

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

**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

SUPPLEMENTARY JOINT STATEMENT OF FACTS AND LAW

July 18, 2013

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SUPPLEMENTARY JOINT STATEMENT OF FACTS AND LAW

1. Grant Forest Products Inc. (“**GFPI**”) brought a motion originally returnable June 25, 2012 (the “**Pension Motion**”) for, among other things, relief in respect of two defined benefit pension plans (the “**Pension Plans**”) formerly administered by GFPI. PricewaterhouseCoopers Inc. (“**PwC**”) is the current administrator of the Pension Plans.
2. In connection with the Pension Motion, GFPI and PwC submitted a Joint Statement of Facts and Law dated August 24, 2012. That Joint Statement set out, among other things, the amounts due to be paid into the Pension Plans as at the date thereof. Pursuant to the PBA, those amounts change over time.

3. Submissions with respect to the Pension Motion were heard on November 27, 2012. During the same hearing, submissions were also heard on a motion by West Face Capital Inc. for an order lifting the stay of proceedings herein to facilitate a bankruptcy order against GFPI (the “**Bankruptcy Motion**”). Following that hearing, further written submissions were provided by the parties concerning the impact of the decision of the Supreme Court of Canada in *Re Indalex* on the issues in the two motions.
4. Further oral submissions with respect to outstanding issues in the Pension Motion and the Bankruptcy Motion will be heard on a date to be set by the Court.
5. The purpose of this Supplementary Joint Statement is to provide updated information regarding the amounts due to be paid into the Pension Plans. The defined terms used herein bear the meaning ascribed to them in the original Joint Statement, except where otherwise indicated.

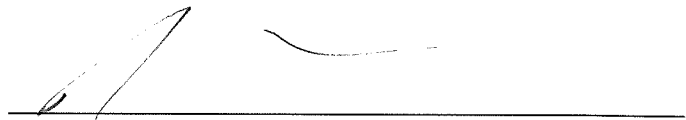
Timmins Salaried Plan

6. The Timmins Salaried Plan Wind-Up Report disclosed an estimated wind-up deficit of \$726,481.
7. As further set out in the original Joint Statement, PwC’s position was that the Required Timmins Salaried Plan Payment as of August 24, 2012 was \$328,298 plus interest from March 31, 2012, which amount was due to be paid by GFPI into the Timmins Salaried Plan.
8. PwC’s position is that the Required Timmins Salaried Plan Payment as at November 27, 2012 was \$339,923. This amount includes interest in the amount of \$11,625 (determined using the same rate used in determining the amount of the annual special payments needed to liquidate the wind-up deficiency). GFPI does not accept that interest should be included.
9. PwC’s position is that the Required Timmins Salaried Plan Payment as at March 31, 2013 was \$485,715, including interest in the amount of \$15,883. GFPI does not accept that interest should be included.

Executive Plan

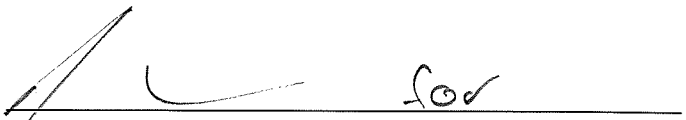
10. The Executive Plan Wind-Up Report disclosed an estimated wind-up deficit of \$2,384,688.
11. As further set out in the original Joint Statement, PwC's position was that the Required Executive Plan Payment as of August 24, 2012 was \$1,263,186 plus interest from February 29, 2012, which amount was due to be paid by GFPI into the Executive Plan.
12. PwC's position is that the Required Executive Plan Payment as at November 27, 2012 was \$1,281,639, including interest in the amount of \$18,453. GFPI does not accept that interest should be included.
13. PwC's position is that the Required Executive Plan Payment as at March 31, 2013 was \$1,764,275, including interest in the amount of \$20,803. GFPI does not accept that interest should be included.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 18th day of July, 2013.



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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 (the “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 (the “Respondents”)

ONTARIO

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

PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENTARY JOINT STATEMENT OF
FACT AND LAW**

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