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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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")

MOTION RECORD
(Motion to amend Initial Order returnable August 6, 2009)

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ONTARIO
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TAB 1

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ONTARIO
SUPERIOR COURT OF JUSTICE
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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")

NOTICE OF MOTION

GE CANADA LEASING SERVICES COMPANY ("**GE Canada**"), an unsecured creditor of Grant Forest Products Inc. ("**Grant Forest**"), will make a motion to a judge of the Commercial List on August 6, 2009 at 10 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order, if necessary, abridging the time for service of the Notice of Motion and Motion Record and declaring that the motion is properly returnable on July 22, 2009;

2. an Order amending the Initial Order of the Honourable Justice Newbould made June 25, 2009 (the "**Initial Order**") as follows:

   (a) deleting paragraphs 42 and 43;

   (b) amending subparagraph 44(b) to delete the words, "KERP Charge (to the maximum amount of $1,134,000)" and the words "on a *pari passu* basis";

   (c) amending paragraph 45 to delete the words ", KERP Charge"; and

   (d) amending paragraph 47 to delete the words ", KERP Charge", and

3. such further and other relief as counsel may advise and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

4. on June 25, 2009, the Applicants applied for and were granted protection from their creditors under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c.C-36, as amended (the "**CCAA**");

5. the Honourable Justice Newbould presiding on the return of the CCAA application granted the Initial Order without prejudice to the rights of GE Canada to oppose, *inter alia*, the relief granted by paragraphs 42 and 43 of the Initial Order (the "**KERP Provisions**");

6. the KERP Provisions have the effect of preferring the interests of one (1) employee of Grant Forest, namely Peter Lynch ("**Lynch**") over the interests of all other employees of the Applicants;

7. the KERP Provisions have the effect of preferring the unsecured pre-filing damage claim of Lynch over the unsecured pre-filing damage claims held by other creditors of the Applicants including, without limitation, GE Canada;

8. any benefit associated with the KERP Provisions does not outweigh the prejudice to the unsecured creditors of the Applicants;

9. the KERP Provisions are not just and equitable in the circumstances;

10. the endorsement of the Honourable Justice Newbould dated June 25, 2009;

11. sections 42, 43 and 57 of the Initial Order;

12. Rules 2.03, 3.02, 37 and 59.06 of the *Rules of Civil Procedure*; and

13. such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Affidavit of Ryan T. Sills sworn July 9, 2009;

2. the Affidavits of Peter Lynch sworn June 22, 2009 and June 25, 2009, previously filed with this Honourable Court;

3. the Affidavit of Ryan T. Sills sworn June 24, 2009 previously filed with this Honourable Court; and

4. such further and other material as counsel may advise and this Honourable Court may permit.

July 10, 2009

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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

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

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

NOTICE OF MOTION

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TAB 2

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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")

AFFIDAVIT OF RYAN T. SILLS
(Sworn July 9th, 2009)

I, **RYAN T. SILLS**, of the City of London, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am an associate lawyer employed by Miller Thomson LLP ("**Miller**"), solicitors for GE Canada Leasing Services Company ("**GE Canada**"), unsecured creditor of the Applicant, Grant Forest Products Inc. ("**Grant Forest**"), and, as such, have knowledge of the matters to which I hereinafter depose. To the extent I rely on information provided to me by others, I have stated the source of such information and believe same to be true.

<u>Overview</u>

2. This affidavit is supplemental to my affidavit sworn June 24, 2009 (the "**First Sills Affidavit**") previously filed by GE Canada in response to the Applicants' application for relief pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.B-36, as amended (the "**CCAA**") and in support of this motion by GE Canada to amend the Initial Order of the Honourable Justice Newbould made June 25, 2009 (the "**Initial Order**"). A true copy of the Initial Order issued June 25, 2009 is attached hereto to this my Affidavit and marked as **Exhibit "A"**.

3. In particular, GE Canada seeks on this motion to delete those provisions of the Initial Order which:

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(a) approve the employee retention plan agreement dated December 19, 2008 between Peter Lynch ("**Lynch**") and Grant Forest, as amended by an amendment agreement dated as of April 1, 2009 (collectively, the "**KERP Agreement**") (paragraph 42); and

(b) grant a charge in favour of Lynch (the "**KERP Charge**") on all Property (as defined in the Initial Order) in the amount of $1,134,000 as security for all amounts owing to Lynch pursuant to the KERP Agreement, both before and after the date of the Initial Order, and

to amend such other incidental provisions of the Initial Order which make reference to the KERP Charge (the "**GE Motion**"). Paragraphs 42 and 43 of the Initial Order are hereinafter referred to as the "**KERP Provisions**".

4. GE Canada relies on the evidence contained in the First Sills Affidavit to support the relief sought on the GE Motion.

5. Lynch swore an affidavit on June 22, 2009 (the "**Lynch Affidavit**") in support of the Applicants' application for relief pursuant to the CCAA (the "**Application**").

6. Paragraphs 66 and 67 of and Exhibit "I" to the Lynch Affidavit are the only provisions and exhibits of the Lynch Affidavit which addressed the Applicants' request for the KERP Provisions on the return of the Application.

Background

7. GE Canada is a creditor of Grant Forest pursuant to a Master Aircraft Lease Agreement dated December 22, 1999, as subsequently amended, and two (2) Leasing Schedules incorporated by reference therein (collectively, the "**Lease**"). A copy of the Master Lease and related Leasing Schedules are attached as Exhibit "A" to the First Sills Affidavit.

8. From my review of the Lynch Affidavit, I have determined that GE Canada is the largest arm's-length unsecured creditor of Grant Forest. Paragraph 40 of the Lynch Affidavit refers to an unsecured obligation in the amount of $50,000,000 owed by Grant Forest to one of its shareholders, 1308406 Ontario Inc. ("**1308406**"). I have reviewed a corporate profile

report relating to 1308406 dated July 3, 2009 which indicates that Peter J. Grant, Sr. ("**Grant**") and Lynch are the only officers and directors of 1308406. Attached hereto to this my Affidavit and marked as **Exhibit "B"** is a true copy of the corporate profile report for 1308406. Paragraph 11 of the Lynch Affidavit confirms that the shareholders of Grant Forest are Grant, through a holding company, presumably 1308406, and a Grant family trust.

9. Paragraph 40 of the Lynch Affidavit references an unsecured obligation of Grant Forest to Grant Forest Products Corp. ("**GFPC**") with respect to dividends declared and unpaid totalling $6,160,000. At best, GFPC has a claim in equity which is subordinate to GE Canada's unsecured claim. A corporate profile report with respect to GFPC dated July 3, 2009 identifies Grant and Lynch as the only directors of GFPC. Attached hereto to this my Affidavit and marked as **Exhibit "C"** is a true copy of the corporate profile report for GFPC.

10. I have reviewed the corporate profile report for Grant Forest wherein Lynch is identified as an officer and a director and is identified as having held these positions with Grant Forest since the date of its amalgamation with Meadowside Lumber Limited on July 4, 2001. Attached hereto to this my Affidavit and marked as **Exhibit "D"** is a true copy of the corporate profile report with respect to Grant Forest dated March 11, 2009.

11. I swear this Affidavit in support of an order amending the Initial Order to delete the KERP Provisions and for no other or improper purpose.

SWORN BEFORE ME at the City of London, in the Province of Ontario, on July 9th, 2009.	
Commissioner for Taking Affidavits	Ryan T. Sills

Attached are Exhibits "A" to "D" to the Affidavit of Ryan T. Sills sworn the 9th day of July, 2009

A Commissioner, Etc.

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

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ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

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EXHIBIT “A”

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	**THURSDAY, THE 25TH**
	)	
JUSTICE NEWBOULD	)	**DAY OF JUNE, 2009**

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

INITIAL ORDER

THIS APPLICATION, made by Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. and Grant U.S. Holdings GP (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Peter Lynch sworn June 22, 2009 and the exhibits thereto (the "**Lynch Affidavit**"), the supplement affidavit of Peter Lynch sworn June 25, 2009 and the exhibits thereto (the "**Supplemental Lynch Affidavit**"), the report to Court of Ernst & Young Inc. ("**E&Y**") as proposed monitor and on hearing the submissions of counsel for the Applicants, The Toronto-Dominion Bank (the "**Agent**"), as agent for the first lien lenders (the "**First Lien Lenders**"), the independent directors of Grant Forest Products Inc.("**GFPI**"), E&Y, Peter Grant Sr., Peter Grant Jr., GE Canada Leasing Services Company, no one else appearing although duly served as appears from the affidavit of service of Jarvis Hetu sworn June 23, 2009,

SERVICE

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

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan or plans of compromise or arrangement (collectively, the "**Plan**") between, *inter alia*, the Applicants, or any of the Applicants, and one or more classes of its or their secured and/or unsecured creditors as it deems or they deem appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, the "**Assistants**") currently retained or employed by them, with liberty, subject to obtaining the prior consent of the Monitor or further order of the Court, to amend in any material manner the mandate of any Assistants or to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order (except that such consent or further order shall not be required for the Applicants to hire new employees in the ordinary course of business).

5. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee benefits and pension contributions, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, which, for greater certainty, shall not include any payments in respect of employee termination or severance; and

(b) the fees and disbursements of any Assistants retained or employed by any of the Applicants as permitted herein in respect of these proceedings or the Applicants' proposed restructuring at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and provided that the Applicants provide the Monitor with a list of their intended disbursements before making such disbursements, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course on or after this Order (or, in the case of the following subparagraph (c), prior to the date of this Order), and in carrying out the provisions of this Order including:

(a) subject to paragraph 10 below, all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including payments on account of insurance (including directors' and officers' insurance), maintenance and security services;

(b) expenses for goods or services actually supplied to any of the Applicants on or following the date of this Order; and

(c) expenses for goods or services actually supplied to any of the Applicants prior to the date of this Order provided:

(i) such payments are critical to any Applicant's Business and are made with the prior written consent of the Monitor; or

(ii) such payments are owing to a person or persons for the supply of logs or timber to GFPI.

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by any of the Applicants in connection with the sale of goods and services by any of the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by any of the Applicants.

8. **THIS COURT ORDERS** that the Applicants, or any of them, may, with the prior written consent of the Monitor, lend funds to Grant Allendale LP, Grant Clarendon LP and Grant US Sales Inc. (or any of them), to enable them to continue to carry on their respective businesses in the ordinary course and the Applicants, or any of them, may receive and retain any repayments made by Grant Allendale LP, Grant Clarendon LP and Grant US Sales Inc. (or any of them).

9. **THIS COURT ORDERS** that until such time as any of the Applicants repudiate a real property lease in accordance with paragraph 12(c) of this Order, the Applicants shall pay when

due all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under any lease) or as otherwise may be negotiated by the Applicants from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly in advance (but not in arrears).

10. **THIS COURT ORDERS** that, except as specifically permitted herein or included in the Cash Flow Projection (as defined by the Lynch Affidavit) as amended or prepared for later periods from time to time with the Agent's approval (the "**Cash Flow Projections**"), the Applicants and their subsidiaries are hereby prohibited, without the prior written approval of the Agent and the Monitor, from:

(a) granting, or permitting to be outstanding, any lien, charge, security interest or any other encumbrance of any kind whatsoever (each an "**Encumbrance**") other than valid and enforceable Encumbrances existing on the date of this Order, charges created by this Order and liens arising solely by operation of law in the ordinary course of business of the Applicants and their subsidiaries;

(b) creating, incurring, assuming or suffering to exist, directly, contingently or otherwise, any debt or obligations other than:

A. debt or obligations existing on the date hereof; or

B. unsecured current liabilities (which are not the result of borrowing) incurred and payable in the ordinary course of business of the Applicants and their subsidiaries as permitted herein;

(c) entering into any transactions outside the ordinary course of its business;

(d) making expenditures or commitments of the Applicants on account of any capital or fixed asset account of the Applicants in the aggregate in excess of 110% of the capital expenditure amount indentified in the Cash Flow Projections, except that the Applicants may make capital expenditures or commitments for excess amounts with the Monitor's approval, to the extent required to carry on the existing oriented strand board Business;

(e) declaring any dividends or distributions to any shareholder or any person affiliated or associated with any shareholder whether by way of dividend or otherwise;

(f) guaranteeing, endorsing or otherwise becoming surety for or upon any obligations of any person;

(g) paying any amount to its employees and officers as such by way of salary, bonus, commission, directors' fees or otherwise in excess of the amounts currently being paid or at a rate in excess of the current rate thereof, provided that nothing in this Order shall prohibit the Applicants and their subsidiaries from reimbursing their employees and officers for reasonable expenses incurred by them in the ordinary course of business;

(h) paying any amount to any shareholder of GFPI, any person who owns shares of any shareholder of GFPI or any person related by blood or marriage to any such person, except for payments permitted by the immediately preceding subparagraph;

(i) making any cash payment (interest or otherwise) to any creditor including: (i) under the existing aircraft leases with GE Capital Equipment Financing; or (ii) under the First Lien Credit Agreement or the Second Lien Credit Agreement (as defined by the Lynch Affidavit);

(j) making expenditures or commitments in respect of any or all assets of an Applicant not required in connection with the Business;

(k) opening or maintaining deposit accounts other than the deposit accounts maintained with The Toronto-Dominion Bank, Wachovia Bank, National Association, Harris N.A. and Bank of Montreal as of the date hereof or such other account approved by the Agent (the "**Accounts**");

(l) making any changes to the officers or senior management, or to any of the signing authorities specified on the Accounts;

(m) making any payment of any amount owing pursuant to the tax refund purchase and sale agreement dated as of March 31, 2008 with respect to the sale by GFPI of certain of its tax refunds;

(n) entering into any interest or currency exchange agreement or any other swap agreement; and

(o) obtaining any debtor-in-possession financing from any lender other than one or more of the First Lien Lenders and in accordance with the further order of the Court.

11. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order, the Applicants shall in all respects comply with their obligations under the First Lien Credit Agreement made as of October 26, 2005 among the Agent, the First Lien Lenders, GFPI and others in respect of reporting and the provision of information. The Applicants shall cooperate fully with PricewaterhouseCoopers Inc. ("**PWC**"), the financial advisor to the First Lien Lenders, in providing such information.

RESTRUCTURING

12. **THIS COURT ORDERS** that each of the Applicants shall have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding $500,000 in any one transaction or $2 million in the aggregate, subject to the prior written consent of the Monitor and subject to subparagraph (c) of this section, if applicable;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicant and such employee or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise;

(c) in accordance with paragraphs 13 and 14, vacate, abandon or quit any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicant and such landlord or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise;

(d) repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate on such terms as may be agreed upon between the Applicant and such counter-parties or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise; and

(e) in accordance with the Marketing Process (as hereinafter defined), pursue all avenues of refinancing and recapitalization and pursue all purchase offers for material parts of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or recapitalization or any sale (except as permitted by subparagraph (a) of this section),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. **THIS COURT ORDERS** that an Applicant shall provide the relevant landlord with notice of the applicable Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the relevant landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the applicable Applicant, or by further Order of this Court upon application by an Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If an Applicant repudiates the lease governing such leased premises in accordance with paragraph 12(c) of this Order, it shall not be required to

pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a lease is repudiated by an Applicant in accordance with paragraph 12(c) of this Order, then: (a) during the notice period prior to the effective time of the repudiation, the relevant landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

15. **THIS COURT ORDERS** that, subject to the other provisions of this Order (including the payment of Rent as herein provided) and any further Order of this Court, the Applicants shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any leases) and, for greater certainty, the Applicants shall have the right to realize upon the Property and other assets in such manner and at such locations, including leased premises, as it deems suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

MARKETING OF INVESTMENT OPPORTUNITY

16. **THIS COURT ORDERS AND DIRECTS** the Applicants to immediately commence a marketing process (the "**Marketing Process**") in accordance with the protocol attached hereto as Appendix "A" to this Order (the "**Investment Offering Protocol**") for the purpose of offering the opportunity for potential investors to purchase the business and operations of the Applicants and their subsidiaries as a going concern or to sponsor a plan of arrangement of the Applicants or any of them.

17. **THIS COURT ORDERS** that the Investment Offering Protocol is hereby approved and the Applicants and the Monitor are hereby authorized and directed to perform each of their obligations thereunder.

18. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to engage an investment offering advisor (the "**Investment Offering Advisor**") in accordance with an Investment Offering Advisor engagement letter (the "**Investment Offering Advisor Engagement Letter**"), after it is approved by the Monitor and the Agent, to act as Investment Offering Advisor in connection with the conduct of the Marketing Process. The Investment Offering Advisor Engagement Letter shall not be affected by the Plan.

19. **THIS COURT ORDERS** that the Investment Offering Advisor shall be entitled to the benefit of and is hereby granted a charge (the "**Investment Offering Advisor Charge**") in the maximum amount of $200,000 of all Property of the Applicants to secure its fees and recoverable disbursements incurred in performing its obligations under the Investment Offering Advisor Engagement Letter but not including any indemnity or any fees or expenses incurred by the Investment Offering Advisor in connection with any right of indemnity included in the Investment Offering Advisor Engagement Letter. The Investment Offering Advisor Charge shall rank *pari passu* with the Administration Charge (as hereinafter defined) and the Applicants are directed to pay to the Investment Offering Advisor the fees and expenses payable under the Investment Offering Advisor Engagement Letter promptly when due.

20. **THIS COURT ORDERS** that the Investment Offering Advisor, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by the Applicants as Investment Offering Advisor or any matter referred to in the Investment Offering Advisor Engagement Letter except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Investment Offering Advisor in performing its obligations under the Investment Offering Advisor Engagement Letter.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

21. **THIS COURT ORDERS** that until and including July 24, 2009 or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") (including the application for a bankruptcy order brought by GE Canada Leasing Services Company) shall be commenced or continued against or in respect of any of the Applicants or the Monitor, or affecting any Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting any Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

22. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Applicants or the Monitor, or affecting the Business or the Property (including any right to submit a shotgun buy or sell offer with respect to GFPI's shares of Footner Forest Products Ltd. or GFPI's interest in the OSB facility at High Level, Alberta or related assets), are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on; (b) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment; (c) prevent the filing of any registration to preserve or perfect a security interest; (d) prevent the registration of a claim for lien under the *Construction Lien Act* or the *Forestry Workers Lien for Wages Act* or any other applicable statute; or (e) prevent GE Canada Leasing Services Company from selling the 1992 Dassault Falcon 50 aircraft or the 1994 Dassault Falcon 900B aircraft and related engines and parts pursuant to its lease thereof to GFPI.

NO INTERFERENCE WITH RIGHTS

23. **THIS COURT ORDERS** that, during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right,

contract, agreement, licence or permit in favour of or held by any of the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. **THIS COURT ORDERS** that, during the Stay Period, all Persons having oral or written agreements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services including, without limitation, all resin supply, timber, log and wood supply, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility services or other services to the Business or any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the Applicants, and that each of the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider, the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

25. **THIS COURT ORDERS** that, notwithstanding anything else contained herein, no creditor of any of the Applicants shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. **THIS COURT ORDERS** that, during the Stay Period and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before or arises after the date hereof and that relates to any obligations of any of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or

performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. **THIS COURT ORDERS** that each of the Applicants shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of any of the Applicants, after the date hereof, to make payments due and payable after the date of this Order of the nature referred to in subparagraphs 5(a), 7(a), 7(b), and 7(c) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of any of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

28. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on all Property, which charge shall not exceed the aggregate amount of $3,000,000, as security for the indemnity provided in paragraph 27 of this Order. The Directors' Charge shall have the priority set out in paragraph 44 of this Order.

29. **THIS COURT ORDERS** that, notwithstanding any provision of any applicable insurance policy to the contrary: (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 27 of this Order or the insurer fails to fund defence costs on a timely basis (provided the insurance beneficiaries assign to the applicable Applicant the insurance beneficiaries' rights under the applicable insurance policy to receive such defence costs paid pursuant to the Directors' Charge).

APPOINTMENT OF MONITOR

30. **THIS COURT ORDERS** that E&Y is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors and Assistants shall advise the Monitor of all material steps taken by any of the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

31. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) perform its obligations under the Investment Offering Protocol;

(c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Marketing Process and such other matters as may be relevant to the proceedings herein;

(d) assist the Applicants, to the extent required the Applicants, in the dissemination to the Agent and BNY and their respective counsel on a bi-weekly basis or otherwise as required herein of financial and other information as agreed to between the Applicants and the Agent or BNY;

(e) advise the Applicants in relation to the Cash Flow Projections, including the reconciliation of actual results to Cash Flow Projections and the formulation of Cash Flow Projections as may be required herein, which information shall be reviewed with the Monitor and delivered to the Agent and its counsel on a periodic basis, but not less than bi-weekly, or as otherwise agreed to by the Agent;

(f) advise the Applicants in their development of the Plan and any amendments to the Plan;

(g) report and advise the Applicants, the Court and the Agent in relation to any offers to purchase or refinance the Business received in accordance with the Marketing Process;

(h) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(i) have full and complete access to the books, records, management, employees and advisors of the Applicants and to the Business and the Property to the extent required to perform its duties arising under this Order;

(j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(k) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and

(l) perform such other duties as are required by this Order or by this Court from time to time.

32. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario*

Water Resources Act, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

34. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of any of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

35. **THIS COURT ORDERS** that GFPI be and is hereby authorized and directed to continue the engagement of Stonecrest Capital Inc. ("**Stonecrest**") as Chief Restructuring Advisor (the "**CRA**") with services to be provided by Hap Stephen ("**Stephen**") and Sandra Rosch ("**Rosch**") on the terms and conditions set out in the amended engagement letter between GFPI and Stonecrest as referred to in the Supplemental Lynch Affidavit (the "**CRA Engagement Letter**").

36. **THIS COURT ORDERS** that the CRA Engagement Letter is hereby approved and given full force and effect in accordance with its provisions and that the claims, if any, of Stonecrest, Stephen or Rosch pursuant to the CRA Engagement Letter shall not be affected by the Plan.

37. **THIS COURT ORDERS** that the CRA shall have and may exercise and perform the powers, responsibilities and duties described in the CRA Engagement Letter, together with such other powers, responsibilities and duties as may be agreed upon by the CRA and GFPI and approved by the Monitor or this Honourable Court.

PROVISIONS RELATED TO THE MONITOR, THE CRA AND OTHERS

38. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor, the CRA, Stephen and Rosch shall incur no liability or obligation as a result of their appointments or the carrying out of the provisions of this Order (or, in the case of the CRA, Stephen and Rosch, the provisions of the CRA Engagement Letter), except for any gross negligence or wilful misconduct on their respective parts. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

39. **THIS COURT ORDERS** that the Monitor, PWC, counsel to the Monitor, counsel to GFPI's board of directors and counsel to the Applicants shall be paid by the Applicants their reasonable fees and disbursements, in each case at their standard rates and charges and whether incurred before, on or after the date of this Order, and that the CRA shall be paid by the Applicants its fees and disbursements as set out in the CRA Engagement Letter, as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, PWC, counsel to GFPI's board of directors, counsel for the Monitor, the CRA and counsel for the Applicants on a weekly basis and to pay the CRA's monthly work fee monthly in advance in accordance with the CRA Engagement Letter. Additionally, the Applicants shall pay the fees and disbursements of the Canadian and U.S. counsel to the Agent (each, "**First Lien Lenders' Agent's Counsel**") promptly on receipt of copies of their invoices.

40. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time and, for this purpose, the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

41. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to GFPI's board of directors, the CRA, the Applicants' counsel and the First Lien Lenders' Agent's Counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on all Property, which charge shall not exceed the aggregate amount of $2,000,000, as security for all amounts owing to the Monitor, counsel to the Monitor, counsel to GFPI's board of directors, the CRA, the Applicants' counsel and the First Lien Lenders' Agent's Counsel as

set out in paragraph 39 hereof, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 44 hereof.

KERP PAYMENT

42. **THIS COURT ORDERS** that the key employee retention plan agreement dated December 19, 2008 between Peter Lynch ("**Lynch**") and GFPI, as amended by an amendment agreement dated as of April 1, 2009, as described in the Lynch Affidavit (the "**KERP Agreement**") be and is hereby approved and given full force and effect in accordance with its terms and the Applicants are hereby directed to make when due the payments provided for thereunder.

43. **THIS COURT ORDERS** that Lynch shall be entitled to the benefit of and is hereby granted a charge (the "**KERP Charge**") on all Property, which charge shall not exceed the amount of $1,134,000, as security for all amounts now or hereafter owing to Lynch pursuant to the KERP Agreement, both before and after the making of this Order. The KERP Charge shall have the priority set out in paragraph 44 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Investment Offering Advisor Charge, the KERP Charge and the Directors' Charge, as among them, shall be as follows:

(a) Firstly – Administration Charge (to the maximum amount of $2,000,000) and the Investment Offering Advisor Charge (to the maximum amount of an additional $200,000) on a pari passu basis; and

(b) Secondly – KERP Charge (to the maximum amount of $1,134,000) and Directors' Charge (to the maximum amount of $3,000,000) on a pari passu basis.

45. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the Investment Offering Advisor Charge, the KERP Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered,

recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. **THIS COURT ORDERS** that each of the Charges shall constitute charges of all Property and the Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

47. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with any of the Charges without the written consent of the Monitor, and the beneficiaries of the Administration Charge, the Investment Offering Advisor Charge, the KERP Charge and the Directors' Charge, or further Order of this Court.

48. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any applications for bankruptcy orders issued pursuant to BIA or any bankruptcy order made pursuant to such applications in respect of any of the Applicants; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA by any of the Applicants; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any of the Applicants and, notwithstanding any provision to the contrary in any Agreement:

(i) the creation of the Charges shall not create or be deemed to constitute a breach by any of the Applicants of any Agreement to which it is a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from, the creation of the Charges; and

(iii) the payments made by any of the Applicants pursuant to this Order and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SERVICE AND NOTICE

49. **THIS COURT ORDERS** that the Applicants shall, within ten (10) business days of the date of entry of this Order, send a copy of this Order to their known creditors, other than employees and creditors to the Applicants owed less than $1,000.00, at their addresses as they appear on the Applicants' records, and shall promptly send a copy of this Order: (a) to all parties filing a Notice of Appearance in respect of this Application; and (b) to any other interested Person requesting a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

50. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

51. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the

extent practicable, and the Monitor may post a copy of any or all such materials on the Monitor's website.

GENERAL

52. **THIS COURT ORDERS** that any of the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

53. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Applicants, the Business or the Property.

54. **THIS COURT ORDERS** that the Monitor is hereby authorized to apply, after consultation with the Applicants, the Agent and BNY, for recognition of these proceedings as "Foreign Main Proceedings" in the United States pursuant to Chapter 15 of the *U.S. Bankruptcy Code*.

55. **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 Applicants, the Monitor 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 Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

56. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

57. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than four (4) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order.

59. **THIS COURT ORDERS** that the unredacted copy of the CRA Engagement Letter be and is hereby sealed and treated as confidential pending completion of the marketing process contemplated by the Investment Offering Protocol or further Order of this Court.

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

JUN 2 5 2009

PER / PAR: JSN

Joanne Nicoara
Registrar, Superior Court of Justice

APPENDIX "A"

GRANT FOREST PRODUCTS INC.

INVESTMENT OFFERING PROTOCOL

Recitals

1. Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. and Grant U.S. Holdings GP (collectively, the "**Grant Companies**") filed for protection with the Ontario Superior Court of Justice (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**").

2. Pursuant to the CCAA proceedings, Ernst & Young Inc. (the "**Monitor**") has been appointed as the monitor of the Grant Companies.

3. The Grant Companies carry on business in North America as manufacturers and distributors of oriented strand board and other similar and related products (the "**Business**").

4. The Grant Companies wish to engage **[<>]** as their investment offering advisor (the "**Investment Offering Advisor**") to assist them in identifying prospective parties and negotiating the terms of a refinancing or recapitalization of the Grant Companies and their subsidiaries or a sale of the Business, in whole or in part, in consultation with the Monitor, an agent (the "**First Lien Agent**") for the first lien secured lenders (the "**First Lien Lenders**") and the agent (the "**Second Lien Agent**") for the second lien secured lenders (the "**Second Lien Lenders**").

5. The marketing process set out herein (the "**Marketing Process**") is intended to focus the efforts of the Grant Companies and the Investment Offering Advisor (with the assistance of the Monitor and in consultation with the First Lien Agent and the Second Lien Agent) on the maximization of value for the First Lien Lenders , the Second Lien Lenders, the Grant Companies' other creditors and other stakeholders (collectively, the "**Stakeholders**") either through a refinancing or recapitalization or a sale of the Business.

Leading the Marketing Process

6. In order to ensure that the Marketing Process successfully identifies the best possible buyer or investor, among other things:

(a) the Grant Companies and the Investment Offering Advisor shall lead the marketing efforts in consultation with the Monitor, the First Lien Agent and the Second Lien Agent; and

(b) the Grant Companies shall devote all time and attention necessary to pursue the Marketing Process in a timely manner.

Objectives

7. The Marketing Process will be implemented to achieve the following objectives:

(a) value maximization for the Stakeholders of the Grant Companies;

(b) continuity of the Business; and

(c) timely implementation.

8. In order to achieve these objectives:

(a) interested parties shall be encouraged to consider:

(i) the opportunity of sponsoring a refinancing or a recapitalization of the Grant Companies and their subsidiaries through a plan of arrangement; or

(ii) the purchase of the Business in whole or in part; and

(b) interested parties shall be required to participate in the Marketing Process and to respect the timetable set out herein.

Supervision and Reporting

9. The Marketing Process shall be approved by the Court and subject to the Court's overriding supervision. The Monitor will facilitate and oversee the Marketing Process

undertaken by the Investment Offering Advisor, the Grant Companies and their other advisors, all in accordance with this Protocol. Any sale of the Business must be approved by the Court in accordance with the Initial Order.

10. Whether the transaction is to be implemented by a plan of arrangement or a sale of the Business, the Monitor will provide a report to the Court including a detailed summary as to how the Marketing Process was conducted, the key elements of the resulting transaction and the Monitor's recommendation with respect to such plan or sale, as the case may be.

Reporting to Stakeholders

11. The Grant Companies and the Monitor may provide periodic updates, as appropriate, to Stakeholders which have executed confidentiality agreements including the First Lien Lenders and the Second Lien Lenders.

Selection of Investment Offering Advisor

12. The Grant Companies confirm that they have selected the Investment Offering Advisor and the Investment Offering Advisor has agreed to accept its engagement in accordance with the Investment Offering Advisor Engagement Letter filed in the CCAA proceedings and approved in the Initial Order.

Identification of Potential Interested Parties

13. The Grant Companies and the Monitor will jointly agree on a preliminary potential interested party list with input from the Investment Offering Advisor with a view to ensuring that all parties that have expressed interest in the Business prior to the CCAA proceedings and any potential interested party whose interest may be known to the Grant Companies, the Monitor or the Investment Offering Advisor are included on the preliminary list. The Stakeholders may nominate interested parties for inclusion in the preliminary list.

Marketing Process

14. Phase I

(a) The Grant Companies will work with the Investment Offering Advisor to prepare a one page marketing overview (the "**Teaser**"), a draft non-disclosure agreement (an "**NDA**"), a communications package, a confidential information memorandum, the data room and other relevant marketing materials. The NDA shall not prohibit any person from buying or selling any debt owing by any of the Grant Companies. The Monitor and the advisors to the First Lien Lenders shall be entitled to review and provide input into these materials as they shall deem appropriate.

(b) The Investment Offering Advisor will contact all of the parties on the final potential interested party list and provide them with a copy of the teaser memorandum and form of NDA.

(c) Interested parties that execute the NDA (or have previously executed an NDA satisfactory to the Grant Companies) will receive information and will receive access to a limited electronic data room.

(d) Each potential interested buyer or investor will be asked to submit a non-binding preliminary proposal on or before July 31, 2009.

(e) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, will evaluate the non-binding preliminary proposals based on the ability of the potential interested parties to complete due diligence on a timely basis as well as other buyer or investor selection criteria that may be developed by the Grant Companies in consultation with the Monitor and the Investment Offering Advisor.

(f) Given that all parties recognize the need to complete a transaction as quickly as possible, the number of parties invited to participate in Phase II of the Marketing Process will be limited in number and will be jointly selected by the Monitor and the Grant Companies in consultation with the First Lien Agent and the Second Lien Agent.

15. Phase II

(a) Interested parties invited to participate in Phase II will be provided with a management presentation and full electronic data room access.

(b) Interested parties must complete due diligence and submit to the Grant Companies, the Monitor and the Investment Offering Advisor a revised proposal on or before August 30, 2009.

(c) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, will review the proposals and, in full consultation with the First Lien Agent and the Second Lien Agent, jointly select one or more parties which wish to proceed to Phase III.

16. Phase III

(a) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, the First Lien Agent and the Second Lien Agent, will conduct final negotiations of an agreement to sponsor a plan of arrangement or to sell the Business with or to the interested parties selected to proceed to Phase III.

(b) The Grant Companies shall not, without the prior written approval of the First Lien Agent, at the direction of the First Lien Lenders then holding not less than 66 2/3% of the total amount of the then outstanding indebtedness owing by the Grant Companies to the First Lien Lenders:

(i) file any plan of arrangement with the Court; or

(ii) enter into an agreement to sell the Business or any material part of the Business.

(c) If the transaction is to be completed by a plan of arrangement, such plan will be filed with the Court and submitted to all required meetings of affected creditors for approval no later than September 30, 2009.

(d) If the transaction is to be completed by a sale, the asset purchase agreement will be completed and submitted by the Grant Companies to the Court for approval not later than September 30, 2009.

Adjustments to the Marketing Process

17. The Grant Companies, in consultation with the Investment Offering Advisor, may adjust the Market Process (and extend any time limits) as necessary to achieve the objectives set out in this protocol, provided the Monitor and the First Lien Agent consent to such adjustment.

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

INITIAL ORDER

FRASER MILNER CASGRAIN LLP
1 First Canadian Place
100 King Street West,
Toronto, Ontario
M5X 1B2

Lawyer: Alex L. MacFarlane / Jane Dietrich
LSUC: 28133Q / 49302U
Email: alex.macfarlane@fmc-law.com
jane.dietrich@fmc-law.com
Telephone: 416 863-4700 / 416-863-4467
Facsimile: 416 863-4592

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

EXHIBIT "B"

Request ID: 011395291
Transaction ID: 38742125
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2009/07/03
Time Report Produced: 14:31:20
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number
1308406

Corporation Name
1308406 ONTARIO INC.

Incorporation Date
1998/07/31

Jurisdiction
ONTARIO

Corporation Type
ONTARIO BUSINESS CORP.

Corporation Status
ACTIVE

Former Jurisdiction
NOT APPLICABLE

Registered Office Address

BOX 130

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Mailing Address

BOX 130

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Amalgamated
NOT APPLICABLE

Amalgamation Ind.
NOT APPLICABLE

New Amal. Number
NOT APPLICABLE

Notice Date
NOT APPLICABLE

Letter Date
NOT APPLICABLE

Revival Date
NOT APPLICABLE

Continuation Date
NOT APPLICABLE

Transferred Out Date
NOT APPLICABLE

Cancel/Inactive Date
NOT APPLICABLE

EP Licence Eff.Date
NOT APPLICABLE

EP Licence Term.Date
NOT APPLICABLE

Number of Directors Minimum	Number of Directors Maximum	Date Commenced in Ontario	Date Ceased in Ontario
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification
NOT AVAILABLE

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1308406	1308406 ONTARIO INC.

Corporate Name History	Effective Date
1308406 ONTARIO INC.	1998/07/31

Current Business Name(s) Exist: NO

Expired Business Name(s) Exist: NO

Administrator:
Name (Individual / Corporation)

PETER
J.
GRANT, SR.

Address

P.O. BOX 130, R.R. #1, LOT 10
CONCESSION 3

NEW LISKEARD
ONTARIO
CANADA POJ 1PO

Date Began	First Director	
1998/09/08	NOT APPLICABLE	

Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID:	011395291
Transaction ID:	38742125
Category ID:	UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced:	2009/07/03
Time Report Produced:	14:31:20
Page:	3

CORPORATION PROFILE REPORT

Ontario Corp Number

1308406

Corporation Name

1308406 ONTARIO INC.

Administrator:
Name (Individual / Corporation)

PETER
J.
GRANT, SR.

Address

P.O. BOX 130, R.R. #1, LOT 10
CONCESSION 3

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Began

1998/09/08

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:
Name (Individual / Corporation)

PETER
M.
LYNCH

Address

142 BESSBOROUGH DRIVE

TORONTO
ONTARIO
CANADA M4G 3J6

Date Began

1998/07/31

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

CORPORATION PROFILE REPORT

Ontario Corp Number

1308406

Corporation Name

1308406 ONTARIO INC.

Administrator:
Name (Individual / Corporation)

PETER
M.
LYNCH

Address

142 BESSBOROUGH DRIVE

TORONTO
ONTARIO
CANADA M4G 3J6

Date Began	First Director	
1998/09/08	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1308406	1308406 ONTARIO INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2007	1C	2008/11/22

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

EXHIBIT “C”

Request ID: 011395307
Transaction ID: 38742173
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2009/07/03
Time Report Produced: 14:32:32
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number

1421485

Corporation Name

GRANT FOREST PRODUCTS CORP.

Amalgamation Date

2000/03/01

Jurisdiction

ONTARIO

Corporation Type

ONTARIO BUSINESS CORP.

Corporation Status

CONTINUED IN ONTARIO

Former Jurisdiction

NOVA SCOTIA

Registered Office Address

TWIN LAKES ROAD A4

NEW LISKEARD
ONTARIO
CANADA POJ 1PO

Mailing Address

NOT AVAILABLE

Date Amalgamated	**Amalgamation Ind.**
NOT APPLICABLE	A
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	2009/06/25
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors		Date Commenced in Ontario	Date Ceased in Ontario
Minimum	Maximum		
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1421485	GRANT FOREST PRODUCTS CORP.

Corporate Name History	Effective Date
GRANT FOREST PRODUCTS CORP.	2009/06/25
GRANT FOREST PRODUCTS LIMITED	2009/06/25
GRANT FOREST PRODUCTS CORP.	2000/06/07

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	YES - SEARCH REQUIRED FOR DETAILS

Amalgamating Corporations

Corporation Name	Corporate Number
GRANT FOREST PRODUCTS CORP.	1273411

CORPORATION PROFILE REPORT

Ontario Corp Number

1421485

Corporation Name

GRANT FOREST PRODUCTS CORP.

Administrator:
Name (Individual / Corporation)

PETER
J.
GRANT SR.

Address

HIGHWAY NO 11
HUDSON TOWNSHIP

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Began

NOT APPLICABLE

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:
Name (Individual / Corporation)

PETER
M.
LYNCH

Address

142 BESSBOROUGH DRIVE

TORONTO
ONTARIO
CANADA M4G 3J6

Date Began

NOT APPLICABLE

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1421485	GRANT FOREST PRODUCTS CORP.

Last Document Recorded

Act/Code	Description	Form	Date
BCA	ARTICLES OF CONTINUANCE	6	2009/06/25

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

EXHIBIT “D”

CORPORATION PROFILE REPORT

Ontario Corp Number

1483556

Corporation Name

GRANT FOREST PRODUCTS INC.

Amalgamation Date

2001/07/04

Jurisdiction

ONTARIO

Corporation Type

ONTARIO BUSINESS CORP.

Corporation Status

ACTIVE

Former Jurisdiction

NOT APPLICABLE

Registered Office Address

PO BOX 130

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Mailing Address

PO BOX 130

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Amalgamated	**Amalgamation Ind.**
NOT APPLICABLE	A
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	**Maximum**	**Date Commenced in Ontario**	**Date Ceased in Ontario**
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1483556	GRANT FOREST PRODUCTS INC.

Corporate Name History	Effective Date
GRANT FOREST PRODUCTS INC.	2001/07/04

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Amalgamating Corporations

Corporation Name	Corporate Number
GRANT FOREST PRODUCTS INC.	1309669
MEADOWSIDE LUMBER LIMITED	205793

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1483556	GRANT FOREST PRODUCTS INC.

Administrator:
Name (Individual / Corporation) | **Address**

PER

BRUNES

330 EDWORTHY WAY

NEW WESTMINSTER
BRITISH COLUMBIA
CANADA V3L 5G5

Date Began	First Director	
2001/07/04	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation) | **Address**

PETER

GRANT JR

61 OLD FOREST ROAD

TORONTO
ONTARIO
CANADA M5P 2R1

Date Began	First Director	
2001/07/04	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1483556	GRANT FOREST PRODUCTS INC.

Administrator:
Name (Individual / Corporation)

PETER

GRANT JR

Address

61 OLD FOREST ROAD

TORONTO
ONTARIO
CANADA M5P 2R1

Date Began	First Director	
2004/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	Y

Administrator:
Name (Individual / Corporation)

PETER

GRANT JR

Address

61 OLD FOREST HILL ROAD

TORONTO
ONTARIO
CANADA M5P 2R1

Date Began	First Director	
2004/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	CHIEF OPERATING OFFICER	

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1483556	GRANT FOREST PRODUCTS INC.

Administrator:
Name (Individual / Corporation) | **Address**

PETER
J
GRANT SR

RR#1 LOT 10, CONCESSION 3
P.O. BOX 130

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Began	First Director	
2001/07/04	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation) | **Address**

PETER
J
GRANT SR

RR#1 LOT 10, CONCESSION 3
P.O. BOX 130

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Began	First Director	
2004/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	CHAIRMAN	

CORPORATION PROFILE REPORT

Ontario Corp Number

1483556

Corporation Name

GRANT FOREST PRODUCTS INC.

Administrator:
Name (Individual / Corporation)

PETER
J
GRANT SR

Address

RR#1 LOT 10, CONCESSION 3
P.O. BOX 130

NEW LISKEARD
ONTARIO
CANADA P0J 1P0

Date Began	First Director	
2004/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	CHIEF EXECUTIVE OFFICER	

Administrator:
Name (Individual / Corporation)

MICHAEL

HARRIS

Address

250 YONGE STREET

Suite # 2400
TORONTO
ONTARIO
CANADA M5B 2M6

Date Began	First Director	
2002/05/30	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1483556	GRANT FOREST PRODUCTS INC.

Administrator:
Name (Individual / Corporation)

PETER
M
LYNCH

Address

142 BESSBOROUGH DRIVE

TORONTO
ONTARIO
CANADA M4G 3J6

Date Began	First Director	
2001/07/04	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation)

PETER
M
LYNCH

Address

142 BESSBOROUGH DRIVE

TORONTO
ONTARIO
CANADA M4G 3J6

Date Began	First Director	
2001/07/04	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	OTHER	

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1483556	GRANT FOREST PRODUCTS INC.

Administrator:
Name (Individual / Corporation)

WILLIAM
W
STINSON

Address

150 KING STREET WEST
6TH FLOOR

TORONTO
ONTARIO
CANADA M5H 1J9

Date Began	First Director	
2001/07/04	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation)

JAMES
D.
WALLACE

Address

1 CEASAR ROAD

SUDBURY
ONTARIO
CANADA P3E 5P3

Date Began	First Director	
2006/03/30	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1483556	GRANT FOREST PRODUCTS INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2008	1C	2008/08/09 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

PLEASE NOTE THAT WHEN THE SAME INDIVIDUAL HOLDS MULTIPLE 'OTHER UNTITLED' OFFICER POSITIONS, AS INDICATED ON A FORM 1 UNDER THE *CORPORATIONS INFORMATION ACT*, ONLY ONE OF THESE 'OTHER UNTITLED' POSITIONS HELD BY THAT INDIVIDUAL WILL BE REFLECTED ON THIS REPORT.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

MOTION RECORD

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON CANADA N6A 5R8

Alissa K. Mitchell LSUC#: 35104E
Tel: 519.931.3510
Fax: 519.858.8511

Lawyers for the GE Canada Leasing Services Company

3618333.1