



Court File No. CV-09-8247-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) WEDNESDAY, THE 30th DAY OF
JUSTICE CAMPBELL) JUNE, 2010

**IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT FOREST
PRODUCTS SALES INC., GRANT ALBERTA INC., GRANT U.S. HOLDINGS
GP, SOUTHEAST PROPERTIES LLC, GRANT CLARENDON LP, GRANT
ALLENDALE LP, GRANT US SALES INC., GRANT NEWCO LLC AND GRANT
EXCLUDED GP**

Applicants

-and-

**THE TORONTO-DOMINION BANK, in its capacity as agent for secured lenders
holding first lien security and THE BANK OF NEW YORK MELLON, in its
capacity as agent for secured lenders holding second lien security**

Respondents

ORDER
(CRO Appointment)

THIS MOTION, made by Grant Forest Products Inc. (“GFPI”), Grant Alberta Inc., and Grant Forest Products Sales Inc. (the “**Remaining Applicants**”), for *inter alia* an order in the form attached as schedule “A” to the notice of motion of the Remaining Applicants dated June 22, 2010 (the “**Notice of Motion**”) *inter alia*: (i) abridging and validating the timing and method of service of this Motion Record so that the Motion is properly returnable; (ii) approving the fifteenth report (the “**Fifteenth Report**”) of Ernst & Young Inc. in its capacity as court appointed monitor of the

Remaining Applicants (the "**Monitor**") and the activities of the Monitor as set out therein; (iii) extending, until February 28, 2011, the Stay Period, as defined by the Order of the Honourable Mr. Justice Newbould made in these proceedings on June 25, 2009 (the "**Initial Order**") and as previously extended until June 30, 2010; (iv) declaring, to the extent necessary, that all directors and officers of the Remaining Applicants cease to be directors and officers of the Remaining Applicants as of 11:59 pm on June 30, 2010; and (v) approving the engagement by the Remaining Applicants of Stonecrest Capital Inc. ("**SCI**") as Chief Restructuring Organization ("**CRO**") on the terms of the engagement letter as appended to the Fifteenth Report (the "**Engagement Letter**") and the draft CRO Order, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Hap Stephen sworn June 21, 2010, the Fifteenth Report and the appendices thereto, and on hearing the submissions of counsel for the Remaining Applicants, the Monitor, First Lien Lenders' Agents, the independent directors of Grant Forest Products Inc., Cyrus Capital Partners, L.P. et al., and no one else appearing although duly served as appears from the affidavit of service of Laura Bowles-Dove sworn June 22, 2010;

*Georgia-Pacific
L.L.C. PHEO*

Service

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Remaining Applicants' motion record is hereby abridged so that this motion is properly returnable today.

Approval of Monitor's Activities

2. **THIS COURT ORDERS** that the Fifteenth Report and the activities of the Monitor as set out therein, be and are hereby approved.

Extension of Stay of Proceedings

3. **THIS COURT ORDERS** that with respect to the Remaining Applicants, the Stay Period as defined by the Initial Order, be and is hereby extended to February 28, 2011.

Deemed Termination

4. **THIS COURT ORDERS** and declares, to the extent necessary, that all persons who are directors and officers of the Remaining Applicants shall and hereby do cease to be directors and officers of the Remaining Applicants and such persons' appointment or employment in such capacities be and is hereby terminated as of 11:59 pm on June 30, 2010.

5. **THIS COURT ORDERS** and declares that the employment of all employees of the Remaining Applicants, other than Peter Lynch, Andrew Mullins and those employees retained under Part 3 of the Employee Retention Plan (as defined by the Order of the Honourable Justice Campbell dated March 30, 2010) be and is hereby terminated.

Appointment of CRO

6. **THIS COURT ORDERS** that the Remaining Applicants be and hereby authorized and directed to enter into the Engagement Letter with SCI.

7. **THIS COURT ORDERS** that the Engagement Letter be and is hereby approved and given full force and effect, that the engagement of SCI as CRO, with services to be provided by Hap Stephen and Sandra Rosch, be and is hereby approved in accordance with the terms of the Engagement Letter, and that the Remaining Applicants are authorized and directed to take such steps as necessary to give effect to and to comply with the Engagement Letter.

8. **THIS COURT ORDERS** that the CRO shall have and may exercise and perform the powers, responsibilities and duties as described in the Engagement Letter, together with such other powers, responsibilities and duties as may be agreed upon by the CRO and approved by the Monitor or this Court (collectively the "**CRO Powers**"), including, without limitation, the power to:

- (a) take such actions and steps, and execute such documents and writings as required to cause or permit the Remaining Applicants to do all things authorized, directed and permitted pursuant to the terms of the Initial Order and any subsequent Orders of this Court, subject to the terms of those Orders;

- (b) realize and dispose of the Property of the Remaining Applicants (as Property is defined by the Initial Order) on behalf of the Remaining Applicants, including, without limitation, to negotiate and enter into agreements on behalf of the Remaining Applicants with respect to the sale or other disposition of all or any part of the Property;
- (c) execute such documents as may be necessary, for and on behalf of the Remaining Applicants, to convey title to any of the Property;
- (d) apply for and obtain any vesting or other orders which may be necessary or appropriate, in the opinion of the CRO, in order to convey any Property to a purchaser or purchasers thereof, or to comply with any agreement entered into by the Remaining Applicants in relation to the conveyance of any such Property;
- (e) take such steps as in the opinion of the CRO are necessary or appropriate to maintain control over all receipts and disbursements of the Remaining Applicants including, without limiting the generality of the foregoing, take such steps as a necessary or desirable to control and use all bank accounts of the Remaining Applicants;
- (f) Hap Stephen and/or Sandra Rosch or such other persons as they designate in writing (each, a CRO signing officer) shall become signing officers of all bank accounts of the Remaining Applicants and the Remaining Applicants' banks are hereby directed, when notified in writing by the CRO, to revoke any existing signing authorities and act on the instructions only of such CRO signing officers;
- (g) retain and terminate the employment or services contracts of employees, agents or consultants including, without limitation Peter Lynch, and otherwise deal with human resources and other organization issues on behalf of the Remaining Applicants or any of them;
- (h) represent the Remaining Applicants in any negotiations with any other party;

- (i) communicate with and provide information to the Monitor, the First Lien Lenders' Agent and the Second Lien Lenders' Agent (and their advisors) regarding the business and affairs of the Remaining Applicants; and
- (j) take all such steps and actions, enter into and execute all such agreements and documents and incur such expenses and obligations necessary or incidental to the exercise of the CRO Powers on behalf of any of the Remaining Applicants, as are reasonably required to carry out the provisions of this Order, including in the name of and on behalf of the Remaining Applicants, as applicable,

provided that in each case such actions, agreements, expenses and obligations, shall be construed to be those of the Remaining Applicants and not of the CRO, Hap Stephen or Sandra Rosch personally.

9. **THIS COURT ORDERS** that the CRO shall be entitled to all of the benefits and protections afforded to the CRA in the Initial Order including, without limitation, those provided in paragraphs 38, 39, 41 and 48 thereof.

10. **THIS COURT ORDERS** that none of the CRO, Hap Stephen, Sandra Rosch or any of the employees of or consultants to the Remaining Applicants shall be deemed to be a director of any of the Remaining Applicants pursuant to section 115(4) of the Business Corporations Act (Ontario) or otherwise.

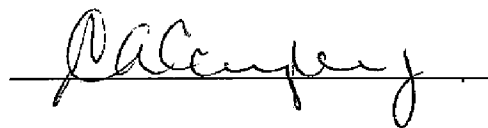
11. **THIS COURT ORDERS** that the CRO may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

Miscellaneous

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Monitor, the CRO and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor and to the CRO, as an officer of this Court, as may

6.

be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

A handwritten signature in cursive script, appearing to read "J. A. Campbell", is written over a horizontal line.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 30 2010

PER / PAR: JSN

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT FOREST PRODUCTS SALES INC., GRANT ALBERTA INC., GRANT U.S. HOLDINGS GP, SOUTHEAST PROPERTIES LLC, GRANT CLARENDON LP, GRANT ALLENDALE LP, GRANT US SALES INC., GRANT NEWCO LLC AND GRANT EXCLUDED GP (the "Applicants")

-and-

THE TORONTO-DOMINION BANK, in its capacity as agent for secured lenders holding first lien security and THE BANK OF NEW YORK MELLON, in its capacity as agent for secured lenders holding second lien security (the "Respondents")

ONTARIO

SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

ORDER

(June 30, 2010)

FRASER MILNER CASGRAIN LLP

1 First Canadian Place
100 King Street West,
Toronto, Ontario M5X 1B2

Lawyer: Daniel R. Dowdall /
Jane O. Dietrich
LSUC: 16737D / 49302U
Email: daniel.dowdall@fmc-law.com /
jane.dietrich@fmc-law.com /

Telephone: 416 863-4700 / 416 863-4467

Facsimile: 416-863-4592

Lawyers for Grant Forest Products Inc., Grant Forest Products Sales Inc., and Grant Alberta Inc.