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TO THE CREDITORS OF
FEDERAL GYPSUM COMPANY

October 10, 2007

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

By letter dated September 19, 2007, we, BDO Dunwoody Goodman Rosen Inc., the Monitor appointed by the Court pursuant to the Initial Order granted on September 18, 2007, sent you a copy of the Initial Order as required under the CCAA.

Paragraph 2A of the Initial Order specified that FGC was to return to Court on Thursday, October 18, 2007 at 9:30 a.m. or such alternative date as the Court may fix, at which time the Initial Order may be supplemented or otherwise varied and the stay of termination date as fixed in that Order is to either be extended or terminated.

The same paragraph of the Initial Order required that materials for the comeback application are to be served no later than five days prior to the date scheduled for the hearing on all parties who serve a Notice of Appearance on the Applicant and the Monitor.

The full package of the application materials will be sent by counsel for FGC, to all counsel for secured creditors, and to others who request such materials. The Monitor wishes to remind creditors of the application to be heard on October 18, 2007 and give those who do not request copies of the materials an opportunity to review them. Therefore, we invite you to visit our website which has been specifically set up for the purpose of the FGC CCAA proceeding. The website address is www.bdo.ca/fgc. It is hoped materials relative to the October 18, 2007 Court application will be posted on our website on or about October 15, 2007.

Yours very truly

BDO DUNWOODY GOODMAN ROSEN INC.

Court-Appointed Monitor


Paul G. Goodman, FCA, FCIRP, FIIC
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Appointments also held in other
locations in Nova Scotia