

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

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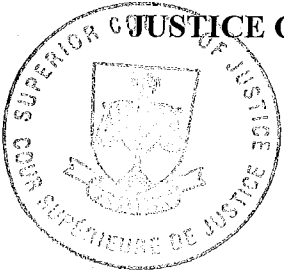
MONDAY, THE 16TH

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JUSTICE CAMPBELL

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DAY OF MARCH, 2009



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 MASONITE INTERNATIONAL INC., MASONITE
INTERNATIONAL CORPORATION, MASONITE HOLDING CORPORATION,
CROWN DOOR CORPORATION, CASTLEGATE ENTRY SYSTEMS INC.,
3061275 NOVA SCOTIA COMPANY AND ROCHMAN UNIVERSAL DOORS INC.

Applicants

INITIAL ORDER

THIS APPLICATION, made by Masonite International Inc. ("**MII**"), Masonite International Corporation ("**Masonite Canada**"), Masonite Holding Corporation ("**MHC**"), Crown Door Corporation ("**Crown Door**"), Castlegate Entry Systems Inc. ("**Castlegate**"), 3061275 Nova Scotia Company ("**NS Co.**"), and Rochman Universal Doors Inc. ("**Rochman**") (each an "**Applicant**" and collectively, the "**Applicants**"), for, among other things, an Initial Order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Anthony D. DiLucente sworn March 16, 2009 (the “**DiLucente Affidavit**”) and the Exhibits thereto, the Affidavit of Rose Murphy sworn March 16, 2009, and the Report of the Proposed Monitor dated March 16, 2009, all filed, and on hearing the submissions of counsel for the Applicants, counsel for Ernst & Young Inc. (“**E&Y**”) as proposed Monitor, counsel for The Bank of Nova Scotia, as Administrative Agent for the Secured Lenders under the Credit Agreement dated as of April 6, 2005, (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”) among Masonite Corporation and Masonite Canada, as borrowers, MII, the lending institutions from time to time parties thereto and The Bank of Nova Scotia, as administrative agent and Canadian administrative agent (in such capacities, the “**Administrative Agent**”), counsel for the Informal Noteholder Committee and counsel for Bank of Montreal, no one else appearing, and on reading the consent of E&Y to act as the Monitor,

SERVICE

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.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that each of the Applicants shall have the exclusive authority to file and may, subject to further Order of this Court, file with this Court one or more plans of

compromise or arrangement (hereinafter collectively referred to as the “**Plan**”) between, *inter alia*, such Applicant and one or more classes of its secured and/or unsecured creditors as it deems appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business (including, but not limited to, the sale of inventory in the ordinary course) in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, brokers, accountants, legal counsel, financial advisors and such other persons (collectively, “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable for the Business or to carry out the terms of this Order or for the purposes of the Plan.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place (which was described generally in the DiLucente Affidavit) or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing any part of the Cash Management System: (i) shall not be under any obligation whatsoever to permit any overdraft to occur in any account (and may return unpaid any and all cheques and other items which create any such overdraft) or to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to

the use or application by any of the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System; (ii) shall be entitled to provide such part of the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to such part of the Cash Management System; and (iii) shall be, in its capacity as provider of part of the Cash Management System, an unaffected creditor under the Plan and not affected by any stay referred to in this Order with regard to any losses, claims or expenses it may suffer or incur in connection with the provision of such part of the Cash Management System, and for greater certainty including (a) regular fees and/or expenses charged in connection with the operation of such part of the Cash Management system consistent with past practice and (b) legal fees incurred by any such bank in connection with this proceeding and such part of the Cash Management System, but not fees payable to such bank which are not consistent with past practice ("**Cash Management Obligations**"). If an overdraft shall occur in any account, the Applicants shall, promptly on notice by the applicable bank, deposit to such account the amount required to eliminate such overdraft. Any of such Cash Management Obligations suffered or incurred by Bank of Montreal ("**BMO**") (the "**BMO Cash Management Obligations**") shall be secured by the "**BMO Cash Management Charge**" (as hereinafter defined) and BMO shall have the benefit of such BMO Cash Management Charge as security for payment of only such BMO Cash Management Obligations.

5.A **THIS COURT ORDERS** that BMO shall be entitled to the benefits of and is hereby granted a charge (the "**BMO Cash Management Charge**") on the Property, which shall not exceed \$1,500,000, as security for all BMO Cash Management Obligations. The BMO Cash Management Charge shall have the priority set out in paragraphs 36 and 38 herein.

6. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses, whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee benefits (including, but not limited to, employee medical and similar benefits, relocation programs, bonus and incentive plans and employee assistance programs), pension benefits, vacation pay, existing severance obligations as described in paragraph 96 of the DiLucente Affidavit, commissions and employee and director expenses (including reimbursement of properly incurred company expenses on employee corporate credit cards), in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the service fees charged by Automatic Data Processing, Inc. in respect of its current agreement to provide payroll services to the Applicant Masonite Canada, or such other payroll service provider that the Applicants may retain from time to time in the ordinary course of business;
- (c) any outstanding and future fees and disbursements of any Assistants retained or employed by the Applicants in accordance with paragraph 4 hereof;
- (d) any amounts owing by Masonite Canada in respect of its Customer Programs (as defined in the DiLucente Affidavit); and
- (e) notwithstanding the preamble to this paragraph 6, the Applicants shall pay on a monthly basis, all cash-pay interest (at the non-default rate) due and payable with respect to Masonite Canada's obligations under the Credit Agreement.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the

Applicants in carrying on the Business in the ordinary course prior to, on and after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance and directors and officers insurance (including payments in respect of premium financing arrangements), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants prior to, on or after the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants or any of them in connection with the sale of goods and services by the Applicants; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that until such time as an Applicant delivers a notice in writing to repudiate a real property lease in accordance with paragraph 11(c) of this Order (a “**Notice of Repudiation**”), each Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated by such Applicant from time to time (“**Rent**”), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid. Upon delivery of a Notice of Repudiation, the Applicant shall pay all Rent due for the notice period stipulated in paragraph 11(c) of this Order, to the extent that Rent for such period has not already been paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Applicants to any of their creditors as of this date unless such payments have been approved by the Monitor; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business unless such obligations have been approved by the Monitor.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicants shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their businesses or operations and to dispose of redundant or non-material

assets not exceeding \$5,000,000 in any one transaction or \$10,000,000 in the aggregate, subject to paragraph 11(c), if applicable;

- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as the Applicants or any one of them may deem appropriate in accordance with existing agreements or on such terms as may be agreed upon between an Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
- (c) in accordance with paragraphs 12 and 13, vacate, abandon or quit the whole but not part of any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between an Applicant and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (d) repudiate such of their arrangements or agreements of any nature whatsoever, whether oral or written, on such terms as may be agreed upon between an Applicant and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (e) pursue all avenues of refinancing and offers for material parts of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a) above),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**"), provided, however, that the Applicants shall not take any action under this paragraph if such action is prohibited by the terms of any cash collateral order made in the Chapter 11 Proceedings (as defined in the DiLucente Affidavit) and that, with respect to any

actions under this paragraph, if the such action requires approval of the U.S. Bankruptcy Court (as defined in the DiLucente Affidavit) in the Chapter 11 Proceedings, then the Applicants shall also seek specific approval of this Court.

12. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of any Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, the landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to the landlord and any applicable secured creditors. If the Applicant repudiates the lease governing such leased premises in accordance with paragraph 11(c) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in paragraph 11(c) of this Order), and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a Notice of Repudiation is delivered by the Applicants or any one of them, then (a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the repudiation, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights the landlord may have against the Applicants or any one of them in respect of such lease or leased premises and

such landlord shall be entitled to notify such Applicant or Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

14. **THIS COURT ORDERS** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, any of the Applicants are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to their advisors (each individually, a “**Third Party**”), but only to the extent required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Third Party to whom such personal information is disclosed enters into confidentiality agreements with such Applicant binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to such Applicant or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation and implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by such Applicant.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

15. **THIS COURT ORDERS** that until and including April 15, 2009, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or

tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of any of the Applicants or the Monitor, as the case may be, or affecting the Business or the Property, except with the written consent of the applicable Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently underway against or in respect of an Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, as applicable, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the applicable Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on; (ii) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

TERMINATION OF STAY

18. **THIS COURT ORDERS** that the provisions of paragraphs 15, 16 and 17 hereof shall cease to apply to the Administrative Agent on the date that the Administrative Agent gives notice, to counsel for the Applicants, counsel for the Informal Noteholder Committee and the Monitor, that the automatic stay in the Chapter 11 Proceedings (as defined in the DiLucente Affidavit) has terminated following the delivery of a Termination Declaration pursuant to the terms of and as defined in any cash collateral order made in the Chapter 11 Proceedings.

CONTINUATION OF SERVICES

19. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including, without limitation, the provision of Masonite Shared Services (as defined in the DiLucente Affidavit), all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or to any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, accelerating, suspending, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, as the case may be, and from discriminating against the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the applicable Applicants in accordance with normal payment practices of such Applicants, or such other practices as may be agreed upon by each of the supplier or service provider and the applicable Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. **THIS COURT ORDERS** that, notwithstanding anything else contained herein, no creditor of the Applicants shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. **THIS COURT ORDERS** that the Applicants shall indemnify their respective directors and officers from all claims, costs, charges and expenses relating to the failure of any of the Applicants, after the date hereof, to make payments of the nature referred to in subparagraphs 6(a), 8(a), 8(b), and 8(c) of this Order or for the Applicants' failure to make payments in respect of employer health tax or workers' compensation which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers except to the extent that, with

respect to any director or officer, such director or officer has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

23. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$5,000,000, as security for the indemnities provided in paragraph 22 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 36 and 38 herein.

24. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Applicants’ directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

APPOINTMENT OF MONITOR

25. **THIS COURT ORDERS** that E&Y is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants’ conduct of the Business, with the powers and obligations set out in the CCAA or set forth herein, and that the Applicants and their respective shareholders, directors, officers, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

26. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) provide, as the Monitor may deem appropriate, the consents contemplated herein;
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business and such other matters as may be relevant to the proceedings herein;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements;
- (e) assist the Applicants, to the extent required by them, in their dissemination of financial and other information;
- (f) advise the Applicants with respect to any amendments to the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, with the Restructuring, in efforts to sell, convey, transfer, assign, lease or in any other manner dispose of the Property or any part or parts thereof;
- (h) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (i) have full and complete access to the books, records and management, employees and advisors of the Applicants and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (j) be at liberty to engage independent legal counsel or such other persons, including one or more entities that may be related to the Monitor, as the

Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

- (k) act as a “foreign representative” of any of the Applicants in any proceedings outside of Canada;
- (l) assist the Court in the coordination of these proceedings with the Chapter 11 proceedings under the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the “**U.S. Bankruptcy Code**”) involving MHC, Masonite Canada, MII and certain of MII’s direct or indirect U.S. subsidiaries (the “**Chapter 11 Proceedings**”) or with any other foreign proceedings;
- (m) report to this Court on the Chapter 11 Proceedings with respect to matters relating to the Applicants or these CCAA Proceedings;
- (n) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and
- (o) perform such other duties as are required by this Order or by this Court from time to time.

27. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

28. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (collectively, the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

29. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph 29. In the case of information which the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

30. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment and the fulfilment of its duties or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, Canadian counsel to the Applicants and financial advisors to the Applicants shall be paid their reasonable fees and disbursements incurred both before and after the making of this Order, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, Canadian counsel for the Applicants and financial advisors to the Applicants on a bi-weekly basis, and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and Canadian counsel to the Applicants, retainers in an aggregate amount not to exceed \$750,000, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

32. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicants' Canadian counsel and financial advisors 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 \$5,000,000, as security for the professional fees and disbursements of the Monitor, its counsel, and the Applicants' Canadian counsel and financial advisors, incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priorities set out in paragraphs 36 and 38 hereof.

INTER-COMPANY TRANSACTIONS

34. **THIS COURT ORDERS** that the following provisions shall apply to inter-company loans or other transfers (including as a result of the Applicants' Cash Management System or otherwise) made by Applicants to their affiliates that are not themselves Applicants (each a "**Non-Applicant Affiliate**" and collectively, the "**Non-Applicant Affiliates**") (collectively, "**Non-Applicant Inter-company Transfers**"):

- (a) The Applicants are authorized to make Non-Applicant Inter-company Transfers to Non-Applicant Affiliates in the ordinary course of business or otherwise with the consent of the Monitor and the Administrative Agent; and
- (b) Each Applicant making Non-Applicant Inter-company Transfers to a Non-Applicant Affiliate shall have claims for contribution, indemnification, reimbursement and/or subrogation against such Non-Applicant Affiliate to which such Non-Applicant Inter-company Transfers were made to the fullest extent permitted under applicable law.

35. **THIS COURT ORDERS** that in respect of accounting for all inter-company transactions:

- (a) the Applicants shall track and otherwise account for all inter-company transactions, including without limitation, Non-Applicant Inter-company Transfers, which shall all be treated and accounted for as loans and/or debt, subject to applicable law, between and among the Applicants and the Non-Applicant Affiliates; and
- (b) the Applicants shall report to the Monitor on a monthly basis with respect to the Non-Applicant Inter-company Transfers.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

36. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the BMO Cash Management Charge (collectively the "**Charges**"), as among them, shall be as follows:

- (i) First – the Administration Charge, to a maximum of \$5,000,000;
- (ii) Second – the BMO Cash Management Charge, to a maximum of \$1,500,000; and
- (iii) Third – the Directors' Charge, to a maximum of \$5,000,000.

37. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

38. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall, subject to paragraph 39 herein, constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

39. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the beneficiaries of the Administration Charge, BMO and the Administrative Agent, or by further Order of this Court.

40. **THIS COURT ORDERS** that each of the Charges shall attach, as of the date of this Order, to all present and future Property, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.

41. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for a bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by any of the Applicants of any Agreement to which such Applicant, as applicable, is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or

other challengeable, voidable or reviewable transactions under any applicable law.

U.S. FILINGS BY APPLICANTS

42. **THIS COURT ORDERS** that the Applicants Crown Door, Castlegate, NS Co., and Rochman are hereby authorized, without further order of this Court, but subject to the prior approval of the Monitor, to seek protection in the United States, under the U.S. Bankruptcy Code, after the date of this Order, should the Applicant or Applicants determine to do so.

CROSS-BORDER PROTOCOL

43. **THIS COURT ORDERS** that the cross-border protocol in the form attached as Schedule "A" hereto be and is hereby approved and shall become effective upon its approval by the United States Bankruptcy Court for the District of Delaware and the parties to these proceedings and any other Person shall be governed by it and shall comply with the same.

SERVICE AND NOTICE

44. **THIS COURT ORDERS** that the Applicants shall, within ten (10) business days of the date of entry of this Order, send notice of this Order to their known creditors, other than employees and creditors to which the Applicants owe less than \$1,000, at their addresses as they appear on the Applicants' records, and shall promptly send a copy of this Order: (a) to all parties filing a Notice of Appearance in respect of this Application; and (b) to any other interested Person requesting a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

45. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, and any notices or other

correspondence by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants, creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

46. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at www.ey.com/ca/masonite.

GENERAL

47. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

48. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

49. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in

carrying out the terms of this Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

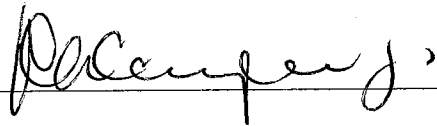
50. **THIS COURT ORDERS** that the Report of the Proposed Monitor be and the same is hereby accepted and approved.

51. **THIS COURT ORDERS** that E&Y shall not incur any liability or obligation as a result of its activities described in the Report of the Proposed Monitor.

52. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

53. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

54. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Saving Time on the date of this Order.

 _____

ENTERED THIS _____ DAY
OF _____, 2009

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

MAR 16 2009

PER / PAR: 

Schedule "A"

Cross-Border Insolvency Protocol

**CROSS-BORDER INSOLVENCY PROTOCOL
FOR MASONITE HOLDING CORPORATION AND ITS AFFILIATES**

This cross-border insolvency protocol (the “**Protocol**”) shall govern the conduct of all parties in interest in the Restructuring Proceedings (as such term is defined herein). The Guidelines Applicable to Court-to-Court Communications in Cross-Border Cases (the “**Guidelines**”), attached as Schedule “A” hereto, shall be incorporated by reference and form part of this Protocol. Where there is any discrepancy between the Protocol and the Guidelines, this Protocol shall prevail.

Background

1. Masonite Holding Corporation, a corporation federally incorporated in Canada (“**MHC**”), is the ultimate parent company of a multinational enterprise that operates, through its various subsidiaries and affiliates, in the United States, Canada and other countries (“**Masonite**”).

2. MHC, Masonite International Inc. (“**MII**”), Masonite International Corporation (“**Masonite Canada**”), Masonite Corporation (“**Masonite U.S.**”) and certain of Masonite U.S.’ direct and indirect subsidiaries and affiliates (collectively, the “**U.S. Debtors**”)¹ have commenced reorganization cases (collectively, the “**U.S. Cases**”) under chapter 11 of the United States Bankruptcy Code (the “**Bankruptcy Code**”), in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”), and such cases have been consolidated (for procedural purposes only) under Case No. 09- _____. The U.S. Debtors are continuing in possession of their respective properties and are operating and managing their businesses, as debtors in possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

¹ The Masonite Debtors, together with the last four digits of each Masonite Debtor’s federal tax identification number, are: Masonite Corporation (8020); Premdor Finance LLC (4966); Eger Properties (6847); WMW, Inc. (3326); Woodlands Millwork I, Ltd. (5989); Masonite Primeboard, Inc. (5752); Masonite Corporation Foreign Holdings Ltd. (0667); Masonite Holding Company Limited (3243); Florida Made Door Co. (7960); Cutting Edge Tooling, Inc. (8818); Pintu Acquisition Company, Inc. (7932); Masonite Air LLC (N/A); Door Installation Specialist Corporation (2354); Masonite Holding Corporation (N/A); Masonite International Inc. (N/A); and Masonite International Corporation (7314). The Masonite Debtors’ principal executive offices are located in Mississauga, Ontario and Tampa, Florida and the service address for all Masonite Debtors is: One N. Dale Mabry Highway, Suite 950, Tampa, Florida 33609.

3. On March 16, 2009, MHC, MII, Masonite Canada, and certain of Masonite Canada's Canadian direct and indirect subsidiaries and affiliates (collectively, the "**Canadian Debtors**")² filed an application with the Ontario Superior Court of Justice (Commercial List) in Toronto, Ontario (the "**Canadian Court**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") seeking relief from their creditors (collectively, the "**Canadian Proceedings**"). The Canadian Debtors have obtained an Initial Order of the Canadian Court (the "**CCAA Order**"), under which (a) the Canadian Debtors have been determined to be entitled to relief under the CCAA; (b) Ernst & Young Inc. ("**EYI**") has been appointed as monitor (the "**Monitor**") of the Canadian Debtors, with the rights, powers, duties, and limitations upon liabilities set forth in the CCAA and the CCAA Order; and (c) a stay of proceedings in respect of the Canadian Debtors has been granted.

4. For convenience, (a) the U.S. Debtors and the Canadian Debtors shall be referred to herein collectively as the "**Debtors**", (b) the U.S. Cases and the Canadian Proceedings shall be referred to herein collectively as the "**Restructuring Proceedings**", and (c) the U.S. Court and the Canadian Court shall be referred to herein collectively as the "**Courts**", and each individually as a "**Court**."

Purpose and Goals

5. While the U.S. Cases and the Canadian Proceedings are separate proceedings pending in the United States and Canada, the implementation of administrative procedures and cross-border guidelines is both necessary and desirable to coordinate certain activities in the Restructuring Proceedings, protect the rights of parties thereto, ensure maintenance of the Courts' respective independent jurisdiction and give due effect to any applicable doctrines, including, without limitation, comity, *res judicata*, issue estoppel, and/or collateral estoppel. Accordingly, this Protocol has been developed to promote the following mutually desirable goals and objectives in the Restructuring Proceedings:

² The Canadian Debtors consist of the following entities: Masonite International Inc.; Masonite International Corporation; Masonite Holding Corporation; Crown Door Corporation; Castlegate Entry Systems Inc.; 3061275 Nova Scotia Company; and Rochman Universal Doors Inc.

- (a) harmonize and coordinate activities in the Restructuring Proceedings before the Courts;
- (b) promote the orderly and efficient administration of the Restructuring Proceedings to, among other things, maximize the efficiency of the Restructuring Proceedings, reduce the costs associated therewith, and avoid duplication of effort;
- (c) honor the independence and integrity of the Courts and other courts and tribunals of the United States and Canada;
- (d) promote international cooperation and respect for comity among the Courts, the Debtors, the U.S. Representatives (defined below), and the Canadian Representatives (defined below) (together, the “**Estate Representatives**”), the office of the United States Trustee (the “**U.S. Trustee**”), the Monitor, and other creditors and interested parties in the Restructuring Proceedings;
- (e) facilitate the fair, open, and efficient administration of the Restructuring Proceedings for the benefit of all of the Debtors’ creditors and other interested parties, wherever located; and
- (f) implement a framework of general principles to address basic administrative issues arising out of the cross-border nature of the Restructuring Proceedings.

Comity and Independence of the Courts

6. The approval and implementation of this Protocol shall not divest or diminish the U.S. Court’s and the Canadian Court’s respective independent jurisdiction over the subject matter of the U. S. Cases and the Canadian Proceedings, respectively. By approving and implementing this Protocol, neither the U.S. Court, the Canadian Court, the Debtors nor any creditors or interested parties shall be deemed to have approved or engaged in any infringement on the sovereignty of the United States or Canada.

7. The U.S. Court shall have sole and exclusive jurisdiction and power over the conduct of the U.S. Cases and the hearing and determination of matters arising in the U.S. Cases. The Canadian Courts shall have sole and exclusive jurisdiction and power over the conduct of the Canadian Proceedings and the hearing and determination of matters arising in the Canadian Proceedings.

8. In accordance with the principles of comity and independence recognized herein, nothing contained herein shall be construed to:

- (a) increase, decrease, or otherwise modify the independence, sovereignty, or jurisdiction of the U.S. Court, the Canadian Court, or any other court or tribunal in the United States or Canada, including the ability of any such court or tribunal to provide appropriate relief under applicable law on an *ex parte* or “limited notice” basis;
- (b) require the U.S. Court to take any action that IS inconsistent with its obligations under the laws of the United States;
- (c) require the Canadian Court to take any action that is inconsistent with its obligations under the laws of Canada;
- (d) require the Debtors, the Estate Representatives, the U.S. Trustee, or the Monitor to take any action or refrain from taking any action that would result in a breach of any duty imposed on them by any applicable law;
- (e) authorize any action that requires the specific approval of one or both of the Courts under the Bankruptcy Code or the CCAA after appropriate notice and a hearing (except to the extent that such action is specifically described in this Protocol); or
- (f) preclude the Debtors, the U.S. Trustee, the Monitor, or any creditor or other interested party from asserting such party’s substantive rights under the applicable laws of the United States, Canada, or any other relevant jurisdiction including, without limitation, the rights of parties in interest to appeal from the decisions taken by one or both Courts.

Cooperation

9. To assist in the efficient administration of the Restructuring Proceedings and recognizing that both the U.S. Debtors and the Canadian Debtors may each be creditors of the others’ estates, the Debtors and their respective Estate Representatives shall, where appropriate:

- (a) cooperate with each other in connection with actions taken in both the U.S. Court and the Canadian Court; and
- (b) take any other appropriate steps to coordinate the administration of the Restructuring Proceedings for the benefit of the Debtors’ respective estates.

10. To harmonize and coordinate the administration of the Restructuring Proceedings, the U.S. Court and the Canadian Court may coordinate activities and consider whether it is appropriate to defer to the judgment of the other Court. In furtherance of the foregoing:

- (a) the U.S. Court and the Canadian Court may communicate with one another, with or without counsel present, with respect to any procedural matter relating to the Restructuring Proceedings;

- (b) where the issue of the proper jurisdiction or Court to determine an issue is raised by an interested party in either of the Restructuring Proceedings with respect to a Motion or an Application filed in either Court, the Court before which such Motion or Application was initially filed may contact the other Court and determine an appropriate process by which the issue of jurisdiction will be determined, which process shall be subject to submissions by the Debtors, the U.S. Trustee, the Monitor, and any interested party prior to any determination on the issue of jurisdiction being made by either Court;
- (c) the Courts may, but are not obligated to, coordinate activities in the Restructuring Proceedings so that the subject matter of any particular action, suit, request, application, contested matter, or other proceedings is determined in one Court;
- (d) the U.S. Court and the Canadian Court may conduct joint hearings (“**Joint Hearings**”) with respect to any matter relating to the conduct, administration, determination, or disposition of any aspect of the U.S. Cases or the Canadian Proceedings if both Courts determine and agree that such Joint Hearings are necessary or advisable. With respect to any such Joint Hearings, unless otherwise ordered by both Courts, the following procedures shall be followed:
 - (i) a telephone or video link shall be established so that both the U.S. Court and the Canadian Court shall be able to hear simultaneously the proceedings in the other Court;
 - (ii) notices, submissions, or applications by any party that are or become the subject of a Joint Hearing (collectively, “**Pleadings**”) shall be made or filed initially only with the Court in which such party is appearing and seeking relief. Promptly after the scheduling of any Joint Hearing, the party submitting such pleadings to one Court shall file copies with the other Court. In any event, Pleadings seeking relief from both Courts must be filed with both Courts;
 - (iii) any party intending to rely on written evidentiary materials in support of a submission to the U. s. Court or the Canadian Court in connection with any Joint Hearing (collectively, “**Evidentiary Materials**”) shall file or otherwise submit such Evidentiary Materials to both Courts in advance of the Joint Hearing. To the fullest extent possible, the Evidentiary Materials filed in each Court shall be identical and shall be consistent with the procedural and evidentiary rules and requirements of each Court;
 - (iv) if a party has not previously appeared in or otherwise acknowledged the jurisdiction of a Court, it shall be entitled to file Pleadings or Evidentiary Materials in connection with a Joint Hearing without, by the mere act of such filings, being deemed to have acknowledged the jurisdiction of the Court in which such material is filed, so long as it does not request any affirmative relief from such Court;

- (v) the Judge of the U.S. Court and the Justice of the Canadian Court who will preside over any Joint Hearing shall be entitled to communicate with each other in advance of any Joint Hearing, with or without counsel being present, (A) to establish guidelines for the orderly submission of Pleadings, Evidentiary Materials, and other papers and the rendering of decisions by the Courts; and (B) to address any related procedural, administrative, or preliminary matters;
- (vi) The Judge of the U.S. Court and the Justice of the Canadian Court shall be entitled to communicate with each other during or after any Joint Hearing, with or without counsel being present, for the purposes of (A) determining whether consistent rulings can be made by both Courts; (B) coordinating the terms of the Courts' respective rulings; and (C) addressing any other procedural or administrative matters.

11. Notwithstanding anything herein to the contrary, this Protocol recognizes that the U.S. Court and the Canadian Court are independent courts. Accordingly, although the Courts will seek to cooperate and coordinate with each other in good faith, each of the Courts shall be entitled at all times to exercise its independent jurisdiction and authority with respect to (a) matters presented to and properly before such Court; and (b) the conduct of the parties appearing in such matters.

12. Where one Court has jurisdiction over a matter which requires the application of the law of the jurisdiction of the other Court in order to determine an issue before it, the Court with jurisdiction over such matter may, among other things, hear expert evidence or seek the advice and direction of the other Court in respect of the foreign law to be applied, subject to Paragraph 30 herein.

Access to Information

13. Information publicly available in either forum shall be publicly available in both forums.

Retention and Compensation of Estate Representatives and Professionals

14. The Monitor and its respective officers, directors, employees, counsel, and agents, wherever located (collectively, the "**Monitor Parties**"), and any other estate representatives appointed in the Canadian Proceedings (collectively, with the Monitor Parties, the "**Canadian Representatives**") shall be subject to the sole and exclusive jurisdiction of the Canadian Court

with respect to all matters, including: (a) the Canadian Representatives' tenure in office; (b) the retention and compensation of the Canadian Representatives; (c) the Canadian Representatives' liability, if any, to any person or entity, including the Canadian Debtors and any third parties, in connection with the Restructuring Proceedings; and (d) the hearing and determination of any other matters relating to the Canadian Representatives arising in the Canadian Proceedings under the CCAA or other applicable Canadian law. The Canadian Representatives shall not be required to seek approval of their retention in the U.S. Court for services rendered in such capacity. Additionally, the Canadian Representatives: (a) shall be compensated for their services solely in accordance with the CCAA, the CCAA Order and other applicable laws of Canada or orders of the Canadian Court; and (b) shall not be required to seek approval of their compensation in the U.S. Court.

15. The Monitor Parties shall be entitled to the same protections and immunities in the United States as those granted to them under the CCAA and the CCAA Order. In particular, except as otherwise provided in any subsequent order entered in the Canadian Proceedings, the Monitor Parties shall incur no liability or obligations as a result of the CCAA Order, the appointment of the Monitor, the carrying out of its duties, or the provisions of the CCAA and the CCAA Order by the Monitor Parties, except any such liability arising from actions of the Monitor Parties constituting gross negligence or wilful misconduct.

16. Any estate representatives appointed in the U.S. Cases, including, without limitation, any examiners or trustees appointed in accordance with section 1104 of the Bankruptcy Code (collectively, the "**U.S. Representatives**"), shall be subject to the sole and exclusive jurisdiction of the U.S. Court with respect to all matters, including: (a) the U.S. Representatives' tenure in office; (b) the retention and compensation of the U.S. Representatives; (c) the U.S. Representatives' liability, if any, to any person or entity, including the U.S. Debtors and any third parties, in connection with the Restructuring Proceedings; and (d) the hearing and determination of any other matters relating to the U.S. Representatives arising in the U.S. Cases under the Bankruptcy Code or other applicable laws of the United States. The U.S. Representatives and their U.S. counsel and other U.S. professionals shall not be required to seek approval of their retention in the Canadian Court. Additionally, the U.S. Representatives and the U.S. counsel and other U.S. professionals (a) shall be compensated for their services solely in

accordance with the Bankruptcy Code and other applicable laws of the United States or orders of the U.S. Court; and (b) shall not be required to seek approval of their compensation in the Canadian Court.

17. Any professionals retained by or with the approval of the Canadian Debtors, (collectively, the “**Canadian Professionals**”) shall be subject to the sole and exclusive jurisdiction of the Canadian Court. Accordingly, the Canadian Professionals (a) shall be subject to the procedures and standards for retention and compensation applicable in the Canadian Court under the CCAA, the CCAA Order, and any other applicable Canadian law or orders of the Canadian Court with respect to services performed on behalf of the Canadian Debtors; and (b) shall not be required to seek approval of their retention or compensation in the U.S. Court with respect to services performed on behalf of the Canadian Debtors.

18. Any professionals retained by the U.S. Debtors, other than the CCAA Professionals (collectively, the “**Chapter 11 Professionals**”) shall be subject to the sole and exclusive jurisdiction of the U.S. Court. Accordingly, the Chapter 11 Professionals (a) shall be subject to the procedures and standards for retention and compensation applicable in the U.S. Court under the Bankruptcy Code with respect to services performed on behalf of the U.S. Debtors, and any other applicable laws of the United States or orders of the U.S. Court; and (b) shall not be required to seek approval of their retention or compensation in the Canadian Court with respect to services performed on behalf of the U.S. Debtors.

19. Upon any appearance or filing, as may be permitted or provided for by the rules of the applicable Court, the U.S. Debtors, their creditors and, other interested parties in the Restructuring Proceedings, including the Estate Representatives, the U.S. Trustee and the Monitor, shall be subject to the personal jurisdiction of the U.S. Court or the Canadian Court, as applicable, with respect to the particular matters as to which they appear before the Court.

Notice

20. Notice of any motion, application, or other pleading or paper filed in one or both of the Restructuring Proceedings involving or relating to matters addressed by this Protocol and notice of any related hearings or other proceedings shall be given by appropriate means

(including, where circumstances warrant, by courier, facsimile, or other electronic forms of communication) to the following: (a) all creditors and other interested parties, in accordance with the practice of the jurisdiction where the papers are filed or the proceedings are to occur; and (b) to the extent not otherwise entitled to receive notice under subpart (a) of this sentence, counsel to the Debtors, the U.S. Trustee, the Monitor, the parties named in the Cross-Border Service List attached as Schedule "B" hereto, (the "**Cross-Border Service List**"), and such other parties as may be designated from time to time. Notice in accordance with this paragraph shall be given by the party otherwise responsible for effecting notice in the jurisdiction where the underlying papers are filed or the proceedings are to occur. In addition to the foregoing, upon request, the Debtors shall provide the U.S. Court or the Canadian Court, as the case may be, with copies of any orders, decisions, opinions, or similar papers issued by the other Court in the Restructuring Proceedings.

21. When any cross-border issues or matters addressed by this Protocol are to be addressed before a Court, notice shall be provided in the manner and to the parties referred to in paragraph 21 above.

Recognition of Stays of Proceedings

22. The Canadian Court hereby recognizes the validity of the stay of proceedings and actions against the U.S. Debtors and their property under section 362 of the Bankruptcy Code (the "**U.S. Stay**"). In implementing the terms of this paragraph, the Canadian Court may consult with the U.S. Court regarding (a) the interpretation and application of the U.S. Stay and any orders of the U.S. Court modifying or granting relief from the U.S. Stay; and (b) the enforcement of the U.S. Stay in Canada.

23. The U.S. Court hereby recognizes the validity of the stay of proceedings and actions against the Canadian Debtors and their property under the CCAA and the CCAA Order (the "**Canadian Stay**"). In implementing the terms of this paragraph, the U.S. Court may consult with the Canadian Court regarding (a) the interpretation and applicability of the Canadian Stay and any orders of the Canadian Court modifying or granting relief from the Canadian Stay; and (b) the enforcement of the Canadian Stay in the United States.

24. Nothing contained herein shall affect or limit the Debtors' or other parties' rights to assert the applicability or non-applicability of the U.S. Stay or the Canadian Stay to any particular proceeding, property, asset, activity, or other matter, wherever pending or located.

25. Nothing contained herein shall affect or limit the ability of either Court to direct that any stay of proceedings affecting the parties before it shall not apply to applications or motions brought by such parties before the other Court or that relief be granted to permit such parties to bring such applications or motions before the other Court on such terms and conditions as it considers appropriate.

Effectiveness; Modification

26. This Protocol shall become effective only upon its approval by both the U.S. Court and the Canadian Court.

27. This Protocol may not be supplemented, modified, terminated, or replaced in any manner except upon the approval of both the U.S. Court and the Canadian Court after notice and a hearing. Notice of any legal proceedings to supplement, modify, terminate, or replace this Protocol shall be given in accordance with Paragraph 21 above.

Procedure for Resolving Disputes Under the Protocol

28. Disputes relating to the terms, intent, or application of this Protocol may be addressed by interested parties to either the U.S. Court, the Canadian Court or both Courts upon notice in accordance with Paragraph 21 above. In rendering a determination in any such dispute, the Court to which the issue is addressed: (a) shall consult with the other Court; and (b) may, in its sole and exclusive discretion, either (i) render a binding decision after such consultation, (ii) defer to the determination of the other Court by transferring the matter, in whole or in part, to the other Court, or (iii) seek a Joint Hearing of both Courts in accordance with Paragraph 10 above. Notwithstanding the foregoing, in making a determination under this paragraph, each Court shall give due consideration to the independence, comity and inherent jurisdiction of the other Court established under existing law.

Advice and Directions

29. In implementing the terms of the Protocol, the U.S. Court and the Canadian Court may, in their sole, respective discretion, provide advice or guidance to each other with respect to legal issues in accordance with the following procedures:

- (a) the U.S. Court or the Canadian Court, as applicable, may determine that such advice or guidance is appropriate under the circumstances;
- (b) the Court issuing such advice or guidance shall provide it to the non-issuing Court in writing;
- (c) copies of such written advice or guidance shall be served by the applicable Court in accordance with Paragraph 21 hereof; and
- (d) the Courts may jointly decide to invite the Debtors, the Estate Representatives, the U. S. Trustee, the Monitor, and any other affected or interested party to make submissions to the appropriate Court in response to or in connection with any written advice or guidance received from the other Court.

For clarity, the provisions of this Paragraph 30 shall not be construed to restrict the ability of the U.S. Court and Canadian Court to confer as provided in Paragraph 10 above whenever they deem it appropriate to do so.

Preservation of Rights

30. Except as specifically provided herein, neither the terms of this Protocol nor any actions taken under the terms of this Protocol shall (a) prejudice or affect the powers, rights, claims, and defenses of the Debtors and their estates, the Estate Representatives, the U.S. Trustee, the Monitor, or any of the Debtors' creditors under applicable law, including the Bankruptcy Code and the CCAA and the Orders of the Courts; or (b) preclude or prejudice the rights of any person to assert or pursue such person's substantive rights against any other person under the applicable laws of the United States or Canada.

Schedule A
(Guidelines)

Guidelines
Applicable to Court-to-Court Communications
in Cross-Border Cases

Introduction:

One of the most essential elements of cooperation in cross-border cases is communication among the administering authorities of the countries involved. Because of the importance of the courts in insolvency and reorganization proceedings, it is even more essential that the supervising courts be able to coordinate their activities to assure the maximum available benefit for the stakeholders of financially troubled enterprises.

These Guidelines are intended to enhance coordination and harmonization of insolvency proceedings that involve more than one country through communications among the jurisdictions involved. Communications by judges directly with judges or administrators in a foreign country, however, raise issues of credibility and proper procedures. The context alone is likely to create concern in litigants unless the process is transparent and clearly fair. Thus, communication among courts in cross-border cases is both more important and more sensitive than in domestic cases. These Guidelines encourage such communications while channeling them through transparent procedures. The Guidelines are meant to permit rapid cooperation in a developing insolvency case while ensuring due process to all concerned.

A Court intending to employ the Guidelines — in whole or part, with or without modifications — should adopt them formally before applying them. A Court may wish to make its adoption of the Guidelines contingent upon, or temporary until, their adoption by other courts concerned in the matter. The adopting

Court may want to make adoption or continuance conditional upon adoption of the Guidelines by the other Court in a substantially similar form, to ensure that judges, counsel, and parties are not subject to different standards of conduct.

The Guidelines should be adopted following such notice to the parties and counsel as would be given under local procedures with regard to any important procedural decision under similar circumstances. If communication with other courts is urgently needed, the local procedures, including notice requirements, that are used in urgent or emergency situations should be employed, including, if appropriate, an initial period of effectiveness, followed by further consideration of the Guidelines at a later time. Questions about the parties entitled to such notice (for example, all parties or representative parties or representative counsel) and the nature of the court's consideration of any objections (for example, with or without a hearing) are governed by the Rules of Procedure in each jurisdiction and are not addressed in the Guidelines.

The Guidelines are not meant to be static, but are meant to be adapted and modified to fit the circumstances of individual cases and to change and evolve as the international insolvency community gains experience from working with them. They are to apply only in a manner that is consistent with local procedures and local ethical requirements. They do not address the details of notice and procedure that depend upon the law and practice in each jurisdiction. However, the Guidelines represent approaches that are likely to be highly useful in achieving efficient and just resolutions of cross-border insolvency issues. Their use, with such modifications and under such circumstances as may be appropriate in a particular case, is therefore recommended.

Guideline 1

Except in circumstances of urgency, prior to a communication with another Court, the Court should be satisfied that such a communication is consistent with all applicable Rules of Procedure in its country. Where a Court intends to apply these Guidelines (in whole or in part and with or without modifications), the Guidelines to be employed should, wherever possible, be formally adopted before they are applied. Coordination of Guidelines between courts is desirable and officials of both courts may communicate in accordance with Guideline 8(d) with regard to the application and implementation of the Guidelines.

Guideline 2

A Court may communicate with another Court in connection with matters relating to proceedings before it for the purposes of coordinating and harmonizing proceedings before it with those in the other jurisdiction.

Guideline 3

A Court may communicate with an Insolvency Administrator in another jurisdiction or an authorized Representative of the Court in that jurisdiction in connection with the coordination and harmonization of the proceedings before it with the proceedings in the other jurisdiction.

Guideline 4

A Court may permit a duly authorized Insolvency Administrator to communicate with a foreign Court directly, subject to the approval of the foreign Court, or through an Insolvency Administrator in the other jurisdiction or through an autho-

rized Representative of the foreign Court on such terms as the Court considers appropriate.

Guideline 5

A Court may receive communications from a foreign Court or from an authorized Representative of the foreign Court or from a foreign Insolvency Administrator and should respond directly if the communication is from a foreign Court (subject to Guideline 7 in the case of two-way communications) and may respond directly or through an authorized Representative of the Court or through a duly authorized Insolvency Administrator if the communication is from a foreign Insolvency Administrator, subject to local rules concerning ex parte communications.

Guideline 6

Communications from a Court to another Court may take place by or through the Court:

- (a) Sending or transmitting copies of formal orders, judgments, opinions, reasons for decision, endorsements, transcripts of proceedings, or other documents directly to the other Court and providing advance notice to counsel for affected parties in such manner as the Court considers appropriate;
- (b) Directing counsel or a foreign or domestic Insolvency Administrator to transmit or deliver copies of documents, pleadings, affidavits, factums, briefs, or other documents that are filed or to be filed with the Court to the other Court in such fashion as may be appropriate and providing advance notice to counsel for affect-

ed parties in such manner as the Court considers appropriate;

- (c) Participating in two-way communications with the other Court by telephone or video conference call or other electronic means, in which case Guideline 7 should apply.

Guideline 7

In the event of communications between the Courts in accordance with Guidelines 2 and 5 by means of telephone or video conference call or other electronic means, unless otherwise directed by either of the two Courts:

- (a) Counsel for all affected parties should be entitled to participate in person during the communication and advance notice of the communication should be given to all parties in accordance with the Rules of Procedure applicable in each Court;
- (b) The communication between the Courts should be recorded and may be transcribed. A written transcript may be prepared from a recording of the communication which, with the approval of both Courts, should be treated as an official transcript of the communication;
- (c) Copies of any recording of the communication, of any transcript of the communication prepared pursuant to any Direction of either Court, and of any official transcript prepared from a recording should be filed as part of the record in the proceedings and made available to counsel for all parties in both

Courts subject to such Directions as to confidentiality as the Courts may consider appropriate; and

- (d) The time and place for communications between the Courts should be to the satisfaction of both Courts. Personnel other than Judges in each Court may communicate fully with each other to establish appropriate arrangements for the communication without the necessity for participation by counsel unless otherwise ordered by either of the Courts.

Guideline 8

In the event of communications between the Court and an authorized Representative of the foreign Court or a foreign Insolvency Administrator in accordance with Guidelines 3 and 5 by means of telephone or video conference call or other electronic means, unless otherwise directed by the Court:

- (a) Counsel for all affected parties should be entitled to participate in person during the communication and advance notice of the communication should be given to all parties in accordance with the Rules of Procedure applicable in each Court;
- (b) The communication should be recorded and may be transcribed. A written transcript may be prepared from a recording of the communication which, with the approval of the Court, can be treated as an official transcript of the communication;
- (c) Copies of any recording of the communication, of any transcript of the communication prepared pursuant to any Direction of the Court, and of any official tran-

script prepared from a recording should be filed as part of the record in the proceedings and made available to the other Court and to counsel for all parties in both Courts subject to such Directions as to confidentiality as the Court may consider appropriate; and

- (d) The time and place for the communication should be to the satisfaction of the Court. Personnel of the Court other than Judges may communicate fully with the authorized Representative of the foreign Court or the foreign Insolvency Administrator to establish appropriate arrangements for the communication without the necessity for participation by counsel unless otherwise ordered by the Court.

Guideline 9

A Court may conduct a joint hearing with another Court. In connection with any such joint hearing, the following should apply, unless otherwise ordered or unless otherwise provided in any previously approved Protocol applicable to such joint hearing:

- (a) Each Court should be able to simultaneously hear the proceedings in the other Court.
- (b) Evidentiary or written materials filed or to be filed in one Court should, in accordance with the Directions of that Court, be transmitted to the other Court or made available electronically in a publicly accessible system in advance of the hearing. Transmittal of such material to the other Court or its public availability in an electronic system should not subject the party filing the material in one Court to the jurisdiction of the other Court.

- (c) Submissions or applications by the representative of any party should be made only to the Court in which the representative making the submissions is appearing unless the representative is specifically given permission by the other Court to make submissions to it.
- (d) Subject to Guideline 7(b), the Court should be entitled to communicate with the other Court in advance of a joint hearing, with or without counsel being present, to establish Guidelines for the orderly making of submissions and rendering of decisions by the Courts, and to coordinate and resolve any procedural, administrative, or preliminary matters relating to the joint hearing.
- (e) Subject to Guideline 7(b), the Court, subsequent to the joint hearing, should be entitled to communicate with the other Court, with or without counsel present, for the purpose of determining whether coordinated orders could be made by both Courts and to coordinate and resolve any procedural or nonsubstantive matters relating to the joint hearing.

Guideline 10

The Court should, except upon proper objection on valid grounds and then only to the extent of such objection, recognize and accept as authentic the provisions of statutes, statutory or administrative regulations, and rules of court of general application applicable to the proceedings in the other jurisdiction without the need for further proof or exemplification thereof.

Guideline 11

The Court should, except upon proper objection on valid grounds and then only to the extent of such objection, accept that Orders made in the proceedings in the other jurisdiction were duly and properly made or entered on or about their respective dates and accept that such Orders require no further proof or exemplification for purposes of the proceedings before it, subject to all such proper reservations as in the opinion of the Court are appropriate regarding proceedings by way of appeal or review that are actually pending in respect of any such Orders.

Guideline 12

The Court may coordinate proceedings before it with proceedings in another jurisdiction by establishing a Service List that may include parties that are entitled to receive notice of proceedings before the Court in the other jurisdiction ("Non-Resident Parties"). All notices, applications, motions, and other materials served for purposes of the proceedings before the Court may be ordered to also be provided to or served on the Non-Resident Parties by making such materials available electronically in a publicly accessible system or by facsimile transmission, certified or registered mail or delivery by courier, or in such other manner as may be directed by the Court in accordance with the procedures applicable in the Court.

Guideline 13

The Court may issue an Order or issue Directions permitting the foreign Insolvency Administrator or a representative of creditors in the proceedings in the other jurisdiction or an authorized

Representative of the Court in the other jurisdiction to appear and be heard by the Court without thereby becoming subject to the jurisdiction of the Court.

Guideline 14

The Court may direct that any stay of proceedings affecting the parties before it shall, subject to further order of the Court, not apply to applications or motions brought by such parties before the other Court or that relief be granted to permit such parties to bring such applications or motions before the other Court on such terms and conditions as it considers appropriate. Court-to-Court communications in accordance with Guidelines 6 and 7 hereof may take place if an application or motion brought before the Court affects or might affect issues or proceedings in the Court in the other jurisdiction.

Guideline 15

A Court may communicate with a Court in another jurisdiction or with an authorized Representative of such Court in the manner prescribed by these Guidelines for purposes of coordinating and harmonizing proceedings before it with proceedings in the other jurisdiction regardless of the form of the proceedings before it or before the other Court wherever there is commonality among the issues and/or the parties in the proceedings. The Court should, absent compelling reasons to the contrary, so communicate with the Court in the other jurisdiction where the interests of justice so require.

Guideline 16

Directions issued by the Court under these Guidelines are subject to such amendments, modifications, and extensions as

may be considered appropriate by the Court for the purposes described above and to reflect the changes and developments from time to time in the proceedings before it and before the other Court. Any Directions may be supplemented, modified, and restated from time to time and such modifications, amendments, and restatements should become effective upon being accepted by both Courts. If either Court intends to supplement, change, or abrogate Directions issued under these Guidelines in the absence of joint approval by both Courts, the Court should give the other Courts involved reasonable notice of its intention to do so.

Guideline 17

Arrangements contemplated under these Guidelines do not constitute a compromise or waiver by the Court of any powers, responsibilities, or authority and do not constitute a substantive determination of any matter in controversy before the Court or before the other Court nor a waiver by any of the parties of any of their substantive rights and claims or a diminution of the effect of any of the Orders made by the Court or the other Court.

Schedule B

(Cross-Border Service List)

Court File No.: _____

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 MASONITE INTERNATIONAL INC., MASONITE INTERNATIONAL CORPORATION, MASONITE HOLDING CORPORATION, CROWN DOOR CORPORATION, CASTLEGATE ENTRY SYSTEMS INC., 3061275 NOVA SCOTIA COMPANY, AND ROCHMAN UNIVERSAL DOORS, INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

PROTOCOL

Goodmans LLP
Barristers & Solicitors
250 Yonge Street, Suite 2400
Toronto, Canada M5B 2M6

Jay A. Carfagnini (LSUC# 222936)
Brian F. Empey (LSUC# 30640G)

Tel: 416.979.2211
Fax: 416.979.1234

Solicitors for the Applicants

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ORDER

Goodmans LLP
Barristers & Solicitors
250 Yonge Street, Suite 2400
Toronto, Canada M5B 2M6

Jay A. Carfagnini (LSUC# 222936)
Brian F. Empey (LSUC# 30640G)

Tel: 416.979.2211
Fax: 416.979.1234

Solicitors for the Applicants