

**CARBONLESS PAPER SHEETS CLASS ACTIONS  
SETTLEMENT AGREEMENT**

Between

**McLAY & COMPANY INC., in its capacity as Trustee in Bankruptcy for  
799376 ONTARIO INC., and JOACHIM LAFERRIÈRE ÉLECTRICIEN INC.**

and

**CASCADES FINE PAPERS GROUP INC./CASCADES  
GROUPE PAPIERS FINS INC., COAST PAPER LIMITED/PAPIER COAST LIMITÉE,  
DOMTAR INC. AND UNISOURCE CANADA, INC.**

Made as of February 29, 2008

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**RECITALS**

A. WHEREAS the Proceedings have been commenced by the Plaintiffs in Ontario and Quebec, under each province's respective class proceedings legislation, which allege that the Defendants participated in an unlawful conspiracy to unduly prevent or lessen competition in respect of the sale of Carbonless Paper Sheets in Ontario and Quebec, contrary to Part VI of the *Competition Act* and otherwise at law;

B. WHEREAS the Defendants deny the allegations made in the Proceedings and deny that any damages were suffered or are payable for any breach of the *Competition Act* or otherwise at law, have not conceded or admitted any civil liability, and have defences to all of the claims in the Proceedings;

C. WHEREAS the Plaintiffs and Class Counsel have reviewed and fully understand the terms of this Settlement Agreement and, based on the analyses of the facts and law applicable to the Plaintiffs' claims, and having regard to the burdens and expense in prosecuting the Proceedings, including the risks and uncertainties associated with trials and appeals, the Plaintiffs and Class Counsel have concluded that this Settlement Agreement is fair, reasonable and in the best interests of the Plaintiffs and the classes they seek to represent;

D. WHEREAS despite their belief that they are not liable in respect of the allegations made in the Proceedings and have good defences thereto, the Defendants are entering into this Settlement Agreement in order to achieve a final resolution of all claims asserted or which could have been asserted against them by the Plaintiffs, and to avoid further expense, inconvenience and the distraction of burdensome and protracted litigation, and it is acknowledged that the Defendants would not have entered into this Settlement Agreement were it not for the foregoing;

E. WHEREAS the Parties therefore wish to, and hereby do, finally resolve, without admission of liability, all Released Claims, including all of the Proceedings and Other Actions, as against the Defendants;

F. WHEREAS for the purposes of settlement only and contingent on approvals by the Courts as provided for in this Settlement Agreement, the Parties have consented to certification

or authorization of the Proceedings as class proceedings and have consented to a Settlement Class and a Common Issue in each of the Proceedings;

G. WHEREAS the Defendants expressly reserve their rights to contest certification of other related or unrelated proceedings and assert that the Proceedings herein would not be appropriately certified in the absence of the Settlement Agreement;

H. WHEREAS the Plaintiffs assert that they are adequate class representatives for the Settlement Classes and will seek to be appointed representative plaintiffs in their respective Proceedings; and

I. WHEREAS the Defendants represent on a best efforts basis that the total Purchase Price (as defined in section 1(28) below) is \$22.6 million.

NOW THEREFORE, in consideration of the covenants, agreements and releases set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that the Proceedings be settled and dismissed on the merits with prejudice, without costs as to the Plaintiffs, the classes they seek to represent or the Defendants, subject to the approval of the Courts, on the following terms and conditions:

## **SECTION 1 – DEFINITIONS**

For the purpose of this Settlement Agreement only, including the Recitals and Schedules hereto:

- (1) **Account** means a segregated interest bearing trust account at a Canadian Schedule 1 bank in Ontario under the control of Ontario Counsel to be maintained solely for the receipt and distribution of funds pursuant to this Settlement Agreement.
- (2) **Administration Expenses** means all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable by the Plaintiffs, Class Counsel or otherwise for the approval, implementation and operation of this Settlement Agreement, including the costs of notices but excluding Class Counsel Fees.
- (3) **Carbonless Paper Sheets** means carbonless paper sheets of all sizes and configurations in multi-ply or multiple format that, by virtue of chemical coatings on their front and back, are used to transfer images.

- (4) ***Carbonless Paper Sheets Products*** means Carbonless Paper Sheets and any products that contain or include Carbonless Paper Sheets, including forms and receipts manufactured by commercial printers.
- (5) ***Claims Administrator*** means Neal Pallet and Townsend.
- (6) ***Claims Deadline*** means ninety (90) days from the date of the first publication of the notice of settlement approval pursuant to section 10.2.
- (7) ***Class Counsel*** means Ontario Counsel and Quebec Counsel.
- (8) ***Class Counsel Fees*** means the fees, disbursements, costs, GST and other applicable taxes or charges of Class Counsel, including any obligations for contributions that any Plaintiff, Settlement Class or Quebec Counsel may have to the Fonds.
- (9) ***Class Period*** means, in respect of each Proceeding, the time period set out in Schedule "A" for that Proceeding.
- (10) ***Common Issue*** in each Proceeding means: During the Class Period, did the Defendants agree to unduly prevent or lessen competition in respect of the sale of Carbonless Paper Sheets in Ontario and Quebec?
- (11) ***Courts*** means the Ontario Court and the Quebec Court.
- (12) ***Defendants*** means the entities named as defendants in the Proceedings as set out in Schedule A.
- (13) ***Deposit Date*** means August 1, 2007.
- (14) ***Effective Date*** means the date when Final Orders have been received from all Courts approving this Settlement Agreement and any time periods within which the Defendants may terminate this Settlement Agreement have expired with no termination having occurred.
- (15) ***Excluded Person*** means each Defendant, the directors, officers, employees, subsidiaries, affiliates and parents of each Defendant, the entities in which each Defendant or any of their respective subsidiaries or affiliates have a controlling interest, and the legal representatives, heirs, successors and assigns of each of the foregoing.
- (16) ***Final Order*** means a final judgment or final approval order entered by a Court in respect of the certification or authorization of a Proceeding as a class proceeding and the approval of this Settlement Agreement and, if an appeal lies, the expiration of the time to appeal or to seek permission to appeal such final judgment or final approval order without any appeal being taken, or if an appeal from the final judgment or final approval order is taken, the affirmation of such

final judgment or final approval order in its entirety, without modification, by the court of last resort to which an appeal of such final judgment or final approval order may be taken.

- (17) **Fonds** means the Fonds d'aide aux recours collectifs in Quebec.
- (18) **Ontario Counsel** means Siskinds LLP and Harrison Pensa LLP.
- (19) **Ontario Court** means the Ontario Superior Court of Justice.
- (20) **Opt-Out Deadline** means a date and time to be fixed by the Courts which shall be at least fifteen (15) days prior to the Claims Deadline.
- (21) **Opt-Out Threshold** means an amount agreed upon by the Parties in a separate document delivered to the Courts under seal and kept confidential by the Parties and the Court.
- (22) **Other Actions** means actions or proceedings, other than the Proceedings, relating to Released Claims commenced by a Settlement Class Member, and includes Other Class Actions.
- (23) **Other Class Actions** means any class action, other than the Proceedings, that is commenced in Canada prior to the date on which the Ontario Court hears the motion required by section 3.2(1)(b) of this Settlement Agreement, including Quebec Superior Court (District of Montréal) Action No. 500-06-000330-064.
- (24) **Parties** means the Plaintiffs and the Defendants.
- (25) **Plaintiffs** means the individuals and entities named as plaintiffs in the Proceedings as set out in Schedule A.
- (26) **Plan of Distribution** means a protocol for the distribution by the Claims Administrator of funds paid out of the Account to or for the benefit of Settlement Class Members.
- (27) **Proceedings** means, individually or collectively, Ontario Superior Court File No. 49426CP (London) and Quebec Superior Court (District of Quebec) Action No. 200-06-000061-062.
- (28) **Purchase Price** means the net amount, including rebates or any other form of discounts, paid by a Purchaser for Carbonless Paper Sheets purchased during the Class Period, excluding all other charges including, but not limited to, delivery or shipping charges and taxes.
- (29) **Purchaser** means a person who purchased Carbonless Paper Sheets in Ontario or Quebec during the Class Period directly from a Defendant.
- (30) **Quebec Counsel** means Siskinds, Desmeules s.e.n.c.r.l.
- (31) **Quebec Court** means the Quebec Superior Court.
- (32) **Released Claims** means any and all manner of claims, demands, actions, suits, causes of action, whether class, individual or otherwise in nature, whether personal or subrogated, damages

whenever incurred, liabilities of any nature whatsoever, including interest, costs, expenses, class administration expenses (including Administration Expenses), penalties and lawyers' fees (including Class Counsel Fees), known or unknown, suspected or unsuspected, in law, under statute or in equity, that the Releasers, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have, relating in any way to any conduct from the beginning of time to the date hereof in respect of an alleged conspiracy or other unlawful agreement or combination concerning the purchase, sale, pricing, discounting, marketing or distribution of Carbonless Paper Sheets Products in Ontario or Quebec during the Class Period, or relating to any conduct alleged (or which could have been alleged) in the Proceedings, including, without limitation, any such claims which have been asserted, would have been asserted or could have been asserted, whether in Canada or elsewhere, regarding Carbonless Paper Sheets Products in Ontario or Quebec during the Class Period.

(33) **Releasees** means, jointly and severally, the Defendants and all of their respective present and former, direct and indirect, parents, subsidiaries, divisions, affiliates, partners and insurers, and all other persons, partnerships or corporations with whom any of the former have been, or are now, affiliated, and their respective past, present and future officers, directors, members of any supervisory board or board of management, employees, agents, shareholders, attorneys, trustees, servants and representatives of each of the foregoing; and the predecessors, successors, purchasers, heirs, executors, administrators and assigns of each of the foregoing during the Class Period.

(34) **Releasers** means, jointly and severally, the Plaintiffs and the Settlement Class Members and their respective parent companies, predecessors, successors, heirs, executors, administrators and assigns.

(35) **Settlement Agreement** means this agreement, including the recitals and schedules.

(36) **Settlement Amount** means CDN \$2,950,000.00.

(37) **Settlement Class** means, in respect of each Proceeding, the settlement class defined in Schedule A for that Proceeding.

(38) **Settlement Class Member** means a member of a Settlement Class who does not timely and validly opt out of the Settlement Class in accordance with Orders of the Courts.

## **SECTION 2 – CONDITION PRECEDENT: COURT APPROVAL**

Subject to sections 12.2 and 12.3, if Final Orders approving this Settlement Agreement are not obtained in Ontario and Quebec, this Settlement Agreement shall be deemed to be terminated and therefore null and void and of no force and effect.

## **SECTION 3 – SETTLEMENT APPROVAL**

### **3.1 Cooperation**

The Parties shall use their best efforts to implement this Settlement Agreement and to secure the prompt, complete and final dismissal with prejudice of the Proceedings and Other Class Actions as against the Defendants.

### **3.2 Motions for Approval**

(1) As soon as practicable after execution of this Settlement Agreement and by no later than May 31, 2008 or such other date as agreed to by all Parties, the Plaintiffs shall bring motions before the Courts:

- (a) for orders substantially in the form set out in Schedules B and C scheduling an approval hearing in each of the Proceedings; and
- (b) for orders substantially in the form set out in Schedules D and E certifying or authorizing each of the Proceedings commenced in their respective jurisdictions as a class proceeding and approving this Settlement Agreement provided, however, that the clauses set out below need be in the form set out at the relevant schedule:
  - (i) Schedule D – paragraphs 1-5 and 7-18; and
  - (ii) Schedule E – paragraphs 5-7 and 9-19;

(2) This Settlement Agreement shall only become final on the Effective Date.

(3) Class Counsel agree not to take any steps to prosecute one or both of the Proceedings on or after the Deposit Date and until the Effective Date, other than those steps provided for or required by this Settlement Agreement and those steps that are necessary to secure the Courts' approval of this Settlement Agreement.

(4) Until the motions required by section 3.2(1) are filed, this Settlement Agreement and all of its terms shall be kept confidential and shall not be disclosed by the Parties or their counsel without the prior written consent of counsel for the Defendants and Class Counsel, except as may

be required for the purposes of financial and regulatory reporting or filings, or the preparation of financial records (including tax returns and financial statements), or as otherwise required by law.

### **3.3 Sequence of Motions**

The Plaintiff in Quebec shall not proceed with a motion to approve this Settlement Agreement in the Proceeding commenced in Quebec unless and until the Ontario Court approves this Settlement Agreement. The approval motion may be filed in Quebec, but Quebec Counsel agree to seek an adjournment of their approval hearing until after the Ontario Court renders its decision on the motion for approval brought before it.

## **SECTION 4 – SETTLEMENT AMOUNT**

### **4.1 Payment of Settlement Amount**

(1) The Defendants agree to pay the Settlement Amount in accordance with this Settlement Agreement, in full satisfaction of all of the Released Claims against the Releasees. The Defendants shall have no obligation to pay any amount in addition to the Settlement Amount, for any reason, pursuant to or in furtherance of this Settlement Agreement and, in particular, without limitation, the Defendants shall have no obligation to pay any additional amounts for Class Counsel Fees or Administration Expenses.

(2) The Defendants deposited the Settlement Amount into the Account on the Deposit Date.

(3) Ontario Counsel shall maintain the Account as provided for in this Settlement Agreement and shall not pay out any of the monies in the Account, except in accordance with the provisions of this Settlement Agreement, without an order of the Ontario Court made on notice to or on consent of the Parties.

### **4.2 Taxes and Interest**

(1) All interest earned on the Settlement Amount since the Deposit Date shall be added to the Settlement Amount and shall be treated as part of the Settlement Amount.

(2) Ontario Counsel shall bear all risks related to the investment of the Settlement Amount in the Account.

(3) All funds held by Ontario Counsel shall be deemed and considered to be in *custodia legis* of the Courts, and shall remain subject to the jurisdiction of the Courts until such time as such funds shall be distributed pursuant to the Plan of Distribution and/or further order of the Courts.



(4) Ontario Counsel hereby indemnifies, defends and holds harmless the Defendants from and against any harm or injury suffered by reason of the use, misuse, erroneous disbursement, or other action taken or failure to act by Ontario Counsel with the Settlement Amount or funds in the Account not strictly in accordance with the provisions of this Settlement Agreement or any implementing order of the Courts.

(5) Subject to section 4.2(6), all taxes payable on any interest which accrues on the Settlement Amount in the Account or otherwise in relation to the Settlement Amount shall be the responsibility of the Settlement Classes. Ontario Counsel shall be solely responsible to fulfill all tax reporting and payment requirements arising from the Settlement Amount in the Account, including any obligation to report taxable income and make tax payments. All taxes (including interest and penalties) due with respect to the income earned by the Settlement Amount shall be paid from the Account.

(6) The Defendants shall have no responsibility to make any tax filings relating to the Account and will have no responsibility to pay tax on any income earned by the Settlement Amount or pay any taxes on the monies in the Account, unless this Settlement Agreement is terminated. If the Agreement is terminated, a 25% share of the interest in the Account shall be returned to each Defendant who, in such case, shall be responsible for the payment of all taxes on such interest.

## **SECTION 5 — DISTRIBUTION OF THE SETTLEMENT AMOUNT AND ACCRUED INTEREST**

(1) The monies in the Account shall be held by Ontario Counsel for the benefit of the Settlement Class Members and, after the Effective Date, shall be transferred by Ontario Counsel to the Claims Administrator for payment in accordance with the Plan of Distribution.

(2) Class Counsel shall, by motion, on notice to the Defendants, submit the Plan of Distribution for approval by the Courts at the same time approval of this Settlement Agreement is sought.

(3) In no event shall any of the Defendants have any responsibility, financial obligations or liability whatsoever with respect to the investment, distribution, use or administration of monies in the Account including, but not limited to, the costs and expenses of such investment, distribution, use and administration, Administration Expenses and Class Counsel Fees.

## **SECTION 6 – RELEASES AND DISMISSALS**

### **6.1 Release of Releasees**

Upon the Effective Date, the Releasors forever and absolutely release the Releasees from the Released Claims.

### **6.2 Release by Releasees**

Upon the Effective Date, each Releasee forever and absolutely releases each of the other Releasees from any and all claims for contribution or indemnity with respect to the Released Claims.

### **6.3 No Further Claims**

The Releasors shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against any Releasees or any other person who may claim contribution or indemnity from any Releasee in respect of any Released Claim or any matter related thereto.

### **6.4 Dismissal of Proceedings**

The Proceedings shall be dismissed, without costs and with prejudice.

### **6.5 Dismissal of Other Actions**

- (1) Each Settlement Class Member shall be deemed to consent to the dismissal, without costs and with prejudice, of his, her or its Other Actions against the Releasees.
- (2) All Other Actions commenced by any Settlement Class Member relating to the Released Claims shall be dismissed against the Releasees, without costs and with prejudice.
- (3) The Plaintiffs shall ensure the dismissal of all Other Class Actions, without costs and with prejudice.

## **SECTION 7 – BAR ORDER AND OTHER CLAIMS**

### **7.1 Bar Order**

The Parties consent to a bar order which shall be granted by each of the Courts providing that all claims for contribution, indemnity or other claims over, whether asserted or unasserted or asserted in a representative capacity, inclusive of interest, taxes and costs, relating to the Released Claims, which were or could have been brought by any person or party, against a Releasee, are barred, prohibited and enjoined (unless such claim is made in respect of a claim by a person who has validly opted out of a Settlement Class).

## **7.2 Claims Against Other Entities Reserved**

Except as provided herein, this Settlement Agreement does not settle, compromise, release or limit in any way whatsoever any claim by Settlement Class Members against any person other than the Releasees.

## **SECTION 8 – EFFECT OF SETTLEMENT**

### **8.1 No Admission of Liability**

The Parties expressly reserve all of their rights if this Settlement Agreement does not become effective or is terminated. Further, the Parties agree that, whether or not this Settlement Agreement is finally approved or is terminated, this Settlement Agreement and anything contained herein, and any and all negotiations, documents, discussions and proceedings associated with this Settlement Agreement, and any action taken to carry out this Settlement Agreement, shall not be deemed, construed or interpreted to be an admission of any violation of any statute or law, or of any wrongdoing or liability by any Defendant, or of the truth of any of the claims or allegations contained in the Proceedings or any other pleading filed by the Plaintiffs.

### **8.2 Agreement Not Evidence**

The Parties agree that, whether or not it is finally approved or is terminated, this Settlement Agreement and anything contained herein, and any and all negotiations, documents, discussions and proceedings associated with this Settlement Agreement, and any action taken to carry out this Settlement Agreement, shall not be referred to, offered as evidence or received in evidence in any pending or future civil, criminal or administrative action or proceeding, except in a proceeding to approve or enforce this Settlement Agreement, or to defend against the assertion of Released Claims, or as otherwise required by law.

### **8.3 No Further Litigation**

(1) Except as provided in this section, no Class Counsel, nor anyone currently or hereafter employed by, associated with, or a partner with Class Counsel, may directly or indirectly participate or be involved in or in any way assist with respect to any claim made or action commenced by any person which relates to or arises from conduct alleged with respect to the Canadian fine papers industry up to the date of this Settlement Agreement, including the Released Claims. Moreover, these persons may not divulge to anyone for any purpose any

information obtained in the course of the Proceedings or the negotiation and preparation of this Settlement Agreement, except to the extent such information is otherwise publicly available or as otherwise ordered by a court.

## **SECTION 9 – CERTIFICATION OR AUTHORIZATION FOR SETTLEMENT ONLY**

### **9.1 Settlement Class and Common Issue**

(1) The Parties agree that the Proceedings shall be certified or authorized as class proceedings solely for purposes of settlement of the Proceedings and the approval of this Settlement Agreement by the Courts.

(2) The Plaintiffs agree that in the motions for certification or authorization of the Proceedings as class proceedings and for the approval of this Settlement Agreement, the only common issue that they will seek to define is the Common Issue and the only classes that they will assert are the Settlement Classes. The Plaintiffs acknowledge that the Defendants agree to the definition of the Common Issue for the purpose of settlement only.

### **9.2 Certification or Authorization Without Prejudice**

In the event this Settlement Agreement is not approved by the Courts or is terminated in accordance with its terms, the Parties agree that any prior certification or authorization of a Proceeding as a class proceeding, including the definition of a Settlement Class and the statement of the Common Issue, shall be without prejudice to any position that any of the Parties may later take on any issue in the Proceedings or any other litigation.

## **SECTION 10 – NOTICE TO SETTLEMENT CLASSES**

### **10.1 First Notice**

The proposed Settlement Classes shall be notified of hearings at which the Courts will be asked to approve the Settlement Agreement and Plan of Distribution by a notice in the form attached as Schedule F. Class Counsel shall cause the notice to be published and distributed in the following manner and by a date to be set by the Courts:

- (a) published once in the National Edition of The Globe and Mail Newspaper;
- (b) sent to the Purchasers for whom the Defendants have provided name and address information in accordance with section 13.2 of this Settlement Agreement;
- (c) posted on Ontario Counsel's website at [www.classaction.ca](http://www.classaction.ca); and
- (d) published once in both of Le Journal de Quebec and Le Journal de Montreal.

## **10.2 Second Notice**

The Settlement Classes shall be notified of the certification or authorization of each of the Proceedings as a class proceeding and the approval of this Settlement Agreement and Plan of Distribution by a notice in the form attached as Schedule G. Class Counsel shall cause the notice to be published and distributed in the manner set out in section 10.1 of this Settlement Agreement and, in the event this Settlement Agreement is approved by the Courts, this notice shall be published and distributed no later than 21 days after the Effective Date.

## **SECTION 11 – OPTING OUT**

### **11.1 Opt-Out Mechanism**

(1) A person may only opt out of the Proceedings by sending a written election to opt out, signed by the person or that person's designee, by pre-paid mail, courier or fax to the Claims Administrator at an address to be identified in the Final Orders and the notice contemplated by section 10.2 of this Settlement Agreement.

(2) An election to opt out will only be effective if it is actually received by the Claims Administrator on or before the Opt-Out Deadline.

(3) In addition to a written election to opt out, a Purchaser who wishes to opt-out must provide to the Claims Administrator, on or before the Opt-Out Deadline:

- (a) its full name, current address and telephone number;
- (b) to the extent applicable, the previous name(s) under which it purchased Carbonless Paper Sheets from the Defendants;
- (c) the name(s) of each entity from whom it purchased Carbonless Paper Sheets; and
- (d) the information in its possession concerning the Purchase Price.

### **11.2 Notification of Opt Outs**

Within 20 days of the Opt-Out Deadline, the Claims Administrator shall report to the Defendants and Class Counsel, advising as to the names of those persons, if any, who have opted out of the Proceedings, the reasons for their opting out, if known, the best estimate of the total Purchase Price of Carbonless Paper Sheets purchased by each person who opted out and a copy of all the information delivered by them pursuant to section 11.1(3).

## **SECTION 12 – TERMINATION OF SETTLEMENT AGREEMENT**

### **12.1 Exercise of Termination Rights**

(1) The Defendants may terminate this Settlement Agreement in the event that (a) the Plaintiffs are unsuccessful in obtaining a final dismissal of any and all Other Class Actions or (b) the total Purchase Price paid by Purchasers who opt-out of the Proceedings exceeds the Opt-Out Threshold.

(2) To terminate the Settlement Agreement, the Defendants shall give a joint written notice of termination to Class Counsel no later than 21 days after (a) the Court's judgment failing to stay or dismiss the Other Class Actions (if such is the reason for termination) and the disposal of all appeals (if any) therefrom or the expiration of the time for taking such appeals or, (b) if the reason for termination is the exceeding of the Opt-Out Threshold, no later than 20 days after receipt of the report required by section 11.2.

(3) If there is any dispute about whether the Defendants have given a valid notice of termination in accordance with the provisions of this Settlement Agreement, then the Ontario Court shall determine that dispute on motion brought by a Party.

(4) No Releasee or Releasor shall make or advance any claim of any kind against any Defendant in connection with or arising out of any decision that Defendant makes regarding termination of this Settlement Agreement.

### **12.2 Effect of Termination or Deemed Termination**

(1) If the Settlement Agreement is terminated in accordance with section 12.1 or deemed to be terminated in accordance with section 2, it shall have no further force and effect, shall not be binding, and shall not be used as evidence or otherwise in any litigation, except as provided in sections 12.2(3) – (4) and 12.3.

(2) If the Settlement Agreement is terminated in accordance with section 12.1 or deemed to be terminated in accordance with section 2, any order certifying or authorizing a Proceeding as a class action on the basis of the Settlement Agreement and approving this Settlement Agreement shall be set aside and declared null and void and of no force or effect as against the Defendants, and everyone shall be estopped from asserting otherwise.

(3) If the Settlement Agreement is terminated in accordance with section 12.1 or deemed terminated in accordance with section 2, Class Counsel shall bring a motion before each of the Courts which shall issue orders in accordance with section 12.2(1) and (2):

- (a) declaring the Settlement Agreement to be null and void and of no force or effect (except for the provisions set out in section 12.3);
  - (b) setting aside any order certifying a Proceeding as a class action on the basis of the Settlement Agreement; and
  - (c) directing that the Settlement Amount, including interest but after deduction of the non-refundable notice expense provided in section 14(3), be returned to the Defendants in such portions as are set out in a Direction signed by all Defendants.
- (4) If the Settlement Agreement is terminated or deemed terminated, Ontario Counsel shall return to each Defendant its contribution to the Settlement Amount (as set out in a Direction signed by all Defendants), including interest, after deduction of 25% of the non-refundable notice expense provided in section 14(3).

### **12.3 Survival of Provisions and Reservation of Rights**

- (1) The provisions of sections 4.1(3), 4.2(5), 4.2(6), 8.1, 8.2, 9.2, 12, 13.2(5), 13.2(6) and 13.2(7) and the definitions and Schedules applicable thereto shall survive the termination of the Settlement Agreement and continue in full force and effect with respect to all Defendants if the Settlement Agreement is terminated pursuant to section 12.1 or deemed terminated pursuant to section 2. All other provisions and obligations shall cease immediately in respect of all Defendants if the Settlement Agreement is terminated or deemed terminated.
- (2) The Parties expressly reserve all of their respective rights to the extent this Settlement Agreement does not become effective or is terminated in accordance with its terms.

## **SECTION 13 – ADMINISTRATION AND IMPLEMENTATION**

### **13.1 Mechanics of Administration**

Except to the extent provided for in this Settlement Agreement, the mechanics of the implementation and administration of this Settlement Agreement shall be determined by the Courts on motions brought by Class Counsel.

### **13.2 Information and Assistance**

- (1) Each Defendant will make reasonable best efforts to compile a list of the names and addresses of Purchasers who purchased Carbonless Paper Sheets in Ontario and Quebec from them during the Class Period.
- (2) The information required by section 13.2(1) shall be delivered to Ontario Counsel within thirty (30) business days of the execution of this Settlement Agreement by all Parties, or at least

five (5) business days in advance of publication of the notice of the approval hearings before the Courts, whichever date comes first.

(3) Ontario Counsel shall use the information provided under section 13.2(2) to advise Purchasers of this Settlement Agreement and the date of the approval hearings before the Courts.

(4) Each Defendant will make reasonable best efforts to provide the Purchase Price paid by Purchasers for Carbonless Paper Sheets during the Class Period. This information shall be provided to the Claims Administrator within five (5) business days in advance of publication of the notice of approval of the Settlement Agreement, and shall be used to facilitate the claims administration process established in the Plan of Distribution.

(5) Any information obtained or created in the administration of this Settlement Agreement is confidential and, except as required by law, shall be used and disclosed only for the purpose of administering the Settlement Agreement.

(6) If this Settlement Agreement is terminated pursuant to section 12 or deemed to be terminated pursuant to section 2, all information provided by the Defendants pursuant to this Settlement Agreement shall be returned to them forthwith and no record of the information so provided shall be retained by Class Counsel or the Claims Administrator in any form whatsoever.

(7) Class Counsel, and anyone currently or hereafter employed by, associated with or a partner with Class Counsel, may not divulge to anyone for any purpose any information obtained in the course of the negotiation and preparation of this Settlement Agreement, except to the extent such information is otherwise publicly available or as otherwise ordered by a court.

#### **SECTION 14 – CLASS COUNSEL FEES AND ADMINISTRATION EXPENSES**

(1) Class Counsel may seek the Courts' approval to pay Class Counsel Fees and Administration Expenses from the monies in the Account. Motions for approval and payment of Class Counsel Fees and Administration Expenses out of the Account shall be made on notice to the Defendants and returnable after the time period in which this Settlement may be terminated by the Defendants. Class Counsel reserve their right to argue that the Defendants have no standing on these motions.

(2) Subject to section 14(3), Class Counsel Fees and Administration Expenses may be paid out of the Account after the Effective Date.



(3) Class Counsel may pay the costs of the first notice referred to in section 10.1 of this Settlement Agreement and, if applicable, the cost of the second notice referred to in section 10.2, out of the Account, but only up to a maximum of \$30,000.00 per notice (for a maximum potential payment of \$60,000.00 if both notices are required) and only after the notice(s) has been approved by the Courts, and such payment(s) shall constitute a non-refundable expense.

## **SECTION 15 – MISCELLANEOUS**

### **15.1 Motions for Directions**

(1) Any Class Counsel or Defendant may apply to the Courts for directions in respect of the implementation and administration of this Settlement Agreement.

(2) All motions contemplated by or in relation to this Settlement Agreement shall be on notice to the Parties.

### **15.2 Releasees Have No Liability for Administration**

The Releasees have no responsibility for and no liability whatsoever with respect to the administration of the Settlement Agreement.

### **15.3 Headings, etc.**

In this Settlement Agreement:

- (a) the division of the Settlement Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Settlement Agreement; and
- (b) the terms “this Settlement Agreement”, “hereof”, “hereunder” and similar expressions refer to this Settlement Agreement and not to any particular section or other portion of this Settlement Agreement.

### **15.4 Ongoing Jurisdiction**

Each of the Courts shall retain exclusive jurisdiction over each Proceeding commenced in its jurisdiction, the parties thereto and the Class Counsel Fees in that Proceeding.

### **15.5 Governing Law**

This Settlement Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario.

### **15.6 Entire Agreement**

This Settlement Agreement constitutes the entire agreement among the Parties, and supersedes any and all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of this Settlement Agreement, unless expressly incorporated herein. This Settlement Agreement may not be modified or amended except in writing and on consent of all Parties hereto and any such modification or amendment must be approved by the Courts with jurisdiction over the matter to which the amendment relates.

### **15.7 Binding Effect**

This Settlement Agreement shall be binding upon, and enure to the benefit of, the Plaintiffs, the Releasors, the Defendants, the Releasees and all of their successors and assigns. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the Plaintiffs shall be binding upon all Releasors and each and every covenant and agreement made herein by the Defendants shall be binding upon all of the Releasees.

### **15.8 Survival**

The representations and warranties contained in this Settlement Agreement shall survive its execution and implementation.

### **15.9 Counterparts**

This Settlement Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and a facsimile signature shall be deemed an original signature for purposes of executing this Settlement Agreement.

### **15.10 Negotiated Agreement**

This Settlement Agreement has been the subject of negotiations and discussions among the undersigned, each of which has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Settlement Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of this Settlement Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of this Settlement Agreement.

### **15.11 Recitals**

The recitals to this Settlement Agreement are true and form part of the Settlement Agreement.

### **15.12 Schedules**

The Schedules annexed hereto form part of this Settlement Agreement.

### **15.13 Acknowledgements**

Each of the Parties hereby affirms and acknowledges that:

- (a) a representative of the Party with the authority to bind the Party with respect to the matters set forth herein has read and understood the Settlement Agreement;
- (b) the terms of this Settlement Agreement and the effects thereof have been fully explained to the Party's representative by its counsel;
- (c) the Party's representative fully understands each term of the Settlement Agreement and its effect; and
- (d) no Party has relied upon any statement, representation or inducement (whether material, false, negligently made or otherwise) of any other Party with respect to the first Party's decision to execute this Settlement Agreement.

### **15.14 Authorized Signatures**

Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Settlement Agreement.

### **15.15 Notice**

Where this Settlement Agreement requires a Party to provide notice or any other communication or document to another, such notice, communication or document shall be provided by email, facsimile or letter by overnight delivery to the representatives for the Party to whom notice is being provided, as identified below:

#### **For Plaintiffs and for Class Counsel:**

Charles M. Wright  
Siskinds LLP  
Barristers and Solicitors  
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Facsimile: 519-672-6065  
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Simon Hébert  
Siskinds, Desmeules s.e.n.c.r.l.  
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**For Defendants:**

Sandra A. Forbes  
**Davies Ward Phillips & Vineberg LLP**  
Barristers and Solicitors  
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Telephone: 416-863-5574  
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Counsel for Unisource Canada, Inc.

D. Michael Brown  
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Counsel for Domtar Inc.

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Counsel for Cascades Fine Papers Group Inc.

Katherine L. Kay  
**Stikeman Elliott LLP**  
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199 Bay Street  
Toronto, Ontario M5L 1B9

Telephone: 416.869.5507  
Facsimile: 416.947-0866  
Email: [kkay@stikeman.com](mailto:kkay@stikeman.com)

Counsel for Coast Paper Limited

**15.16 Language**

The Parties acknowledge that they have required and consented that this Settlement Agreement and all related documents be prepared in English, except for Schedules "C" and "E" which are prepared in French. Les Parties reconnaissent avoir exigé que la présente convention

et tous les documents connexes soient rédigés en anglais sauf en ce qui a trait aux annexes "C" et "E" qui ont été rédigées en français.


**15.17 Article 2631 of the *Quebec Civil Code***

The Parties acknowledge that this Settlement Agreement constitutes a transaction within the meaning of article 2631 of the Civil Code of Quebec and the Parties hereby waive any right to rely on, any errors of fact, of law, and/or of calculation.

The Parties have executed this Settlement Agreement as of the date on the cover page.

**McLAY & COMPANY INC., in its capacity as  
Trustee in Bankruptcy for  
799376 ONTARIO INC. and JOACHIM  
LAFERRIÈRE ÉLECTRICIEN INC**

By:

  
Name: Siskinds LLP  
Title: Co-Ontario Counsel

By:

Name: Harrison Pensa LLP  
Title: Co-Ontario Counsel

By:

Name: Siskinds, Desmeules s.e.n.c.r.l.  
Title: Quebec Counsel

**Unisource Canada, Inc.**

By:

Name: Davies Ward Phillips & Vineberg  
LLP (Sandra A. Forbes)  
Title: Counsel

**Cascades Fine Papers Group Inc.**

By:

Name: McCarthy Tétrault LLP (Madeleine  
Renaud)  
Title: Counsel

**Domtar Inc.**

By:

Name: Ogilvy Renault LLP (D. Michael  
Brown)  
Title: Counsel

The Parties have executed this Settlement Agreement as of the date on the cover page.


**McLAY & COMPANY INC., in its capacity as  
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799376 ONTARIO INC. and JOACHIM  
LAFERRIÈRE ÉLECTRICIEN INC**

By:

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Name: Siskinds LLP  
Title: Co-Ontario Counsel

By:



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Name: Harrison Pensa LLP  
Title: Co-Ontario Counsel

By:

---

Name: Siskinds, Desmeules s.e.n.c.r.l.  
Title: Quebec Counsel

**Unisource Canada, Inc.**

By:

---

Name: Davies Ward Phillips & Vineberg  
LLP (Sandra A. Forbes)  
Title: Counsel

**Cascades Fine Papers Group Inc.**

By:

---

Name: McCarthy Tétrault LLP (Madeleine  
Renaud)  
Title: Counsel

**Domtar Inc.**

By:

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Name: Ogilvy Renault LLP (D. Michael  
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Name: Siskinds LLP  
Title: Co-Ontario Counsel

By:

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Name: Harrison Pensa LLP  
Title: Co-Ontario Counsel

By:

*Siskinds Desmeules*  
Name: Siskinds, Desmeules s.e.n.c.r.l.  
Title: Quebec Counsel

**Unisource Canada, Inc.**

By:

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Name: Davies Ward Phillips & Vineberg  
LLP (Sandra A. Forbes)  
Title: Counsel

**Cascades Fine Papers Group Inc.**

By:

---

Name: McCarthy Tétrault LLP (Madeleine  
Renaud)  
Title: Counsel

**Domtar Inc.**

By:

---

Name: Ogilvy Renault LLP (D. Michael  
Brown)  
Title: Counsel



