Court File No.: CV-09-824700CL

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

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT FOREST PRODUCTS SALES INC., GRANT ALBERTA INC., GRANT U.S. HOLDINGS GP, SOUTHEAST PROPERTIES LLC, GRANT CLARENDON LP, GRANT ALLENDALE LP, GRANT US SALES INC., GRANT NEWCO LLC, AND GRANT EXCLUDED GP.

Applicants

and

THE TORONTO-DOMINION BANK, in its capacity as agent for secured lenders holding first lien security and THE BANK OF NEW YORK MELLON, in its capacity as agent for secured lenders holding second lien security

Respondents

TWENTY SIXTH REPORT OF THE MONITOR DATED AUGUST 22, 2012

INTRODUCTION

1. On June 25, 2009, Grant Forest Products Inc. ("**GFPI**"), Grant Alberta Inc. ("**GAI**"), Grant Forest Products Sales Inc. ("**GFPSI**") and Grant U.S. Holdings GP (the "**Grant Partnership**" or "**U.S. Holdings**") (collectively the "**Original Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") in order to restructure the business and affairs of the Original Applicants. Pursuant to the Order of this Court dated June 25, 2009 (the "**Initial Order**"), Ernst & Young Inc. ("**EYI**") was appointed as the Monitor of the Original Applicants (the "**Monitor**") in the CCAA proceeding. The Initial Order provided for a stay of proceedings through to July 24, 2009. The stay of proceedings was most recently extended to January 31, 2013 (the "**Stay Period**")

pursuant to an Order of this Court dated June 25, 2012.

2. On March 30, 2010, Southeast Properties LLC ("**Southeast**"), Grant Newco LLC ("**Newco**"), Grant US Sales Inc. ("**U.S. Sales**"), Grant Clarendon LP ("**Clarendon**"), Grant Allendale LP ("**Allendale**") and Grant Excluded GP ("**Excluded**") were added as additional applicants to these CCAA proceedings (collectively, the "**Additional Applicants**" and together with the Original Applicants, the "**Applicants**" or "**Grant**"). Pursuant to an Order of this Court dated March 30, 2010 (the "**Supplemental Initial Order**"), EYI was appointed as the Monitor of the Additional Applicants in the CCAA proceeding.

3. The Initial Order, among other things, approved the continuation of the engagement of Stonecrest Capital Inc. ("**Stonecrest**") as Chief Restructuring Advisor (the "**CRA**") of the Applicants with services to be provided by Hap Stephen and Sandra Rosch.

4. On June 30, 2010, this Court approved the revised engagement of Stonecrest as the Chief Restructuring Organization (the "**CRO**") of the Applicants with services to be provided by Hap Stephen and Sandra Rosch.

5. Paragraph 33 of the Supplemental Initial Order set out that, upon the delivery of a certificate by the Monitor to GP International Acquisition III, Ltd. (the "**Canadian Purchaser**"), Georgia-Pacific LLC (the "**U.S. Purchaser**"), and GP Palmetto Holding LLC (the "**Additional U.S. Purchaser**") (collectively "**Georgia Pacific**"), primarily certifying that the funds related to the transaction between Georgia Pacific and Grant were received, the transaction between Georgia Pacific and Grant closed and the CCAA proceedings with respect to the Additional Applicants and the Grant Partnership were terminated. Accordingly, the Monitor was discharged as Monitor of the Additional Applicants and the Grant Partnership.

6. As a result of the completion of the sale to Georgia Pacific and the resulting termination of the CCAA proceedings of the Additional Applicants and the Grant Partnership, only GFPI, GAI and GFPSI (the "**Remaining Applicants**") continue to remain as applicants in these CCAA proceedings.

PURPOSE

7. The purpose of this Twenty Sixth Report of the Monitor (the "**Twenty Sixth Report**") is to report to this Court with respect to the Remaining Applicants' motion for an Order declaring that none of GFPI, the CRO or the Monitor are required to make any further payments to the Timmins Salaried Plan or the Executive Plan (collectively, the "**Pension Plans**"), or their respective trustees or administrators, without further Court Order, and none of GFPI, the CRO or the Monitor shall incur any liability for not making any payments when due to the Pension Plans or their respective trustees or administrators. This Twenty Sixth Report is prepared as a supplement to the Twenty Fifth Report of the Monitor dated June 20, 2012 (the "**Twenty Fifth Report**").

TERMS OF REFERENCE

8. In preparing this Twenty Sixth Report, the Monitor has been provided with, and in making the comments herein, relied upon unaudited financial information, the Remaining Applicants' books and records, financial information prepared by the Remaining Applicants and discussions with management of the Remaining Applicants. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Twenty Sixth Report. Some of the information referred to in this Twenty Sixth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants ("**CICA**") Handbook, has not been performed. Future oriented financial information referred to in this report was prepared based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

9. Unless otherwise stated all monetary amounts contained herein are expressed in U.S. Dollars.

10. Capitalized terms not defined in this Twenty Sixth Report are defined in the Initial Order, the Supplemental Initial Order or previous Reports of the Monitor.

BACKGROUND

11. GFPI and certain of its subsidiaries are privately owned corporations which carried on an oriented strand board ("**OSB**") manufacturing business from facilities located in Canada and the United States. OSB is an engineered, mat-formed panel product made of strands, flakes or wafers sliced from logs and bonded with an exterior-type binder under heat and pressure. The most common uses are sheathing in walls, floors and roofs in the construction of buildings and residential housing.

12. The Applicants and Footner Forest Products Ltd. ("**Footner**") (in which GFPI had a 50% interest) had a total annual capacity to produce 3.7 billion square feet of OSB, which made them the third largest OSB manufacturer in North America.

13. The Applicants had interests in three mills in Canada located at Englehart and Timmins in Ontario and High Level in Alberta, and two mills in the United States located in the counties of Allendale and Clarendon in South Carolina.

14. The OSB mills located in Englehart (the "**Englehart Mill**") and Timmins (the "**Timmins Mill**") in Ontario were owned by GFPI, and as such, were subject to these CCAA proceedings.

15. The OSB mills located in Allendale (the "**Allendale Mill**") and Clarendon (the "**Clarendon Mill**") in South Carolina were owned by Allendale and Clarendon respectively, each of which was owned by Southeast, which in turn was owned by the Grant Partnership. Each of these entities were Additional Applicants and were subject to these CCAA proceedings.

16. As described in the Fourteenth Report of the Monitor dated June 1, 2010 (the "**Fourteenth Report**"), the Applicants completed a sale of the Grant Partnership and the Englehart Mill to Georgia Pacific on May 26, 2010, and as such, the Allendale Mill and the Clarendon Mill are no longer owned by the Remaining Applicants.

17. As described above, GFPI also had a 50% interest in an OSB mill located at High

Level in Alberta (the "**Footner Mill**"), which was described in detail in the Sixteenth Report of the Monitor dated December 20, 2010 (the "**Sixteenth Report**"). GFPI's sale of its interests in the Footner Mill was approved by this Court on January 5, 2011 and the sale closed on February 17, 2011.

18. As described above, GFPI had owned the Timmins Mill located in Timmins, Ontario, which was described in detail in the Nineteenth Report of the Monitor dated March 22, 2011 (the "**Nineteenth Report**"). GFPI's sale of the building and equipment comprising the Timmins Mill was approved by this Court on March 9, 2011 and the sale closed on March 21, 2011. GFPI's sale of the building and equipment related to the Timmins Mill to EDS Decommissioning Canada Inc. ("**EDS**") did not include the land on which the Timmins Mill is located and this land (defined below as the Timmins Land) was sold separately by GFPI as further described in the following paragraph.

19. With the completion of the Georgia Pacific sale, the sale of GFPI's interests in Footner and the sale of the Timmins Mill, GFPI had the following remaining assets:

    a. Office premises and boathouse in Haileybury, Ontario (the "**Boat House**");

    b. a parcel of land in Earlton, Ontario that was formerly a golf course (the "**Golf Course Lands**");

    c. GFPI's interest in the prepaid lease of an airplane hangar in Earlton, Ontario (the "**Hangar Lease**");

    d. a custom built 65 foot yacht located in Florida (the "**Boat**");

    e. the parcel of land near Timmins, Ontario (the "**Timmins Land**") which contained the Timmins Mill, which is in the process of being dismantled and demolished by EDS; and

    f. a landfill site near Timmins, Ontario (the "**Ogden Landfill**").

20. On September 21, 2011, this Court granted Orders approving the sale of the Boat House, the Golf Course Lands, the Hangar Lease and the Timmins Land. The sales of the Boat House, the Golf Course Lands, the Hangar Lease and the Timmins Land

closed on October 13, 2011. Further details with respect to these sales transactions are described in the Twenty Second Report of the Monitor dated September 16, 2011 (the "**Twenty Second Report**").

21. On November 16, 2011, this Court granted Orders approving the sale of the Boat and the Ogden Landfill. Further details with respect to these sales transactions are described in the Twenty Third Report of the Monitor dated November 9, 2011 (the "**Twenty Third Report**").

22. GFPI still owns the Ogden Landfill and continues to work with the purchaser to close the sale transaction.

PENSION PLAN RESERVES

23. As described in the Twenty Fifth Report, PricewaterhouseCoopers Inc. ("**PwC**") is the administrator of the Pension Plans, which were formerly administered by GFPI. Further to Orders of this Court dated August 26, 2011 and September 21, 2011, the Monitor began holding in escrow an amount of CDN$191,245 with respect to the Timmins Salaried Plan and CDN$2,185,000 with respect to the Executive Plan (collectively, the "**Pension Reserves**"). The Pension Reserves were based on 115% of the estimated amount necessary to satisfy the wind up deficits of the Pension Plans. The wind up deficits were calculated based on interim valuation reports prepared by GFPI's actuaries.

24. As a result of further actuarial valuations obtained by PwC, the Pension Reserves were increased by Order of this Court dated June 25, 2012 to CDN$726,372 with respect to the Timmins Salaried Plan and CDN$2,384,688 with respect to the Executive Plan.

25. Also as set out in the Twenty Fifth Report, on June 14, 2012, counsel to PwC advised that the Financial Services Commission of Ontario ("**FSCO**") approved the wind up report prepared by PwC in respect of the Executive Plan. On June 26, 2012, counsel to PwC advised that the wind up report for the Timmins Salaried Plan had been submitted to FSCO for approval in June 2012, but it has not yet been approved.

26. If the wind-up report for the Timmins Salaried Plan is approved, the Monitor has been advised that the total of special payments due at that time would be CDN$328,298, plus accrued interest, relating to amounts outstanding as of March 31, 2011 and March 31, 2012. Future annual special payments would be due on March 31 in each of 2013, 2014 and 2015, based on annually updated valuation reports.

27. In respect of the Executive Plan, the Monitor has been advised that the total of special payments due at this time are $1,263,186, plus accrued interest, relating to amounts outstanding as of June 30, 2010, June 30, 2011 and February 29, 2012. Future annual special payments would be due on February 28 in each of 2013, 2014 and 2015, based on annually updated valuation reports. However, the amount that is ultimately required to fund the purchase of annuities to fund the payment of benefits due to beneficiaries under the Executive Plan may exceed the amount of these special payments.

28. GFPI and the Monitor have been advised that PwC has contacted various insurance companies to inquire about the cost of purchasing annuities to fund the payment of benefits due to beneficiaries under the Executive Plan. Due to the terms of the Executive Plan, in particular the fact that it has a cost-of-living adjustment linked to the consumer price index, PwC has advised that the cost of purchasing such annuities, according to the insurance companies it has contacted, would be in the range of CDN$6.1 million to CDN$6.5 million, which exceeds the estimated wind up liabilities calculated by the actuary by about $1.7 million, after taking into account the plan assets. Counsel to the Monitor has asked counsel to PwC for an opportunity to review the quotations received from the insurance companies but has not yet been granted access to them.

INDALEX

29. As set out in the Twenty Fifth Report, on June 5, 2012, the Supreme Court of Canada heard submissions on the appeal of the Court of Appeal's decision in the *Indalex* CCAA proceeding with respect to, among other things, the existence and priority of deemed trust amounts under the *Pension Benefits Act*.

30. It is the view of GFPI and the Monitor that there should be no further payments on behalf of the Pension Plans pending the release of the decision from the Supreme Court of Canada in *Indalex* and further Order of this Court. In the meantime, GFPI will not be seeking to distribute further amounts to the Second Lien Lenders or the Second Lien Lenders' Agent.

31. GFPI is accordingly seeking the approval of this Court for GFPI and the Monitor not to make any further payments to the Pension Plans until further Order of this Court and that none of GFPI, the CRO or the Monitor shall incur any liability for not making any payments when due with respect to the Pension Plans.

NOTICE TO SECOND LIEN LENDERS

32. GFPI, through the CRO, sent a letter to the Second Lien Lenders' Agent dated July 12, 2012, to advise the Second Lien Lenders of the issues in respect of the Pension Plans and the return of this motion on August 27, 2012. Concurrently, GFPI provided an analysis showing the funds currently held by GFPI and the Monitor on behalf of GFPI and the estimated expenses, reserves, and potential proceeds. A copy of this letter and the referenced analysis is attached to this report as Appendix "A". The CRO and the Monitor have communicated with a representative of one of the Second Lien Lenders about these issues both before and after the letter and analaysis was distributed to the Second Lien Lenders.

RECOMMENDATIONS

33. The Monitor recommends that this Honourable Court grant the relief sought by the Remaining Applicants.

All of which is respectfully submitted this 22th day of August, 2012.

ERNST & YOUNG INC.
in its capacity as the Monitor of
Grant Forest Products Inc., Grant Alberta Inc., and
Grant Forest Products Sales Inc.

Per:

Alex Morrison
Senior Vice President

APPENDIX “A”

July 12, 2012

Bank of New York Mellon
600 E. Las Colinas Boulevard, Suite 1300
Irving, TX 75039
Attention: Melinda Valentine

Re: Grant Forest Products Inc. ("**GFPI**")

GFPI has been subject to protection under the *Companies Creditors Arrangement Act* (the "**CCAA**") since June of 2009. In GFPI's CCAA proceedings, GFPI brought a motion to the Ontario Superior Court of Justice (the "**Court**") which was heard on June 25, 2012. Among other things, GFPI had sought certain relief with respect the two defined benefit pension plans (the "**Pension Plans**") which it formerly administered (being the "**Executive Plan**" and the "**Timmins Salaried Plan**").

Essentially, GFPI had sought to hold the amounts estimated to be required to fund the wind-up deficits for both Pension Plans in reserve pending the release of the *Re Indalex* decision by the Supreme Court of Canada (the "**SCC**"). It is possible that the SCC's decision in *Re Indalex* may clarify whether the *Pensions Benefits Act* (Ontario) ("**PBA**") provides that amounts owing in respect of a wind-up deficit for a defined benefit pension plan are deemed to be held in trust and therefore payable in priority to secured creditors in a CCAA proceeding. GFPI also sought a declaration that it was not required to make further payments into the Pension Plans pending further Court Order (the "**Payment Relief**").

PricewaterhouseCoopers Inc. ("**PwC**") (the replacement pension plan administrator) opposed the Payment Relief sought by GFPI. PwC also advised prior to the motion that the wind-up costs for the Executive Plan were substantially higher than previously advised (as described below).

At the hearing on June 25, 2012, the Court was not prepared to grant the Payment Relief. However, GFPI requested that it not be required to make further payments into the Pension Plans until information regarding the quantum of such payments could be provided to the Second Lien Lenders, such that they could determine if they wished to take a position on the motion. Information regarding the quantum of the payments is below.

At the hearing on June 25, 2012, the Court adjourned the request by GFPI for the Payment Relief, but agreed that GFPI need not make any further payments to the Pension Plans pending the return of that portion of GFPI's motion. That portion of the motion related to the Payment Relief is now scheduled to be heard on August 27, 2012. Depending on the result of the motion, GFPI may be required to make the payments to the Pension Plans as required by the PBA. These amounts are set out below.

The Second Lien Lenders are encouraged to consult with legal counsel.

Pension Plan Information

Information on the Pension Plans has been provided by the actuaries to the Plans, and has been conveyed to GFPI by Osler, Hoskin & Harcourt LLP ("**Osler**"), counsel to PwC.

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The Executive Plan

The updated actuarial valuation report as of February 29, 2012 for the Executive Plan indicated that the wind-up deficit is $2,384,688. The deficit is the difference between the estimated total wind-up liabilities of $4,662,323 and estimated total assets of $2,277,635, based on certain assumptions made in accordance with standard actuarial practice. After the completion of the valuation report, PwC contacted various insurance companies to inquire about the cost of purchasing annuities to fund the payment of benefits due to beneficiaries under the Executive Plan. Due to the terms of the Executive Plan, in particular the fact that it has a cost-of-living adjustment linked to the consumer price index, PwC was advised that the cost of purchasing annuities would be in excess of the estimated wind-up liabilities as reflected in the wind-up report. Osler advised GFPI that the quotes received for purchasing annuities are between $6.1 and $6.5 million. The actual cost at the time annuities are purchased will depend on a number of factors, including prevailing market conditions at the relevant time. Assuming a cost of $6.3 million and Executive Plan assets of $2.3 million, the additional amount required to fund the purchase of the annuities is approximately $4 million. This amount is about $1.7 million more than the amount required to fund the estimated wind-up deficit.

Under the *PBA*, the wind-up deficit is to be funded by annual special payments commencing at the effective date of the wind-up. The wind-up deficit can be funded over a period of five years. Annual valuations are required to be prepared and the annual special payment amounts updated based on the annual valuation. The wind-up date for the Executive Plan is June 30, 2010.

GFPI has been advised that the total of the special payments that would be required to be paid into the Executive Plan at this time is $1,263,186. This figure represents amounts for June 30, 2010, June 30, 2011 and February 29, 2012. In addition, interest has accrued and is accruing on these amounts. If this amount is paid into the Executive Plan, it would increase the assets in the Executive Plan, which would ultimately be used to satisfy the wind up liabilities through the purchase of annuities.

Until the annuities are purchased to fully fund the benefits to the beneficiaries, and so long as annual valuations continue to show a wind-up deficit, annual special payments will continue to be made. Based on the current valuation report, the remaining future annual special payments would be $480,286 for each of February 28, 2013 and February 28, 2014 and $160,095 for February 28, 2015.

In summary, the following are some of the key figures based on information in the valuation report:

As at February 29, 2012	
Estimated Total Wind up Liabilities	$4,662,323
Estimated Total Assets	$2,277,635
Estimated Wind up Deficit	$2,384,688

Special payments to be paid into the Executive Plan based on the February 29, 2012 valuation:

Amount as of February 29, 2012	$1,263,186 plus interest
Remaining special payments to fund deficit	$1,120,667

Estimated cost of purchasing annuities	$6,300,000 (estimate was $6.1 to $6.5 million)
Amount by which estimated cost of purchasing annuities exceeds estimated wind up liabilities after taking into account the plan assets	$1,700,000

Timmins Salaried Plan

The wind-up date of the Timmins Salaried Plan is March 31, 2011. The estimated wind-up deficit for the Timmins Salaried Plan is $726,372 at March 31, 2012. GFPI has been advised that the total of the special payments that would be required to be paid into the Timmins Salaried Plan at this time is $328,298. This represents amounts outstanding as of March 31, 2011 and March 31, 2012. In addition, interest has accrued and is accruing on these amounts.

Based on the current valuation report, the remaining future annual special payments would be $141,534 for each of March 31, 2013, March 31, 2014 and March 31, 2015. The valuation report must be updated annually and these payments are likely to change, however, they are not expected to vary substantially.

In summary, the following are some of the key figures based on information in the valuation report:

As at March 31, 2012	
Estimated Total Wind up Liabilities	$2,658,358
Estimated Total Assets	$1,931,878
Estimated Wind up Deficit	$726,481

Special payments to be paid into the pension plan based on the March 31, 2012 valuation:

Amount as of March 31, 2012	$328,298 plus interest
Remaining special payments to fund deficit	$424,602

GFPI Cash Balance as at June 3, 2012

The Twenty Fifth Report of the Monitor dated June 20, 2012 indicates that as of June 3, 2012, GFPI's cash balance was approximately $2.9 million. In addition, there is approximately $5.9 million in GFPI's Trust Account held by the Monitor. As a result, the total cash as at June 3, 2012 was approximately $8.8 million.

Please contact me at 416-364-0730 or email me at srosch@stonecrestcapital.com to discuss these matters.

Yours sincerely,

GRANT FOREST PRODUCTS INC.
By its Chief Restructuring Organization
STONECREST CAPITAL INC.

Sandra Rosch
President, Stonecrest Capital Inc.

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Saled Inc. (the "Remaining Applicants")
Illustrative Estimate of Potential Proceeds
(thousands of CND dollars)
(US$1 = CAD$1)

	Notes	As at June 29, 2012 CND$'000
CASH BALANCE		
GFPI's Bank Balance as of June 29, 2012	1	$ 2,859
Funds in Trust with the Monitor as of July 6,2012	2	3,467
Funds in Escrow with the Monitor		
Ogden Landfill Escrow	3	7
Pension Escrow	4	3,111
Total Cash Balance		$ 9,444
Less: Holdbacks/Reserves		
Funds in Escrow		
Ogden Landfill Escrow	3	(7)
Pension Escrow	4	(3,111)
Estimate of Potential Priority Payment Accruals		
Potential payments as a result of CRA Audits	5	?
Reserve for potential GST/HST ITC disputes	6	(950)
Estimate of Potential Expenses related to the CCAA		
Restructuring Costs and remaining employee costs and G&A	7	(780)
Potential additional Pension Reserves	8	(1,838)
Estimate of Potential Reserves related to the CCAA		
General contingency reserve	9	(250)
Reserve for additional post closing costs	10	(780)
Potential Reserves in the event of a Bankruptcy		
OSB Fees, Mailings, WEPPA administration and related costs	11	(100)
Surplus funds as of June 29, 2012 (subject to the qualification in note 8)		$ 1,628

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Saled Inc. (the "Remaining Applicants")
Illustrative Estimate of Potential Proceeds
(thousands of CND dollars)
(US$1 = CAD$1)

	Notes	As at June 29, 2012 CND$'000
Balance brought forward from the previous page		1,628
Potential Incremental Proceeds		
OSB Fees, Mailings, WEPPA administration and related costs	11	100
Sale of Ogden Landfill	3	40
Unused reserve for additional post closing costs	10	780
Potential Release of Pension escrow	4	3,111
Potential release of pension reserve	8	1,838
Potential release of general contingency	9	250
Less: Reserve for Stonecrest completion fee	12	(415)
Total Potential Distribution		7,332

Notes:
1 GFPI's bank balance as of June 29, 2012. The above analysis reflects US$ and CND$ at par.
2 Funds in trust with the Monitor as of July 6, 2012. The above analysis reflects US$ and CND$ at par.
3 Escrow with respect to the sale of the Ogden Landfill. The escrow will be released to GFPI upon the closing of the sale transaction along with the proceeds from the sale of the Ogden Landfill.
4 Pension Escrow pursuant to the Court Order of June 25, 2012. The Pension Escrow includes CDN$726,372 with respect to the Timmins Salaried Plan and CDN$2,384,688 with respect to the Executive Plan. GFPI is expected to make a motion on August 27, 2012 to stay pension payments until a decision on Indalex is determined, however, there is no assurance that GFPI's motion will be granted. If the motion is not granted, GFPI will be required to make a CDN$328,298 plus interest with respect to the Timmins Salaried Plan and a payment of $1,263,186 plus interest with respect to the Executive Plan. If GFPI's motion is granted, GFPI will await the decision on Indalex to determine pension payments to be made.
5 The CRA has not completed an audit of GFPI's books of accounts. Therefore, there is a possibility that a payment may be required for any unpaid priority amounts related to source deductions or similary priority amounts as a result of CRA's audit.
6 Potential reserve related to Harmonized Sales Tax and Investment Tax Credits. Prior to the release of this reserve, a clearance certificate from the CRA will be required.
7 Potential costs and expenses related to the administration of the CCAA proceedings
8 The Monitor understands that the Pension Plan Administrator has received quotes for annuity purchases with respect to the Executive Plan ranging between $6.1 and $6.5 million. Accordingly, this potential additional reserve is the additional amount required above the amount to fund the wind-up deficit assuming an annuity purchase of $6.5 million, net of the assets in the Execuitve Plan of approximately $2.28 million. The calculation of this reserve is CDN$6,500,000 - CDN$2,384,688 - CDN$2,277,635 = CDN$1,837,677. However, the Monitor understands that the actual cost of the annuities will depend on the market factors when the annuties are purchased, and the pension plan assets are also subject to market fluctuations, accordingly, this amount is subject to change based on when annuities are purchased.
9 The amount represents a reserve for a general contingency which will be reversed if not required.
10 The amount represents a reserve for costs to administer the CCAA proceedings in the event the CCAA proceedings continue for an extended period of time. This reserve will be reversed if not required.
11 The amount represents an estimate for a reserve in the event of a bankruptcy for costs related to statutory items required by the Bankruptcy proceedings. This reserve will be reversed if not used.
12 Reserve for Stonecrest's completion fee which is based on future distributions to secured lenders.