

No. S085453
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

- AND -

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57

- AND -

IN THE MATTER OF

**HAYES FOREST SERVICES LIMITED
HAYES HOLDING SERVICES LIMITED
and HAYES HELICOPTER SERVICES LIMITED**

PETITIONERS

ORDER

BEFORE THE HONOURABLE) FRIDAY, THE 31ST DAY
MR. JUSTICE BURNYEAT) OF OCTOBER, 2008

THE APPLICATION of the Petitioners coming on for hearing before me this day at Vancouver, British Columbia; AND ON HEARING John I. McLean and Colin D. Brousson, counsel for the Petitioners, and other counsel as listed on Schedule "A" hereto; AND UPON READING the material filed; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, Rules 3, 10, 12, 13(1), 13(6), 14 and 44 of the Rules of Court and the inherent jurisdiction of this Honourable Court:

THIS COURT ORDERS AND DIRECTS that:

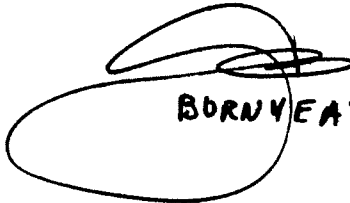
- 1. all the relief granted by the Honourable Mr. Justice Burnyeat in the Initial Order made herein on July 31, 2008, as amended by the Order of Mr. Justice Leask made herein on

August 15, 2008 and further amended by Order made herein on September 4, 2008, is hereby extended to April 30, 2009 (the "Extension Period");

2. Hayes Forest Services Limited is permitted and authorized to file an assignment in bankruptcy with KMPG Inc., with further proceedings under the bankruptcy stayed until further Order of the Court or until such stay is waived by Hayes Forest Services Limited, save and except that the net sale proceeds of the assets of Hayes Forest Services Limited shall be paid and distributed in accordance with the priorities as provided in the *Bankruptcy and Insolvency Act*, *Wage Earner Protection Program Act* and as set out in the Initial Order pronounced in these proceedings on July 31, 2008;
3. Hayes Forest Services Limited be and is hereby authorized to sell the remainder of its assets, other than the sales proposed in paragraphs 1, 2 and 4 of the Notice of Motion dated October 27, 2008 and filed herein on October 28, 2008 which application is adjourned, and other than the sales involving GE Canada which are the subject matter of a separate Order, provided any such sale is approved by the Monitor and the Canadian Imperial Bank of Commerce, and subject to any required consents unless such consent is waived or dispensed with by further Order;
4. a committee (the "Creditors' Committee") is hereby established to consist of a designated representative of each of Teal Cedar Products Ltd. ("Teal") and Western Forest Products Inc. ("Western") on the following terms and conditions:
 - (a) the Monitor will set a schedule to regularly meet with and make known to the Creditors' Committee the efforts by Hayes from the commencement of these proceedings to the date of this Order and future efforts by Hayes for the sale of the replaceable logging contracts between Hayes Forest Services Limited and each of Teal and Western (collectively the "Bill 13 Contracts") and will regularly advise the Creditors' Committee on state of and progress of the sale of the Bill 13 Contracts;

- (b) as a condition of being on the Creditors' Committee the designated representatives of Teal and Western on the Creditors' Committee will execute a confidentiality agreement in a form acceptable to the Monitor prohibiting the disclosure to anyone of information obtained from the Monitor as a member of the Creditors' Committee, other than the disclosure permitted by paragraphs 5(a) and (b) of this Order;
- 5. if the Creditors' Committee is not satisfied with the state of and progress of the sale of the Bill 13 Contracts then:
 - (a) the Creditors' Committee can disclose the fact that they are not satisfied with the state of and progress of the sale of the Bill 13 Contracts to Teal and Western and their respective legal counsel and shall at the same time advise the Monitor who shall advise the Petitioners;
 - (b) the Creditors' Committee and the Monitor may attend in person before Mr. Justice Burnyeat to seek directions as to the disclosure of any confidential information received by the Creditors' Committee from the Monitor in respect of the Bill 13 Contracts sales process, such attendance to be arranged through counsel to the Monitor when requested by the Creditor's Committee; and
 - (c) on or after January 15, 2009, Teal or Western are at liberty to bring on an application to require the Petitioners to show cause why the Extension Period should not be contracted.
- 6. the Monitor will file a report with Court on these proceedings, including any non-confidential general matters concerning the state of and progress of the sale of the Petitioners assets, on November 30, 2008 and every 30 days thereafter during the Extension Period;

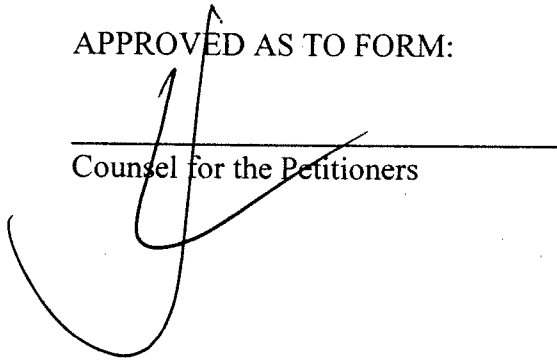
7. the balance of the relief sought by the Petitioners in their Notice of Motion dated October 27, 2008 and filed herein on October 28, 2008 is adjourned generally; and
8. approval of this Order by counsel other than counsel for the Petitioners is hereby dispensed with.


BURNYEAT, J.

BY THE COURT

DISTRICT REGISTRAR

APPROVED AS TO FORM:


Counsel for the Petitioners

Schedule "A"
List of Counsel

NAME OF COUNSEL	REPRESENTING
Shelley C. Fitzpatrick and Jonathan Ross	Teal Cedar Products Ltd.
E. Jane Milton, Q.C. and Daniel R. Bennett	Western Forest Products Inc.
Gordon G. Plottel	CIT Financial Ltd.
Gregory J. Gehlen	Klahoose First Nation
Frank R. Dearlove	Canadian Imperial Bank of Commerce
Morgan Camley	GE Canada Leasing Services Company and General Electric Canada Equipment Financing G.P.
Aaron Welch	Her Majesty The Queen in Right of the Province of British Columbia
Craig D. Bavis	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union Local 1-85 and 1-80
Heather M. Ferris	The Bowra Group Inc., the Monitor
Peter R.J. Seddon	Workers' Compensation Board

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JIM/msh

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TOTAL SOLUTIONS**