



TO THE CREDITORS OF
FEDERAL GYPSUM COMPANY

November 26, 2007

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

Pursuant to an Order ("Initial Order") dated September 18, 2007, granted by Mr. Justice A. David MacAdam of the Supreme Court of Nova Scotia (the "Court"), Federal Gypsum Company ("Federal") was given protection under the Companies' Creditors Arrangement Act ("CCAA"). The Monitor appointed under the Initial Order is BDO Dunwoody Goodman Rosen Inc. (the "Monitor") of Halifax.

To date, the Monitor has filed three detailed reports with the Court. All reports and filings with the Court can be found on the Monitor's special website at www.bdo.ca/fgc.

Pursuant to an Order ("Claims Bar Order") of the Court granted by Mr. Justice MacAdam on the 22nd day of November, 2007, a claims bar process was established. You should refer to the definitions of "Claims" and "Post-Filing Claims" in the order attached. The following parties are entitled to file Proofs of Claim against Federal:

- a) All creditors with claims, either existing as at September 18, 2007, the date of the Initial Order, or which arose after September 18, 2007 and which remain outstanding as at the Claims Bar Date being 5:00 p.m., Halifax time, on the 12th day of December, 2007; and
- b) Any person or entity which became or subsequently becomes a creditor of Federal as a result of claims which arose after Federal files its plan of arrangement, (anticipated to be November 29, 2007). The Claims Bar Date for post-filing claims is 5:00 p.m., Halifax time, on January 7, 2008.

For your information and use in the claims bar process, enclosed with this correspondence are the following:

1. Copy of Claims Bar Order (as granted on November 22, 2007, but unsigned)
2. Schedule "A" Instruction Letter for the Claims Procedure
3. Schedule "B" Notice of Last Day (Claims Bar Date) for the Filing of Claims
4. Schedule "C" Proof of Claim – Federal
5. Schedule "D" Notice of Revision or Disallowance – Federal
6. Schedule "E" Notice of Dispute – Federal

All documents required in the claims bar process must be delivered to the Monitor by registered mail, or fax, or e-mail, or courier, or personal delivery to the following address:



Suite 301, 295 George Street
Sydney, Nova Scotia B1P 1J7

Toll Free: (888) 666-5764
Telephone: (902) 539-9850
Fax: (902) 539-5373
Email: insol-sydney@bdo.ca

Appointments also held in other
locations in Nova Scotia

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BDO Dunwoody Goodman Rosen Inc.
Suite 620, 1718 Argyle Street
Halifax, NS B3J 3N6
Attention: Paul G. Goodman, FCA, FCIRP, FIIC

Telephone: (902) 425-3100
Fax: (902) 425-3777
E-mail: insol-halifax@bdo.ca

It is extremely important to note that all Proofs of Claim, together with supporting invoices and documents, must be delivered to the Monitor no later than 5:00 p.m., Halifax time, on the 12th day of December, 2007, being the Claims Bar Date. Only the forms supplied herewith will be accepted. No other forms are to be used.

Proofs of Claim for post-filing claims must be submitted to the Monitor no later than 5:00 p.m., Halifax time, on January 7, 2008.

Any claim not filed with the Monitor by the Claims Bar Dates (December 12, 2007 for pre-September 18, 2007 claims and January 7, 2008 for post-filing claims) shall be extinguished and shall be forever barred from asserting a claim or interest against Federal and its property and shall be barred from voting on any Plan of Arrangement as may be filed by Federal.


Upon receipt of the claims, the Monitor, in conjunction with Federal, will review the claims and issue either a Notice of Allowance or a Notice of Disallowance.

You will observe that in Paragraph 18 of the Claims Bar Order, reference is made to the Meeting of Creditors to be held on January 22, 2008. As the Plan of Arrangement will not be filed until November 29, 2007, the Monitor will, at a later date, serve notice on all creditors whose claims have been filed with the Monitor on or before the Claims Bar Date (December 12, 2007) of the date, time, and place of the Meeting of Creditors. Included with that Notice of Meeting, to be sent later by the Monitor, will be a copy of the Plan or Arrangement to be considered (subject to amendment) and a Proxy Form and Voting Letter so your vote may be considered in accepting or rejecting the Plan of Arrangement in the event you are not able to attend the Meeting of Creditors.

Should you have any questions regarding the claims bar process, kindly contact our office.

Yours very truly

BDO DUNWOODY GOODMAN ROSEN INC.
Court-Appointed Monitor


Paul G. Goodman, FCA, FCIRP, FIIC
President

PGG/dlc
Enclosures