

**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**

**THE HONOURABLE ) FRIDAY, THE 16<sup>TH</sup> DAY  
JUSTICE MORAWETZ ) OF MAY, 2008**

**ORDER**

**THIS MOTION**, made by **MINTZ & PARTNERS LIMITED** (the "Monitor"), the Monitor for **COTTON GINNY INC. ("CGI"), CG OPERATIONS (H/O) LIMITED ("H/O"), CG OPERATIONS I LIMITED, CG OPERATIONS II LIMITED** (collectively referred to as the "Companies") for:

1. An Order approving the activities of the Monitor during the period March 1, 2008 to May 1, 2008, as described in the Second Report, the Third Report, the Fourth Report the Fifth Report, the Sixth Report, the Seventh Report, and the Eighth Report of the Monitor;
2. an Order varying or amending paragraphs 33 and 40 of the Initial Order of Justice Morawetz, dated February 21, 2008 (the "Initial Order") as requested and set out in the Supplementary Notice of Motion; and,

3. such further and other relief as to this Honourable Court may seem just

was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Motion Record of the Monitor and on hearing submissions of counsel for the Monitor, counsel for the Companies, and other counsel, and on being advised that Effigi Inc. does not oppose the relief sought herein:

1. **THIS COURT ORDERS THAT** the activities of the Monitor during the period March 1, 2008 to May 1, 2008, as described in the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report, the Seventh Report, and the Eighth Report of the Monitor, all previously filed with the Court, are hereby approved.

2. **THIS COURT FURTHER ORDERS** that paragraphs 33 and 40 of the Initial Order of Justice Morawetz, dated February 21, 2008 (the “Initial Order”) is hereby amended and varied to read as follows:

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, the Applicant’s counsel and the Receiver and its counsel as provided by the Order of the Court of even date in the Receivership proceedings bearing Court File No. 08-CL-7371 (the “**Receivership Discharge Order**”) shall be entitled to the benefits of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$750,000.00, as security for their professional fees and disbursements incurred at their normal rates and charges of the Monitor and such

counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof. Before the Monitor, its counsel, the Applicant's counsel, the Receiver and/or the Receiver's counsel, or any of them, exercise their rights and remedies pursuant to the Administration Charge against the Applicant or the Property, they shall first exercise such rights and remedies against the inventory and proceeds thereof of CGI, and thereafter shall be entitled to proceed against the remaining Property.

40. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the DIP Lender's Charge and the Administration Charge, as among them, shall, subject to paragraph 42, be as follows:

First – Administration Charge, (to the maximum amount of \$750,000.00)

Second – DIP Lender's Charge; and

Third – Directors' Charge with respect to the CGI Property (to the maximum amount of \$750,000.00)



A handwritten signature in cursive script, appearing to read "J.P. Sawyer", is written above a horizontal line.

**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

**ORDER**

**KRONIS, ROTSZTAIN,  
MARGLES, CAPPEL**

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