

**IN THE SUPREME COURT OF NOVA SCOTIA**

**IN THE MATTER OF:**                    The *Companies Creditors Arrangement Act*, R.S.C.  
1985, c. C-36 as amended

-and-

**IN THE MATTER OF:**                    A Plan of Compromise or Arrangement of the  
Applicant, Federal Gypsum Company

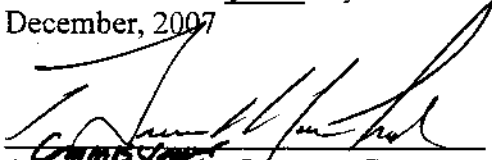
**AFFIDAVIT**

I, Paul G. Goodman, FCA, FCIRP, FIIC of Halifax, in the Halifax Regional Municipality, Province of Nova Scotia, make oath and say as follows:

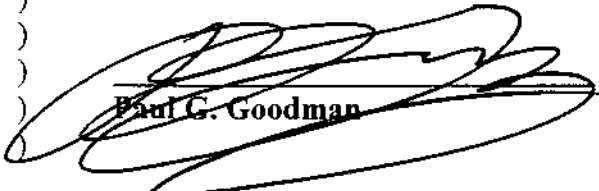
1. I am the President of BDO Dunwoody Goodman Rosen Inc., Court Appointed Monitor in the within proceeding and as such have personal knowledge of all matters herein deposed to except where stated to be based on information and belief;
2. By an Order issued in this proceeding dated November 26, 2007 (the "Order"), a true copy of which is attached to this my affidavit and marked as Exhibit "A" this Court established a Claims Process for the identification and quantification of Claims in this matter;
3. Pursuant to the provisions contained in paragraph 5 of the Order:
  - (a) On or before November 26, 2007 the Monitor sent a Claims Package to 100 Persons who the Monitor had identified through its review of the books and records maintained in connection with its Monitorship of Federal Gypsum Company (the "Company") who were potential Claimants of the Company;
  - (b) On or before November 28, 2007, the Monitor caused a Notice to Claimants to be published in The Globe and Mail (National Edition), all editions of The Chronicle-Herald and the Cape Breton Post;
  - (c) The Monitor has provided Claims Packages to Claimants requesting them and has made a copy of the Claims Package available on the Monitor's website;

4. A total of 60 Proofs of Claim were delivered to the Monitor by pre September 18, 2007 Claimants on or before 5:00 o'clock p.m. (Halifax Time) on December 12, 2007 (the "Claims Bar Date" as provided in the Order);
5. Proofs of Claim had not been received from 40 of the pre September 18, 2007 potential Claimants by the Claims Bar Date;
6. To 12:00 o'clock noon on Monday, December 17, 2007, Proofs of Claim still had not been received from 37 of the pre September 18, 2007 potential Claimants;
7. Considering the time of year and the number of potential Claimants who did not deliver Proofs of Claim to the Monitor on or before the Claims Bar Date as set out in the Order, the Monitor believes it would be appropriate to:
  - (a) Extend the Claims Bar Date to 12:00 o'clock (Halifax Time) noon on Friday, December 21, 2007 (the "Extended Claims Bar Date");
  - (b) Extend the time as provided in paragraph 10 of the Order by which the Monitor shall send a Notice of Revision or Disallowance to Claimants who deliver a Proof of Claim to the Monitor after the initial Claims Bar Date of December 12, 2007 and on or before the Extended Claims Bar Date to December 28, 2007; and
  - (c) Extending the time by which such Claimants may deliver a Notice of Dispute to the Monitor and the Claims Officer to on or before 12:00 o'clock (Halifax Time) noon on Friday, January 4, 2008.
8. Attached and marked as Exhibit "B" to this my affidavit is a true copy of a letter sent on December 17, 2007 to potential Claimants who had not delivered a Proof of Claim to the Monitor on or before 12:00 o'clock (Halifax Time) noon on Monday, December 17, 2007;
9. In the Monitor's opinion accepting Proofs of Claim up to December 21, 2007 will not prejudice the Company or its creditors.

SWORN TO at Halifax, in the Halifax )  
 Regional Municipality, Province of )  
 Nova Scotia this 17<sup>th</sup> day of )  
 December, 2007 )

  
 A Commissioner of the Supreme Court  
 of Nova Scotia

D. BRUCE MacLEOD  
 A Commissioner of the Supreme  
 Court of Nova Scotia

  
 Paul G. Goodman

**IN THE MATTER OF:**

*The Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended

- and -

**IN THE MATTER OF:**

A Plan of Compromise or Arrangement of the Applicant, Federal Gypsum Company

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**AFFIDAVIT**

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Wickwire Holm  
Suite 2100-1801 Hollis Street  
PO Box 1054  
Halifax, NS B3J 2X6

This is Exhibit "A" referred to in the Affidavit of Paul G. Goodman sworn before me this 17<sup>th</sup> day of December, 2007 A.D.

*[Signature]*

AS 285657 of the Supreme Court of Nova Scotia

D. BRUCE MacLEOD

A Commissioner of the Supreme Court of Nova Scotia

**IN THE SUPREME COURT OF NOVA SCOTIA**



IN THE MATTER OF:

The Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 as amended

- and -

A Plan of Compromise or Arrangement of the Applicant, Federal Gypsum Company

SOFT Administration  
NOV 26 2007

IN THE MATTER OF:

Sgd  
A.D. MacK

**ORDER**

**BEFORE THE HONOURABLE JUSTICE A. DAVID MACADAM**

UPON READING the Affidavit of Rhyne Simpson, Jr., sworn November 19, 2007; and

UPON HEARING Maurice P. Chiasson, counsel for the Company

**AND UPON HEARING:**

- Carl Holm, Q.C., counsel to BDO Dunwoody Goodman Rosen Inc.
- Thomas Boyne, Q.C., counsel to Royal Bank of Canada
- Robert Sampson, counsel to Enterprise Cape Breton Corporation and Cape Breton Growth Fund Corporation
- Michael Pugsley, counsel to Her Majesty in Right of the Province of Nova Scotia (Nova Scotia Economic Development) and Nova Scotia Business Incorporated
- Michael Ryan, Q.C., counsel to Black & McDonald Limited

**IT IS HEREBY ORDERED THAT:**

**Service of Materials**

1. The Company not be required to serve notice of this application on any of its creditors except for Royal Bank of Canada, Enterprise Cape Breton Corporation, Cape Breton Growth Fund Corporation, Her Majesty in Right of the Province of Nova Scotia (Nova Scotia Economic Development), Nova Scotia Business Incorporated and Black & McDonald Limited.

**Claims Process**

2. **THIS COURT ORDERS** that the claims process for the identification and quantification of Claims (as defined below) to be implemented in accordance with this Order (the "Claims Process") is hereby approved.
3. **THIS COURT ORDERS** that the Monitor is directed and empowered to administer the Claims Process, on its own behalf and as agent for and on behalf of the Company, and

take such steps or actions as may be necessary or desirable to administer or complete the Claims Process.

#### Definitions

4. THIS COURT ORDERS that the following terms in this Order shall have the following meanings ascribed thereto:

- (a) "Appointment Order" means the order dated September 18, 2007, appointing BDO Dunwoody Goodman Rosen Inc. as Monitor of the Company;
- (b) "Business Day" means a day, other than a Saturday or a Sunday or statutory holiday, on which banks are generally open for business in Halifax, Nova Scotia;
- (c) "Claim" means any right or claim of any Person, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever against the Company or any present or former director or officer of the Company, and, in the case of any such present or former director or officer, any indebtedness, liability or obligation of any kind whatsoever actually and reasonably incurred by the director or officer as a result of his or her position or involvement with the Company, and, without limiting the foregoing, whether arising from employment, contract, the commission of a tort (intentional or not intentional), any breach of duty (legal, statutory, fiduciary or otherwise), or any Taxes, or any right of ownership or title to property, or to a trust or deemed trust, howsoever created, and whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise:
  - (i) which indebtedness, liability or obligation is based in whole or in part on facts existing on or prior to the Valuation Date or would have been claims provable in bankruptcy had the Company become bankrupt on the Valuation Date; or
  - (ii) which indebtedness, liability or obligation arises after, or is based upon facts arising after, the Valuation Date, including without limitation, that which arises from or is caused by the repudiation or termination of any contract, lease or agreement by the Company or order of this Court,

but excluding Excluded Claims. For greater certainty, although all Claims for interest shall be barred in accordance with the terms of the Initial Order of this Court dated September 18, 2007, if entitled thereto under any applicable contract, a creditor of the Company may make claims for interest which has accrued on its Claim to and including the Valuation Date, but no claim shall be made or accepted by the Monitor for interest accrued after the Valuation Date;

- (d) **"Claimant"** means any Person having a Claim and, if the context requires, includes the assignee of a Claim, or a trustee, interim receiver, receiver, receiver and manager, liquidator, or other Person acting on that Person's behalf;
- (e) **"Claims Bar Date"** means 5:00 p.m. (Halifax time) on December 12, 2007, or such later date as may be ordered by this Court;
- (f) **"Claims Officer"** means the individual designated by the Monitor pursuant to paragraph 12 of this Order or any other individual or individuals designated as the Claims Officer by this Court;
- (g) **"Claims Package"** means a package, which includes the Notice to Claimants, an Instruction Letter, a Proof of Claim and a copy of this Order;
- (h) **"Court"** means the Supreme Court of Nova Scotia;
- (i) **"Date of Appointment"** September 18, 2007;
- (j) **"Disputed Claim"** means a Claim for which a Claimant has delivered a Notice of Dispute;
- (k) **"Excluded Claims"** has the meaning ascribed thereto in paragraph 7 of this Order;
- (l) **"Instruction Letter"** means the instruction letter in substantially the form annexed as Schedule "A" hereto;
- (m) **"Monitor"** means BDO Dunwoody Goodman Rosen Inc., in its capacity as Monitor of the Company pursuant to the Appointment Order;
- (n) **"Monitorship"** means the Monitorship proceedings with respect to the Company;
- (o) **"Notice of Dispute"** means a written notice in substantially the form annexed as Schedule "E" hereto, delivered to the Monitor by a Claimant who has received a Notice of Revision or Disallowance, disputing the Notice of Revision or Disallowance with reasons for its dispute;
- (p) **"Notice of Revision or Disallowance"** means a written notice to a Claimant, in substantially the form attached as Schedule "D" hereto, delivered by the Monitor advising the Claimant that the Monitor has revised or disallowed all or part of its Claim;
- (q) **"Notice to Claimants"** means the notice for publication substantially in the form annexed as Schedule "B" hereto;
- (r) **"Person"** means any individual, partnership, firm, joint venture, trust, entity, corporation, limited or unlimited liability company, association, unincorporated organization, government or any agency, officer or instrumentality thereof or similar entity, or any other entity howsoever designated or constituted exercising executive, legislative, judicial, regulatory or administrative functions in Canada;

- (s) "Post-Filing Claim" means a Claim arising after the Company has filed its plan of arrangement with this Court;
- (t) "Proof of Claim" means the form of Proof of Claim substantially in the form annexed as Schedule "C" hereto;
- (u) "Taxes" means taxes, including all income, capital, corporate, gross receipts, goods and services, sales, use, value-added, *ad valorem*, transfer, non-resident, property, real or personal property, business, franchise, license and excise taxes and duties, together with any interest, penalties, fines, additional taxes and additions to tax imposed with respect to the foregoing; and
- (v) "Valuation Date" means September 18, 2007.

**Notice to Claimants**

5. **THIS COURT ORDERS** that, for the purpose of facilitating the identification and resolution of Claims:
  - (a) on or before November 26, 2007 the Monitor shall send a Claims Package by ordinary mail to each known potential Claimant, identified by the Monitor through its review of the books and records maintained in connection with the Monitorship of the Company;
  - (b) the Monitor shall send by ordinary mail, courier, facsimile transmission or electronic mail as soon as reasonably possible following receipt of a request therefor, a Claims Package to any Claimant requesting the same, provided such request is received prior to the Claims Bar Date;
  - (c) the Monitor shall, on or before November 28, 2007, cause the Notice to Claimants in the form attached hereto as Schedule "B" to be published in The Globe and Mail (National Edition), all editions of the Halifax Chronicle Herald and the Cape Breton Post; and
  - (d) in addition, the Monitor shall make a copy of the Claims Package available on the Monitor's website at [www.bdo.ca/fgc](http://www.bdo.ca/fgc).
6. **THIS COURT ORDERS** that, subject to paragraph 7 of this Order, any Person asserting a Claim shall deliver to the Monitor a Proof of Claim by the Claims Bar Date. Any Claimant that does not deliver to the Monitor a completed Proof of Claim with respect to a Claim as provided for herein on or before the Claims Bar Date, or such later date as the Monitor may agree to in writing, or as the Court may otherwise order:
  - (a) shall have its Claim forever extinguished and shall be forever barred from making or enforcing any Claim against the Company, the Monitor, or any other Person; and
  - (b) shall not be entitled to any further notice in respect of the Claims Process and these proceedings.

7. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order, the following claims shall not be extinguished or affected by this Order (collectively, the "Excluded Claims"):
- (a) claims by the Monitor and counsel to the Monitor for fees and disbursements payable in accordance with the Appointment Order or claims by counsel to the Company for fees and disbursements payable in this matter;
  - (b) claims by the DIP Lender that are secured by the Order of this Court dated November 22, 2007.
8. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order, Excluded Claims shall not be extinguished or affected by this Order and, for greater certainty, paragraph 6 of this Order shall not apply to Excluded Claims.

**Review of Proofs of Claim**

9. **THIS COURT ORDERS** that:
- (a) the Monitor is hereby authorized and directed to use reasonable discretion as to the adequacy of compliance as to the manner in which Proofs of Claim are completed and executed and may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Order as to the completion and the execution of a Proof of Claim; and
  - (b) each Claim shall be reduced by the amount of any subsequent payment thereon and any other subsequent credit against the Claim or the Claimant.

**Revision or Disallowance**

10. **THIS COURT ORDERS** that the Monitor shall review all Proofs of Claim filed on or before the Claims Bar Date. The Monitor shall accept, revise or disallow such Proofs of Claim as contemplated herein. The Monitor shall send a Notice of Revision or Disallowance and the form of Notice of Dispute to the Claimant as soon as the Claim has been revised or disallowed but in any event no later than 11:59 p.m. (Halifax time) on December 18, 2007 or such later date as the Court may order. Where the Monitor does not send a Notice of Revision or Disallowance by the aforementioned date to a Claimant who has submitted a Proof of Claim, the Monitor shall be deemed to have accepted such Claim.

**Notice of Dispute**

11. **THIS COURT ORDERS** that any Person who intends to dispute a Notice of Revision or Disallowance shall deliver a Notice of Dispute to the Monitor and the Claims Officer as soon as reasonably possible but in any event on or before 5:00 p.m. (Halifax time) on December 28, 2007 or such later date as this Court may order.
12. **THIS COURT ORDERS** that, where a Claimant who receives a Notice of Revision or Disallowance fails to deliver a Notice of Dispute to the Monitor within the time limit

therefor, the value of such Claimant's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance.

#### **Resolution of Claims**

13. **THIS COURT ORDERS** that a claims officer shall be appointed by the Monitor and shall be designated as the Claims Officer for the claims process described herein, subject to any further Order of this Court. The Claims Officer to be appointed by the Monitor is Mr. Richard Cregan, Registrar in Bankruptcy.
14. **THIS COURT ORDERS** that, subject to the direction of the Court, the Claims Officer shall determine the manner, if any, in which evidence may be brought before him by the parties as well as any other procedural matters that may arise in respect of his determination of the value of the Claim for which a Claimant has delivered a Notice of Dispute. The Claims Officer shall have the discretion to determine who shall bear the costs of any hearing before the Claims Officer. All costs of the Monitor and its counsel in any proceedings relating to disputed claims shall be paid by the Monitor and may be included in the accounts of the Monitor, subject to any assessment as may be required pursuant to the Appointment Order. All costs of the Claims Officer in any proceedings relating to disputed claims shall be paid by the Company.
15. **THIS COURT ORDERS** that, upon receiving a Notice of Dispute from a Claimant, the Claims Officer shall schedule a hearing in order to make a determination concerning the Disputed Claim and, following such hearing (all such hearings to be held no later than January 11, 2008), the Claims Officer shall subsequently notify the Monitor and such Claimant of the value of the Claim; provided that, where the Monitor advises the Claims Officer that it is negotiating with a Claimant as to its Claim, the scheduling of a hearing with respect to that Claim may be deferred pending the outcome of such negotiations.
16. **THIS COURT ORDERS** that a Claimant or the Monitor, may, within seven (7) calendar days of notification of the Claims Officer's determination of the value of such Claimant's Claim under this Claims Process, appeal such determination to the Court by filing with this Court a Notice of Appeal, which appeal shall be made returnable within fourteen (14) calendar days of the filing of the Notice of Appeal, in default of which such determination by the Claims Officer shall, subject to further Order of this Court, be deemed to be final.
17. **THIS COURT ORDERS** that, notwithstanding paragraphs 12 to 15 hereof, but subject to paragraph 9 of this Order, the Monitor shall at all times be authorized to enter into negotiations with Claimants and settle any Claim on such terms as the Monitor may consider appropriate.

#### **Unresolved Claims**

18. **THIS COURT ORDERS** that any Claimants whose Claims have not yet been resolved prior to the meeting to be held on January 22, 2008, at which all Claimants will vote to either accept or reject the plan of arrangement to be filed by the Company with this Court on November 29, 2007, shall be entitled to vote the portion of their Claim that is undisputed. Such portion shall be determined by the Monitor.

### Notices and Communications

19. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Notices of Revision or Disallowance) to be given under this Order by the Monitor to a Claimant shall be in writing in substantially the form, if any, provided for in this Order. Such notice or other communication will be sufficiently given to a Claimant, if given by prepaid ordinary mail, courier, delivery, facsimile transmission or electronic mail to the Claimant to such address, facsimile number or electronic mail address for such Claimant as may be recorded in the books and records of the Company, the Monitor or to such other address, facsimile number or electronic mail address as such Claimant may request by notice to the Monitor given in accordance with this Order. Any such notice or other communication, (i) if given by prepaid ordinary mail, shall be deemed received on the third (3rd) Business Day after mailing, (ii) if given by courier or delivery shall be deemed received on the next Business Day following dispatch, (iii) if given by facsimile transmission or electronic mail before 5:00 p.m. on a Business Day shall be deemed received on such Business Day; and (iv) if given by facsimile transmission or electronic mail after 5:00 p.m. on a Business Day shall be deemed received on the next following Business Day.
20. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Proofs of Claim and Notices of Dispute) to be given under this Order by a Claimant to the Monitor shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if given by ordinary mail, courier, delivery, facsimile transmission or electronic mail addressed to:
- BDO Dunwoody Goodman Rosen Inc. in its capacity as Monitor  
1718 Argyle Street  
Suite 620  
Halifax, Nova Scotia B3J 3N6
- Attention: Paul G. Goodman  
Telephone: 902.425.3100  
Facsimile: 902.425.3777  
electronic mail: [insol-halifax@bdo.ca](mailto:insol-halifax@bdo.ca)
- Any such notice or other communication by a Claimant shall be deemed received only upon actual receipt thereof during normal business hours on a Business Day.
21. **THIS COURT ORDERS** that if during any period during which notices or other communication are being given pursuant to this Order a postal strike or postal work stoppage of general application should occur, such notices or other communications then not received or deemed received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, delivery, facsimile transmission or electronic mail in accordance with this Order.
22. **THIS COURT ORDERS** that all reasonable costs incurred by the Monitor in administering the Claim Process as it relates to the Company shall be paid by the Company.


**Post-Filing Claims**

23. **THIS COURT ORDERS** that any Post-Filing Claims be subject to the same process as for Claims, outlined in paragraphs 1-22, with the following changes in timing:
- (a) the Claims Bar Date is extended to January 7, 2008;
  - (b) the Monitor shall send any Notices of Revision or Disallowance by January 9, 2008;
  - (c) any Notices of Dispute shall be delivered to the Monitor and the Claims Officer on or before 5:00 p.m. (Halifax time) on January 14, 2008 or such later date as this Court may order; and
  - (d) hearings by the Claims Officer shall be take place within five (5) Business Days of receipt of a Notice of Dispute.

**II. FURTHER ORDER**

24. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the Monitor and the Company may apply at any time to this Court to seek any further relief, and any other interested Person may apply to this Court to vary this Order or seek other relief on seven (7) calendar days notice to the Monitor and the Company, as applicable, and to any other Person likely to be affected by the Order sought or on such other notice, if any, as the Court may order.

**DATED** at Halifax, Nova Scotia, this 26 day of November, 2007.

  
\_\_\_\_\_  
GEORGE GHOSN  
Deputy Prothonotary

Certified to be a true and correct copy  
of original document herein

Date: \_\_\_\_\_

Nov 27 2007

  
\_\_\_\_\_  
GEORGE GHOSN  
Deputy Prothonotary

CONSENTED TO:

This 22<sup>nd</sup> day of November, 2007



Carl Holm, Q.C., counsel to BDO  
Dunwoody Goodman Rosen Inc.

This \_\_\_ day of November, 2007

\_\_\_\_\_  
Thomas Boyne, Q.C., counsel to  
Royal Bank of Canada

This \_\_\_ day of November, 2007

\_\_\_\_\_  
Michael Pugsley, counsel to Her  
Majesty in Right of the Province  
of Nova Scotia (Nova Scotia  
Economic Development) and Nova  
Scotia Business Incorporated

This \_\_\_ day of November, 2007

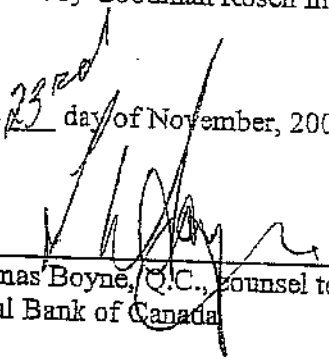
\_\_\_\_\_  
Robert Sampson, counsel to  
Enterprise Cape Breton Corporation  
and Cape Breton Growth Fund Corporation

CONSENTED TO:

This \_\_\_ day of November, 2007

\_\_\_\_\_  
Carl Holm, Q.C., counsel to BDO  
Dunwoody Goodman Rosen Inc.

This <sup>23<sup>rd</sup></sup> day of November, 2007

  
\_\_\_\_\_  
Thomas Boyne, Q.C., counsel to  
Royal Bank of Canada

This \_\_\_ day of November, 2007

\_\_\_\_\_  
Michael Pugsley, counsel to Her  
Majesty in Right of the Province  
of Nova Scotia (Nova Scotia  
Economic Development) and Nova  
Scotia Business Incorporated

This \_\_\_ day of November, 2007

\_\_\_\_\_  
Robert Sampson, counsel to  
Enterprise Cape Breton Corporation  
and Cape Breton Growth Fund Corporation

CONSENTED TO:

This \_\_\_ day of November, 2007

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Carl Holm, Q.C., counsel to BDO  
Dunwoody Goodman Rosen Inc.

This \_\_\_ day of November, 2007

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Thomas Boyne, Q.C., counsel to  
Royal Bank of Canada

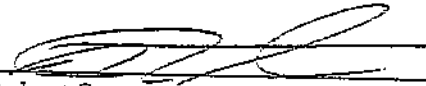
This \_\_\_ day of November, 2007

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Michael Pugsley, counsel to Her  
Majesty in Right of the Province  
of Nova Scotia (Nova Scotia  
Economic Development) and Nova  
Scotia Business Incorporated

This 21<sup>st</sup> day of November, 2007

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Robert Sampson, counsel to  
Enterprise Cape Breton Corporation  
and Cape Breton Growth Fund Corporation

CONSENTED TO:

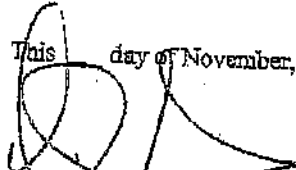
This \_\_\_ day of November, 2007

\_\_\_\_\_  
Carl Holm, Q.C., counsel to BDO  
Dunwoody Goodman Rosen Inc.

This \_\_\_ day of November, 2007

\_\_\_\_\_  
Thomas Boyne, Q.C., counsel to  
Royal Bank of Canada

This \_\_\_ day of November, 2007

  
\_\_\_\_\_  
Michael Pugsley, counsel to Her  
Majesty in Right of the Province  
of Nova Scotia (Nova Scotia  
Economic Development) and Nova  
Scotia Business Incorporated

This 13 day of November, 2007

\_\_\_\_\_  
Robert Sampson, counsel to  
Enterprise Cape Breton Corporation  
and Cape Breton Growth Fund Corporation

## SCHEDULE "A"

### INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE WITH RESPECT TO FEDERAL GYPSUM COMPANY

#### A. CLAIMS PROCEDURE

By Order of the Nova Scotia Supreme Court dated November 22, 2007 (the "Claims Order") under the *Companies' Creditors Arrangement Act* (the "CCAA"), Federal Gypsum Company (the "Company") has been authorized to conduct a claims process under the CCAA. The Claims Order, a copy of which is enclosed, governs the Claims Procedure in all respects and the instructions contained herein are provided for the sake of convenience only. *All capitalized terms nor otherwise defined will have the meanings ascribed to them in the Claims Order.*

This letter provides instructions for responding to or completing the following forms:

- Proof of Claim
- Notice of Revision or Disallowance
- Notice of Dispute

The Claims Procedure is intended for any Person with any claims of any kind or nature whatsoever, whether unliquidated, contingent or otherwise, against the Company or any officer or director of the Company prior to September 18, 2007 ("Valuation Date") and any claims relating to the period from and after September 18, 2007 arising from or caused by, directly or indirectly, the implementation of or any action taken pursuant to the Order dated September 18, 2007 and arising before the date of the filing with the Court of the plan of arrangement by the Company, including claims arising from the repudiation of any lease, the assignment of any contract or lease of personal, real, moveable or immoveable property (including any future liability as assignor thereof) or the repudiation of any contract to take effect up to and including the Plan implementation date (including any anticipatory breach thereof), the repudiation or termination of any contract of employment, the termination or winding up of any pension or employee benefit plans and any other claim arising at law or equity.

If you have any questions regarding the Claims Procedure, please contact the Monitor at the address provided below.

All notices and enquiries with respect to the Claims Procedure should be addressed to:

BDO Dunwoody Goodman Rosen Inc. in its capacity as Monitor  
1718 Argyle Street  
Suite 620  
Halifax, Nova Scotia B3J 3N6

Attention: Kim Burke  
Telephone: 902.425.3100  
Facsimile: 902.425.3777  
electronic mail: [insol-halifax@bdo.ca](mailto:insol-halifax@bdo.ca)

If you believe that you have a Claim against The Company or any of its directors and/or officers, you must file a completed Proof of Claim with the Monitor. The Proof of Claim must be received by the Monitor by 5:00 p.m. (Halifax Time) December 12, 2007, the Claims Bar Date.

If you were an **EMPLOYEE** of the Company, and you believe that you have a Claim against the Company or a director or officer of the Company, you must file a completed Proof of Claim with the Monitor. The Proof of Claim must be received by the Monitor by 5:00 p.m. (Halifax Time) December 12, 2007, the Claims Bar Date.

If you fail to deliver a Proof of Claim to the Monitor by the Claims Bar Date, your claim will be forever barred and you will not be entitled to vote at a Creditors' meeting, receive any distribution thereunder nor receive any further notice in these proceedings. Accordingly, your Claim will be forever extinguished and you will be barred from making or enforcing a Claim against the Company or any other person including, without limitation, directors or officers of the Company in respect of your Claim.

*If the Monitor disagrees with the value or status that you have ascribed to your Claim, or the validity of your Claim as set out in your Proof of Claim, and such disagreement cannot be resolved consensually, you will receive a Notice of Revision or Disallowance from the Monitor (see section C below for details).*

#### **B. GENERAL INSTRUCTIONS FOR COMPLETING THE PROOF OF CLAIM**

The Proof of Claim must be completed by an individual, or an individual acting on behalf of a corporation. The individual acting for a corporation or other person must state the capacity in which he/she is acting, such as "Credit Manager", "Treasurer", "Authorized Agent", etc. The individual completing the Proof of Claim must have knowledge of the circumstances connected with the Claim. All Proofs of Claim must be signed, dated and witnessed.

The full legal name of the Creditor must be filled out in its entirety. Only one Proof of Claim may be filed per legal entity notwithstanding that separate divisions or operating units of a Creditor may supply and bill the Company separately.

A Statement of Account containing full details of the Claim must be attached to the Proof of Claim. The Proof of Claim should include all amounts owing for any goods or services provided to the Company before September 18, 2007. Claims shall be reduced by the following amounts that are applicable against the Claim:

1. any subsequent payment;
2. application of any volume or other discounts; and
3. any other subsequent credits.

If you were an **EMPLOYEE** of the Company and are submitting a Proof of Claim, the statement of account to be attached to the completed Proof of Claim must include the total amount of your Claim broken down as follows:

- (A) amounts claimed in relation to unpaid wages;

- (ii) amounts claimed with respect to unpaid vacation pay; and
- (iii) other amounts claimed owing, including amounts claimed for termination and/or severance.

If you have obtained employment, you must also provide the following information on the statement of account:

- (i) when you obtained employment (i.e., the date you commenced employment);
- (ii) your salary or wages;
- (iii) your earnings to date; and
- (iv) the date that you secured benefit coverage through new employment, if applicable.

PLEASE NOTE that if you have obtained employment, this may serve to reduce your entitlement to termination and severance, and, therefore, this should be taken into account and deducted from the amount of your Claim, if applicable.

If the Creditor holds security for the indebtedness, a statement of the value and nature of the security must accompany the Proof of Claim.

If the Creditor holds a contingent or unliquidated claim, the details of or reasons for the claim must be provided in addition to the basis upon which the claim has been valued.

If the Claim or a portion thereof has been sold or assigned, the name of the party purchasing the Claim, the amount of the Claim sold or assigned, as well as supporting documentation, must be attached to the Proof of Claim submitted. The Claim can be completed by either the original Creditor or by the assignee, but not both. Creditors and assignee(s) must determine amongst themselves who will file the Proof of Claim.

**C. FOR CREDITORS RECEIVING A NOTICE OF REVISION OR DISALLOWANCE**

If you have sent a Proof of Claim, the Monitor is entitled to challenge the valuation, status or validity of your Claim by sending you a Notice of Revision or Disallowance by 11:59 p.m. (Halifax Time) December 18, 2007.

Such notice shall be delivered by ordinary mail, courier, delivery, facsimile transmission or electronic mail. If a Notice of Revision or Disallowance is not sent by such date, your Proof of Claim shall be deemed to have been accepted for voting and distribution purposes.

**D. FOR CREDITORS SUBMITTING A NOTICE OF DISPUTE**

If you are sent a Notice of Revision or Disallowance, you are entitled to dispute the revision or disallowance of your Claim, by sending by ordinary mail, courier, delivery, facsimile transmission or electronic mail, a Notice of Dispute to the Monitor and the Claims Officer,

which must be received by 5:00 p.m. (Halifax Time) December 28, 2007. If a Notice of Dispute is not received by this time, your Claim will be finalized on the basis set out in the Notice of Revision or Disallowance.

Upon receipt of a Notice of Dispute from a Creditor, the Claims Officer will attempt to resolve the dispute. You may be required to attend a hearing or to present evidence documenting your Claim and its value. You will be notified of the Claims Officer's determination of your Claim. The decision of the Claims Officer shall be final and binding on the Monitor and you, unless the decision of the Claims Officer is appealed by you or the Monitor to the Court within 7 days of notification of such decision by the Claims Officer.

#### **E. CLAIMS ORDER**

This instruction letter is for information purposes and is provided to assist you in the Claims Procedure. Please note that the provisions of the Claims Order prevail and you must comply with the terms of the Claims Order.

**SCHEDULE "B"**

2007

S.H. No. 285667

**IN THE SUPREME COURT OF NOVA SCOTIA**

**IN THE MATTER OF:**                      *The Companies' Creditors Arrangement Act*, R.S.C. 1985,  
c. C-36 as amended

- and -

**IN THE MATTER OF:**                      A Plan of Compromise or Arrangement of the Applicant,  
Federal Gypsum Company

**NOTICE OF LAST DAY (CLAIMS BAR DATE) FOR THE  
FILING OF CLAIMS**

**PLEASE TAKE NOTICE**, that pursuant to an order of the Supreme Court of Nova Scotia made November 22, 2007 (the "Claims Process Order") any person with a claim relating to Federal Gypsum Company (the "Company") or any claim against an officer or director of the Company whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory in nature, including without limitation, the right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, must file a Proof of Claim with BDO Dunwoody Goodman Rosen Inc., as Monitor, no later than 5:00 P.M. Halifax time on December 12, 2007.

**PLEASE TAKE NOTICE** that any claim required to be filed pursuant to the provisions of the Claims Process Order and not filed by 5:00 P.M. Halifax time on December 12, 2007 shall be extinguished and the claimant shall be forever barred from asserting a claim or interest against the Company or any other person with respect to such claim, including, if applicable, directors or officers of the Company and their property and the holder of the claim shall be forever barred from voting on a plan of compromise or arrangement filed by the Company under the CCAA or receiving any distribution thereunder in the event that such plan is approved by the creditors and the Court.

**PLEASE TAKE NOTICE** that any creditors who have not already received a package from the Monitor should contact the Monitor in order to receive a Proof of Claim form and instruction letter.

Creditors must file their Proof of Claim form so that the documents are actually received by 5:00 P.M. Halifax time on December 12, 2007 at the following address:

BDO Dunwoody Goodman Rosen Inc. in its capacity as Monitor  
1718 Argyle Street  
Suite 620  
Halifax, Nova Scotia B3J 3N6

Attention: Kim Burke  
Telephone: 902.425.3100  
Facsimile: 902.425.3777  
electronic mail: [insol-halifax@bdo.ca](mailto:insol-halifax@bdo.ca)

**THE PROOF OF CLAIM CAN BE MAILED, COURIERED, HAND DELIVERED,  
FAXED, OR ELECTRONICALLY MAILED TO THE MONITOR PROVIDED THAT IT  
IS ACTUALLY RECEIVED ON OR BEFORE 5:00 P.M. HALIFAX TIME ON  
DECEMBER 12, 2007.**

DATED at Halifax, Nova Scotia, Canada on November 22, 2007

BDO Dunwoody Goodman Rosen Inc. in its capacity as Monitor  
1718 Argyle Street  
Suite 620  
Halifax, Nova Scotia B3J 3N6

Attention: Kim Burke  
Telephone: 902.425.3100  
Facsimile: 902.425.3777  
electronic mail: [insol-halifax@bdo.ca](mailto:insol-halifax@bdo.ca)



**B. CLAIMS AGAINST DIRECTORS AND/OR OFFICERS**

Is this a Claim against a director or officer of the Company?  Yes  No  
(if yes, please provide details in section D)

**C. PROOF OF CLAIM**

I, \_\_\_\_\_ (Name of Creditor or Representative of the Creditor)

certify:

- (i) that I am a Creditor of/hold the position of the Creditor and have knowledge of all the circumstances connected with the Claim described herein (please check one); and
- (ii) that the Creditor makes the following Claim against Federal Gypsum Company:

CLAIM

Secured \_\_\_\_\_ Unsecured \_\_\_\_\_

CDN\$ \_\_\_\_\_ CDN\$ \_\_\_\_\_

(If the Claim is in a foreign currency, it should be converted to Canadian dollars at the exchange rate of the Bank of Canada as at September 18, 2007.

**D. PARTICULARS OF CLAIM**

The following are particulars relating to the Claim against Federal Gypsum Company:

Description of transaction or agreement giving rise or relating to the Claim:

\_\_\_\_\_

If the Claim is contingent or unliquidated, state the basis upon which the Claim has been valued:

\_\_\_\_\_

\_\_\_\_\_

Details of security, if any, held (attach copies of relevant documents):

\_\_\_\_\_

\_\_\_\_\_

Names of any guarantors, including any other subsidiary or affiliate of the Company, which have guaranteed the claim:

\_\_\_\_\_

A DETAILED, COMPLETE STATEMENT OF ACCOUNT MUST BE ATTACHED TO THE PROOF OF CLAIM. THE ATTACHED STATEMENT MUST SHOW THE DATE, THE NUMBER AND THE AMOUNT OF EACH INVOICE OR CHARGE, TOGETHER WITH THE DATE, THE NUMBER AND THE AMOUNT OF ALL CREDITS, COUNTERCLAIMS, DISCOUNTS, PAYMENTS, ETC. TO WHICH THE COMPANY IS ENTITLED.

**E. PARTICULARS OF ASSIGNEE(S) (IF ANY):**

1. Full legal name of Assignee(s) of Claim (if all or a portion of the Claim has been assigned or sold). If there is more than one assignee, please attach separate sheets with the following information:

(the "Assignee(s)")

Amount of Total Claim Assigned	\$ _____
Amount of Total Claim Not Assigned	\$ _____
Total Amount of Claim	\$ _____

(should equal "Total Claim" as entered on Section B)

2. Full mailing address of Assignee(s):  
\_\_\_\_\_
3. Telephone number of Assignee(s): \_\_\_\_\_
4. Fax number of Assignee(s): \_\_\_\_\_
5. E-mail Address: \_\_\_\_\_
6. Attention (contact person): \_\_\_\_\_

The fully completed Proof of Claim together with supporting documentation must be returned and received by the Monitor, no later than 5:00 p.m. (Halifax time) on December 12, 2007, at the following address or fax number, or email address:

BDO Dunwoody Goodman Rosen Inc. in its capacity as Monitor  
1718 Argyle Street  
Suite 620  
Halifax, Nova Scotia B3J 3N6

Attention: Kim Burke  
Telephone: 902.425.3100  
Facsimile: 902.425.3777  
electronic mail: [insol-halifax@bdo.ca](mailto:insol-halifax@bdo.ca)

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Signature of individual completing this form)



DATED at Halifax, Nova Scotia, Canada this \_\_\_\_\_ day of 2007.

BDO Dunwoody Goodman Rosen Inc. in its capacity as Monitor  
1718 Argyle Street  
Suite 620  
Halifax, Nova Scotia B3J 3N6

Attention: Kim Burke  
Telephone: 902.425.3100  
Facsimile: 902.425.3777  
electronic mail: [insol-halifax@bdo.ca](mailto:insol-halifax@bdo.ca)

Per: \_\_\_\_\_



to the Creditor and estimated value of the security, any contingent liability of Federal Gypsum Company and any claims resulting from the repudiation or variation of any contract, including any contingent liability of Federal Gypsum Company.

\_\_\_\_\_  
(Signature of individual completing this Dispute)

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Please print name and title)

Telephone Number:

Fax Number:

Email Address:

Full Mailing Address:

**THIS FORM IS TO BE RETURNED BY MAIL, COURIER, DELIVERY, FAX, OR ELECTRONIC MAIL TO EACH OF THE FOLLOWING PARTIES AND MUST BE RECEIVED BY NO LATER THAN 5:00 P.M. (HALIFAX TIME) ON DECEMBER 28, 2007.**

BDO Dunwoody Goodman Rosen Inc. in its capacity as Monitor  
1718 Argyle Street  
Suite 620  
Halifax, Nova Scotia B3J 3N6

Attention: Kim Burke/Darlene Coolen  
Telephone: 902.425.3100  
Facsimile: 902.425.3777  
electronic mail: [insol-halifax@bdo.ca](mailto:insol-halifax@bdo.ca)

- AND -

CLAIMS OFFICER  
of Federal Gypsum Company  
c/o Michael Simpson, Executive Vice President  
Telephone: 902.625.3070 (ext 103)  
Facsimile: 902.625.7027

2007

S.H. No. 285667

**IN THE MATTER OF:**

The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended

- and -

**IN THE MATTER OF:**

A Plan of Compromise or Arrangement of the Applicant, Federal Gypsum Company

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**ORDER**

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STEWART McKELVEY  
1959 Upper Water Street  
Purdy's Wharf Tower One  
P. O. Box 997  
Halifax, Nova Scotia  
B3J 2X2  
MPC: NS33381-6



BDO Dunwoody Goodman Rosen Inc.

1000 West Beaver Creek Road  
Suite 1000  
Richmond Hill, Ontario L4B 1N2  
Canada  
Tel: (905) 709-3300  
Fax: (905) 709-3301  
www.bdo.ca

TO THE UNPROVED AND LATE-FILED CREDITORS OF  
FEDERAL GYPSUM COMPANY ("FGC")

December 17, 2007

Dear Sir or Madam:

Re: **Federal Gypsum Company ("FGC") and  
Companies' Creditors Arrangement Act ("CCAA") Proceeding**

This is Exhibit "B" referred to in  
the Affidavit of Paul G. Goodman  
sworn before me this 17<sup>th</sup> day of  
December 2007 A.D.

D. BRUCE MacLEOD  
A Commissioner of the Supreme  
Court of Nova Scotia

By communication to FGC creditors dated November 26, 2007, which was sent to the addresses contained in the records of FGC, we, BDO Dunwoody Goodman Rosen Inc., the Court-Appointed Monitor in the CCAA proceeding, notified creditors of the Claims Bar process established by the Court. With the November 26 communication, we enclosed all of the materials as directed by the Court in the Claims Bar Order taken out on November 26, 2007. The Claims Bar date was established as 5:00 p.m., Halifax time, on Wednesday, December 12, 2007 in the Claims Bar Order.

Our records reflect that as at 5:00 p.m., Halifax time, on December 12, 2007, we did not receive a Proof of Claim from you in the form approved by the Court Order. Due to the time of year, the Monitor feels it is appropriate, as permitted by the Court Order, to seek direction from the Court to extend the Claims Bar date to 3:00 p.m., Halifax time, on Friday, December 21, 2007.

In view of the above, the Monitor provides this communication to all creditors who had not filed their Proof of Claim within the requirements of the Claims Bar Order which was previously sent to you.

Take notice that the onus is on you to file your Proof of Claim if you wish to do so. There will be no further notices or extensions, unless you apply to Court for such extension. The Claims Bar Order provides that any claim for which a Proof of Claim has not been filed before the Claims Bar date is forever extinguished. Such creditor cannot make or enforce any claim against FGC, the Monitor, or any other person without further Order of the Court.

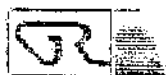
The Proof of Claim must be filed in the format as approved by the Court Order. To obtain the Proof of Claim form, instructions, and the Claims Bar Order, you may visit our dedicated FGC website at [www.bdo.ca/fgc](http://www.bdo.ca/fgc). Everything you need to complete the Proof of Claim is located on this website.

Please understand that any claims received after 3:00 p.m., Halifax time, on Friday, December 21, 2007 will only be accepted if the Court provides the Monitor with instructions to do so. Disallowance, revision and appeal provisions of the November 26, 2007 Claims Bar Order shall be extended by two (2) business days to apply to Proofs of Claim received in the contemplated extended period, that is, to 3:00 p.m., Halifax time, on Friday, December 21, 2007, or such other time that the Court may approve. The timing aforementioned shall apply except for the requirements of Paragraph 10 of the original Claims Bar Order which shall be 12:00 noon, Halifax time, on Friday, December 28, 2007, and Paragraph 11 which shall be 5:00 p.m., Halifax time, on Friday, January 4, 2008, or such other time as the Court may direct.

Yours very truly

BDO DUNWOODY GOODMAN ROSEN INC.  
Court-Appointed Monitor

Paul G. Goodman, FCA, FCIRP, FIC  
President



1000 West Beaver Creek Road  
Suite 1000  
Richmond Hill, Ontario L4B 1N2  
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Tel: (905) 709-3300  
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