company the size of Fraser Papers can take many months if not longer.

4. Does the CCAA mean that Fraser Papers can do whatever it wants?

The CCAA does not eliminate or reduce any legal entitlements that pensioners have. Instead, the CCAA means that pensioners cannot go to court in order to enforce their rights.

All pension-related claims are treated in the same way as claims by other creditors, and will be assessed through the claims process that has been approved by the Court on July 15, 2009. That process will likely require creditors to "compromise" (or reduce) the amounts that they eventually collect from Fraser Papers.

PENSION CONCERNS

5. The pension plans at Fraser Papers is currently underfunded. What is being done about that?

The CCAA proceedings do not eliminate your legal entitlements flowing from your defined benefit pension plan nor does it eliminate legal entitlements to a Supplemental Executive Retirement Plan (SERP).

All pension-related claims are treated in the same way as claims by other creditors. A claim will likely need to be made for the deficiency in the pension plans and for lost SERP payments. Any claim will be assessed through the claims process that has been approved by the Court on July 15, 2009. That process will likely require creditors to "compromise" (or reduce) the amounts that they eventually collect from Fraser Papers.

6. What about other retiree issues?

For the time being, Fraser Papers has continued to pay the medical benefits of its retirees. Should these payments stop, you could have a further claim for the lost benefits and expenses, which you may incur as a result of Fraser Papers's failure to pay.

ONGOING CONCERNS

7. What should I be doing to protect my interests?

Nelligan O'Brien Payne (NOP) has been retained by a large group of former Fraser Papers salaried retirees who are members of a Fraser Papers defined benefit pension plan. Nelligan O'Brien Payne is bringing a motion to court for an order to appoint the committee organizing this group as the representatives of former Fraser Papers salaried retirees who are

members of the Fraser Papers defined benefit pension plans. This motion is set to be heard by the Court on September 8, 2009 in Toronto.

The motion will seek to confirm Nelligan O'Brien Payne and Shibley Righton LLP as co-counsel for the group with respect to all issues pertaining to the impact of Fraser's insolvency on Salaried (Non-Union) Retirees and their beneficiaries.

The group seeks to encompass all Fraser Papers *salaried* retirees. To the extent that Unions advise they are not representing former unionized retirees, they will be included.

8. Should I be submitting my proof of claim by September 30, 2009?

As a representation order is being sought by NOP and by a law firm selected by Fraser Papers to represent salaried retirees, it seems very likely that retirees will be represented by one or the other. It is therefore not necessary for you to submit your claim individually for the time being. We will update our website regularly to keep you apprised of the situation.

9. What if I am in a union?

If you are in a union, please speak to your union representative about these matters. Nelligan O'Brien Payne is not representing any unionized retirees in this process that are currently being represented by their former unions.

If you have already contacted our firm about your situation, we thank you and will be in touch regularly to keep you updated on what is being done.

If you have not contacted us yet, we recommend that you do so at FraserPapers@nelligan.ca. When you reply, please indicate whether you were receiving a pension from a Supplementary Executive Retirement Plan (SERP).

If you have retained another lawyer to represent you in this matter, it would be helpful if you ask that lawyer to contact us so that we can coordinate our efforts.