

IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, MANITOBA, NOVA SCOTIA, ONTARIO,
SASKATCHEWAN, NEWFOUNDLAND AND QUÉBEC

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF TEMBEC INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Manitoba, Nova Scotia, Ontario, Saskatchewan, Newfoundland and Québec (the "Jurisdictions") has received an application from Tembec Inc. ("the Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, subject to certain conditions, the insider reporting requirements contained in the Legislation shall not apply to directors and senior officers of certain subsidiaries of the Filer;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Commission des Valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer was incorporated by Letter Patent delivered on July 12, 1972 under Part I of the *Companies Act* (Québec) and was continued under Part IA of the *Companies Act* (Québec) by Certificate of Continuance dated March 18, 1983.
2. The head office of the Filer is located in Montreal, Québec.
3. The Filer is a reporting issuer or equivalent under the Legislation of all of the Jurisdictions and is not in default of the requirements contained in Legislation.
4. The authorized capital of the filer consists of an unlimited number of class A voting shares, without par value (the "Common Shares") and an unlimited number of non-voting Class B preferred shares issuable in series without par value, of which 73, 881, 392 Class A shares and 1, 250, 000 Serie 3 Class B preferred shares were outstanding as at September 30, 1999. The Common Shares are listed and posted for trading on The Toronto Stock Exchange.
5. The Filer is a paper and forest products company with operations throughout Canada and Europe. The growth of the Filer was realized primarily as a result of the acquisition of its current

subsidiaries. Agreements entered into for the acquisition of some of its subsidiaries currently restrict the Filer's ability to wind-up some of its subsidiaries.

6. The list of companies in the attached appendix (the "Appendix") includes all subsidiaries (the "Major Subsidiaries") of the Filer that have, as reflected in the most recent annual audited financial statements of the Filer, either: (i) assets, on a consolidated basis with its subsidiaries, representing 10 percent or more of the consolidated assets of the Filer shown on the balance sheet, or, (ii) revenues, on a consolidated basis with its subsidiaries, representing 10 percent or more of the consolidated revenues of the Filer shown on the statement of income and losses.

7. With the exception of the directors and senior officers of the Filer and of the Major Subsidiaries, none of the directors and senior officers of any of the subsidiaries of the Filer either: (i) participate in the day to day management or operation of the Filer, or, (ii) receive or have access to, in the ordinary course of business, information respecting material facts or material changes with respect to the Filer prior to general disclosure of such material facts or material changes.

8. The Filer undertakes to maintain a list of directors and senior officers exempted by this Decision (as hereafter defined) and the basis upon which each director and senior officer comes within the terms of the Decision; to maintain a continuing review of the facts contained in the representations upon which this Decision is made; to promptly advise the Decision Makers of any changes in such facts; and, upon the request of any of the Decision Makers or their staff, to provide any information necessary to determine whether a director or senior officer of any subsidiary of the Filer is or is not exempted by this Decision.

9. the Filer undertakes to promptly advise the Commission des Valeurs mobilières du Québec (the "Commission") of the name of every director and senior officer who becomes, or ceases to be, exempted by this Decision and to provide an updated list of directors and senior officers to the Commission annually.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the Jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that any person who is subject to the insider reporting requirements due to the fact that he or she is a director or senior officer of a subsidiary of the Filer, other than a Major Subsidiary listed in the Appendix, is exempt from the insider reporting requirements with respect to his or her ownership over securities of the Filer, provided that the exemption contained in this Decision does not apply to a person who:

1. in the ordinary course of business receives notice of information as to material facts or material changes concerning the Filer before the material facts or material changes are generally disclosed;

2. becomes a director or senior officer of a Major Subsidiary of the Filer (as listed in the Appendix) or any company which, after the date hereof, becomes a Major Subsidiary;
3. is also an insider of the Filer in a capacity other than as a director or senior officer of a subsidiary of the Filer; or
4. is denied the exemptions contained in this Decision by another decision of the Decision Makers.

DATED at Montreal March 14, 2000.

Le directeur général et chef de l'exploitation

Jacques Labelle

Appendix

The major subsidiaries of Tembec Inc. as disclosed in the Decision Document dated March 14, 2000 are :

Spruce Falls Inc.
Tembec Industries Inc.
Crestbrook Forest Industries Ltd.