



Court File No.: 08-CL-7415

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) **WEDNESDAY, THE 2ND**
JUSTICE MORAWETZ) **DAY OF JULY, 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
(Plan Sanction)

THIS MOTION, made by Cotton Ginny Inc., CG Operations (H/O) Limited (“**HO**”),
CG Operations I Limited, CG Operations II Limited (individually and together, the “**Applicant**”)
was heard ~~this day~~ *June 5 and 19, 2008, with oral reasons released this day* at 330 University Avenue, Toronto, Ontario. *JRD*

ON READING the Notice of Motion and the Motion Record, including the affidavit of
Tony Chahine sworn June 3, 2008 and the Eleventh Report dated as of June 3, 2008 of Mintz &
Partners Limited (the “**Monitor**”) in its capacity as monitor of the Applicant, on hearing the
submissions of counsel for the Applicant, the Monitor, Effigi Inc., Her Majesty in right of the
Province of British Columbia and the other parties represented on June 5 and 19, 2008;

DEFINITIONS

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this order shall
have the meanings ascribed to them in the First Amended Plan in respect of Cotton Ginny Inc.

and HO (together, “**Cotton Ginny**”) dated May 30, 2008 (the “**Plan**”) or the Order dated May 20, 2008.

SANCTION OF PLAN

2. **THIS COURT ORDERS AND DECLARES** that being satisfied that: (a) the Plan has been approved by the Required Majority of the Affected Creditors; (b) Cotton Ginny has complied with all statutory requirements of the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and has not done or purported to do anything that is not authorized by the CCAA; and (c) the Plan is fair and reasonable; subject to Cotton Ginny paying, *via* certified cheque payable to “Minister of Finance of British Columbia” the sum of \$67,064.71 (the “**Post-Filing Sales Tax Claim**”), the Plan shall be and is hereby sanctioned and approved pursuant to section 6 of the CCAA and the compromises and arrangements contemplated under the Plan are approved, binding and effective as herein set out upon all Affected Creditors.

3. **THIS COURT ORDERS** that upon payment by Cotton Ginny of the Post-Filing Sales Tax Claim the Monitor shall deliver and file with the Court a certificate substantially in the form attached as **Schedule “A”** (the “**Certificate**”) confirming the payment of the Post-Filing Sales Tax Claim by Cotton Ginny.

4. **THIS COURT ORDERS** that, upon filing of the Certificate, the funds being held by Superior Court of Justice Enforcement Office for the Regional Municipality of Peel in respect of Court File Number 07-CL-6831 under File Numbers G0615/07 (\$1,736,842.79) and G0787/07 (\$280,758.99) shall be returned to HO.

PLAN IMPLEMENTATION

5. **THIS COURT ORDERS** that Cotton Ginny shall be and is hereby authorized to take all actions necessary or appropriate to implement and give effect to the Plan in accordance with its terms, and enter into, implement and consummate the contracts, instruments, releases, leases, indentures, agreements and other documents to be created in connection with the Plan.

PLAN RELEASES

6. **THIS COURT ORDERS** that on the Effective Date, the Released Parties shall, to the extent not specifically prohibited by the CCAA, be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of Cotton Ginny, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Date relating to, arising out of or in connection with Affected Claims, the business and affairs of Cotton Ginny, this Plan and the CCAA Proceedings, provided that nothing herein shall release or discharge Cotton Ginny from or in respect of its obligations under the Plan and nothing therein shall release or discharge a Released Party if the Released Party is adjudged by the express terms of a judgement rendered on a final determination on the merits to have committed fraud or wilful misconduct.

7. **THIS COURT ORDERS** that, upon the Effective Date, each Affected Claim shall be settled, compromised and released in accordance with the Plan, and the ability of an Affected Creditor to proceed against Cotton Ginny, any of the assets or property of Cotton Ginny or the Released Parties in respect of an Affected Claim shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, subject only to the right of Affected Creditors to receive distributions in accordance with the Plan.

ADDITIONAL PROVISIONS

8. **THIS COURT ORDERS** that this order shall have full force and effect in all provinces and territories in Canada and abroad and as against all Persons against whom it may otherwise be enforceable.

9. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including, without limitation, the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that the Applicants or the Monitor may apply to this Court for such further advice, directions, or assistance, as may be necessary to give effect to the terms of the Plan.

STAY EXTENSION

11. **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 the Implementation Date provided that nothing herein shall prevent landlords from enforcing the terms of their respective leases in respect of any breach under or non-compliance with the terms of the leases by the Applicants that occurs or continued after February 21, 2008 and, for clarification purposes, landlords are stayed from enforcing the terms of their respective leases in respect of any breach, non-compliance or Claim that arose or occurred prior to February 21, 2008 notwithstanding that such breach, non-compliance or Claim may continue to exist after February 21, 2008.



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

JUL 15 2008

PER/PAR:  **Joanne Nicoara**
Registrar, Superior Court of Justice

SCHEDULE "A"

Court File No.: 08-CL-7415

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SUPERIOR COURT OF JUSTICE
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LIMITED**

CERTIFICATE

MINTZ & PARTNERS LIMITED, in its capacity as the monitor of Cotton Ginny Inc. and CG Operations (H/O) Limited (together, "**Cotton Ginny**") hereby confirm that Cotton Ginny has paid the Post-Filing Sales Tax Claim in accordance with the Order dated July 2, 2008.

DATED this ____ day of July, 2008;

MINTZ & PARTNERS LIMITED in its capacity
as monitor of Cotton Ginny Inc. and CG Operations
(H/O) Limited

Per _____

Name: _____

Title: _____

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

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

PROCEEDING COMMENCED AT TORONTO

ORDER

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