

**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 SINO-FOREST CORPORATION

MOTION RECORD

(Motion for Directions Regarding Scope of Stay, Returnable May 8, 2012)

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**MOTION RECORD
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CORPORATION**

**NOTICE OF MOTION
(Motion for Directions Regarding Scope of Stay,
Returnable May 8, 2012)**

The applicant, Sino-Forest Corporation ("SFC"), will make a motion to Justice Morawetz of the Commercial List court on Friday, May 8, 2012 at 10:00 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 AN ORDER:

- a) abridging the time for service of the Notice of Motion and Motion Record in respect of this motion and dispensing with further service thereof;
- b) advice and directions on the scope of the stay of proceedings (the "CCAA Stay") as contained in the order granted by this Honourable Court on March 30, 2012 (the "Initial Order") to confirm that the CCAA Stay applies to all defendants in litigation to which SFC is a defendant (the "Class Actions") including the Ontario

action identified by court file number CV-11-431153-CP (the "Ontario Class Action");

- c) in the alternative, an extension of the scope of the CCAA Stay to stay the proceedings against all defendants in the Class Actions; and
- d) such further and other relief as counsel may request and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

BACKGROUND

- a) On March 30, 2012, this Honourable Court made an Initial Order granting a stay of proceedings in relation to SFC and its business and property and appointing FTI Consulting Canada Inc. as the Monitor in the CCAA proceedings;
- b) Also on March 30, 2012, this Honourable Court made the Sale Process Order approving sale process procedures in the form attached thereto and authorizing and directing SFC, the Monitor and Houlihan Lokey to perform each of their obligations thereunder and to do all things reasonably necessary to perform their obligations thereunder;
- c) On April 13, 2012, this Honourable Court extended the CCAA Stay to June 1, 2012;

- d) On April 18, 2012, Koskie Minsky LLP and Siskinds LLP filed a Fresh as Amended Statement of Claim in the Ontario Class Action against SFC and various other parties;
- e) It is anticipated that many of SFC's co-defendants in the Class Actions will seek to enforce purported rights to contractual, common law or statutory indemnification against SFC for their costs and liability in the Class Actions;
- f) In light of the indemnification claims likely to be asserted and the value of such claims, a realistic restructuring of SFC will not be possible absent a resolution of such claims within the CCAA proceedings;
- g) In light of the allegations made in the Ontario Class Action, it is highly probable that some continued involvement of SFC will be sought in the adjudication of the claims against the other defendants in the Ontario Class Action; and
- h) SFC management's limited resources are fully engaged effecting SFC's restructuring and Sale Process in a very tight timeframe, and it is not in the interests of SFC's stakeholders to have management's time and efforts diverted from the restructuring.

MISCELLANEOUS

- i) the provisions of the CCAA; and
- j) 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:

- a) the affidavit of W. Judson Martin sworn April 23, 2012; and
- b) such further or other material as counsel may advise and this Honourable Court may permit.

April 23, 2012

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TO: THE SERVICE LIST

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IN THE MATTER OF SINO-FOREST CORPORATION.**

Court File No. CV-12-9667-00CL

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Proceedings commenced in Toronto

NOTICE OF MOTION
**(Motion for Directions Regarding Scope
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