

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

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
COTTON GINNY INC., CG OPERATIONS (H/O) LIMITED, CG OPERATIONS I
LIMITED, CG OPERATIONS II LIMITED

MOTION RECORD OF THE MONITOR,
MINTZ & PARTNERS LIMITED
(returnable April 21, 2008)

KRONIS, ROTSZTAIN, MARGLES, CAPPEL
Barristers and Solicitors
25 Sheppard Avenue West
Suite 700
Toronto, Ontario
M2N 6S6

Mervyn D. Abramowitz (LSUC #28325R)
L. Viet Nguyen (LSUC #46694K)

Tel: (416) 225-8750
Fax: (416) 225-3910

Lawyers for the Monitor

TO: SERVICE LIST – Updated as of April 17, 2008

Counsel	Lawyer(s)/ Contact Person(s):	Party Representing	E-MAIL ADDRESS (if applicable)
<p>GOWLING LAFLEUR HENDERSON LLP 1 First Canadian Place 100 King Street West Toronto, ON M5X 1G5</p>	<p>E. Patrick Shea Tel: (416) 369-7399 Fax: (416) 369-7250</p>	<p>Counsel to Cotton Ginny Inc., CG Operations (H/O) Limited, CG Operations I Limited, CG Operations II Limited</p>	<p>patrick.shea@gowlings.com</p>
<p>OSLER, HOSKIN & HARCOURT LLP Box 50, 1 First Canadian Place Toronto, ON M5X 1B8</p>	<p>John A. MacDonald Tel: (416) 862-5672</p> <p>Tracy C. Sandler Tel: (416) 862-5890 Fax: (416) 862-6666</p>	<p>Solicitors for Retail Funding Inc.</p>	<p>jmacdonald@osler.com</p> <p>tsandler@osler.com</p>
<p>MINTZ & PARTNERS LIMITED Suite 200, 1 Concorde Gate Toronto, ON M3C 4G4</p>	<p>Daniel R. Weisz Tel: (416) 644-4386</p> <p>Hartley Bricks Tel: (416) 644-4431</p> <p>Fax: (416) 644-4303</p>	<p>Monitor</p>	<p>dweisz@deloitte.ca</p> <p>hbricks@deloitte.ca</p>
<p>KRONIS ROTSZTAIN MARGLES CAPPEL 25 Sheppard Avenue West Suite 700 Toronto, ON M2N 6S6</p>	<p>Mervyn D. Abramowitz Tel: (416) 225-8750 Fax: (416) 225-3910</p>	<p>Counsel to the Monitor</p>	<p>mabramowitz@krmc-law.com</p>
<p>STIKEMAN ELLIOTT LLP Barristers and Solicitors 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9</p>	<p>Daniel S. Murdoch Tel: (416) 869-5529 Fax: (416) 947-0866</p>	<p>Solicitors for Black Saxon QRC Inc., in its capacity as General Partner for and on behalf of QRC Limited Partnership, Continental Saxon (CG) Limited and CG Capital Limited</p>	<p>dmurdoch@stikeman.com</p>

Counsel	Lawyer(s)/ Contact Person(s):	Party Representing	E-MAIL ADDRESS (if applicable)
MCLEAN & KERR LLP Barristers and Solicitors Suite 2600 130 Adelaide Street West Toronto, ON M5H 3P5	Walter Stevenson Tel: (416) 369-6602 Linda Galessiere Tel: (416) 369-6609 Gus Camelino Tel: (416) 369-6621 Fax: (416) 366-8571	Solicitors for OMERS Realty Management Corporation, Ivanhoe Cambridge 1 Inc., Morguard Investments Limited and 20 VIC Management Inc., on behalf of OPB Realty Inc.	wstevenson@mcleankerr.com lgalessiere@mcleankerr.com gcamelino@mcleankerr.com
GOODMANS LLP Barristers and Solicitors 250 Yonge Street, Suite 2400 Toronto, ON M5B 2M6	Jason Wadden David Bish Tel: (416) 979-2211 Fax: (416) 979-1234	Solicitors for The Cadillac Fairview Corporation Limited	jwadden@goodmans.ca dbish@goodmans.ca
GOODMANS LLP Barristers and Solicitors 250 Yonge Street, Suite 2400 Toronto, ON M5B 2M6	Frederick L. Myers Tel: (416) 597-5923 Daniel Cappe Tel: (416) 979-2211 Fax: (416) 979-1234	Solicitors for Effigi Inc.	fmyers@goodmans.ca dcappe@goodmans.ca
OGILVY RENAULT LLP Toronto Office Suite 3800, Royal Bank Plaza, South Tower 200 Bay Street, P.O. Box 84 Toronto, ON M5J 3Z4	Mario Forte Tel: (416) 216-4870 Jennifer Stam Tel: (416) 216-2327 Fax: (416) 216-3930	Solicitors for RSM Richter Inc.	mforte@ogilvyrenault.com jstam@ogilvyrenault.com
AYLESWORTH LLP P.O. Box 124 18 th Floor, 222 Bay Street Toronto, ON M5K 1H1	Richard B. Jones Tel: (416) 777-4022 Lisa S. Corne Tel: (416) 646-4608 Fax: (416) 865-1398	Solicitors for 6301533 Canada Inc.	rjones@aylaw.com lcorne@aylaw.com

Counsel	Lawyer(s)/ Contact Person(s):	Party Representing	E-MAIL ADDRESS (if applicable)
WILSON VUKELICH LLP 60 Columbia Way, Suite 710 Markham, ON L3R 0C9	Douglas D. Langley Tel: (905) 940-8711 Fax: (905) 940-8785	Solicitors for Qi & Compagnie Ltd.	dlangley@wilsonvukelich.com
OWEN BIRD LAW CORPORATION PO Box 49130 2900-595 Burrard Street Vancouver, BC V7X 1J5	Alan A. Frydenlund Tel: (604) 691-7511 Fax: (604) 632-4486	Solicitors for Pioko International Imports Inc., Vikeda Industries, KTC Canaren Inc, and International Fashions Ltd.	afrydenlund@owenbird.com
FRASER MILNER CASGRAIN 1 First Canadian Place Toronto, ON M5X 1B2	Jane O. Dietrich Tel: (416) 863-4467 Fax: (416) 863-4592	Solicitors for The Apparel Source, Inc.	jane.dietrich@fmc-law.com
HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA c/o Ministry of the Attorney General Legal Services Branch Revenue & Taxation Group Suite 601, 1175 Douglas Street, P.O. Box 9289 Stn. Prov. Govt.. Victoria, BC V8W 9J7	Aaron Welch Tel: (250) 365-8589 Fax: (250) 387-0700	Solicitors for Her Majesty the Queen in Right of the Province of British Columbia	Aaron.Welch@gov.bc.ca
COTTON GINNY	Julie Rulli Tel: (905) 238-3871		jrulli@cottonginny.ca

Counsel	Lawyer(s)/ Contact Person(s):	Party Representing	E-MAIL ADDRESS (if applicable)
CANADA REVENUE AGENCY Toronto West Insolvency Team, Collections Enforcement, Taxpayer Services and Debt Management Branch 5800 Hurontario Street P.O. Box 6000 Mississauga, ON L5A 4E9	Brian J. Webb Tel: (905) 615-2358 Fax: (905) 277-6247		BrianJ.Webb@cra-arc.gc.ca
Ministry of Revenue Insolvency Unit - Revenue Collections Branch 33 King St., West, 6th floor Oshawa ON L1H 8H5 Attention: Marielle Chabot	Marielle Chabot Senior Insolvency Officer Tel: (905) 433-5905		Marielle.Chabot@ontario.ca

INDEX

<u>TAB</u>	<u>DOCUMENT</u>	<u>PAGES</u>
1	Notice of Motion, returnable April 21, 2008	1 – 4
2	Sixth Report of the Monitor, dated as of April 18, 2008	5 – 8
A	APPENDIX “A” – Order of the Honourable Justice Morawetz, dated March 14, 2008	9 – 21

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

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
COTTON GINNY INC., CG OPERATIONS (H/O) LIMITED, CG OPERATIONS I
LIMITED, CG OPERATIONS II LIMITED

NOTICE OF MOTION

MINTZ & PARTNERS LIMITED (the "Monitor"), the Monitor for **COTTON GINNY INC., CG OPERATIONS (H/O) LIMITED, CG OPERATIONS I LIMITED, CG OPERATIONS II LIMITED** (collectively referred to as the "Companies") will make a motion to the Honourable Justice Morawetz at 9:30 a.m. on April 21, 2008, or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: the Motion will be heard orally.

THE MOTION IS FOR:

1. An Order extending the deadline set out in the Claims Procedure (the "Claims Procedure") approved by the Order of the Honourable Justice Morawetz dated March 14, 2008 (the "March 14 Order") within which the Monitor is to review all Proofs of Claim received by the Companies to April 25, 2008;
2. such further and other relief as to this Honourable may seem just.

THE GROUNDS FOR THE MOTION ARE:

1. On February 21, 2008, the Applicant was granted an Order under the *Companies' Creditors Arrangement Act* ("CCAA") (the "Initial Order"), including a stay of proceedings to March 14, 2008 (the "Stay Period");
2. On March 14, 2008, the Companies brought a motion before Justice Morawetz for approval of the Claims Procedure and an extension of the Stay Period to May 16, 2008;
3. Justice Morawetz approved the Claims Procedure, and ordered that the Stay Period be extended to April 24, 2008;
4. The Claims Procedure provides, *inter alia*, that the Monitor shall review all Proofs of Claim received by April 8, 2008 (the "Claims Bar Date") and notify each Creditor who has filed a Proof of Claim as to whether such Creditor's Claim has been revised or rejected, by sending a Notice of Revision or Disallowance by April 21, 2008;
5. The Monitor has complied with its obligations under the Claims Procedure;
6. The Companies' limited staff is currently also dealing with the obligations of SAAN Stores Ltd. – Les Magasins SAAN Ltée ("SAAN") in its CCAA claims process. Mintz & Partners Limited is also acting as Monitor for SAAN. The Companies' limited staff therefore has had limited time to provide the Monitor with the information it requires to evaluate the Proofs of Claim in order to comply with the April 21, 2008 timeframe;
7. The Companies have not provided the Monitor with all of the information requested;

8. Further, the review of the Proofs of Claim is complicated by the fact that there are four companies in this reorganization;
9. The Monitor will therefore not be in a position to complete the evaluation of all of the Proofs of Claim submitted and send out the Notices of Revision or Disallowance by April 21, 2008 and requires an extension of time to complete its work;
10. A short extension of time will permit the Monitor to review the claims against the Companies which will assist the Companies in formulating any plan of compromise and arrangement that the Companies may wish to put forward;
11. The Companies support the extension of the date for the Monitor to complete its work and deliver the Notices of Revision or Disallowance;
12. The short extension requested will not impact the restructuring process, including the filing of any plan of compromise and arrangement;
13. The provisions of the CCAA, including section 11.7;
14. Rule 3.02 of the *Rules of Civil Procedure*; and,
15. such further and other grounds as this Honourable Court may permit.

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

1. The Sixth Report of the Monitor dated April 18, 2008 and the appendices attached thereto; and,
2. Such further and other evidence as this Honourable Court may permit.

DATE: April 18, 2008

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL**
Barristers and Solicitors
700-25 Sheppard Avenue West
Toronto, Ontario, M2N 6S6

Mervyn D. Abramowitz (28325R)
L. Viet Nguyen (46694K)

Tel: (416) 225-8750
Fax: (416) 225-3910

Solicitors for the Monitor,
Mintz & Partners Limited

Court File No. 08-CL-7415

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**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
COTTON GINNY INC., CG OPERATIONS (H/O) LIMITED, CG OPERATIONS I
LIMITED, CG OPERATIONS II LIMITED**

**SIXTH REPORT OF THE MONITOR
(Dated as of April 18, 2008)**

1. On February 21, 2008, the Companies obtained an Order under the *Companies' Creditors Arrangement Act* ("CCAA") protecting them from their creditors (the "Initial Order") and providing for a stay of proceedings until March 14, 2008 (the "Stay Period"). MPL was appointed as the Monitor for the Companies.
2. On March 14, 2008, the Companies brought a motion before the Honourable Justice Morawetz for approval of a Claims Procedure (the "Claims Procedure") and an extension of the Stay Period to May 16, 2008.

3. At the hearing of the motion, the Honourable Justice Morawetz approved a revised Claims Procedure and ordered that the Stay Period be extended to April 24, 2008. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a true copy of the Order of the Honourable Justice Morawetz, dated March 14, 2008 (the "March 14 Order"). Attached as Schedule "A" to the March 14 Order is the Claims Procedure.

4. The Claims Procedure set out a process for the identification and determination of claims against the Companies. Pursuant to that process, the Monitor notified the Companies' creditors of the Claims Procedure and creditors delivered Proofs of Claim to the Monitor. The Monitor is required to review all Proofs of Claim received by the Claims Bar Date and notify each creditor as to whether its claim has been revised or rejected, by sending a Notice of Revision or Disallowance by April 21, 2008.

THE NEED FOR AN EXTENSION OF TIME

5. The Monitor has complied with all of its obligations under the Claims Procedure and has acted diligently to be in a position to evaluate the numerous Proofs of Claim ahead of the April 21, 2008 deadline to send the Notices of Revision or Disallowance to creditors.

6. From the Monitor's attendances at the Companies' premises and from dealing with various individuals, there appear to be only a few people at the Companies who actually deal with, and have knowledge of the Companies' dealings with creditors.

7. Further, those same people have been preoccupied with the SAAN claims process, a similar claims procedure going on concurrently with the claims process for the Companies. As the SAAN claims process was earlier in time, resources were allocated to deal with the SAAN claims process first and then the Companies' claims process.

8. Further, the review of the claims is complicated by the fact that there are four companies in this reorganization. The fifth report of the Monitor dated April 17, 2008 addresses this issue further.

9. Representatives of the Monitor have attended at the Companies' office premises on numerous occasions. The Monitor has requested financial information from the Companies' staff to evaluate the Proofs of Claim. Some of the information has not yet been received by the Monitor.

10. As a result, despite the best efforts of the Monitor and the Companies, the Monitor will not be in a position to complete the evaluation of all of the Proofs of Claim submitted and send out the Notices of Revision or Disallowance by April 21, 2008.

11. As the number of creditors and the quantum of the claims could impact on the formulation of a proposed Plan of Compromise or Arrangement, it is very important that the Monitor has sufficient time to properly evaluate the Proofs of Claim, so that the Companies have sufficient information to consider a viable Plan.


12. The Monitor therefore respectfully requests a short extension of the time to send its Notices of Revision or Disallowance to April 25, 2008.

13. The Monitor is advised that the Companies support the Monitor's motion for an extension of time.

14. The Companies' counsel has also indicated that, if granted, the short extension of time requested will not delay the overall process herein, including the filing of any Plan of Compromise or Arrangement.

ALL OF WHICH is respectfully submitted this 18th day of April, 2008

MINTZ & PARTNERS LIMITED in its capacity
as the Monitor of Cotton Ginny Inc., CG Operations
(H/O) Limited, CG Operations I Limited and CG
Operations II Limited and not in its personal
capacity

Per 

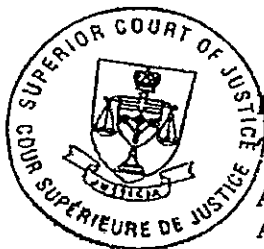
Daniel R. Weisz
Senior Vice President

APPENDIX A

Court File No.: 08-CL-7415

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**THE HONOURABLE MR.) FRIDAY, THE 14TH
JUSTICE MORAWETZ) DAY OF MARCH, 2008**



**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 COTTON GINNY INC., CG OPERATIONS (H/O)
LIMITED, CG OPERATIONS I LIMITED, CG OPERATIONS II
LIMITED**

ORDER

(Stay Extension and Claims' Procedure)

THIS MOTION made by the Cotton Ginny Inc., CG Operations (H/O) Limited, CG Operations I Limited, CG Operations II Limited (individually and together, the "Applicant"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the affidavit of Julie Rulli sworn March 11, 2008, the First Report of Mintz & Partners Limited (the "Monitor"), in its capacity as monitor of the Applicants, dated February 29, 2008 (the "First Report") and the Monitor's Second Report dated March 11, 2008 (the "Second Report"), and on hearing the submissions of counsel for the Applicant, the Monitor, Effigi Inc., and counsel to OMERS Realty Management Corporation, Ivanhoe Cambridge 1 Inc., Morguard Investments Limited and 20 VIC Management Inc, on behalf of OPB Realty Inc., and Cadillac Fairview Corporation Limited;

- 2 -

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.
2. **THIS COURT ORDERS AND DECLARES** that the Stay Period, as defined in the Initial Order dated February 21, 2008 be and is hereby extended to April 24, 2008.
3. **THIS COURT ORDERS** that the procedure set forth on the attached Schedule "A" (the "Claims Procedure") be and is hereby approved, the Monitor is authorized and directed to implement the Claims Procedure and all terms used in this Order shall have the meaning assigned by the Claims Procedure.
4. **THIS COURT ORDERS** that the calling for claims and the Claims Procedure contemplated in this Order, as may be amended or supplemented by this Court from time to time, shall be binding and effective in any bankruptcy of the Applicants.
5. **THIS COURT ORDERS** that nothing in this Order or the Claims Procedure shall: (a) constitute or be deemed to constitute an allocation or assignment of Claims into particular classes and that the determination of classes of creditors, if any occurs, for voting and distribution purposes shall be as established in any plan of compromise or arrangement filed by the Applicant or by further order of this Court; or (b) impact the determination as to whether the Applicants' should be consolidated for the purposes of any plan(s) of compromise or arrangement, including the classification of creditors for the purpose of voting on or the receipt of dividends under any such plan(s).
6. **THIS COURT ORDERS** that the Applicants or the Monitor may, from time to time, apply to this Court for directions in the discharge of the Monitor's powers and duties hereunder or in respect of the proper execution of this Order.
7. **THIS COURT ORDERS** that the activities of the Monitor as described in the First Report be and are hereby approved.





Schedule "A"

Claims Procedure

A. Definitions

The following terms shall have the meanings ascribed:

"Affected Claim" means all Claims other than Unaffected Claims;

"Affected Creditor" means all Creditors with Affected Claims;

"Applicants" means Cotton Ginny Inc., CG Operations I Limited, CG Operations II Limited and CG Operations H/O Limited;

"Business Day" means a day which is not: (a) a Saturday or a Sunday; or (b) a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable in the Province of Ontario;

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36;

"CCAA Proceedings" means the proceedings before the Court in respect of the application by the Applicant commenced pursuant to the CCAA;

"Claim" means any right or claim of any Person against the Applicant, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Applicant, which indebtedness, liability or obligation is in existence at the Commencement Date and any interest that may accrue thereon which there is an obligation to pay, and costs which such Person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory or otherwise) against any property or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which exist prior to the Commencement Date, together with any other claims that would have been claims provable in bankruptcy had the Applicant become bankrupt on the Commencement Date;

"Claims Bar Date" means 5:00 p.m. on April 8, 2008;

"Claims Procedure" means the claims procedure and schedules set out herein and as approved in the Filing Order, as may be amended from time to time;

"Commencement Date" means February 21, 2008;

"Court" means the Ontario Superior Court of Justice (Commercial List);

"Creditor" means any Person having a Claim and, if the context requires, an assignee or transferee of a Claim or a trustee, receiver, receiver manager or other Person acting on behalf of such Person;

"DIP Lender" has the meaning assigned in the Initial Order;

"Dollars" or **"\$"** means lawful money of Canada unless otherwise indicated;

"Filing Order" means the Order dated March 14, 2008 establishing, *inter alia*, the procedure for Creditors to prove their Claims;

"Initial Order" means the Initial Order dated February 21, 2008;

"Monitor" means Mintz & Partners Limited, as appointed by the Initial Order, and any successor thereto appointed by any further Order;

"Notice to Creditors" means the notice substantially in the form attached hereto as Schedule "A";

"Notice of Revision or Disallowance" means the notice substantially in the form of Schedule "C";

"Order" means any order of the Court in connection with the CCAA Proceedings;

"Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted;

"Proof of Claim" means the Proof of Claim substantially in the form attached hereto as Schedule "B";

"Secured Creditor" means the DIP Lender;

"Unaffected Claims" means (a) Claims of the Monitor and its counsel, Claims of the Applicants' counsel arising before or after the Commencement Date; (b) Claims of the Secured Creditors; (c) Claims for wages, salary and vacation pay accruing due to employees; and (d) Claims for amounts due for goods or services actually supplied to the Applicants after the Commencement Date; and

“Unaffected Creditor” means any Creditor with an Unaffected Claim.

B. General Provisions

1. Copies of all Proofs of Claim and Notices of Revision or Disallowance, and determinations of Claims by the Court shall be maintained by the Monitor and, subject to further order of the Court, all Creditors will be entitled to have access thereto by appointment during normal business hours on written request to the Monitor.
2. For the purposes of this Claims Procedure, all Claims which are denominated in a foreign currency shall be converted to Canadian dollars as at the Commencement Date as provided by subsection 18.6(8) of the CCAA.
3. The Monitor is authorized to use reasonable discretion as to adequacy of compliance with respect to the manner in which Proofs of Claim and Notices of Revision or Disallowance are completed and executed, and may, where the Monitor is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Procedure as to completion and execution of Proofs of Claim or Notices of Revision or Disallowance.
4. Any document to be sent pursuant to this Claims Procedure may be sent by e-mail, ordinary mail, registered mail, courier or facsimile transmission. An Affected Creditor shall be deemed to have received any document sent pursuant to this Claims Procedure five (5) Calendar Days after such document is sent by ordinary mail and registered mail and one Calendar Day after such document is sent by e-mail, courier or facsimile transmission.
5. In the event that any provision of the Claims Procedure is amended by or is contrary to a provision of an Order of the Court made in the CCAA Proceedings, the provision of such Order shall have precedence over the provision of the Claims Procedure.
6. All references to time herein shall mean local time in Toronto, Ontario, Canada and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein.
7. References to the singular herein include the plural, the plural includes the singular and any gender includes the other gender.

C. Schedules

The following Schedules form part of this Claims Procedure:

Schedule “A” - Notice to Creditors (Publication)

Schedule “B” - Proof of Claim

Schedule "C" - Notice of Revision or Disallowance

D. Claims Procedure

1. The Monitor shall send, on or before 11:59 p.m. on **March 19, 2008**, to each known Affected Creditor a Proof of Claim together with a copy of the Claims Procedure and the order approving the Claims Procedure.
2. On or before **March 21, 2008**, the Monitor shall publish the Notice to Creditors substantially in the form attached as Schedule "A" hereto, in The Globe & Mail (National Edition).
3. The Monitor shall send to each Affected Creditor responding to the Notice to Creditors a Proof of Claim together with a copy of the Claims Procedure.
4. Each Affected Creditor must return the Proof of Claim to the Monitor by no later than the Claims Bar Date. Proofs of Claim may be delivered by telecopier. The Monitor shall forthwith provide a copy of such Proof of Claim to the Applicants.
5. Any Affected Creditor that does not file a Proof of Claim by the Claims Bar Date: (a) shall not be entitled to attend or vote at any Affected Creditors' Meeting; (b) shall not be entitled to receive any distribution and its Claim shall be forever extinguished and barred; and (c) shall not be entitled to notice of any further matters in the CCAA Proceedings.
6. Unaffected Creditors shall not be required to participate in the Claims Procedure in respect of their Unaffected Claims. The Monitor will not review or consider any Proof of Claim filed in respect of an Unaffected Claim.
7. The Monitor shall review all Proofs of Claim received by the Claims Bar Date and by no later than 11:59 p.m. on **April 21, 2008**, have notified each Creditor who has filed a Proof of Claim as to whether such Creditor's Claim as set out therein has been revised or rejected, and the reasons therefor, by sending a Notice of Revision or Disallowance substantially in the form attached as Schedule "C" hereto. Notices of Revision or Disallowance will be sent to the address set forth on the corresponding Proof of Claim and may be delivered via telecopier or e-mail. Where the Monitor does not send by such date a Notice of Revision or Disallowance to a Creditor who has submitted a Proof of Claim, the Applicants shall be deemed to have accepted such Creditor's Claim in the amount set out in the Proof of Claim.
8. Any Creditor who intends to dispute a Notice of Revision or Disallowance shall, by no later than 5:00 p.m. on the day that is ten (10) days after the delivery of the Notice of Dispute or Disallowance, serve a Notice of Motion on the Monitor seeking to appeal the Monitor's determination. The motion must be returnable for scheduling on **May 1, 2008**.

9. Where a Creditor that receives a Notice of Revision or Disallowance does not serve a Notice of Motion by the date required, the value of such Creditor's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance.

Schedule "A"**NOTICE TO CREDITORS OF COTTON GINNY INC., CG OPERATIONS I LIMITED,
CG OPERATIONS II LIMITED AND CG OPERATIONS (H/O) LIMITED**

TAKE NOTE THAT Cotton Ginny Inc., CG Operations I Limited, CG Operations II Limited and CG Operations (H/O) Limited (the "Applicants") intend to file plan(s) of compromise or arrangement (the "Plan"). An Order of the Ontario Superior Court of Justice made March 14, 2008 (the "Order") provides for a procedure for the determination of all claims, contingent or otherwise, against the Applicants.

THE CLAIMS BAR DATE is 5:00 p. m. (Toronto time) on April 8, 2008. You must file a Proof of Claim by this date in order to participate in the Plan. Any creditor who has not received a Proof of Claim in the mail must contact the Monitor immediately at the address below to determine if they are an Affected Creditor and obtain a Proof of Claim. The Monitor can be contacted at:

**MINTZ & PARTNERS LIMITED
1 Concorde Gate
Suite 200
Toronto ON M3C 4G4
Canada**

**Attention: Anna Koroneos
Telephone: (416) 644-4432
Facsimile: (416) 644-4303
e-mail: akoroneos@deloitte.ca**

HOLDERS OF AFFECTED CLAIMS who do not file a Proof of Claim by the Claims Bar Date will not be entitled to vote at any meeting of creditors regarding any Plan(s) proposed by the Applicants or participate in any distribution provided for in the Plan(s) to be filed by the Applicants.

Schedule "B"

Proof of Claim

A. Particulars of Creditor:

- (1) Full Legal Name of Creditor:
- (2) Full Mailing Address of Creditor:
- (3) Telephone Number of Creditor:
- (4) Facsimile Number of Creditor:
- (5) E-mail Address of Creditor:
- (6) Attention (Contact Person):

B. Particulars of Original Creditor from Whom You Acquired Claim, if Applicable:

- (1) Have you acquired this Claim by assignment?
 Yes [] No []
 (if yes, attach documents evidencing assignment)
- (2) Full Legal Name of original creditor(s):

C. Claim:

I,, [name of Creditor or authorized representative of the Creditor], do hereby certify that I am a Creditor of/hold the position of of the Creditor and have knowledge of all the circumstances connected with the Claim described herein; and

The Creditor makes the following Claim (e.g. claims as at February 21, 2008) against:

Applicant	Claim Amount	Secured (Y or N)
Cotton Ginny Inc.		
CG Operations I Limited		
CG Operations II Limited		
CG Operations (H/O) Limited		

D. Particulars of Claim:

The Particulars of the undersigned's total Claim are attached.

(Attach a schedule setting forth full particulars of the Claim(s) against the Applicant(s) and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim(s), name of any guarantor(s) which has guaranteed the Claim(s), and amount of Claim(s) allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the Applicant(s) to Creditor or title retention arrangement with the Applicant(s) and estimated value of such security or title retention arrangement).

THIS PROOF OF CLAIM MUST BE RETURNED TO AND RECEIVED BY THE MONITOR BY 5:00 P.M. (TORONTO TIME) ON THE CLAIMS BAR DATE (APRIL 8, 2008) AT THE FOLLOWING ADDRESS:

**MINTZ & PARTNERS LIMITED
1 Concorde Gate
Suite 200
Toronto ON M3C 4G4
Canada**

**Attention: Anna Koroneos
Telephone: (416) 644-4432
Facsimile: (416) 644-4303
e-mail: akoroneos@deloitte.ca**

DATED at this day of, 2008.

Per: _____
Authorized Signing Officer

Schedule "C"

Notice of Revision or Disallowance

TO: *[insert name and address of creditor]*

MINTZ & PARTNERS LIMITED (the "Monitor"), has reviewed your Proof of Claim dated the ____ day of _____, 2008, and has revised or rejected your claim for the following reasons:

[Please see attached]

Subject to further dispute by you in accordance with the provisions of the Claims Procedure, your Claim will be allowed as follows:

Applicant	Claims as Filed	Claim as Allowed

If you intend to dispute this Notice of Revision or Disallowance, you must, no later than **ten (10) days after the delivery of this notice**, bring a Motion seeking to appeal the Monitor's determination by serving a Notice of Motion seeking to appeal the Monitor's determination. Your Motion must be returnable for scheduling on **May 1, 2008** and served on the Monitor at:

MINTZ & PARTNERS LIMITED
1 Concorde Gate
Suite 200
Toronto ON M3C 4G4
Canada

Attention: Hartley Bricks
Facsimile: (416) 644-4303

with a copy to:

KRONIS ROTSZTAIN MARGLES CAPPEL
25 Sheppard Avenue West
Suite 700
Toronto, ON M2N 6S6
Canada

Attention: Mervyn D. Abramowitz
Facsimile: (416) 225-3910

- 2 -

If you do not bring a Motion appealing, the value of your Claim shall be deemed to be as set out in this Notice of Revision or Disallowance.

DATED at Toronto, this _____ day of _____, 2008.

MINTZ & PARTNERS LIMITED

Per: _____
Authorized Signing Officer

TOR_LAW\6813213\2

Court File No.: 08-CL-7415

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

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COTTON GINNY LIMITED A ET AL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

(PROCEEDING COMMENCED AT TORONTO)

ORDER

GOWLING LAFLEUR HENDERSON LLP

Barristers & Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto ON M5X 1G5

Clifton Prophet (LSUC No. 34345K)
E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7200
Fax: (416) 862-7661

SOLICITORS FOR THE APPLICANT

**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 COTTON GINNY INC., CG
OPERATIONS (H/O) LIMITED, CG OPERATIONS I LIMITED, CG OPERATIONS II LIMITED**

Court File No.: 08-CL-7415

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

Proceeding commenced at Toronto

**MOTION RECORD OF THE MONITOR,
MINTZ & PARTNERS LIMITED**

**KRONIS, ROTSZTAIN, MARGLES,
CAPPEL**

Barristers and Solicitors
25 Sheppard Avenue West
Suite 700
Toronto, Ontario
M2N 6S6

Mervyn D. Abramowitz (LSUC #28325R)
L. Viet Nguyen (LSUC #46694K)

Tel: (416) 225-8750
Fax: (416) 225-3910

Lawyers for the Monitor