TEMBEC HOLDINGS INC.

MATERIAL CHANGE REPORT
Form 51-102F3

ITEM 1 NAME AND ADDRESS OF COMPANY

Tembec Holdings Inc.
800 René-Lévesque Blvd. West, Suite 1050
Montréal, Québec
H3B 1X9

ITEM 2 DATE OF MATERIAL CHANGE

February 29, 2008

ITEM 3 NEWS RELEASE

A press release was issued by Tembec Inc. (the "Company") on February 29, 2008 through the services of Canada NewsWire.

ITEM 4 SUMMARY OF MATERIAL CHANGE

Tembec Inc. has completed the recapitalization transaction outlined in the Management Proxy Circular dated January 25, 2008.

ITEM 5 FULL DESCRIPTION OF MATERIAL CHANGE

Former Tembec Inc. (now Tembec Holdings Inc.) ("TI") and its wholly owned subsidiary, Tembec Industries Inc. ("TII") (TI and TII are collectively referred to as "Tembec"), have completed a recapitalization transaction, described more fully in the Management Proxy Circular dated January 25, 2008, resulting in the conversion of US$1.2 billion of Tembec's debt into equity of a new corporation existing under the *Canada Business Corporations Act* ("New Tembec").

In connection with the recapitalization, New Tembec issued 100,000,000 new common shares and warrants to acquire up to 11,111,111 additional new common shares. Existing common shareholders of TI received their pro rata share of (a) 5,000,000 new common shares, representing 5% of the equity of New Tembec, and (b) warrants to acquire up to 11,111,111 new common shares of New Tembec issued from treasury. Holders of TII's 8.625% Senior Unsecured Notes due 2009, 8.50% Senior Unsecured Notes due 2011, and 7.75% Senior Unsecured Notes due 2012 received 88% of the equity of New Tembec in full settlement of their notes, with an additional 7% of New Tembec's equity allocated to noteholders who backstop a new loan of US$300 million borrowed by TII.

As of Monday, March 3, 2008, the new common shares of New Tembec will be listed on the Toronto Stock Exchange (TSX) under the stock symbol “TMB”. The warrants will also be listed and will trade under the symbol “TMB.WT”.

ITEM 6 RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7 OMITTED INFORMATION

None.

ITEM 8 EXECUTIVE OFFICER

The following executive officer of Tembec is knowledgeable about the material change and this report:

Antonio Fratianni
Vice President, General Counsel and Secretary
(514) 871-2310

ITEM 9 DATE OF REPORT

Dated at Montréal, this 7th day of March, 2007.