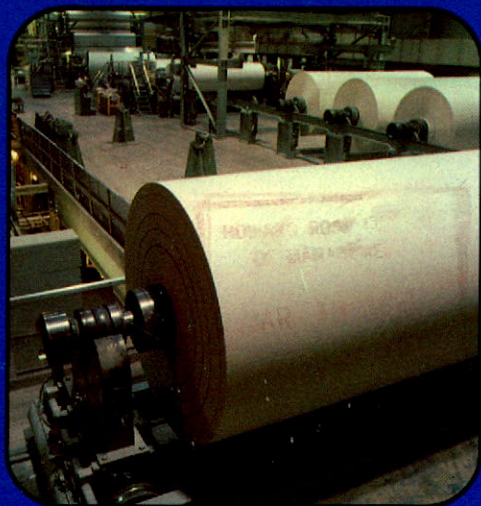


fraser

1984 Annual Report



	1984	1983	1982
Sales	\$ 529,538,000	\$ 435,913,000	\$ 397,605,000
Earnings	\$ 3,487,000	\$ 10,755,000	\$ (4,761,000)
Return on Equity	1.7%	5.5%	(2.6)%
Additions to Fixed Assets	\$ 39,368,000	\$ 94,966,000	\$ 126,831,000
Fixed Assets per Employee	\$ 113,000	\$ 117,000	\$ 101,000

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Le texte français de ce rapport annuel est disponible en s'adressant au secrétariat de la corporation, 27 rue Rice, Edmundston, Nouveau-Brunswick E3V 1S9

The above photos represent a cross section of Fraser employees who individually work at quite different occupations, but who, collectively, with all Fraser employees, are responsible for Fraser's success.

Financial Highlights

	1984	1983	1982
Operations			
Net sales	\$529,538,000	\$435,913,000	\$397,605,000
Net earnings (loss) from operations	3,487,000	10,755,000	(4,761,000)
Net earnings (loss) per common share	.17	1.25	(0.67)
Dividends per common share	.40	.20	.50
Net cash flow from operations	22,136,000	35,207,000	32,982,000
Net cash flow per common share	3.10	4.93	4.65
Financial Position			
Working capital	52,617,000	51,694,000	43,448,000
Total assets	654,030,000	622,693,000	527,618,000
Long-term debt	322,415,000	306,502,000	239,816,000
Shareholders' equity	207,907,000	207,088,000	182,735,000
Other			
Return on average shareholders' equity – %	1.7	5.5	(2.6)
Additions to plants and properties – net	39,368,000	94,966,000	126,831,000
Average number of employees	3,964	3,770	3,746
Shareholders' equity per common share – year-end	26.38	26.62	25.57
Market price per common share – year-end	16.88	22.00	12.00

An Annual and Special Meeting

of the Shareholders of Fraser Inc. will be held in the Republic Room, Conference Centre, Howard Johnson's Motor Lodge, Edmundston, New Brunswick, Canada, on Monday, April 15, 1985, at the hour of 11:00 o'clock in the forenoon, Atlantic Standard Time.

Stock Transfer

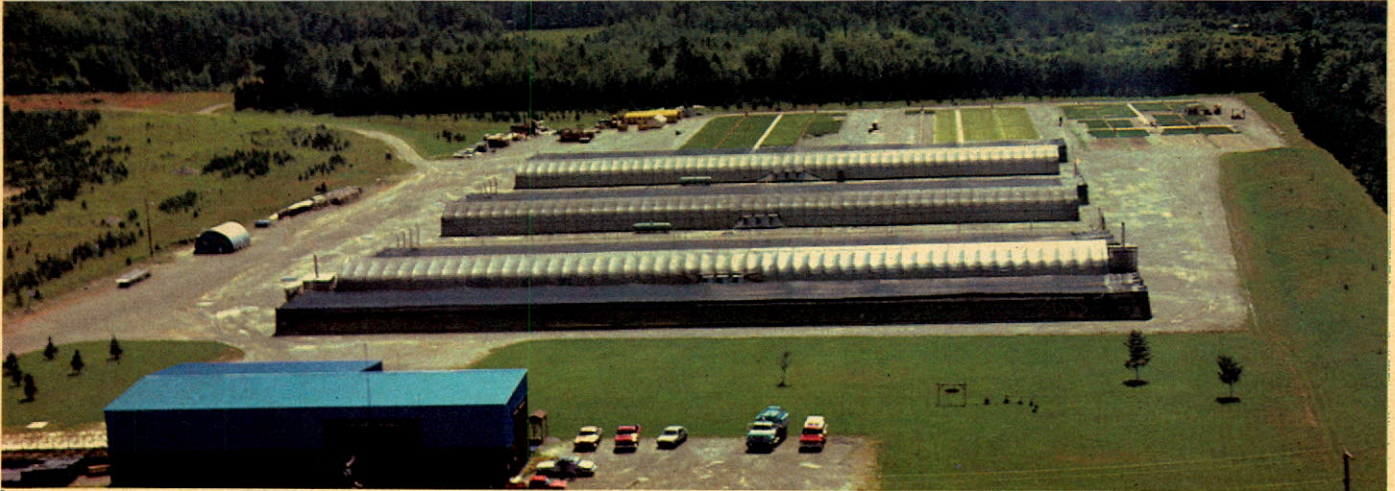
Agent and Registrar

Montreal Trust Company
Montreal, Quebec
Toronto, Ontario
Vancouver, B.C.
Saint John, N.B.

Stock Listed

Montreal Stock Exchange
Toronto Stock Exchange

Report to Shareholders



FRASER Forest Tree Nursery – Our commitment to the future.

During 1984, Fraser's major markets for "Printing and Writing Papers" continued to respond to demand even better than had been expected, with total demand in North America being up approximately 11% over 1983. This trend is a continuation of recent years when demand for these paper grades exceeded the growth of annual GNP. While market demand was excellent, these increased volumes were provided by a 6% increase in industry capacity, plus major increases of imports from Latin American and Overseas countries. The net impact for the year resulted in average operating rates in North America of approximately 92% of capacity, or nearly identical to 1983. Overall during the year, our paper and board facilities operated at approximately 95% of capacity.

The ability of foreign suppliers to serve our markets is a direct result of the strong North American currencies as compared to all other world currencies. For example, since 1980 Swedish currency has depreciated 40% as compared to the Canadian dollar. While Fraser products meet specific market needs that are difficult to service from distant operations, the availability of other grades of fine paper in North America had an overall detrimental impact on the whole pricing structure. These conditions resulted in price weakness late in the year for some Printing and Writing Paper grades.

While the demand for Market Pulp on a world basis was reasonably strong, pricing for Canadian suppliers was also affected by world currency values with a major decrease in pricing being apparent in the fourth quarter. Our Atholville market pulpmill went through its startup phase during 1984. Any new or modified mills that have been modernized to the extent of the Atholville mill, require a lengthy startup period before design capacity and quality are achieved. It was the combination of this difficult startup phase and market conditions that was responsible for the mill producing at only 47% of

design capacity for the year. While the price of Lumber products was weak, the low operating rate of Atholville and the resulting reduced wood chip requirements were the main cause of our sawmills running at only 60% of capacity.

In summary, 1984 was a year where the demand for our products was reasonably good and the causes of the disappointing financial performance were found elsewhere.

Net sales for the year of \$530 million were up 22% over 1983, a new high for the Company. While practically all product lines participated in this increase, sales of Market Pulp produced at the Atholville mill had a significant positive impact on total sales revenue as the mill was shut down for nearly all of the preceding year.

Net earnings for 1984 were \$3.5 million as against \$10.8 million in 1983. This performance is very disappointing but it is necessary to recognize its causes, thereby gaining some insight into the future. Basically, the Paper operations ran satisfactorily during the year and profits, before interest and taxes, were 95% greater than 1983. These very positive results were offset by losses in Market Pulp and Lumber, and a major increase in interest charges related to the Atholville mill operation which came into commercial operation at mid-year.

Our 50%-owned papermill in British Columbia, Island Paper Mills, continued to make progress towards full utilization resulting from a tripling of capacity in 1983. Net revenues increased by 39% but volume of shipments was only at a rate slightly over 60% of capacity. The challenge at this facility continues to be one of broadening the product base and markets to fully utilize available capacity. During 1984, weakness in

Report to Shareholders (continued)

the Western Canadian economy affected sales to those markets which were more than offset by increased volumes into the United States, as well as a modest start on shipments to the Far Eastern markets. The decreased costs of Market Pulp had a beneficial impact on Island's costs, while competitive markets resulted in weakness in Paper selling prices.

As a Company, since we are a net purchaser of Market Pulp, falling prices of pulp, while impacting unfavourably on the profitability of Atholville, are offset by reduced costs on pulp purchased for our Paper operations. The investment of an amount exceeding our total shareholders' equity in a single major project is obviously difficult to digest smoothly and without upsets. The year was a difficult one at Atholville as a group of dedicated employees learned to operate the mill using the most modern control technology and instrumentation. By year-end, with the startup phase largely behind us, we are finally in a position to feel more comfortable about the future. The quality of the Pulp as measured by brightness, cleanliness and strength is equal to the best of any of this type of pulp in the world. While design capacity and costs have not yet been achieved, the bugs in the processes have been eliminated, and we are confident that with steady operating experience our objectives are quite obtainable.

Pricing of market pulp is currently weak, largely due to currency relationships, but all long-term forecasts are positive in their view of the future of Market Pulp in the world economy. The huge cost of new mills increases barriers to new entrance to these markets. While management recognizes the challenge at Atholville, they are optimistic that in the long run the mill will be a major contributor to the future competitive position of the Company.

During the year Management continued to work on the profit problem with the Boxboard operations. Boxboard with annual net sales of \$20 million is a relatively small part of our product line, and while it does not fit directly into the category of Printing and Writing Papers, it does use much of the same technology, has the same sales channels and has some of the same customers. In other words, it is a product that complements Printing and Writing Papers but is not an essential part of it. A major modernization program at this facility was carried out in 1982-83, and while improvements in quality and costs have been achieved, the product line still does not meet requirements for return on investment. Management believes that with minor equipment changes the necessary further improvements can be achieved. Success of this operation still depends to a great extent on the personal commitment of the approximately

85 employees whose jobs depend on this product. A final decision is imminent in early 1985.

Fraser's level of debt is still of concern to your Directors in spite of the fact that declining interest rates have reduced the carrying costs in recent months. By the end of 1984, long-term debt had stabilized at \$322 million and it is expected that cash generated by operations, during 1985 will start to reduce this debt level. Various options to accelerate this program of debt reduction are being considered but as yet nothing has been found attractive enough to be in the overall best interest of the Company. Efforts in this area will continue in 1985. The Board reluctantly passed the dividend in the fourth quarter to conserve cash until adequate profitability is re-established.

In last year's report to shareholders, it was reported that with our major rebuilding programs behind us the Company was well positioned for the future, and optimism was expressed for 1984. Obviously, we under-estimated the challenge of bringing the Atholville mill back into full operation. Now, a year later, we again feel that our major programs are behind us and that the expenditures and programs put into place over the past few years to ensure the future of the Company will in fact begin to perform as anticipated.

While major amounts of capital have been expended to improve the physical plant, a great deal of effort is also being spent to ensure that the human side of the Company as well is renewed and invigorated. Changes both in work habits and in the involvement of people at all levels in the decision making process are neither as easy to implement as a capital program nor as easy to evaluate on a short-time basis. Management is committed to creating an environment that encourages every employee to contribute his personal maximum to the performance of his or her job or department.

During 1984, both the Edmundston and Madawaska mills initiated their own formal programs to achieve a more participative climate in their operations. We are encouraged by the progress that was made, recognizing at the same time that real achievements will come slowly and require a major commitment by all concerned over a considerable period of time. At this stage, these programs take priority to any further significant capital programs.

The year ahead, as usual, is full of unknowns and will certainly test the flexibility of the Company to adapt to changing market conditions and customer demands. Overall, we continue to be optimistic about the demand for our products and our ability to meet the needs of our customers in a competitive way. We expect Paper and Board operations to continue to operate in the area of 93% to 95% of capacity and both the Atholville Market Pulpmill and the Sawmills to be operating at about 85% of capacity.

All of this is based on the belief that the North American economies will grow in 1985 but more slowly than during the previous year. The current downward trend in interest rates should have a positive impact on economic activity and positive growth in market demand for our products. Reduced interest rates will also lower our debt costs that presently are largely on a floating rate basis. Overall, there would appear to be opportunities for a year of significantly improved profitability.

At year-end, Mr. Bruce Hicks, a Senior Vice President and Secretary of the Company retired after thirty-five years of employment by the Company and nineteen years as Secretary of the Board of Directors. Bruce Hicks has been a keystone of the Company during his service and

the Board would particularly like to record its appreciation of his contribution and dedication to the Company over the years.

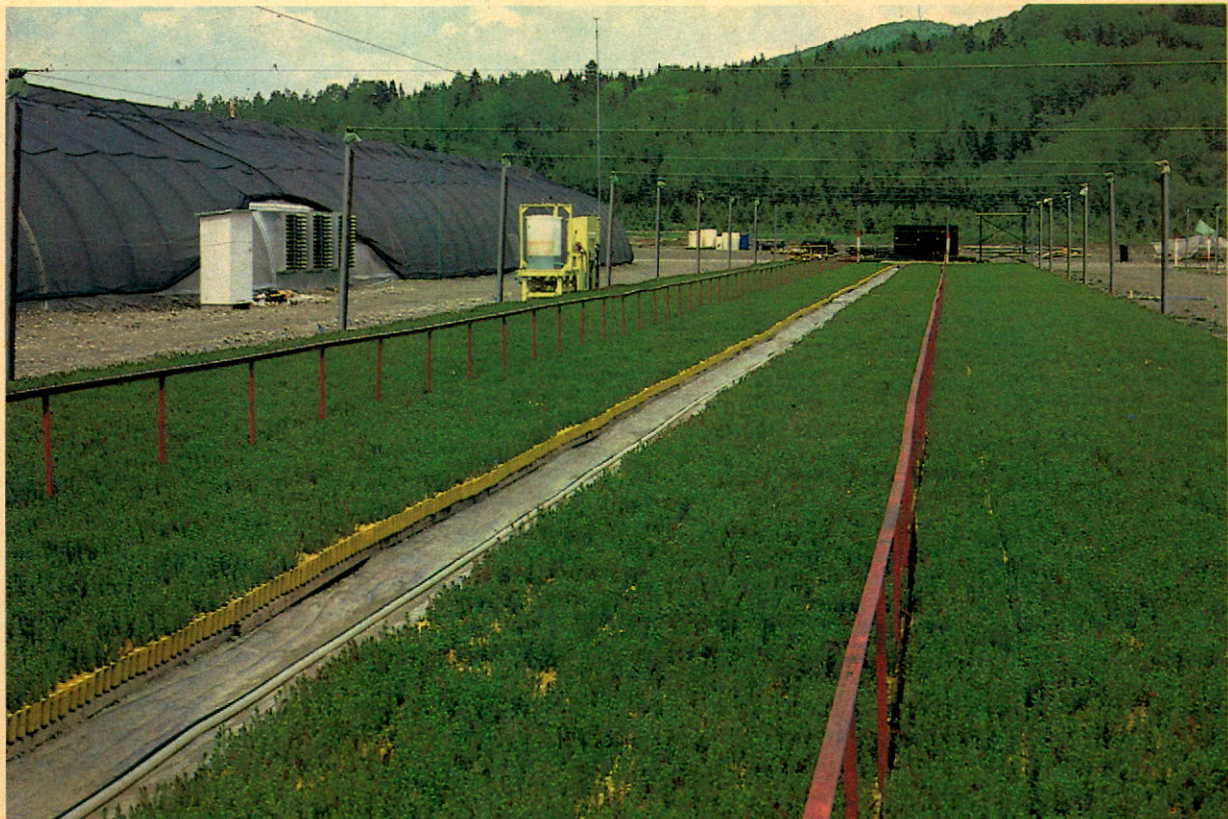
In December, Messrs. T. Price of Toronto and J. Sewall of Bangor, Maine were elected to the Board of Directors of the Corporation.

New three-year labour agreements were signed during the year in the major Canadian and United States operations at fairly realistic levels. 1984 was a challenging year for the Company and the realities of the past few years have impressed upon all employees the need for efficient, cost effective operations. A Company is made up of the contribution of all its employees and can only be successful if they in turn are successful in fulfilling their individual roles. To this end the Directors would like to record on behalf of the Shareholders their appreciation of the contribution made by all of the employees during the past year, and express the hope that in future years these efforts will be rewarded by improved earnings for the Company.

John P. Fisher
Chairman

Knut Grotterod
President

February 25, 1985



These seed beds contain a million seedlings that will renew our forest and ensure our future.

Bank Statement

	Item	Withdrawal	Deposit	Balance
				\$6,057,000 00
1/1/84				
	Proceeds from sale of lumber, pulp, boxboard and paper		523,394,000 00	
	Dividends received from associated companies		1,117,000 00	
	Paid out for:			
	wood	50,176,000 00		
	wages	117,603,000 00		
	fringe benefits	29,947,000 00		
	wages and fringe benefits transferred to new machinery		2,917,000 00	
	fuel	42,899,000 00		
	power	27,285,000 00		
	purchase of pulps	78,784,000 00		
	chemicals	70,266,000 00		
	services and supplies	37,716,000 00		
	Paid to reduce debt	5,119,000 00		
	Paid interest on debt	37,416,000 00		
	Interest transferred to new machinery		6,084,000 00	
	Paid for new machinery and reforestation - net	*39,368,000 00	1,361,000 00	
	Government grants			
	Paid to federal, provincial, state and local governments for taxes	19,284,000 00		
	Received from sale of common shares to employees and to others		139,000 00	
	Received from new borrowings		22,915,000 00	
	Common shares dividends	2,802,000 00		\$5,319,000 00
31/12/84				
	* Includes wages, fringe benefits and interest capitalized			

Xerographic quality copy machine paper, a product of our Thorold Mill. Customer satisfaction continues to be a source of pride.



Woodlands



Marc-André Briand
Khoering Operator
9 yrs with Fraser

Fraser Woodlands People are entrusted with the responsibility for managing and protecting our forest resources and for harvesting and supplying the Company's sawmills and pulp mills with wood. They did a good job in 1984, growing more seedlings, planting more trees, treating more pest-infected woodlands and in harvesting and providing more wood to our mills. Our Woodlands People must of necessity be preoccupied with the future because the wood that our mills will require in the years ahead must be grown, planted and protected today.

This dedication to the future ensures the jobs of all Fraser people and enhances our ability to serve the future needs of our customers. This commitment begins with the Fraser Nursery at Second Falls. Dedicated in 1978, we have invested more than \$1.6 million to date, and have grown more than 30 million seedlings. In 1984 alone, we grew 6.9 million seedlings and added 1.8 hectares of planting to our 13.7 hectare black spruce seed orchard. We also collected 130 bushels of white spruce, tamarack and red pine seed cones to supply seed for our nursery. We

planted 6.5 million seedlings on 2,800 hectares of crown and freehold lands bringing to 9,698 hectares the total amount of freehold land we have planted since 1979.

In addition, site preparation work was completed on 2,900 hectares for future plantations and 800 hectares were spaced to allow greater growth possibilities. More than 4,300 hectares of established plantations were treated for weed control.

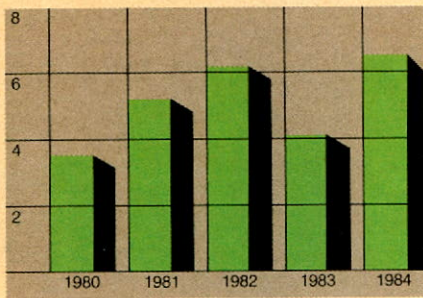
An estimated 194,000 hectares of Fraser-managed forests were treated under the spruce budworm spraying program, a program that began in 1953, and continues with Fraser's participation and support.

Fraser's Woodlands People introduced a new, modern tool – computer technology – to provide better and more accurate information for forecasting fibre availability and regeneration capability. The Geographic Information System is the state-of-the-art technology in forest resource data handling. It will provide mapping and

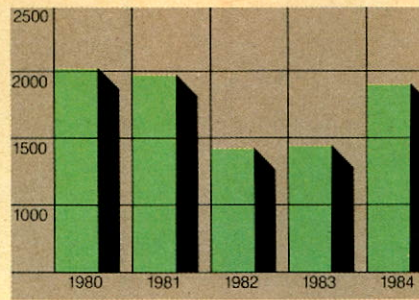


These oversized trucks carry full length trees on private FRASER roads to our sawmills.

Seedlings Planted (millions)



Wood Fibre Consumption (Cubic Metres)



numerical data information so that we can make the wisest, most efficient and economical use of the forest available. With computer technology at our fingertips we can plan fibre regeneration programs that will enable us to meet the needs of tomorrow more efficiently. In effect, the Geographic Information System will tell us when an area is ready for harvesting, what species to harvest and when to regenerate.

In anticipation of the computer system we completed the third and final phase of an extensive aerial photography of our forest limits. This along with continuing ground sampling to confirm the photographic interpretation phase, will produce a forest inventory in 1986 as the basis for a new Forest Resource Management Plan in 1987.

To supply the company's sawmills and pulp mills, Fraser's Woodlands People harvested 825,000 m³ of spruce and fir, up from 800,000 m³ in 1983.

We completed an 18 kilometer private haul road which links the Plaster Rock Lumber mill to our

network of private roads. This enabled the introduction of larger capacity off-highway hauling units which are more efficient and economical to operate. New weigh scales were installed and a single span bridge was reinforced to accommodate these larger trucks.

There has been a significant shift during the past ten years from camp operations to commuter operations. The nature of woodlands camp life has changed from the days when workers spent months at a time away from home. Today, most workers commute daily or weekly because of the access to highways and because of the social inconveniences of long absences from home. In addition, the costs of maintaining the company's sophisticated modular accommodations are high.

In 1975 Fraser maintained ten camp operations and one commuter operation. In 1985 we will have four camp operations and six commuter operations.



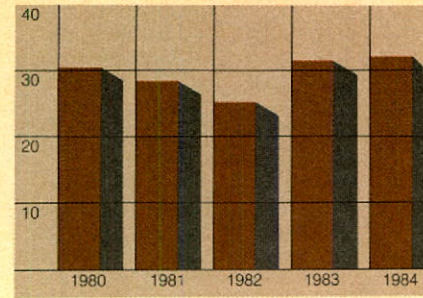
The computerized Geographic Information System can produce four-colour line maps of any sector of our holdings.

Boxboard and Thorold Division



Jean-Guy Gabourie
Winder Operator
15 yrs with Fraser

Boxboard – Units of Sales
(thousands of tons)



Boxboard

The \$8,000,000 modernization program of the Edmundston boxboard machine has heightened Fraser's competitive position in the boxboard market which includes packaging for foods such as cereals, margarine, pet foods, cigarettes and detergents.

Responding to a strong demand, the boxboard mill produced 31,822 tons, an improvement over 1983. Boxboard markets continued strong through 1984 such that there was continuous operation throughout the year.

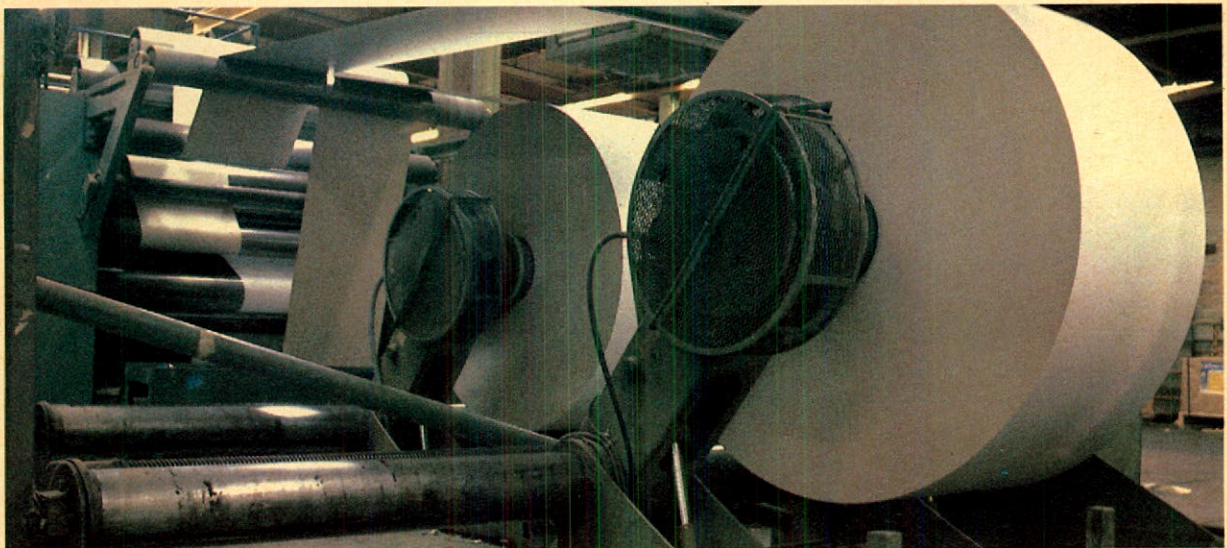
Recognizing that this performance needs to be improved further, the boxboard operation is installing new process equipment for using a more

economical fibre furnish and improving quality. Particular attention is also being directed to increase employee commitment to the success of this product.

These improvements will position the mill to reach the 1985 market forecast which, based on a seven day operation throughout the year, will require the machine to operate at higher production levels.

Thorold Fine Papers

The demand for Thorold coated and uncoated papers was so great at the onset of 1984 that customers had to be placed on allocation. This situation lasted through May when it became obvious that our first five months of record production was being used not only to satisfy the market demand but was also being used for inventory buildup.

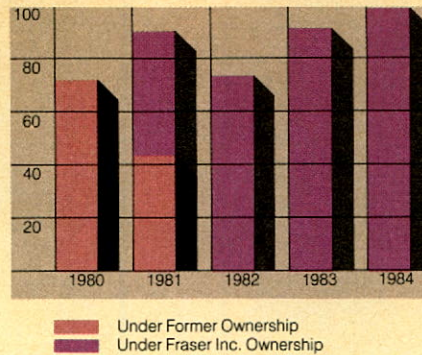


These rolls feed into the boxboard sheeter to service our sheet stock customers.



Patricia Ewen
Safety Director
11 yrs with Fraser

Fine Paper - Units of Sales (Thorold Division)
(thousands of tons)

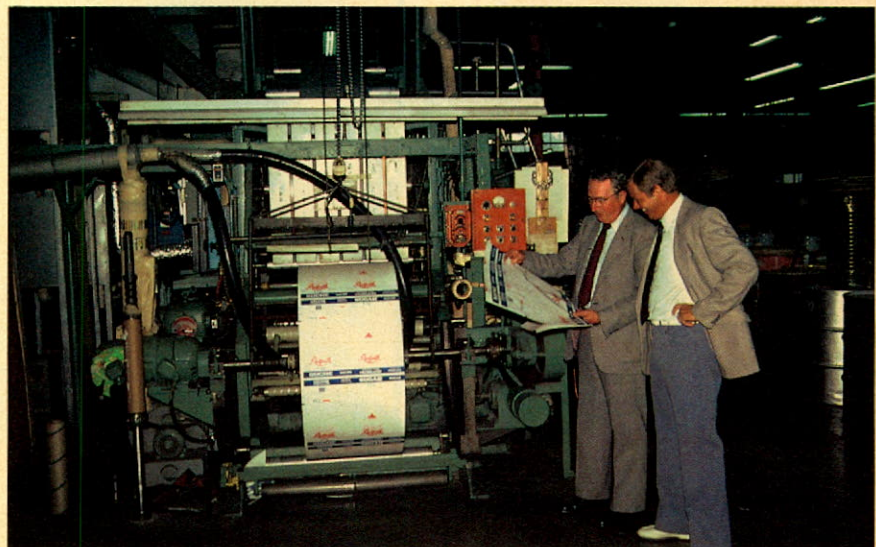


Despite the general business slowdown in the second half of the year, combined with this inflated inventory situation and increased competition from accelerated U.S. imports and offshore imports, sales for the Thorold mill actually increased by 7% to 99,200 tons. This success was achieved by increasing our own exports, which reached 13% of sales in November-December.

In such a chaotic and competitive environment severe price erosion wiped out most pricing gains achieved in late 1983 and early 1984. Our total workforce dedicated themselves to minimizing these losses through cost reduction programs, improving operating efficiency, raw material use and energy conservation. These contributed to our profit margin and boosted employee morale.

Success has been achieved in fine-tuning production and quality control of our wallcovering base stock. Our xerographic paper quality and customer satisfaction continue to be a source of pride.

We have launched a major modernization program of two of our three paper machines. When completed, these machines will produce higher quality products and will also add flexibility to our product lines. These improvements will make us more competitive not only in Canada but also in the U.S. as we enter the U.S. specialty coated papers market.



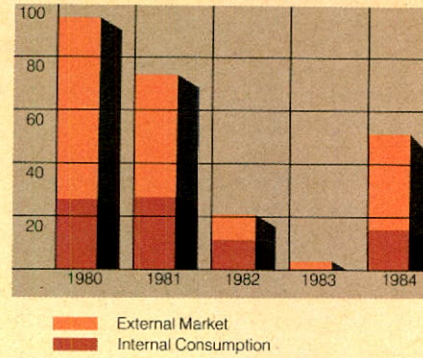
FRASER customer checking the press results with FRASER Sales Representative Bryden Rosborough (r). Both are pleased by the results.

Market Pulp and Wood Products



Georges Poirier
1st Class Millwright
and Fire Chief
23 yrs with Fraser

Distribution of Market Pulp Units of Sales
(thousands of tonnes)



Market Pulp

The Atholville mill is now producing sulphite market Pulp of exceptional quality. Customers in Canada, U.S., Germany and France are now reporting that FraserFite is the best sulphite pulp on the market.

That achievement has not been easy and the Atholville division employees are to be complimented. For starters, equipment failures, production and quality problems, normal for the integration of an old mill with a new one plagued the operation beyond the expected learning curve. A further complication was the softening pulp market. Demand for paper grade market pulp during the first half of 1984 was strong with correspondingly good prices, helped by a shut-down of pulp mills in British Columbia because of labour difficulties.

However, the market changed in the second half as over-production in North America resulted in

weakened pulp prices exacerbated further by the sudden surge of Scandinavian pulp shipments to U.S. markets because of the deflated Scandinavian currencies and the inflated U.S. dollar. Matters were not helped by the startup of six new market pulp mills and high producer inventories.

The outlook for 1985 market pulp prices is not as good as we would like it to be, especially as the mill is expected to reach capacity operations of 125,000 tonnes per year on a sustained basis by mid-1985. The worst is behind us. We do have an exceptionally good quality pulp to sell.



Modern control room panels keep operators informed on process changes and problems reducing reaction time to implement changes.

This new automatic sorter bin at Kedgwick accepts pre-programmed lumber size and quantity before ejecting to an automatic stacker.

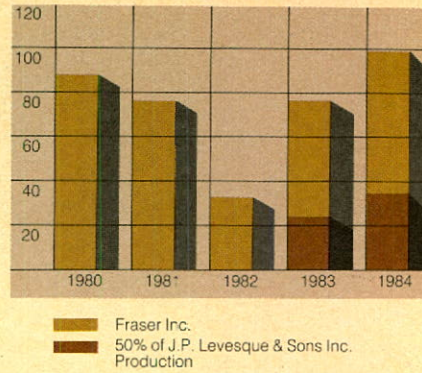


Market Pulp and Wood Products (continued)



Cléophas Raté
Plant Electrician
26 yrs with Fraser

Wood Products Units of Sales
(M.f.b.m.)



Wood Products

Fraser sawmills at Plaster Rock and Kedgwick produced more than 64 million board feet of lumber in 1984, a 32% increase over 1983. This production is primarily marketed in Eastern Canada and in Eastern U.S. for residential homes and commercial production and is available for offshore export.

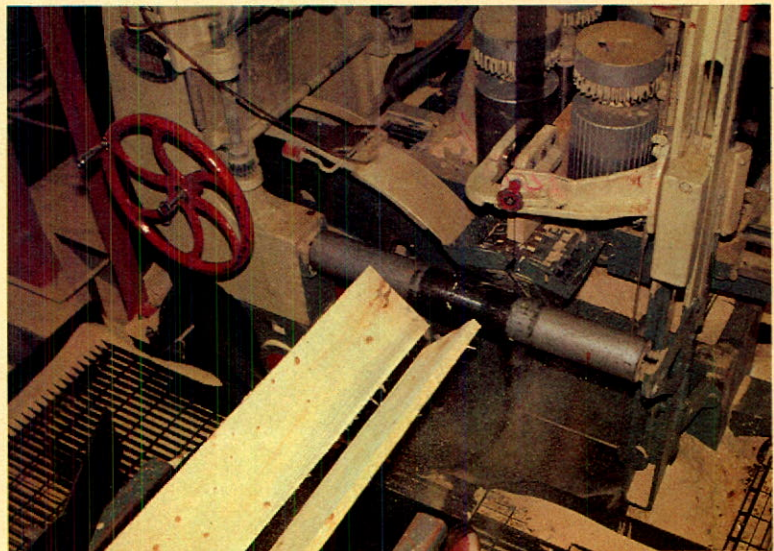
The demand for this lumber was offset by high production rates resulting in oversupply and lowered prices. The net outcome was that revenues were virtually the same as in 1982, one of the worst within memory, while costs for wages and wood continued to rise.

The \$1.76 million conversion of the Kedgwick mill to short dimensional lumber was completed mid-March after a two and a half month shutdown. This conversion resulted in a 17% improvement in lumber recovery and increased productivity by 20%.

By the third quarter the Kedgwick mill had operated at 80% of capacity; by mid-1985 the full potential benefits of the conversion should be realized.

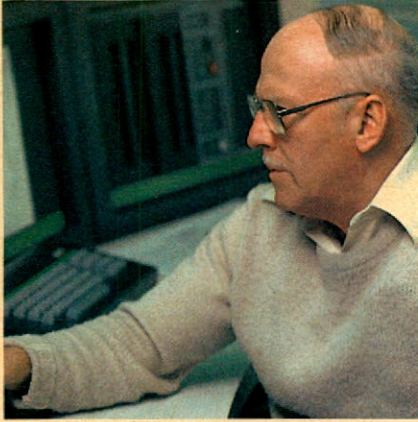
The J.P. Levesque & Sons, Inc., sawmill at Ashland, Maine, 50% owned by Fraser, increased its production to 70 million board feet of lumber, a 49% increase over 1983. Major equipment changes improved the mill's productivity and efficiency. In the fourth quarter the Levesque sawmill rented a nearby dry kiln facility and began marketing 60% of its production as kiln dried lumber which commands a higher selling price.

Housing starts averaged a strong 1.9 million on an annual basis in the first half of 1984 but as mortgage rates increased housing starts declined to average 1.7 million for the year. The decline of mortgage rates at year end promises a brighter outlook for 1985.



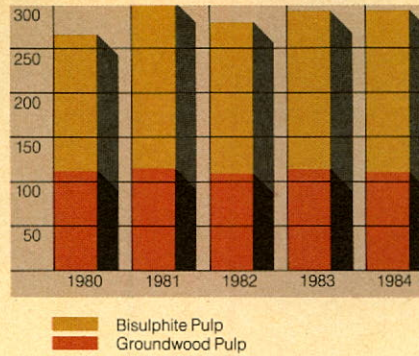
Plaster Rock continues to produce specialty products such as outdoor siding.

Edmundston Pulp and Madawaska Papers



Roger Boucher
Bleachery Operator
38 yrs with Fraser

Edmundston Mill Pulp Production
(thousands of tons)



Edmundston Mill

The Edmundston chemical pulpmill produced 180,000 tons of magnesium bisulphite pulp in 1984 for the Edmundston boxboard mill and the Madawaska paper mill. This was a modest improvement over 1983. Recovery process efficiency also improved and sulphur and magnesium consumption were lower by 26% and 17%, respectively, per ton of pulp produced.

A Greenwood Task Force, set up in 1984, is implementing revisions that will improve quality and production at our groundwood pulping operations.

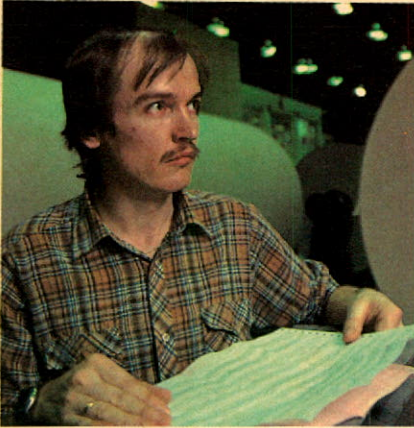
The Edmundston mill people improved their safety record by reducing the accident frequency rate from 28.3 in 1983 to 10.5 in 1984.

A formal employee participation program was launched at the Edmundston and Madawaska mills. Voluntary participation has been excellent throughout the mills. Throughout the year crew meetings were conducted to exchange information and share ideas on improving operations. These meetings have generated valuable ideas which are contributing to more efficient performance.



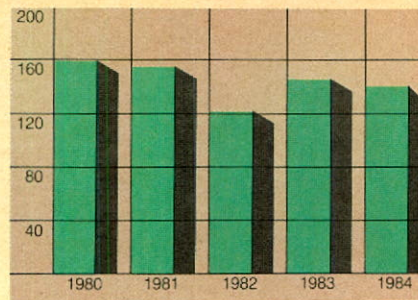
Edmundston (top) and Madawaska (bottom) Mills are interconnected with pulp lines and steam line (right) for more efficient operation.

Madawaska Papers (Continued)



James Cleland
Technical Assistant -
Coating
9 yrs with Fraser

Fine Paper - Units of Sales (Madawaska)
(thousands of tons)



Madawaska

Because of excellent cooperation by the Joint Labour-Management Safety Committee, the Madawaska mill employees worked one million man hours without a single lost time accident. This is a significant achievement and places the Madawaska mill amongst the safest paper mills in the U.S.

Fine Papers

A firm demand for fine papers in the first half of 1984 continued throughout the second half for coated fine papers, but not for uncoated papers because of increased industry capacity and high imports.

Total fine paper shipments did not quite reach the 1983 levels and, at 139,275 tons, were 4.5% lower. Soft markets caused 112 days of individual machine downtime.

Fraser coated fine papers, however, continued their growth momentum; production was 24,564 tons, 7% higher than 1983.

Studies were completed in 1984 to establish a strategic plan for fine papers in order to develop market niches that will insulate Fraser from commodity market swings. Competition in 1985 will be stiff as imports and additional U.S. capacity is creating an oversupply in uncoated free sheet commodity grades, at least through '85.

Groundwood Coated Papers

Fraser coated papers shared in the high demand for magazines and catalogues and established record shipments of 150,000 tons, 2% higher than 1983. Production problems, which surfaced in the third quarter, prevented us from taking full advantage of the strong market, but these were corrected and we were back to full production during the last two months of the year.

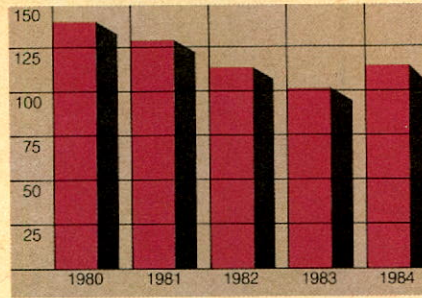


Mike Moloney (l) V.P. sales for Edmundston/Madawaska Paper group discusses strategy with Sales Representative Bob Carrier (c) and Manager fine paper sales Paul Beaudoin (r) in Stamford.

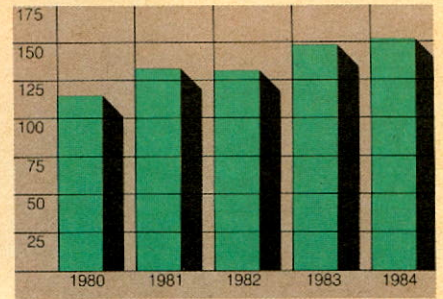


John Lang
Superintendent Fine Papers, 18 yrs with Fraser

Uncoated Groundwood Paper – Units of Sales
(thousands of tons)



Coated Groundwood Paper – Units of Sales
(thousands of tons)



Recognized as pioneers and developers of blade coating since 1948, Fraser papermakers excel in the manufacture of blade coated papers particularly in the lightweight grades. The results of this specialization are coated groundwood papers of high print quality and outstanding press performance. The demand by our customers continues to be firm and growing market needs for these paper grades indicate full operations throughout 1985.

Optimum production of high quality products from our two off-machine coaters within a vigorous cost containment program will further enhance the profitability of this sector.

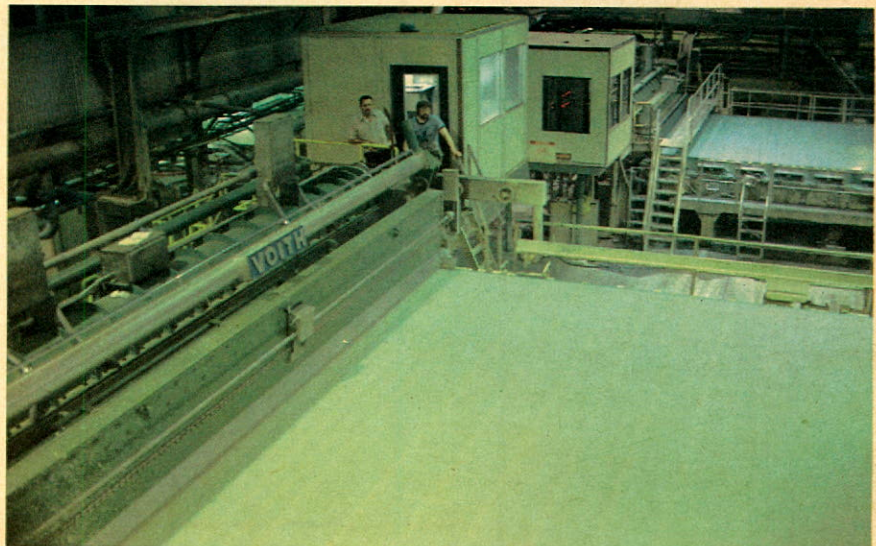
Uncoated Groundwood Papers

Responding to a firm demand, Fraser's uncoated groundwood papers surged to 114,379 tons, up 13% over 1983. Fraser papermakers have a long history of excelling in the manufacture of telephone directory grades and

this reputation for quality has enabled Fraser to maintain its market share throughout the transition to regional telephone operating companies.

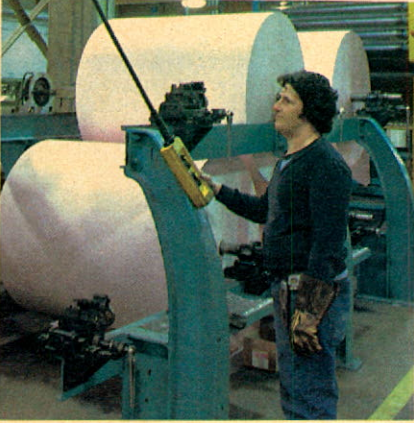
No. 8 paper machine is now producing a higher and more uniform quality sheet and is operating at higher speeds as the result of improvements including a new headbox and new centrifugal stock cleaners. The installation of this new headbox follows the successful performance of a similar unit on No. 7 machine.

The steady demand for other directory and catalogue papers continued during 1984. Lightweight grades, in which Fraser is a leader, showed particular strength. Fraser established itself in new markets as a supplier of uncoated groundwood papers in the fast-growing market for mailers and newspaper inserts.



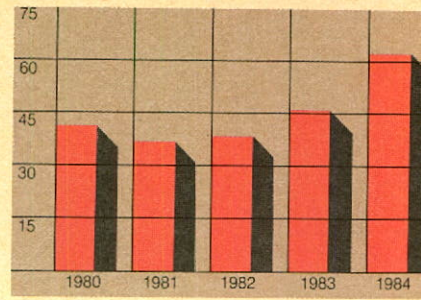
New headbox for No. 8 uncoated groundwood paper machine will improve quality and permit higher machine speeds.

Island Paper



Mike Sheren
Finishing Room
Operator
4 yrs with Island Paper

Island Paper Mills Limited – units of sales
(thousands of tons)



Island Paper Mills increased its fine paper shipments by 35% in 1984, reaching a total of 62,000 tons. This higher sales volume is attributed to the high quality of our production and to the successful marketing program to sell the increased capacity from the new No. 2 paper machine.

During 1984, we concentrated on developing a group of committed and aggressive independent distributors to promote Island grades. Sales to the US more than tripled, proving the effectiveness of our US market development program.

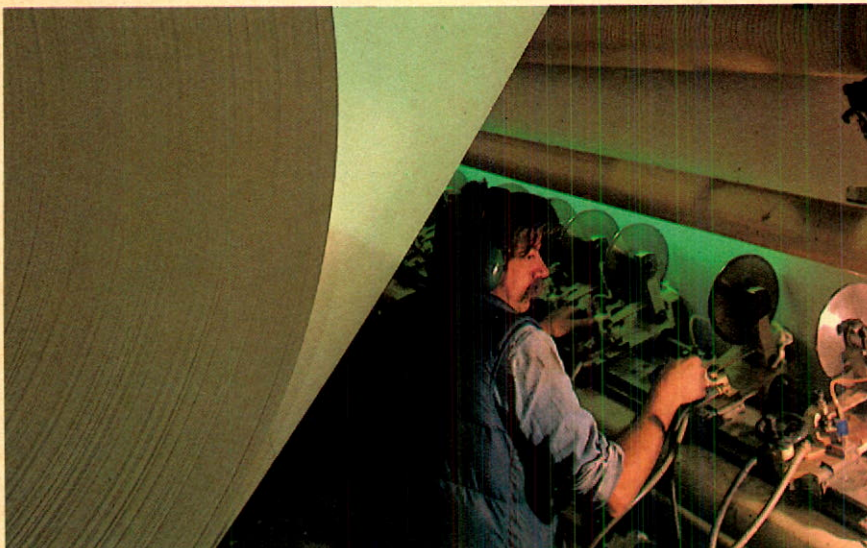
Despite the higher sales volume, targeted profit goals were not reached because of several factors including pulp price increases, higher chemical costs and a fiercely competitive pricing environment. An industry-wide labour dispute in British Columbia curtailed operations for four weeks in the first quarter. During the labour shutdown, competitive products made strong inroads in traditional markets as customers

sought out supply sources not affected by the labour difficulties.

Overcapacity and weakened markets in virtually all our product groups caused an erosion of prices that began mid-year and continued unabated through year-end. We believe these problems are behind us.

The combination of a projected modest economic growth and the expected improvement in the demand for uncoated free sheet grades by mid-year should make 1985 a good year. The realization of these objectives is supported by improved production efficiencies in our finishing room; the new No. 2 paper machine and the re-starting of No. 1 paper machine.

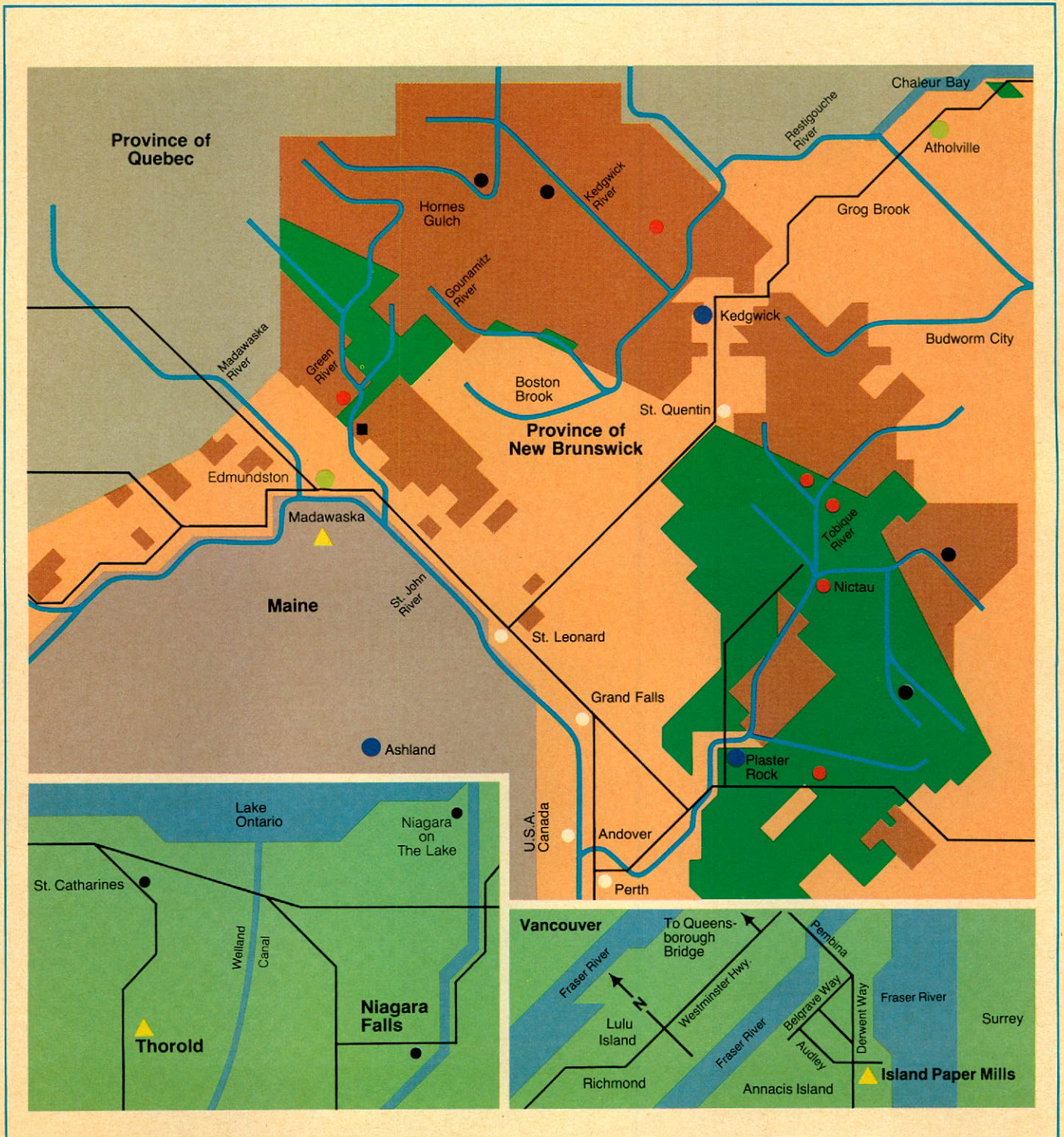
In addition, we are committed to improving quality and service; we are optimizing the potential of new and existing markets and are developing new products and improving existing products.



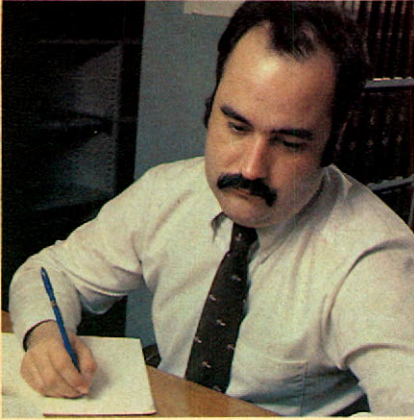
Operator adjusting slitters on No. 2 machine winder.

Maps of Fraser Forest Lands, Mills and Associated Companies

- | | | |
|---|---|---|
| ● Pulp mill | ● Saw mill | ■ Crown land |
| ▲ Paper mill | ● Camp operation | ● Private land |
| ● Commuter operation | — Highway | |
| ■ Nursery | — River | |



Research, Development and Energy



Dave Bishop
Manager Environment
Protection
11 yrs with Fraser

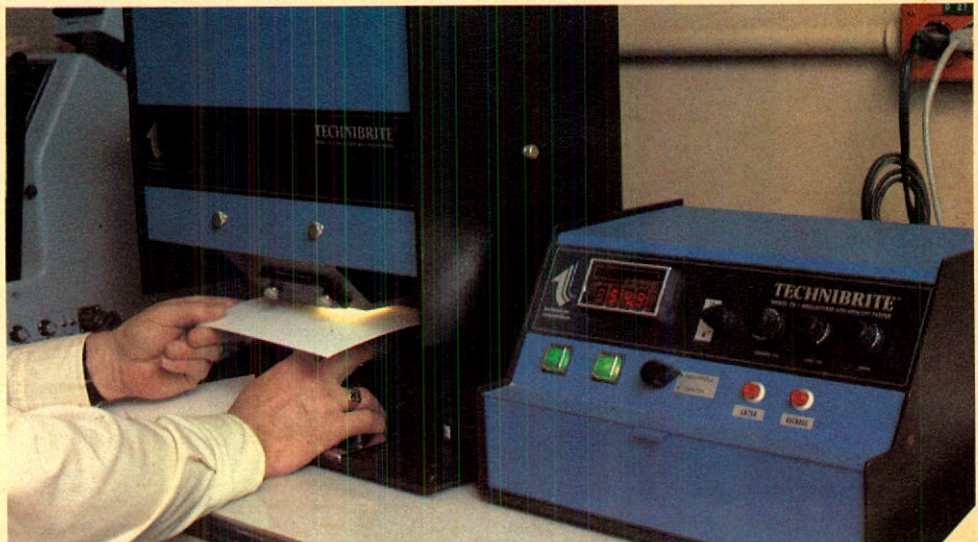
Fraser's Research and Development People achieved significant progress across the broad spectrum of product development, process improvements and solid wastes.

The transition from the manufacture of commodity-type products which many companies can produce to specialty products, unique to the resources, equipment and skills of our people continues with good success. One example is on-machine specialty coated products for carbonless forms and packaging grades.

By matching manufacturing strengths to customer needs, market research has developed lightweight book publishing grades which hold great promise. Process problem-solving and manufacturing teams have reduced costs and improved process designs to capitalize on manufacturing process strengths and at the same time manufacturing a uniform, consistent quality in our products.

Our own research and development studies have developed a new de-inking process which yields a brighter and cleaner product from recycled paper. A pilot project using this process will be installed at the Thorold mill.

Fraser is also engaged in cooperative research with the Pulp and Paper Research Institute of Canada to expand the Atholville pulpmill product line. Studies continued during the year at the Madawaska and Thorold mills to determine the potential use of the solid wastes in agriculture. Fraser and the Horticultural Research Institute of the Ontario Ministry of Agriculture and Food are funding a cooperative study of the benefits of mixing clarifier sludge with soils for growing fruits and vegetables. The leftover solids from our effluent plants are known to contain valuable nutrients.

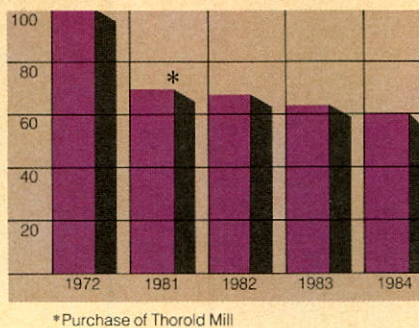


Paper or pulp brightness is registered instantaneously on modern brightness meter.



Richard Arnold
Project Engineer
7 yrs with Fraser

Reduction of Purchased Energy Consumed per Unit of Production



*Purchase of Thorold Mill

A Process Control System Group has been set up in Central Engineering to evaluate technological changes and their impacts on industry process development. Members of this group are skilled in mathematics and in chemical and electrical engineering.

Energy

Fraser continues to achieve considerable success in reducing its purchased energy costs by increasing its rates of energy self-sufficiency.

The Atholville pulp mill is fast approaching its goal of 85% self-sufficiency with the startup of a new bark boiler, liquor boiler and turbine generator. The mill reached 78% of that goal in the last month in 1984.

The Edmundston mill has improved its rate of energy self-sufficiency to 63.8% with the conversion of the No. 3 turbine from condensing to

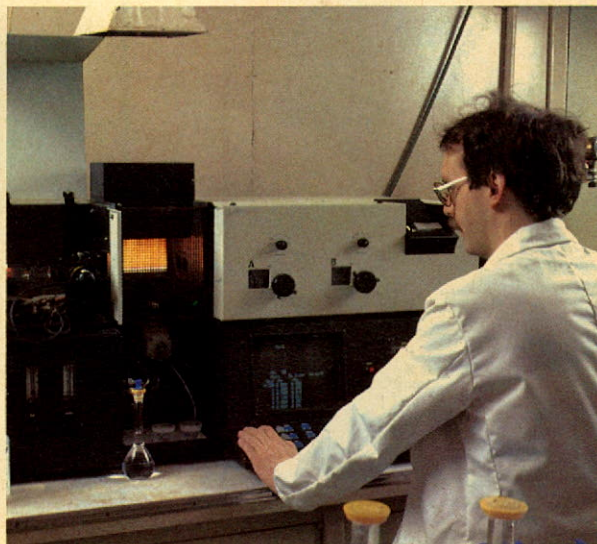
back pressure steam and the installation of an acid condensate heat recovery system.

The Madawaska and Thorold mills have reduced their costs for purchased energy by 60% when compared with 1972.

Fraser operations can look forward to additional energy savings as the Atholville pulpmill reaches full capacity and as energy conservation projects at all divisions reach their goals.



Wood waste biomass is a major contributor to our oil displacement efforts to reduce energy costs.



Sensitive testing equipment such as this metallic ion detector improves our ability to monitor product quality.

Fraser and the Public

Fraser continues to recognize the importance of its role as a concerned corporate citizen in the communities where we maintain plants and operations. Fraser executives meet regularly with community leaders to discuss mutual concerns.

We familiarize community leaders, government officials and the news media with the forest products industry through various programs such as a Forest Field Day where

Fraser executives met with cabinet ministers, federal members of Parliament and members of the Legislative Assembly from New Brunswick.

A similar Field Day was conducted for members of the printed and televised news corps in New Brunswick and Maine, resulting in many articles favourable to Fraser and the industry.

During 1984, we also sponsored or co-sponsored with other community organizations many projects identified as worthwhile by our own employee donations committees. These included cultural events such as Theatre New Brunswick plays, the Royal Winnipeg Ballet, Edmundston's festival, "La Foire Brayonne," and the Campbellton-Atholville, "Salmon Festival." Fraser received many compliments for these programs from community leaders.



Media representatives learn about the computerized Geographic Information System from the company foresters.



Fraser hosted press representatives from France who report on economics and industry in their country.



The official unveiling of the FRASER sponsored Handi Children's Centre with State, Municipal and Religious authorities at Madawaska.



Thorold Soccer League children from 6 to 16 proudly display their FRASER jerseys.

In Madawaska, Fraser designed a pre-school handicapped children's centre and provided for its housing in our own training centre building.

We also participated in many "Career Day" activities. Some six hundred grade 5 and 6 level children visited our tree nursery.

In sports, we continued to sponsor the New Brunswick Cross-Country Ski Championship which has

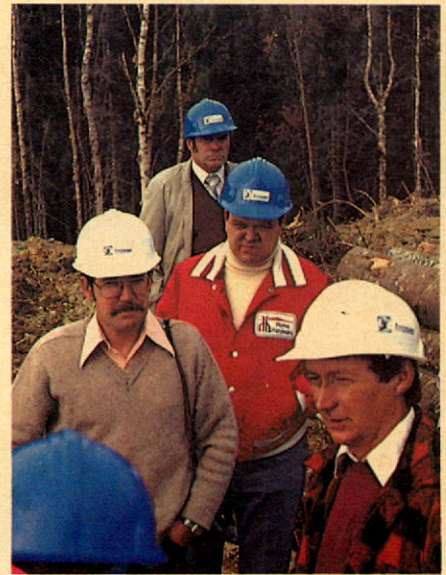
become a major event in the province. We also sponsored a Thor-old Soccer club league which enjoys excellent participation of children from 6 to 16 years of age.

To help the Village of Plaster Rock in its plans to expand a local park, we donated land adjacent to the park which contains a small lake. We also contributed to the construction of the Senior Citizens'

Centre in Edmundston. In the past decade, since Fraser has become more actively involved with the needs of the people who live in the communities where we operate, it is particularly gratifying to see the warm relationship we now enjoy. There is no doubt that Fraser is deeply involved and deeply concerned over the welfare of its neighbours.



Proud winners of the FRASER Cup-New Brunswick Cross Country Ski Championship receive their trophies from Fraser President Knut Grotterod.



Provincial and Federal representatives on a Forest Field Day familiarize themselves with industry concerns.



FRASER co-sponsored a Royal Winnipeg Ballet performance in Edmundston, a first in the region.



Edmundston mill manager Barry Voss (c) examines Foamite equipment donated to the city fire department with Alderman Bob Fournier (l) and fire chief Don Moreau (r).

Fraser People



Team Building – and exciting concept in employee participation.



Production record at Atholville Mill hailed by Mill Manager Ev. McKinnon and Union president Gerry Bertin.



U.S. Senator Bill Cohen joined FRASER Paper employees at their annual picnic on Labour Day.

Just as we protect and nurture our woodlands resource, so, too, we must create a positive environment in which our Fraser People can grow and realize their fullest potential as human beings and as employees.

To foster the full development of Fraser People, the Company has initiated many programs including safety, employee assistance, group action, bilingual tutorial, social activities, labour-management committees, health, donation reviews, on-the-job training and student employment.

Employee safety is our prime concern. Our safety performance is improving but should be better. To ensure continuity of effort, eighty employees coming from all divisions participated in Fraser's Second Annual Safety Conference. The conference theme, "The International Safety Rating System (5-star)", is being implemented company-wide in 1985.

The Company earnestly seeks to maintain a constructive and progressive relationship in

which all Fraser people participate. There were 11 labour agreements successfully negotiated, involving 2,600 people, with competitive settlements addressing the needs of employees and the Company.

Communications at all levels is necessary and important to help the Company and our employees reach our mutual and individual goals. Labour-management committees at each division address specific concerns such as employee assistance, health and safety, donation reviews, labour-management issues, and employee activities.

Our Employee Assistance Programs (EAP) were set up to help employees deal with personal problems. The success of the program at Madawaska called Face, encouraged similar ones at Edmundston (Vision), Atholville (Horizon) and Thorold (EAP). The dedication of the committees and the support of both labour and management contribute to the positive results of these programs.



Bond Finishing and shipping crew at FRASER Paper proudly display the new FRASER jackets they received after posting 1,000 accident-free days.



Winner of the FRASER Safety Award Gérard St-Onge (r) is congratulated by V.P. Human Resources Regal McLean (l).



FRASER Chairman John Fisher (c) chats with retirees at Annual Retirees Banquet.



Family picnic for office employees meant games and competitions for the children.

Success continues in developing a bilingual staff where needed. Our efforts to have supervisors and their spouses acquire a second language are vital to our integration into the community.

Our cooperation with the educational community continues on many levels including a work-study program, cooperative education, student project work, summer employment and information exchanges with technical and other educational institutions. Fraser also awards scholarships to employee children and to students who reside in communities where we operate.

In 1984, Fraser initiated the President's Award. The Award was formulated to recognize exceptional performance by a Fraser employee or team of employees. A cash award of up to 15% of the employee's annual salary is made to the individual or to each member of a winning team. In 1984, a team from the Edmundston Mill steam plant designed a patentable system for cleaning SO₂ gas scrubbers that prevents clogging and practically eliminates unscheduled

shutdowns. The team was composed of Jim Healey, General Superintendent, Steam and Recovery; Don Scott, Assistant Superintendent; Marcel Levesque, Assistant Superintendent; Bob Duncan, Process Engineer; Pierre Bourgoin, Draftsman and Charles Roussel, Area Engineer.

And, Rosaire Pelletier, Madawaska Supervisor of Mill Accounting, developed a system for using personal computers in accounting and management reporting. Higher levels of efficiency, timely reporting and increased work productivity resulted from the implementation of this program.

Each winner received a \$3,000 cheque and a commemorative plaque from Fraser President, Knut Grotterod.



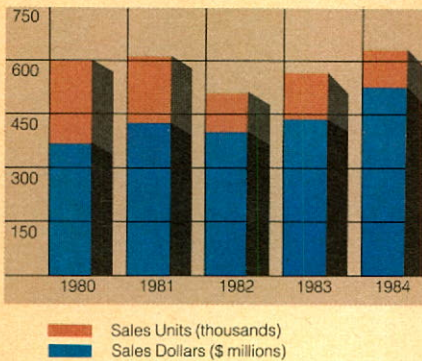
The proud winners of the first President's Award were a happy group as they were being congratulated by FRASER President Knut Grotterod (seated c.)



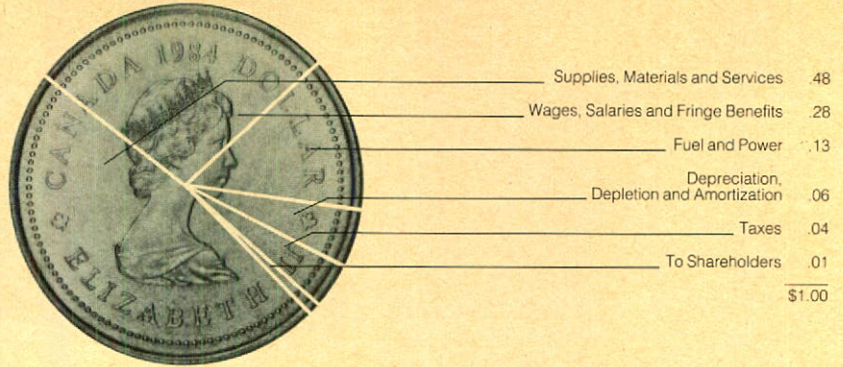
Hot dogs and soft drinks were the going fare for the Edmundston Mill picnic.

Financial Review

Sales Units and Dollars



Distribution of the 1984 Sales Dollar



Results for 1984 were mixed with the papers component of the business outperforming market pulps, lumber and boxboard. Record high shipments and revenues and improved operating margins contributed to a significant increase in earnings before interest and tax which was offset by higher interest expense resulting in a decline in net earnings from 1983. The financial position at year end weakened slightly from a year earlier.

Shipments of 634,400 units were 11% above 1983 and sales of \$529.5 million were up by 22%. Net earnings were \$3.5 million or 17¢ per common share after preferred share dividends, down from last year's net earnings of \$10.8 million or \$1.25 per common share after preferred dividends. Return on net assets (a pre-interest measure) increased to 4.5% from 3.8% in 1984 while return on shareholders' equity declined to 1.7% from 5.5%.

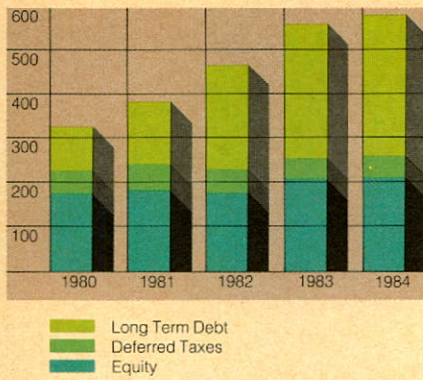
Earnings before interest and taxes increased by 32% to \$37.1 million. This occurred notwithstanding (a) higher costs due to the start-ups of the modernized Atholville pulpmill and Kedgwick lumber mill, (b) a \$7 million increase in depreciation which was primarily related to the Atholville mill and, (c) a \$5 million increase in other expenses arising mainly from the rates on forward exchange contracts being lower than the spot rates prevailing during the year. The discontinuance at mid-year of capitalizing interest cost associated with the Atholville mill was the main factor in the more than doubling of interest expense to \$31.3 million.

Income tax expense was down as a result of the lower pre-tax earnings and because of a lower effective tax rate of 28.6%. Note 10 to the financial statements outlines the make-up of this tax rate which benefited from a 20% refundable investment tax credit of \$1.7 million. The adoption effective January 1, 1984 of the new foreign currency translation recommendations of the CICA had the effect of increasing net earnings for the year by \$214,000 or 3¢ per share.

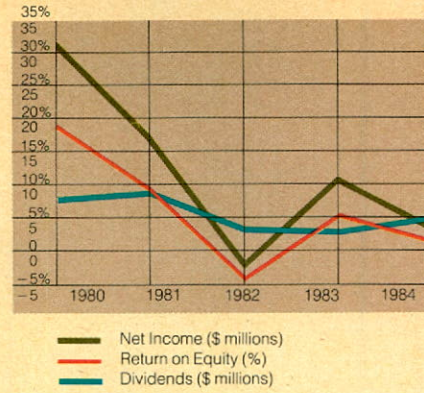
The Corporation's share of the earnings of associated corporations decreased to a net loss of \$.7 million largely due to weakening fine paper and lumber markets.

The Statement of Changes in Financial Position has been prepared on a cash basis, rather than the working capital basis used previously, to more clearly show the factors affecting cash. Also, the format has been changed from a source and applications approach to an activity approach which focuses on cash provided by or used for operations, financing and investment activities, and dividends. Cash flow from operations is now provided at two levels, i.e., before and after considering cash required for or released by operating working capital items. The latter represents the net cash flow from operations for the period and is an important measurement used internally by the Corporation.

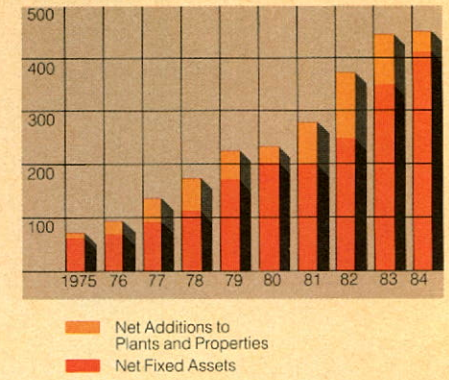
Capitalization
(\$ millions)



Income – Profitability – Dividends



Net Fixed Assets and Net Additions to Fixed Assets (\$ millions)



Net cash flow from operations was \$22.1 million for the year, compared with \$35.2 million in 1983. This drop resulted mainly from a decline in net earnings which was offset by higher depreciation, a decrease in deferred taxes and an increase in operating working capital, the latter reflecting the higher level of activity in 1984. Cash provided by financing activities declined to \$19.3 million, markedly lower than the \$85.3 million raised in 1983, in response to the dramatic drop in cash required for investment purposes. With the last of the large major capital programs completed, investment outlays in 1984 fell to \$39.4 million versus \$115.9 million spent in 1983. Dividend payments of 40¢ per common share or \$2.8 million were double those paid in the prior year, although the trend was reversed as the fourth quarter dividend was passed. In total, there was a \$.7 million decrease in cash during the year.

Dividends of \$2.3 million on the preferred shares were paid in additional preferred shares in lieu of cash.

Working capital of \$52.6 million at year end was \$1 million greater than last year as the operating working capital increase was largely offset by \$9.5 million of short term debt. The ratio of current assets to current liabilities declined to 1.7 from 1.9 last year. Net fixed assets of \$448.8 million were only 2% above last year as a result of the slowdown in capital spending and increased depreciation charges. The Corporation owns 773,600 acres (313,100 hectares) of timberlands having a market value of approximately \$200 U.S. per acre and which are recorded in net fixed assets at only \$9 per

acre. Other assets were increased by \$7.5 million being the deferred charge flowing from the change in method of accounting for foreign exchange. This was offset by increasing long term indebtedness.

Long term indebtedness of \$322.4 million was \$15.9 million or 5% above last year, which includes the aforementioned accounting change. This compares with an average annual increase of 46% for the prior five years while the Corporation was growing and renewing its production capabilities. Long term debt was 56% of total capitalization and 155% of shareholders' equity versus 54% and 148% respectively at the end of 1983. With the modernization programs now completed, the Corporation expects to improve these ratios. Although no action was taken during 1984, opportunities for fixing rate on a portion of the floating rate debt continue to be considered.

The effects of inflation are less pronounced than in earlier years when double digit rates prevailed. Nonetheless, the Corporation continues to measure the impact of inflation by means of the "Ontario method" as shown on page 33.

Consolidated Statement of Financial Position

As at December 31, 1984 with comparative figures for 1983
(in thousands of dollars)

	1984	1983
Current assets:		
Cash	\$ 5,319	\$ 6,057
Accounts receivable	52,361	46,655
Inventories (note 3)	70,423	58,278
Income taxes receivable	1,006	—
Prepaid expenses	658	871
Total current assets	<u>129,767</u>	<u>111,861</u>
Current liabilities:		
Notes payable	9,450	—
Accounts payable and accruals	61,198	52,297
Income taxes payable	—	1,327
Long-term indebtedness due within one year	6,502	6,543
Total current liabilities	<u>77,150</u>	<u>60,167</u>
Working capital	52,617	51,694
Fixed assets (note 4)	448,757	442,062
Investment in associated corporations (note 5)	67,048	67,801
Other assets (note 6)	8,458	969
Working capital and other assets employed	<u>\$ 576,880</u>	<u>\$ 562,526</u>
Financed by:		
Long-term indebtedness (note 7)	\$ 322,415	\$ 306,502
Deferred income taxes	46,558	48,936
Shareholders' equity (note 8)	207,907	207,088
	<u>\$ 576,880</u>	<u>\$ 562,526</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Director



Director

Consolidated Statement of Earnings and Retained Earnings

Year ended December 31, 1984 with comparative figures for 1983
(in thousands of dollars)

	1984	1983
Earnings:		
Net sales	\$ 529,538	\$ 435,913
Costs and expenses:		
Cost of sales	431,738	362,335
Depreciation, depletion and amortization	31,312	24,321
Administrative and selling expenses	22,945	19,792
Interest on long-term indebtedness (note 9)	31,332	13,224
Other expenses and income – net	6,397	1,398
	523,724	421,070
Earnings before income taxes and equity in net earnings (loss) of associated corporations	5,814	14,843
Income taxes (note 10)	1,664	4,828
	4,150	10,015
Equity in net earnings (loss) of associated corporations	(663)	740
Net earnings	\$ 3,487	\$ 10,755
Earnings per common share	\$.17	\$ 1.25
Retained earnings:		
Balance at beginning of year	\$ 182,433	\$ 174,947
Net earnings	3,487	10,755
	185,920	185,702
Dividends paid:		
Preferred shares	2,298	1,840
Common shares – \$.40 (1983 – \$.20) per share	2,861	1,429
	5,159	3,269
Balance at end of year	\$ 180,761	\$ 182,433

See accompanying notes to consolidated financial statements.

Auditors' Report to the Shareholders

We have examined the consolidated statement of financial position of Fraser Inc. as at December 31, 1984 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended

in accordance with generally accepted accounting principles applied, except for the change in the method of accounting for foreign exchange as explained in note 2 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Lea, Marwick, Mitchell & Co.

Chartered Accountants
Montreal, Canada
February 14, 1985

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1984 with comparative figures for 1983 (as restated, note 15)
(in thousands of dollars)

	1984	1983
Cash at beginning of year	\$ 6,057	\$ 2,775
Cash provided by/used for:		
Operations:		
Net earnings	3,487	10,755
Depreciation, depletion and amortization	31,312	24,321
Deferred income taxes	(2,378)	3,357
Equity in net earnings (loss) of associated corporations net of dividends received	753	(77)
Amortization of financing expenses	32	32
	33,206	38,388
Increase in operating working capital (working capital excluding cash and current debt)	11,070	3,181
Cash provided by operations	22,136	35,207
Financing activities:		
Increase in long-term indebtedness	13,465	81,169
Issue of preferred shares by subsidiary	—	15,000
Increase in short-term notes payable	9,450	—
Government grants relating to capital expenditure	1,361	5,421
Repayment of long-term indebtedness	(5,119)	(16,266)
Other	139	11
Cash provided by financing activities	19,296	85,335
Cash available for investment activities and dividends	47,489	123,317
Investment activities:		
Investment in associated corporations	—	26,959
Additions and improvements to fixed assets – net	39,368	94,966
Reduction in investment in associated corporation	—	(6,067)
Cash used for investment activities	39,368	115,858
Dividends – cash dividends paid	2,802	1,402
Cash used for investment activities and dividends	42,170	117,260
Cash at end of year	5,319	6,057
Increase (decrease) in cash	\$ (738)	\$ 3,282

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements (December 31, 1984)

Fraser Inc. is incorporated under the Canada Business Corporations Act and is an integrated producer of forest products. Approximately 68% of the Corporation's outstanding capital stock is owned by Northwood Mills Limited, a wholly-owned subsidiary of Noranda Inc.

(1) Accounting policies:

The accompanying financial statements are prepared on the historical cost basis in accordance with accounting principles generally accepted in Canada and conform in all material respects to International Accounting Standards.

A summary of significant accounting policies of the Corporation is set out below.

Foreign exchange:

Prior to 1984, current assets and liabilities in foreign currencies were translated into Canadian dollars at exchange rates prevailing at balance sheet dates. Long-term debt was carried at the Canadian dollar proceeds received and fixed assets at exchange rates in effect at the transaction dates. Income and expenses were translated at average rates prevailing during the year except for depreciation which was translated at the rates prevailing when fixed assets were acquired. Gains or losses on foreign exchange were reflected in the statement of earnings.

Effective January 1, 1984 the Corporation adopted the new currency translation recommendations of the Canadian Institute of Chartered Accountants. Under the new method, current assets other than inventories, current liabilities and long-term monetary assets and liabilities are translated at the rates of exchange at balance sheet dates. Other balance sheet items are translated at the rates prevailing at the respective transaction dates. Income and expenses are translated at average rates prevailing during the year, except for depreciation which is translated at rates prevailing when the related assets were acquired. Gains or losses on foreign exchange are reflected in the statement of earnings except for unrealized gains and losses arising from the translation of long-term monetary assets and liabilities which are deferred and amortized over the remaining lives of the related items.

Inventories:

In general, pulpwood and logs, raw materials and supplies are carried at cost or replacement cost whichever is lower. Goods in process and finished products are valued at the lower of cost and net realizable value.

Fixed assets:

The costs of additions, betterments and renewals are capitalized and expenditures for maintenance and repairs are charged to expense.

Preproduction costs, start-up costs and interest on major projects are capitalized during the construction period and until the related facilities achieve sustained commercial production.

Government grants received in connection with the construction or expansion of production facilities are deducted from the costs of such assets.

Production machinery is depreciated on the units-of-production basis. All other assets are depreciated on a straight-line basis. The rates of depreciation are intended to fully amortize production machinery at normal production levels and other assets over the following periods:

Buildings	40 years
Production machinery	16 years
Automotive and mechanized woods equipment	4 to 10 years
Logging roads, bridges and camp facilities	10 years

In general, the equipment under capital leases is amortized on a straight-line basis over its economic life.

Direct reforestation costs are capitalized. Timber costs are charged against income as timber is cut at rates based on the relationship of unamortized timber costs to the estimated volume of recoverable timber.

Investment in associated corporations:

Investments in associated corporations in which the Corporation has significant influence but not majority share ownership are accounted for on the equity basis.

Financing expenses:

Expenses relating to the issue of long-term indebtedness are amortized on a straight-line basis over the term of the debt.

Investment tax credits:

Investment tax credits are accounted for as a rate reduction of income taxes and recognized in the determination of the provision for income taxes to the extent that the credits would have been realized on the tax returns if taxes payable were based on reported earnings to shareholders.

(2) Change in accounting for foreign exchange:

The change in method of foreign currency translation referred to in note 1 was effective January 1, 1984 and increased the net earnings for the year by \$214,000 (\$.03 per common share).

The unrealized loss on translation of long-term indebtedness, amounting to \$7,526,000 as at December 31, 1984, is reflected in other assets as a deferred charge.

(3) Inventories:

	1984	1983
	(000's)	
Pulpwood and logs, including advances	\$ 21,567	\$ 19,969
Raw materials and supplies	32,296	29,361
Goods in process and finished products	16,560	8,948
	\$ 70,423	\$ 58,278

(4) Fixed assets:

	1984		1983
	Cost	Net value	Net value
	(000's)		
Production buildings and equipment:			
Pulp and paper mills	\$ 598,652	\$ 418,281	\$ 412,736
Sawmills	19,857	12,013	11,888
Logging buildings and equipment	23,661	7,207	7,656
Woodlands	15,422	7,614	6,168
Other land, buildings and equipment	5,205	3,642	3,614
	\$ 662,797	\$ 448,757	\$ 442,062

(5) Investment in associated corporations:

	1984	1983
	(000's)	
Companies accounted for on the equity basis:		
Island Paper Mills Limited (50% owned)	\$ 25,698	\$ 26,712
J. Paul Levesque & Sons, Inc. (50% owned)	3,155	2,894
	28,853	29,606
Other investments, at cost:		
Kerr Addison Mines Limited (a)	38,195	38,195
	\$ 67,048	\$ 67,801

(a) The Kerr Addison Mines Limited investment consists of 1,712,042 common shares with a market value at December 31, 1984 amounting to \$24,397,000 (1983 - \$35,311,000).

Notes to Consolidated Financial Statements (continued)

(6) Other assets:	1984	1983
	(000's)	
Due under Stock Purchase Plan	\$ 625	\$ 630
Deferred financing expenses	307	339
Deferred charge (note 2)	7,526	—
	\$ 8,458	\$ 969

Pursuant to the provisions of the Stock Purchase Plan whereby shares may be issued for the account of certain employees, including officers, at the discretion of the directors, 6,050 shares were issued to the Trustee in 1984 for a consideration of \$134,000. Payment for shares issued under the Plan is made by employees in instalments so that the aggregate purchase price will be paid within ten years. At December 31, 1984 the Trustee held 41,209 shares as collateral for unpaid balances aggregating \$740,000 of which \$115,000 is due in 1985.

(7) Long-term indebtedness:	1984	1983
	(000's)	
Sinking Fund Debentures:		
6½% Series A due 1985 – 1987		
– \$2,250,000 U.S. (1983 – \$3,000,000 U.S.)	\$ 2,974	\$ 3,240
10¾% Series B due 1985 – 1992		
– \$25,680,000 U.S. (1983 – \$28,010,000 U.S.)	33,941	28,500
	36,915	31,740
Notes payable, due 1987 – 1989, with interest at bank prime rate	13,490	11,987
Notes payable, due 1985 – \$200,000 U.S. (1983 – \$400,000 U.S.)	264	496
Bank revolving term loan – includes \$62,000,000 U.S. (1983 – \$164,000,000 U.S.)	272,751	262,189
Obligations related to leased assets	5,497	5,981
	328,917	312,393
Less amounts due within one year (converted to \$6,502,000 and \$6,543,000 at year-end exchange rates)	6,502	5,891
	\$ 322,415	\$ 306,502

The sinking fund debentures are secured by a floating charge on the assets of the Corporation.

The bank revolving term loan bears interest at rates which fluctuate mainly with the lender's prime commercial rate. The bank loan has been made pursuant to arrangements whereby up to \$340 million will be made available as a long-term revolving line of credit until November 1987 at which time the balance outstanding, if any, will be converted into a term loan repayable in equal semi-annual instalments through 1998. The loan is secured by an assignment of certain assets and a second floating charge on the remaining assets of the Corporation. The bank loan may be financed by way of various options and may be denominated in Canadian or U.S. funds.

As at December 31, 1984 bank borrowings in U.S. dollars were fully hedged.

Debt repayments over the next five years, excluding the term bank loan, are as follows:

	(000's)
1985	\$ 6,502
1986	5,551
1987	9,189
1988	9,235
1989	11,538

(8) Shareholders' equity:	1984	1983
Capital stock:		
Preferred shares (a):		
Issued 191,376 shares (1983 – 168,397)	\$ 19,138	\$ 16,840
	Shares	(000's)
Common shares:		
Issued at January 1, 1984	7,146,743	7,815
Issued in 1984 under the Stock Purchase Plan	6,050	134
Issued in 1984 to shareholders electing dividend in stock in lieu of cash	2,659	59
	7,155,452	8,008
Retained earnings	180,761	182,433
	\$ 207,907	\$ 207,088

(a) In 1983, preferred shares were issued by a subsidiary company to an affiliated corporation in the Noranda Group. During 1984 the subsidiary company was wound-up and preferred shares were issued by the Corporation. The shares are entitled to a \$13 cumulative dividend, are retractable between 1986 and 1988 and are redeemable at \$100 per share by 1990. In 1984 and 1983 dividends were paid in additional preferred shares in lieu of cash.

Earnings per common share are calculated using the weighted average number of shares outstanding during the year of 7,151,895 (1983 – 7,145,603) and are after preferred share dividends.

(9) Statement of Earnings - Supplementary Information:	1984	1983
(i) Interest on long-term indebtedness:	(000's)	
Total interest	\$ 37,416	\$ 28,649
Less charged to capital cost of expansion programs	6,084	15,425
	\$ 31,332	\$ 13,224
(ii) Research and development expenses	\$ 2,890	\$ 1,810

(10) Income taxes:

The major factors causing a difference between the Canadian federal statutory income tax rate and the effective income tax rate are as follows:

	1984	1983
Canadian federal income tax rate	46.0%	46.0%
Increase (decrease) resulting from:		
Tax on foreign income at lower rates	(8.1)	(1.9)
Dividends and other non-taxable items	(2.8)	(7.1)
Inventory allowance	(6.7)	(2.4)
Investment tax credits (a)	(15.8)	(4.0)
Drawdown of deferred taxes	17.0	—
Other	(1.0)	1.9
Effective income tax rate (b)	28.6%	32.5%

(a) The Corporation elected to create a refundable investment tax credit and as a result is eligible to receive an amount equal to 20% of certain investment tax credits at December 31, 1984. The amount receivable, net of deferred income taxes, is reflected as a reduction in income taxes in 1984.

(b) The effective income tax rate is based on earnings before income taxes and equity in net earnings (loss) of associated corporations.

As at December 31, 1984 the Corporation had unrecorded investment tax credits, including approximately \$7,000,000 earned since April 1983, available to be claimed in future years.

(11) Pension plans:

The Corporation maintains a number of pension plans for its employees. Costs under these plans are accrued and funded annually on the basis of actuarial recommendations. Costs include current service costs and the amortization of unfunded prior service costs within the time limits imposed by government regulations.

A comparison of accumulated plan benefits to net plan assets as at January 1, 1984, the date of the most recent actuarial valuation, is presented below:

Actuarial present value of accumulated plan benefits:	(000's)
Vested	\$ 96,881
Non-vested	4,961
Total	<u>\$ 101,842</u>
Net assets available for benefits, at market value	<u>\$ 112,719</u>

(12) Commitments:

- (i) At December 31, 1984, contractual commitments for capital expenditures amounted to approximately \$7 million.
- (ii) The Corporation has contracted to sell under forward exchange contracts U.S. \$81,000,000 at rates averaging approximately Canadian \$1.240 for each United States \$1.00.

(13) Related party transactions:

During the year, the Corporation had business transactions with Noranda Inc. and certain affiliates in the Noranda Group. The purchase and sale of materials and finished products were at market prices on normal trade terms. In addition, the Corporation made use of data processing facilities and certain management and other services of the Noranda Group for which the terms and conditions were generally set out in contractual agreements. It is expected that these business relationships will continue.

Details of balance and transactions are as follows:

	<u>1984</u>	1983
Balances at end of year:		
Accounts receivable from affiliates	\$ 783	\$ 1,703
Accounts payable to affiliates	3,749	1,234
Transactions during the year:		
Sales of finished products	17,509	16,774
Purchases of pulp and other products	34,954	20,920
Charges for facilities and services	902	625

(14) Segmented information:

In view of the dominance of paper products in the Corporation's operations and the integration and interdependence of Canadian and U.S. manufacturing operations, presentation of segmented information by product line and geographic area is not considered meaningful. Sales to customers in the United States represented approximately 70 percent of consolidated net sales.

(15) Comparative figures:

In prior years a consolidated statement of changes in financial position on a working capital basis has been presented. The 1983 data has been reclassified to conform with the cash flow basis now being used.

Effects of inflation (unaudited)

For 1984, Fraser continues to employ the "Ontario method" of presenting the impact of inflation. This approach relates the funds generated from operations, as reported on the financial statements, to the level of funds notionally required to ensure maintenance of productive capacity under inflationary conditions.

	<u>(000's)</u>
Funds generated from operations – per statement of changes in financial position	\$33,000
Deduct funds required to finance replacement of productive assets assuming no inflation – historical cost depreciation and amortization	\$31,000
Funds hypothetically available for expansion or distribution before considering inflation	\$ 2,000
Deduct inflation adjustment –	
Additional funds required to finance inflationary increase in the cost of maintaining present productive capacity:	
inventories	\$ 3,000
plant, machinery and equipment	<u>16,000</u>
	\$19,000
less portion of additional funds which may be available through borrowings at the present debt financing ratio	<u>\$14,000</u> <u>\$ 5,000</u>
Funds hypothetically available for expansion or distribution after considering inflation	<u>\$ (3,000)</u>

The foregoing indicates that funds provided by operations totalled \$33 million. After an estimated cost of \$50 million to maintain production capability (including \$19 million due to inflation) and financing \$14 million of this by additional borrowings, there was a notional shortfall of \$3 million available for expansion and/or distribution.

Actually, in 1984 \$21 million (net) was spent on working capital and plant to maintain the business, \$29 million was spent for expansion and \$3 million was distributed to shareholders. Besides the \$33 million funds provided by operations, \$18 million (net) was provided by borrowings and \$2 million from other sources.

Ten Year Comparison (millions of dollars except per share amounts and statistical data)

			1984	
Earnings	Sales	Net sales revenue	\$ 529.5	
		Expenses		
		Cost of products sold	431.7	
		Depreciation, depletion and amortization	31.3	
		Selling and administration	22.9	
		Interest on long-term debt	31.3	
		Other	6.4	
		Income taxes	1.7	
		Earnings of assoc.	Equity in earnings (loss) of associates	(.7)
		Net earnings (loss)		3.5
Financial Position	Capital employed	Working capital	52.6	
		Investments and other	75.5	
		Fixed assets — net	448.8	
			576.9	
	Capital sources	Long-term debt	322.4	
		Deferred income taxes	46.6	
		Shareholders' equity	207.9	
			576.9	
	Changes in Financial Position	Operations	Cash flow from operations	33.2
			Dec. (inc.) in operating working capital	(11.0)
Net cash flow from operations			22.2	
Financing		Debt and equity financing	22.9	
		Repayment of debt	(5.1)	
		Other	1.5	
Investments		Fixed assets — net	39.4	
		Investment in associates	—	
Dividends		Cash dividends paid	2.8	
		Increase (decrease) in cash	(.7)	
Financial and Statistical Data	Per common share	Net earnings (loss)	.17	
		Dividends	.40	
		Net cash flow from operations	3.10	
		Common shareholders' equity	26.38	
		Market price range — high	25.00	
		— low	16.25	
		— close	16.88	
	Ratios	Return on average shareholders' equity — %	1.7	
		Long-term debt to equity — %	155.1	
	Other	Common shares outstanding	7,155,452	
		Average number of employees	3,964	
		Salaries, wages and benefits (\$000)	147,550	
		Net fixed assets per employee (\$000)	113	
		Units of sales per employee	160	
		Net sales per employee (\$000)	134	
Operations	Units of sales	Fine papers	— tons 239,089	
		Uncoated groundwood papers	— tons 114,379	
		Coated groundwood papers	— tons 150,028	
		Boxboard	— tons 31,754	
		Market Pulp	— tonnes 35,585	
		Lumber	— M.f.b.m. 63,565	
		Total	634,400	

Note: Common stock was split 3 for 1 in December 1978; all per share data has been restated for 1975 through 1978.

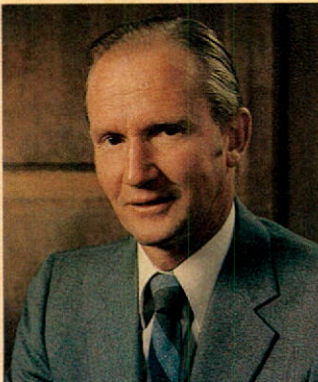
1983	1982	1981	1980	1979	1978	1977	1976	1975
\$ 435.9	\$ 397.6	\$ 422.2	\$ 362.2	\$ 321.0	\$ 265.1	\$ 212.5	\$ 180.7	\$ 142.8
362.3	342.1	344.7	284.9	247.3	202.8	172.9	149.5	119.3
24.3	21.1	20.7	18.3	12.2	10.0	7.9	7.5	7.4
19.8	19.2	19.6	16.9	14.0	11.0	9.8	8.1	7.0
13.2	17.8	18.5	12.2	3.6	.7	.5	.5	.5
1.4	5.2	2.6	(1.8)	(.7)	(.7)	(1.5)	(1.4)	(2.8)
4.8	(4.6)	6.5	8.3	15.2	17.3	7.8	5.4	4.2
.7	(1.6)	7.9	8.2	1.5	—	—	—	—
10.8	(4.8)	17.5	31.6	30.9	24.0	15.1	11.1	7.2
51.7	43.4	52.6	45.0	28.3	21.5	42.6	64.8	36.8
68.7	47.9	51.4	46.0	31.8	1.1	1.2	1.2	.3
442.1	376.8	283.8	230.9	219.0	177.2	128.5	91.9	76.2
562.5	468.1	387.8	321.9	279.1	199.8	172.3	157.9	113.3
306.5	239.8	148.9	98.3	89.4	45.5	42.5	43.7	8.9
48.9	45.6	49.3	43.5	33.2	20.4	15.2	10.8	8.2
207.1	182.7	189.6	180.1	156.5	133.9	114.6	103.4	96.2
562.5	468.1	387.8	321.9	279.1	199.8	172.3	157.9	113.3
38.4	15.7	38.5	54.3	54.9	39.2	27.6	21.1	15.1
(3.2)	17.3	(11.6)	(9.7)	(26.0)	6.2	(3.6)	3.8	(12.6)
35.2	33.0	26.9	44.6	28.9	45.4	24.0	24.9	2.5
96.2	92.6	56.7	7.1	62.0	2.1	—	35.6	—
(16.3)	(9.3)	(4.8)	(1.7)	(1.6)	(.8)	(.8)	(.8)	(.8)
5.4	12.8	6.5	.4	.3	.4	.2	(.6)	.1
94.9	126.8	79.2	30.4	54.3	56.6	45.1	23.5	9.2
20.9	(1.7)	—	8.1	31.0	—	—	—	—
1.4	3.5	8.9	8.3	6.9	4.6	4.1	3.8	3.8
3.3	.5	(2.8)	3.6	(2.6)	(14.1)	(25.8)	31.8	(11.2)
1.25	(.67)	2.49	4.51	4.38	3.41	2.15	1.57	1.03
.20	.50	1.30	1.20	1.00	0.66	0.58	0.54	0.53
4.93	4.65	3.81	6.30	4.09	6.45	3.40	3.55	.35
26.62	25.57	26.84	25.68	22.40	19.01	16.27	14.71	13.68
22.00	17.13	28.88	24.00	17.50	13.67	9.08	8.63	6.88
12.13	8.50	16.50	15.00	13.25	13.25	7.21	6.50	5.33
22.00	12.00	17.50	23.00	15.50	13.50	8.08	7.50	5.83
5.5	(2.6)	9.5	18.8	21.3	19.3	13.9	11.1	7.6
148.0	131.3	78.5	54.6	57.1	34.0	37.1	42.3	9.3
7,146,743	7,145,306	7,127,291	7,095,837	7,067,130	7,048,206	7,048,206	7,033,206	7,033,206
3,770	3,746	4,010	3,625	3,634	3,548	3,353	3,183	2,906
139,091	118,934	109,634	89,568	80,571	71,267	64,641	53,915	43,412
117	101	71	64	60	50	38	29	26
152	136	151	164	162	155	149	149	134
116	106	105	100	88	75	63	57	49
238,354	194,880	196,182	159,170	176,060	177,085	178,684	164,013	128,012
100,915	113,503	127,230	141,325	130,543	129,315	121,585	128,498	116,896
147,211	131,224	134,330	114,330	93,759	92,633	84,588	83,122	58,060
31,541	25,428	28,421	30,502	30,643	30,630	31,539	32,628	30,326
2,644	10,308	41,983	61,358	65,260	39,549	18,343	9,066	11,060
52,914	32,695	76,205	87,309	92,634	81,167	63,849	56,764	46,081
573,579	508,038	604,351	593,994	588,899	550,379	498,588	474,091	390,435

Directors and Officers



John P. Fisher
Chairman and Chief Executive Officer
Elected director 1976

Born Knowlton, Quebec, 1927. B.Eng. (McGill). Marketing manager, pulp and paper, Dominion Engineering Works 1971. Senior vice-president, development, Fraser Companies Limited 1975; executive vice-president 1975; president 1976; chairman 1982. Chairman, Island Paper Mills Limited. Director of Forintek Canada Corporation, MacMillan Bloedel Ltd., James Maclaren Industries Inc., Canadair Limited and Kerr Addison Mines Limited; Northwood Mills Ltd. Member of the Board of Governors, McGill University. Vice-chairman of the Executive Board, Canadian Pulp and Paper Association (CPPA).



R. Timothy Kenny
Elected director 1982

Born Buckingham, Quebec, 1929. B.Sc in Forestry Engineering (U.N.B.). Director of Maclaren Power and Paper Company 1962. Manager of Wood Products Division, Thurso Pulp and Paper Company 1965. President of Maclaren Power and Paper Company 1979. President of Northwood Mills Limited 1983. President and director of James Maclaren Industries Inc., Maclaren Forest Products Inc. and Maclaren-Quebec Power Company. Director of Norpak Ltd., Lumonics Inc., Northwood Mills Limited, Normick Perron Inc., and Noranda Enterprises Ltd. Vice-president and director, Northwood Pulp and Timber Ltd.



Adam H. Zimmerman
Vice-Chairman of the Board
Elected director 1974

Born Toronto, 1927. BA (Toronto). Joined Noranda Mines Limited as assistant comptroller 1958; comptroller 1960; vice-president 1966; executive vice-president and director 1974; president and chief operating officer 1982. Chairman of MacMillan Bloedel Limited, Northwood Mills Limited, Maclaren Power and Paper Co., Noranda Aluminum Inc., and Noranda Metal Industries Limited. Vice-Chairman of Northwood Pulp and Timber Limited. Director of Noranda's manufacturing and forest product companies, plus a number of Canadian public companies. Past chairman of the Canadian Pulp and Paper Association. Canadian co-chairman of the Canadian-American Committee, and a trustee of the Hospital for Sick Children, Toronto.



J. Williston Bird
Elected director 1984

Born Fredericton, N.B., 1932. Served with R.C.M.P. 1949-51. M.L.A. and Minister of Natural Resources - New Brunswick Government 1978-82. Mayor, City of Fredericton 1967-74. President, Federation of Canadian Mayors and Municipalities 1973-74. President and major shareholder, J. W. Bird & Company Ltd. 1959-78, 1982. General Manager, Bird Holdings Ltd. 1970-78, 1982. Director of Noranda Mines Ltd., Eastern Provincial Airways, Zellers Inc., and the Atlantic Salmon Federation.



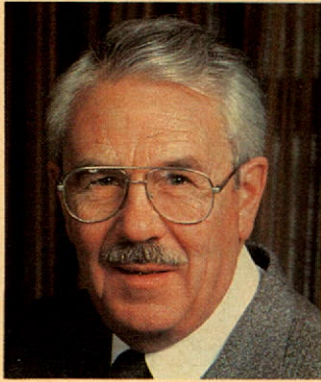
Rowland C. Frazee
Elected director 1979

Born Halifax, 1921. B.Comm. (Dalhousie). General manager, Canadian Districts, The Royal Bank of Canada 1968; vice-president, Toronto, 1970; vice-president, Montreal, and chief general manager 1972; executive vice-president, chief general manager and director 1973; president 1977; chief executive officer 1979; chairman 1980. Director of The Continental Corporation, Imasco Limited, International Minerals and Chemical Corporation, Power Corporation of Canada and Royal Bank Realty Inc. Member of the Roosevelt International Park Commission. Chairman of the Business Council on National Issues. Chairman of Junior Achievement of Canada. Governor of McGill University, and a trustee of the Sports Fund for the Physically Disabled.



Carl E. Beigie
Elected director 1975

Born Cleveland, Ohio, 1940. BA (Muskingham College). Assistant vice-president of Irving Trust Company 1968-71. President of C.D. Howe Institute 1978-82. Director and chief economist Dominion Securities Pitfield Limited, 1984. Associate professor, Faculty of Management, McGill University 1977, and professor, Faculty of Management Studies at the University of Toronto 1981. Chairman, Canadian Foundation for Economic Education. Director, Oakwood Petroleum Ltd. Member of a number of Canadian and American Economic Associations.



Knut Grotterod

President and Chief Operating Officer

Elected director 1976

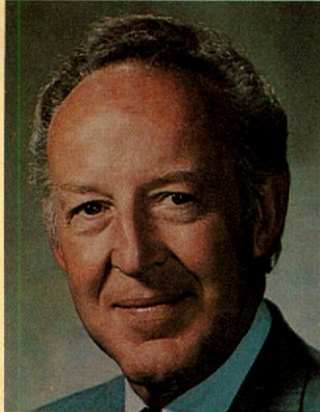
Born Sarpsborg, Norway, 1922. Served with Norwegian Underground Army 1941-45. B. Eng. (McGill). Various management positions with Consolidated Bathurst Inc. Vice-president, production, and general manager, Nova Scotia Forest Industries 1970. Vice-president, manufacturing, Fraser Companies, Limited 1973; senior vice-president, operations 1975; director 1976; executive vice-president 1980; president 1982. Director of Island Paper Mills Ltd., and chairman of J.P. Levesque & Sons Inc. Director, Pulp and Paper Research Institute of Canada. Member of the Board of Governors, University of New Brunswick. A member of the Canadian Pulp and Paper Association, Technical Section, and a member and past president of the Canadian-Scandinavian Foundation.



David J. Hennigar

Elected director 1969

Born Windsor, N.S., 1939. B.Comm. (Mount Allison) and MBA (Queen's). Manager of Burns Brothers and Denton Limited of Halifax 1967. Atlantic regional director of Burns Fry Limited 1971. Vice-chairman and chairman of the Executive Committee of Crownx Inc. Director of Crowntek Inc., Halifax Developments Limited, Crown Life Insurance Company, Oakwood Petroleum Ltd., L.E. Shaw Ltd., the Institute for Research on Public Policy, Governor of Dalhousie University, and a director of a number of Canadian public companies.



William D. Eberle

Elected director 1980

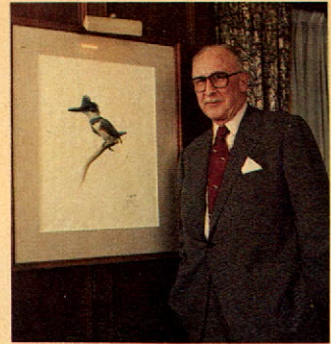
Born Boise, Idaho, 1923. BA (Stanford) and LLB and MBA (Harvard). Vice-president of Boise Cascade Corporation 1960-66. President and chief executive officer (CEO) of American Standard Inc. 1966-71. President's Special Representative for Trade Negotiations 1971-75. President and CEO of Motor Vehicle Manufacturers' Association 1975-77. Currently, chairman of EBCO Inc., Holders Capital Corporation, and Manchester Associates. Director of a number of public companies.



Kenneth V. Cox

Elected director 1969

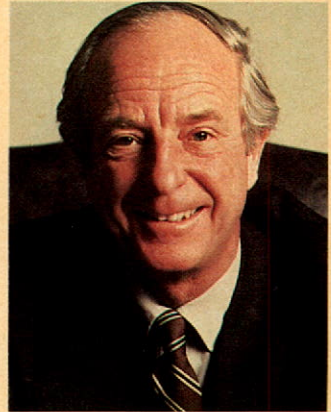
Born Allison, N.B., 1922. BSc (UNB). General Manager of The New Brunswick Telephone Company Limited 1958; executive vice-president, general manager and director 1959; president and chief executive officer (CEO) 1965; chairman and CEO 1977; chairman and president 1979. Also president and chief executive officer of Bruntel Holdings Limited and president and director of Allison Enterprises Limited. Director of Bank of Nova Scotia, Eastern Telephone and Telegraph Co. and a number of Canadian public companies. Chairman of the N.B. Research and Productivity Council.



H. Roy Crabtree

Elected director 1956

Born Montreal, 1918. BSc (McGill). Vice-president, operations, Woods Manufacturing Company Limited 1950; vice-president and general manager 1953; chairman and president Wabasso Inc. 1956; chairman 1982. Director and member of executive committee of Bank of Montreal, plus director of a number of Canadian public companies. Also president of Treeford Limited and governor of Royal Victoria Hospital and Foundation.



W. Randolph Clerihue

Elected director 1974

Born Vancouver, 1923. B.Comm. (UBC) and C.A. Vice-president, finance and treasurer, Celanese Canada Limited 1966. Vice-president, treasurer, Celanese Corporation 1969. Vice-president, finance, The Bendix Corporation 1970; director 1971. President, chief executive officer and director, Celanese Canada Limited 1972; chairman 1974. Executive vice-president, staff and administration, Celanese Corporation 1975; executive vice-president, corporate staff 1976; director 1977. Director of Wabasso Inc. 1978; president and chief executive officer 1982; consultant and corporate director 1984.

Other Officers

Financial Group



Melvin B. Robinson
*Senior Vice-President,
Finance*



Kenneth L. Seely
Treasurer



David G. McAlary
Controller

Operations Group



Niall P. O'Briain
*Senior Vice-President and
General Manager
Edmundston/Madawaska
Paper Group*



William H. Matthews
*Vice-President and General
Manager
Thorold Papers/Boxboard Group*



W. David Kerr
*Vice-President,
Corporate Technical Service*



Peter M. Belyea
Senior Vice-President, Woodlands



Alan A. Ritchie
*Vice-President and General Manager
Market Pulp and Wood Products
Group*

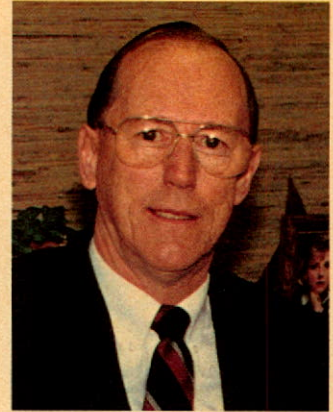
Sales & Planning



Robert A. Knapp
*Senior Vice-President
Marketing and Corporate
Development*



A. Michael Moloney
*Vice-President Sales
Edmundston/Madawaska
Paper Group*



Ian Campbell
*Vice-President Sales
Thorold/Boxboard
Group*

Service Group



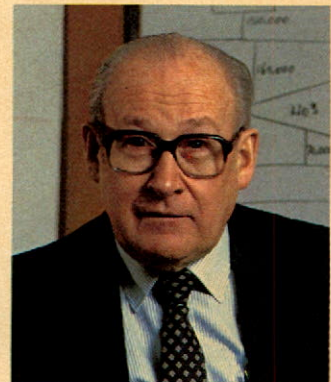
Edward S. Bailey
*Vice-President, Purchasing,
Transportation and Stores*



Bruce W. Hicks
*Senior Vice-President
and Secretary*



Regal D. McLean
Vice-President Human Resources



Glendon L. Crozier
*Vice-President
Engineering and
Energy.*

Offices, Plants and Products

Fraser Inc.

Corporate Offices:
27 Rice Street
Edmundston, N.B. E3V 1S9
Telephone: (506) 735-5551

Fraser Lumber

Mills:
Plaster Rock and Kedgwick,
New Brunswick
Product:
Eastern Canadian Spruce
End Use:
Residential and commercial buildings
Market:
Eastern Canada, Eastern United States
and overseas
Sales Office:
Northwood Mills Limited
55 Yonge Street
Toronto, Ontario M5E 1S4
Telephone: (416) 365-0700

Associated Companies (50% Ownership)

J. Paul Levesque & Sons Inc.
Ashland, Maine 04732
Telephone: (207) 435-6401

Island Paper Mills Limited
1010 Derwent Way
Annacis Island
British Columbia V3L 5A5
Telephone: (604) 526-5521

Fraser Boxboard

Mill:
Edmundston, New Brunswick
Products:
Coated and uncoated folding boxboard
End Uses:
Packaging for food, detergents, frozen
foods, pharmaceuticals, pet foods, etc.
Market:
Canada
Sales Offices:
1155 Dorchester Blvd. West
Montreal, Quebec H3B 3T6
Telephone: (514) 871-9283

703 Evans Avenue, Suite 404
Etobicoke, Ontario M9C 5E9
Telephone: (416) 622-1533

Fraser Papers

Mills:
Fraser Paper, Limited
Madawaska, Maine
(a wholly-owned subsidiary); and

Fraser Inc. – Thorold Division
Thorold, Ontario

Island Paper Mills Limited
Annacis Island, British Columbia
(50% ownership)

Fine Papers:
Nine paper machines, one dual-
purpose paper machine, and two
on-machine coaters

Groundwood Papers:
Three paper machines, two off-machine
blade coaters and two supercalenders

End Uses:
Papers for converting specialties,
commercial printing, coated and un-
coated publications, catalogues,
directories, business forms,
wall-coverings, coated labels, coated
specialty packaging, business papers
and envelopes

Market:
United States and Canada

Sales Offices:
Fraser Paper Limited
9 Broad Street West
P.O. Box 10055
Stamford, Conn. 06904
Telephone: (203) 359-2544

2300 East Devon Avenue
Des Plaines, Illinois 60018
Telephone: (312) 298-4416

703 Evans Avenue, Suite 404
Etobicoke, Ontario M9C 5E9
Telephone: (416) 622-1533

1155 Dorchester Blvd. West
Montreal, Quebec H3B 3T6
Telephone: (514) 871-9957

Fraser Pulp

Mills:
Atholville and Edmundston
New Brunswick
Products:
Bleached and unbleached softwood,
bisulfite and groundwood pulp

Market:
North America and overseas

Sales Office:
Norfibre (a division of Northwood
Mills Limited)
55 Yonge Street
Toronto, Ontario M5E 1S4
Telephone: (416) 365-0710

The cover of this report is clay coated
solid bleached FraPak Boxboard gene-
rally used for consumer goods packag-
ing and is produced by FRASER INC.
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The report is printed on 45 # FRACOTE,
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