

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.

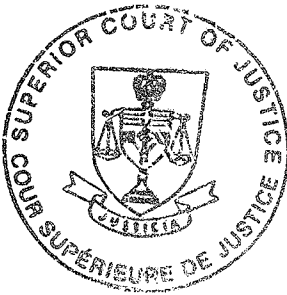
JUSTICE CAMPBELL

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Tuesday
WEDNESDAY, THE 31st DAY OF
MARCH, 2010

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF GRANT FOREST PRODUCTS INC.,
GRANT ALBERTA INC., GRANT FOREST PRODUCTS SALES
INC. and GRANT U.S. HOLDINGS GP



ORDER
Employee Retention Plan

THIS MOTION, made by Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. and Grant U.S. Holdings GP (collectively, the "**Original Applicants**"), for an order in the form attached as Schedule "A" to the notice of motion of the Original Applicants dated January 22, 2010 (the "**Notice of Motion**") *inter alia*: (i) abridging and validating the timing and method of service of this Motion Record so that this Motion is properly returnable; (ii) approving the employee retention plan (including Parts 1, 2 and 3 thereof) (the "**Employee Retention Plan**") as described in the Employee Retention Plan attached to the Affidavit of Peter Lynch sworn on January 22, 2010 (the "**Lynch Affidavit**"), and authorizing Ernst & Young Inc. in its capacity as Court-appointed monitor of the Original Applicants (the "**Monitor**") to take steps as contemplated thereby and to cause the distributions contemplated therein to be made; and (iii) seal and treat as confidential Exhibit "B" to the Lynch Affidavit pending further Court Order, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Lynch Affidavit and Exhibits thereto, the Seventh Report of the Monitor and the appendices thereto and on hearing the submissions of counsel for the Original Applicants, the Monitor, The Toronto-Dominion Bank as agent for the first lien lenders,

The Bank of New York Mellon as agent for the second lien lenders, the independent directors of Grant Forest Products Inc., Peter Grant Sr., Peter Grant Jr. and the Canadian Purchaser (as defined below), and no one else appearing although duly served as appears from the affidavits of service of Stephanie Waugh sworn January 22, 2010 and January 25, 2010;

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

Employee Retention Plan

2. **THIS COURT ORDERS** that the Employee Retention Plan as described in and attached to the Lynch Affidavit be and is hereby approved and the Original Applicants and the Monitor are hereby authorized to take such steps and do such acts as are contemplated thereby.

3. **THIS COURT ORDERS** that upon Closing (as defined in the purchase agreement dated January 8, 2010 among the Original Applicants and Southeast Properties LLC, Grant Clarendon LP, Grant Allendale LP, Grant US Sales Inc., Grant Newco LLC and Grant Excluded GP on the one hand and GP International Acquisition III, Ltd. (the “**Canadian Purchaser**”), Georgia-Pacific LLC and GP Palmetto Holding LLC on the other hand substantially in the form of the agreement attached as a confidential Appendix to the Sixth Report of the Monitor dated January 15, 2010, as amended (the “**Agreement**”)), the Monitor shall retain in trust:

- (a) for those employees of GFPI and Sales who are entitled to payments under Part 1 of the Employee Retention Plan, the amount paid by the Canadian Purchaser on Closing (as defined in the Agreement) pursuant to section 10.23 of the Agreement; and
- (b) for those employees of GFPI and Sales who are entitled to payments under either Part 2 or Part 3 of the Employee Retention Plan, a portion of the Purchase Price received on Closing (as those terms are defined in the Agreement) in the amount contemplated under the Employee Retention Plan,

and cause distributions from such trust funds to be made to the employees entitled to receive distributions in accordance with the Employee Retention Plan; provided, however, that any funds held by the Monitor in excess of the amounts required to fund the payments provided for under the Employee Retention Plan, shall be held by the Monitor pending a further Order of this Court.

4. **THIS COURT ORDERS AND DECLARES** that the Canadian Purchaser shall not be nor be deemed to be an employer, successor or related employer of any person by reason of paying to the Monitor on Closing the amount provided for in section 10.23 of the Agreement.

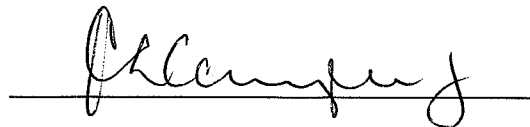
5. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Original Applicants and any bankruptcy orders issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Original Applicants,

the funds held in trust by the Monitor pursuant to paragraph 3 of this Order shall be deemed to be the property of those employees entitled thereto and the Employee Retention Plan, the rights of employees thereunder and all distributions made thereunder shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Original Applicants, shall not be void or voidable by creditors of the Original Applicants, shall not constitute or be deemed to be a transfer under value, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, and shall not constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. **THIS COURT ORDERS** and declares that Exhibit "B" to the Lynch Affidavit be and is hereby confidential and sealed pending further order of this Court.

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



MAR 31 2010

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

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT ALBERTA INC., GRANT FOREST PRODUCTS SALES INC. and GRANT U.S. HOLDINGS GP (the "Applicants")

ONTARIO

SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

ORDER
Employee Retention Plan
(March 31, 2010)

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Lawyers for the Applicants Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP