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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	FRIDAY, THE 26th DAY OF
	)	
JUSTICE CAMPBELL	)	AUGUST, 2011

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

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 April 15, 2011 (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) authorizing GFPI to take steps required in accordance with the *Pension Benefits Act* (Ontario) (the "**PBA**") to initiate a wind-up of the two registered defined benefit pension plans of which GFPI is plan administrator namely: #0992537 - Pension Plan for Executive Employees of GFPI and #1053008 Pension Plan for the Salaried Employees of GFPI – Timmins Plant (the "**Timmins**

Salaried Plan") (collectively the "**DB Plans**") and authorizing GFPI to work with the Superintendent of Financial Services and the Financial Services Commission of Ontario to appoint a replacement plan administrator of the DB Plans; (iii) authorizing and directing Ernst & Young Inc. in its capacity as court-appointed Monitor of the Remaining Applicants (the "**Monitor**"), until further court order, to hold back from any distribution to creditors of GFPI an amount which is estimated to be the amount necessary to satisfy the wind-up deficits of the DB Plans; (iv) extending, until November 30, 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 August 31, 2011; and (v) approving the twenty-first report to Court (the "**Twenty-First Report**") of the Monitor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Twenty-first Report, the affidavit of Hap Stephen sworn August 10, 2011, the affidavit of Hap Stephen sworn August 24, 2011 and on hearing submissions of counsel for GFPI, the Monitor, Financial Services Commission of Ontario, Peter Grant Sr. and the Second Lien Lenders, and no one appearing for any other person on the service list, although properly served as appears from the affidavits of Laura Bowles-Dove sworn August 10 and 17, 2011 and the affidavit of Jane Dietrich sworn August 24, 2011, filed:

1. **THIS COURT ORDERS** that the timing and method of service and filing of the notice of motion and GFPI's motion record are hereby abridged so that this motion is properly returnable today.

2. **THIS COURT ORDERS** that GFPI is hereby authorized to take steps required in accordance with the PBA to initiate a wind-up of the Timmins Salaried Plan and GFPI is authorized to work with the Superintendent of Financial Services and the Financial Services Commission of Ontario to facilitate the appointment of a replacement plan administrator of the Timmins Salaried Plan. For greater certainty, nothing in this Order shall fetter a replacement administrator's discretion, subject to the requirements of the PBA, whether to wind-up the Timmins Salaried Plan.

3. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed, until further Court Order, to hold back from any distribution to creditors of GFPI an

amount of $191,245.00 which is estimated to be the amount necessary to satisfy the wind-up deficit of the Timmins Salaried Plan. For greater certainty nothing in this order affects or determines the priority or security of the claims against these funds.

4. **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 November 30, 2011.

5. **THIS COURT ORDERS** that the Twenty-First Report and the activities of the Monitor as set out therein be and are hereby approved.

6. **THIS COURT ORDERS** that the preamble to paragraph 10 of the Initial Order be and is hereby, as of the date of this Order, deleted and replaced with the following, "*10. **THIS COURT ORDERS** that, the Remaining Applicants are hereby prohibited, without the prior written approval of Bank of New York Mellon as agent for the Second Lien Lenders and the Monitor, or further order of this Court from:*" and subparagraphs 10(a) to (o) of the Initial Order remain unchanged.

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

AUG 2 6 2011

PER/PAR: NB

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PROCEEDING COMMENCED AT TORONTO
(Commercial List)

ORDER
(August 26, 2011)

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