

NORTHERN SAWMILLS INC.

SIXTH REPORT OF THE RECEIVER

June 18, 2013

**ONTARIO
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST**

BETWEEN:

G.E. CANADA EQUIPMENT FINANCING G.P.

Applicant

-and-

NORTHERN SAWMILLS INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C.
1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED

**SIXTH REPORT OF
PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
NORTHERN SAWMILLS INC.**

June 18, 2013

INTRODUCTION

1. On January 4, 2011, pursuant to an Order (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as Receiver (the “**Receiver**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, over all the assets, undertakings and properties acquired for or used in relation to a business carried on by Northern Sawmills Inc. (“**Northern**”) including all proceeds thereof (the “**Northern Property**”). The appointment of the Receiver is referred to herein as the “**Receivership Proceedings**”.
2. On January 4, 2011, by order of the Court, the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Northern Property, substantially in accordance with the sale process (the “**Northern Sale Process**”) outlined in the report of PwC, as proposed receiver of Northern, dated December 30, 2010 (the “**Proposed Receiver’s Report**”).
3. During the course of the Receivership Proceedings, the Receiver has filed five reports with the Court (the “**Receiver’s Reports**” and collectively with the Proposed Receiver’s Report, the “**Reports**”), providing the Court with, among other things, periodic updates on the Receiver’s overall conduct and strategy with respect to the administration of the estate, the results of the Northern Sale Process, the liquidation of the Northern Property, the review of the security held by Northern’s Secured Lenders (as hereinafter defined), the proposed distribution of funds held by the Receiver amongst the Secured Lenders, information relating to Northern’s pension plans and issues raised by Morneau Shepell Ltd. (“**Morneau**”), in its capacity as administrator of the plans and the application of the *Wage Earner Protection Program Act* to Northern’s former unionized employees.
4. The Receiver’s latest update was provided to the Court in the Receiver’s fifth report dated November 8, 2012 (the “**Fifth Report**”), a copy of which, without appendices, is attached hereto as **Appendix “A”**. The Fifth Report provided the Court with, among other things, information relating to Northern’s pension plans and claims asserted against the Northern Property by Morneau. In addition, the Fifth Report was filed by the Receiver to seek advice and direction from the Court regarding:
 - i) whether the Superintendent (the “**Superintendent**”) of the Financial Services Commission of Ontario (“**FSCO**”) was stayed from considering Morneau’s

recommendation to change the wind up date of the Hourly Plan and merge the deregistered Salaried Plan (both as hereinafter defined) into the Hourly Plan constitutes a proceeding (a “**Proceeding**”) as defined in the Receivership Order such that FSCO is stayed from taking steps without leave of the Court; and

- ii) the maximum amount of a reserve (the “**81.6 Reserve**”) to be held by the Receiver to satisfy Morneau’s claims pursuant to section 81.6 of the BIA (the “**81.6 Claims**”) relating to Northern’s pension plans;

and to seek an order of the Court for a distribution (the “**Proposed Distribution**”) among Northern’s Secured Lenders subject to the Receiver maintaining a sufficient reserve to satisfy any priority claims and the anticipated costs to complete the administration of the Receivership Proceedings (the “**Receiver’s Cost Reserve**”).

- 5. On November 18, 2012, the Receiver filed a supplement to the Fifth Report (the “**Supplement**”) to provide the Court with updated information with respect to the Receiver’s Charge (as hereinafter defined) and the corresponding effect on the Proposed Distribution amongst Northern’s Secured Lenders.
- 6. On November 19, 2012 the Court granted an Order and issued an endorsement on November 26, 2012 (collectively the “**November Order**”), which, among other things:
 - i) declared that the process of the Superintendent to consider Morneau’s recommendation of changing the wind-up date of the Hourly Plan is a Proceeding within the meaning of the Receivership Order such that the parties are stayed by the Receivership Order from taking steps in furtherance of the Proceeding;
 - ii) directed the Receiver to hold an amount of \$147,732 as the 81.6 Reserve in relation to Morneau’s 81.6 Claims with respect to the Salaried Plan;
 - iii) advised and directed that the Receiver reserve no funds in relation to Morneau’s 81.6 Claims with respect to the Hourly Plan;
 - iv) advised and directed that the Receiver reserve no funds in relation to Morneau’s PBA Claim (as hereinafter defined);
 - v) authorized and directed the Receiver to settle the Property Tax Claim (as hereinafter defined);

- vi) authorized and directed the Receiver to make the Proposed Distribution among Northern's Secured Lenders subject to the Receiver maintaining the 81.6 Reserve and the Receiver's Cost Reserve;
 - vii) authorized and directed the Receiver to make further distributions to the Secured Lenders of their respective portion of the remaining 81.6 Reserve, if any, should the 81.6 Claims, as proven, be less than the 81.6 Reserve, without further order of the Court; and
 - viii) authorized and directed the Receiver to distribute any remaining proceeds following the Proposed Distributions from the Northern Property to G.E. Canada Equipment Financing G.P. ("**G.E.**") without further Order of the Court.
7. The purpose of this, the Receiver's sixth report (the "**Sixth Report**"), is to provide the Court with information with respect to:
- i) the activities of the Receiver since the date of the Fifth Report;
 - ii) the Receiver's Statement of Receipts and Disbursements from the date of the Receivership Order to April 30, 2013; and
 - iii) a Settlement Agreement dated January 22, 2013, (the "**Settlement Agreement**") entered into by the Receiver, G.E., Morneau and the Superintendent, with respect to Morneau's Asserted Pension Claims (as hereinafter defined) asserted against the Northern Property in relation to Northern's pension plans;
- and to seek an order of the Court:
- iv) approving the Sixth Report and the activities of the Receiver as set out in this Sixth Report, including the Receiver's Statement of Receipts and Disbursements set out herein;
 - v) approving the Settlement Agreement;
 - vi) granting a permanent stay, in relating to any claims or proceedings that any person may seek to assert or initiate against the Receiver or G.E. relating to the Salaried Plan or Hourly Plan;

- vii) authorizing and directing the Receiver to distribute \$35,000 to Morneau, pursuant to the Settlement Agreement, in full and final satisfaction of Morneau's Asserted Pension Claims; and
- viii) declaring that PwC has duly and properly discharged its duties, responsibilities and obligations as the Receiver of Northern and shall be discharged and released from any and all further obligations as Receiver of Northern and any and all liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting as Receiver, save and except for the Receiver's gross negligence or wilful misconduct, effective immediately upon the filing of a certificate with the Court certifying that the Receiver has completed its remaining duties in respect of Northern (the "**Discharge Certificate**").

RESTRICTIONS

8. In preparing this Sixth Report, the Receiver has relied upon certain unaudited financial information of the Company, the Company's books and records, information obtained from former personnel of the Company and other sources (collectively, the "**Information**").

Except as described in this Sixth Report:

- i) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - ii) the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not defined herein are as defined in the Receivership Order or the Fifth Report.

RECEIVER'S ACTIVITIES SINCE THE FIFTH REPORT

10. Since the date of the Fifth Report, the Receiver has, among other things:

- i) established a trust account to hold the 81.6 Reserve, in the amount of \$147,732 pursuant to the November Order, to be held by the Receiver until the 81.6 Claims filed by Morneau in relation to the Salaried Plan pursuant to section 81.6 of the BIA is quantified and satisfied by the Receiver;
- ii) held numerous discussions with G.E., Morneau, FSCO and their respective legal counsel regarding Northern's pension plans and the claims asserted by Morneau against the Northern Property, resulting in the negotiated Settlement Agreement, as more fully discussed later in this report;
- iii) settled the claim filed by the City of Thunder Bay, Ontario with respect to property taxes owing on the Real Property up to March 30, 2012, the date of the sale of the Real Property (the "**Property Tax Claim**"), in the net amount of \$159,851, inclusive of interest and penalties and after adjustment for various tax rebates and adjustments;
- iv) held various discussions with Canada Revenue Agency regarding a potential refund of harmonized sales tax ("**HST**") due to the estate;
- v) prepared and filed statutory reports as required under section 246 (2) of the BIA; and
- vi) responded to requests for information from creditors, employees and other stakeholders as appropriate.

NORTHERN'S PENSION PLANS

BACKGROUND INFORMATION

- 11. As detailed in the Fifth Report, Northern was the employer under, and the administrator of, two defined benefit pension plans:
 - i) the Retirement Plan for Employees of Northern Sawmills Inc. (the "**Hourly Plan**"); and
 - ii) the Retirement Plan for Salaried Employees of Northern Sawmills Inc. (the "**Salaried Plan**") and collectively with the Hourly Plan, the "**Plans**").
- 12. As previously reported to the Court, Morneau was appointed as administrator of the Hourly Plan on March 11, 2011 and as administrator of the Salaried Plan on August 3, 2011, by FSCO.

13. Paragraphs 14 through 37 of the Fifth Report more particularly summarize the status of Plans and the actions and submissions made by Morneau and FSCO with respect to the Plans during the Receivership Proceedings.

MORNEAU'S CLAIMS

14. The 81.6 Claims and the alleged deemed trust claim asserted by Morneau against the Northern Property pursuant to the *Pension Benefits Act* (Ontario) (the "**PBA**"), for the wind-up deficiency of the Plans (the "**PBA Claim**" and together with the 81.6 Claims the "**Asserted Pension Claims**"), are more fully described in the Fifth Report, particularly in paragraphs 39 to 58 thereof.
15. In its Fifth Report, the Receiver sought advice and direction from the Court with respect to the maximum 81.6 Reserve to be held by the Receiver to satisfy Morneau's 81.6 Claims and whether any reserve was to be held by the Receiver in relation to the PBA Claim.
16. Pursuant to the November Order, the Court directed the Receiver to hold an amount of \$147,732 as the 81.6 Reserve in relation to Morneau's 81.6 Claims with respect to the Salaried Plan and advised and directed that the Receiver reserve no funds in relation to Morneau's 81.6 Claims with respect to the Hourly Plan or the PBA Claim asserted by Morneau.
17. As at the date of this Sixth Report, the 81.6 Reserve held by the Receiver is \$147,732, in an interest bearing account, pursuant to the November Order.

SETTLEMENT AGREEMENT

18. Following the November Order, ongoing discussions were held between the Receiver, G.E., Morneau and FSCO (collectively the "**Parties**"), with respect to all outstanding matters relating to the Plans and quantifying Morneau's 81.6 Claims in relation to the Salaried Plan.
19. These discussions resulted in the Parties agreeing to compromise and settle between themselves all outstanding matters relating to the Plans, including the 81.6 Claims and PBA Claim asserted by Morneau during the Receivership Proceedings.
20. Accordingly, on January 22, 2013, the Parties executed a Settlement Agreement, subject to Court approval being sought and obtained by the Receiver, which provides, among other things, that:

- i) Morneau will be paid \$35,000 (the “**Settlement Amount**”) in full and final satisfaction of the Asserted Pension Claims and such amount shall be applied first towards any normal costs owing in respect of the Salaried Plan;
 - ii) Morneau and FSCO will not pursue the 81.6 Claims and PBA Claim asserted against the Northern Property;
 - iii) the Receiver and G.E. shall withdraw their costs submissions relating to the motion sought for advice and direction from the Court relating to the Plans and Morneau’s 81.6 Claims and PBA Claim (the “**Motion**”);
 - iv) none of the Parties shall seek costs from any other party in relation to the Motion or any other steps in the Receivership Proceeding; and
 - v) none of the Parties shall appeal the November Order.
21. The Settlement Agreement, a copy of which is attached hereto as **Appendix “B”**, was subject to Court approval and conditional on:
- i) the Superintendent ordering that the Salaried Plan be terminated as of November 16, 2010 (a “Notice of Intended Decision” with respect to this matter was issued by the Superintendent on January 31, 2013);
 - ii) the Superintendent issuing a declaration that the Pension Benefits Guarantee Fund applies to the Salaried Plan; and
 - iii) the Court approving the Settlement Agreement and granting a permanent stay, in a form satisfactory to the Receiver and G.E., relating to any claims or proceedings that any person may seek to assert or initiate against the Receiver of G.E. relating to the Plans.
22. The Receiver respectfully requests that the Court grant an order approving the Settlement Agreement and authorizing and directing the Receiver to pay to Fasken Martineau DuMoulin LLP (“**Faskens**”), Lawyers for Morneau, the Settlement Amount, in full and final satisfaction of the Asserted Pension Claims asserted by Morneau with respect to the Plans.
23. It is the intention of the Receiver to pay the Settlement Amount from the 81.6 Reserve held by the Receiver, thereupon the balance of the 81.6 Reserve will become available for distribution to the Secured Lenders pursuant to the November Order.

RECEIVER'S STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

24. The Receiver's Statement of Receipts and Disbursements for the period from January 4, 2011 to April 30, 2013 is summarized as follows:

STATEMENT OF RECEIPTS AND DISBURSEMENTS For the Period from January 4, 2011 to April 30, 2013	
RECEIPTS	CAD\$
Net Proceeds of Liquidation	1,874,679
Receiver's Borrowings	400,000
Sale of Real Property	300,000
Funding of Professional Costs	64,577
Interest Income	5,918
Miscellaneous	4
TOTAL RECEIPTS	2,645,178
DISBURSEMENTS	
Rent / Telephone / Utility	150,171
Insurance	135,420
Receiver Fees & Disbursements	160,698
Legal Fees	176,708
Realty & Business Tax	159,852
Payroll	76,962
Operating Expenses	25,992
Bank Charges	2,411
Deemed Trust Claims	3,975
Selling Costs	1,308
Statutory costs	1,404
Sales Tax (HST, PST)	72,474
Ministry of Finance re: EHT 2011	560
TOTAL OPERATING DISBURSEMENTS	967,934
Add: Provision for fees paid directly by GE	764,092
Less: Professional Fees paid directly by GE	(764,092)
Repayment of Receiver's Borrowings	(400,000)
Costs of Receiver's Borrowings	(15,193)
NET RECEIPTS OVER DISBURSEMENTS	1,262,052
Funds in RBC GIC Account	86,879
TOTAL FUNDS AVAILABLE	1,348,931

(1)

(1) Includes funds of \$147,732 held in trust as S81 Reserve

Note: As indicated in the Fifth Report, PwC is holding \$10,000 in trust related to the occupation costs of 632 as between the Sites. The portion of funds associated with the costs of 632's occupation of the Northern Site has not yet been reflected in the Statement of Receipts and Disbursements set out above.

25. As at the date of this Sixth Report, and as further described below, the Receiver estimates additional disbursements will be required for various unpaid and future administrative costs and liabilities incurred by the Receiver during the Receivership Proceedings, including the future and unpaid professional costs of the Receiver and its legal counsel (the “**Outstanding Disbursements**”). Accordingly, the Receiver proposes to hold the Receiver’s Cost Reserve, in the amount of \$150,000, for payment of the Outstanding Disbursements.
26. In the Fifth Report, the Receiver sought and obtained approval from the Court of its fees and disbursements and those of its legal counsel for the period from December 21, 2010 to September 30, 2012 in connection with the performance of their duties in the Receivership Proceedings along with the estimated fees and disbursements of the Receiver and its counsel from October 1, 2012 to completion of all work relating to the Receivership Proceedings up to the effective date of the Receiver’s discharge (the “**Estimated Final Administration Costs**”), and held back a reserve for payment of these costs of \$150,000, as approved by the Court. However, due to the additional work undertaken by the Receiver and its legal counsel since October 1, 2012 to April 30, 2013 relating to the Receivership Proceedings, in particular settlement of the Asserted Pension Claims, the Estimated Final Administration Costs, including the Outstanding Disbursements, will exceed \$150,000. The additional professional costs were partly paid from the funds held by the Receiver or were paid directly by GE.
27. The Receiver’s Costs Reserve will be sufficient to pay the unpaid and future costs incurred by the Receiver and its legal counsel for the period from October 1, 2012 to the effective date of the Receiver’s discharge.
28. The Receiver respectfully requests that the Court approve the Receiver’s Statement of Receipts and Disbursements.

OBLIGATIONS TO SECURED CREDITORS

29. As summarized in the Fifth Report, on July 25, 2011, Osler provided the Receiver with its opinion (the “**Security Opinion**”) on the validity and enforceability of the security granted by Northern to G.E. and its related entities (the “**GE Entities**”), Royal Bank of Canada (“**RBC**”), Lucky Star and Buchanan Sales Inc. (“**Buchanan Sales**” and collectively with the GE Entities, RBC and Lucky Star, the “**Secured Lenders**”) as well as the related inter-creditor arrangements among the Secured Lenders.

30. Subject to the customary qualifications and limitations contained therein, the Security Opinion found the security held by the Secured Lenders to be valid and effective, subject to prior charges and security interests or claims against the Northern Property, which include:
- i) the Receiver's Charge (as hereinafter defined);
 - ii) the Property Tax Claim;
 - iii) potential deemed trust claims;
 - iv) potential claims pursuant to sections 81.3 to 81.6 of the BIA; and
 - v) the Receiver's Borrowing Charge (as defined in the Receivership Order).
- (collectively the "**Prior Charges**")
31. As at the date of this Sixth Report all amounts owed pursuant to the Priority Charges have either been paid by the Receiver or a provision has been made for payment by the Receiver, as follows:
- i) upon payment of the Fees and Disbursements (as hereinafter defined) to G.E., the Receiver's Cost Reserve will be sufficient to satisfy all amounts owing subject to the Receiver's Charge;
 - ii) the Property Tax Claim has been paid in full;
 - iii) the Receiver is not aware of any potential priority deemed trust claims, other than the PBA Claim, which will be settled pursuant to the Settlement Agreement;
 - iv) there are no amounts owed to any of Northern's former employees for claims pursuant to section 81.4 of the BIA. Additionally Morneau's 81.6 Claim will be satisfied pursuant to the Settlement Agreement; and
 - v) no amounts are owed with respect to the Receiver's Borrowing Charge, as all amounts borrowed have been repaid.

RECEIVER'S CHARGE

32. Pursuant to the Receivership Order, a charge (the "**Receiver's Charge**") was created as security for the fees and disbursements of the Receiver and its counsel. The Receiver's Charge ranks in priority to all other security interests, trusts, liens, charges and encumbrances,

subject to the exceptions set out in paragraph 17 of the Receivership Order, including claims pursuant to 81.6(2).

33. As reported in the Fifth Report, on October 27, 2011, Morneau confirmed to the Receiver in writing that Morneau, solely on its own behalf and not on behalf of any other party, would not assert a priority of the claims pursuant to the PBA or the BIA over certain costs of the Receivership Proceedings, including amounts subject to the Receiver's Charge and the Receiver's Borrowings Charge.
34. As detailed in paragraphs 71 through 74 of the Fifth Report, G.E. has either paid, or the Receiver has accrued for G.E.'s payment of, the Receiver's fees and disbursements and those of its counsel incurred during the Receivership Proceedings up to September 30, 2012 (the "**Fees and Disbursements**"). The costs of the Receiver and its legal counsel are all secured by the Receiver's Charge, regardless of whether or how they are paid.
35. As at the date of the Fifth Report, the Receiver intended to distribute funds to G.E. in respect of the Fees and Disbursements subject to the Receiver's Charge that were paid by G.E., excluding HST as the Receiver understands that G.E. claims input tax credits for HST amounts it has incurred in respect of the fees paid directly by it.
36. However, subsequent to the Fifth Report the Receiver determined that certain fees and disbursements paid to Osler during the period prior to September 30, 2012, in the total amount of \$61,214, were omitted from the Osler Affidavit (as defined in the Fifth Report) and form part of the costs secured by the Receiver's Charge. As a result, the Receiver's calculation of the Fees and Disbursements comprising part of the Receiver's Charge have been updated to reflect the additional fees paid to Osler by GE and the professional fees paid by GE in the period from October 1, 2012 to April 30, 2013. As at April 30, 2013, the total Fees and Disbursements paid by GE is as follows:

Northern Sawmills Inc. Total Professional Fees Comprising the Receiver's Charge Up to April 30, 2013	
	(excludes HST)
PricewaterhouseCoopers Inc.	421,378
Osler, Hoskin & Harcourt LLP	408,733
Stikeman Elliott LLP	83,074
Total	913,185

37. As detailed herein, the Receiver has reserved funds for future costs that may be incurred to complete the administration of the Receivership Proceedings, including unpaid costs of the Receiver and its legal counsel for the period subsequent to October 1, 2012 that may be outstanding. Accordingly, the Receiver is of the view that, following reimbursement to G.E., it will hold adequate funds in the Receiver's Cost Reserves to satisfy the remaining amounts owing subject to the Receiver's Charge.
38. To the best of its knowledge the Receiver is of the view that there are no other prior charges or claims that remain unsatisfied or for which the Receiver is not holding sufficient reserves.

DISTRIBUTIONS TO SECURED LENDERS

39. In its Fifth Report to the Court, the Receiver summarized the inter-credit arrangements between the Secured Lenders and the proposed settlement (the "**Lucky Star Settlement**") reached between GE and Lucky Star with respect to Disputed Collateral Proceeds (as defined in the Fifth Report) and sought and obtained the November Order, pursuant to which the Court authorized the Receiver to:
- i) make the Proposed Distribution among Northern's Secured Lenders subject to the Receiver maintaining the 81.6 Reserve and the Receiver's Cost Reserve;
 - ii) make further distributions to the Secured Lenders of their respective portion of the remaining 81.6 Reserve, if any, should the 81.6 Claims, as proven, be less than the 81.6 Reserve, without further order of the Court; and
 - iii) to distribute any remaining proceeds following the Proposed Distributions from the Northern Property to G.E. without further Order of the Court.
40. Following the November Order, it was uncertain whether Morneau or FSCO would appeal the November Order. As a result, at that time, the Receiver did not distribute any funds amongst the Secured Lenders.
41. Since the November Order, G.E. and Lucky Star executed a settlement agreement documenting the Lucky Star Settlement, pursuant to which Lucky Star will receive \$152,127 to release its claims to the Disputed Collateral Proceeds.
42. As summarized in the Receiver's statement of receipts and disbursements for the period ending April 30, 2013, the Receiver is holding funds of \$1,348,931, inclusive of the 81.6 Reserve, before deduction of:

- i) the Fees and Disbursements to be reimbursed to GE;
- ii) the Settlement Amount to be paid to Morneau; and
- iii) the Receiver's Cost Reserve.

The table below sets out the revised proposed distribution (the “**Revised Proposed Distribution**”) available to the Secured Lenders:

DISTRIBUTION SCHEDULE				
FUNDS AVAILABLE Less: Receiver's Charge - refund to G.E. Less: Receiver Cost Reserve Net funds available for distribution				CAD\$
				1,348,931
				(913,185)
				(75,000)
				360,746
	Gross Distribution	Settlement Amount	Settlement Costs	Net Distribution
RBC Distribution	86,879	(8,429)	(18,062)	60,388
Lucky Star/NWP Distribution	200,000	(19,404)	(28,469)	152,127
GE Distribution	73,866	(7,167)	(28,469)	38,231
Total	360,746	(35,000)	(75,000)	250,746

43. The Revised Proposed Distribution, which is not materially different from the distributions proposed as presented to the Court in the Receiver's Supplement to the Fifth Report, has been circulated by the Receiver to both G.E. and Lucky Star, who have advised the Receiver that they concur with the Revised Proposed Distribution.
44. Accordingly, subject to the Court approving the terms of the Settlement Agreement, it is the intention of the Receiver, pursuant to the November Order, to distribute the Revised Proposed Distribution amongst Northern's Secured Lenders, subject to maintaining the Receiver's Cost Reserve, as follows:
- i) to RBC in the amount of \$60,388, plus accrued interest, in satisfaction of its secured claim (the “**RBC Distribution**”);
 - ii) to Lucky Star and/or NWP (as directed by Lucky Star) in the amount of \$152,127 in satisfaction of their respective claims against the Disputed Collateral Proceeds and the NWP Disputed Assets Proceeds (the “**Lucky Star/NWP Distribution**”) in accordance with the Lucky Star Settlement; and
 - iii) to G.E. in the amount of \$38,231 in partial satisfaction of its secured claim (the “**GE Distribution**”).

REMAINING DUTIES

45. As summarized in this Sixth Report, the Receiver has completed its duties and obligations, as set out in the Receivership Order and subsequent Orders of the Court with respect to the Property of the Company, except for the following outstanding matters (the “**Remaining Duties**”):
- i) payment to the Settlement Amount to Morneau subject to Court’s approval of the Settlement Agreement;
 - ii) payment of the Outstanding Disbursements;
 - iii) distribution of the Revised Proposed Distribution, among Northern’s Secured Lenders;
 - iv) distribution of the residual balance, if any, of the Receivers Cost Reserve, after payment of the Outstanding Disbursements to G.E.;
 - v) recovery of the HST refunds owed to Northern from CRA, which upon receipt will be paid to GE, less any costs of recovery; and
 - vi) completion of a statutory report pursuant to section 246 (3) of the BIA.
46. Notwithstanding the fact that there are certain Remaining Duties, the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver at this time, subject to filing the Discharge Certificate after the Remaining Duties have been completed by the Receiver.

CONCLUSION AND RECOMMENDATION

47. To the best of the Receiver’s knowledge and belief, all duties of the Receiver as set out in the Receivership Order have been properly carried out and completed, except for the Remaining Duties. Accordingly, the Receiver brings this motion and respectfully requests that this Court grant the Order requested to, *inter alia*:
- i) approve the Sixth Report and the activities of the Receiver as set out in the Sixth Report, including the Receiver’s Statement of Receipts and Disbursements set out herein;
 - ii) approve the Settlement Agreement;

- iii) grant a permanent stay, in relating to any claims or proceedings that any person may seek to assert or initiate against the Receiver or G.E. relating to the Salaried Plan or Hourly Plan
- iv) authorize and direct the Receiver to distribute the Settlement Amount to Faskens, pursuant to the Settlement Agreement, in full and final satisfaction of the Asserted Pension Claims; and
- v) discharge PwC from its duties, responsibilities and obligations as the Receiver of Northern and release the Receiver from any and all further obligations as Receiver of Northern and any and all liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting as Receiver, save and except for the Receiver's gross negligence or wilful misconduct, effective immediately upon the filing of a Discharge Certificate with the Court certifying that the Receiver has completed its Remaining Duties.

All of which is respectfully submitted this 18th day of June, 2013.

PricewaterhouseCoopers Inc.

in its capacity as Receiver of Northern Sawmills Inc.
and not in its personal capacity



Greg Prince
Senior Vice President



Tracey Weaver
Vice President

Appendices:

- A Fifth Report of the Receiver dated November 8, 2012
- B Settlement Agreement

APPENDIX A

NORTHERN SAWMILLS INC.

FIFTH REPORT OF THE RECEIVER

November 8, 2012

Court File No. CV-10-9042-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST**

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G.E. CANADA EQUIPMENT FINANCING G.P.

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November 8, 2012

INTRODUCTION

1. On January 4, 2011, pursuant to an Order (the **"Receivership Order"**) of the Ontario Superior Court of Justice (Commercial List) (the **"Court"**), PricewaterhouseCoopers Inc. (**"PwC"**) was appointed as Receiver (the **"Receiver"**) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the **"BIA"**) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, over all the assets, undertakings and properties acquired for or used in relation to a business carried on by Northern including all proceeds thereof (the **"Northern Property"**) of Northern Sawmills Inc. (**"Northern"**). The appointment of the Receiver is referred to herein as the **"Receivership Proceedings"**.
2. On January 4, 2011, by order of the Court, the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Northern Property, substantially in accordance with the sale process (the **"Northern Sale Process"**) outlined in the report of PwC, as proposed receiver of Northern, dated December 30, 2010 (the **"Proposed Receiver's Report"**).
3. The Receiver's first report dated January 13, 2011 (the **"First Report"**) was filed with the Court requesting approval of the advertisement and the teaser to be used by the Receiver in connection with the Northern Sale Process. An Order was made by the Court on January 14, 2011 approving the Receiver's forms of advertisement and teaser.
4. The Receiver's second report dated July 14, 2011 (the **"Second Report"**) was filed with the Court in respect of the Receiver's motion seeking the Court's advice and direction with respect to the applicability of the *Wage Earner Protection Program Act* (**"WEPPA"**) to Northern's former unionized employees. On July 25, 2011, pursuant to an Order (the **"WEPPA Employment Termination Date Order"**) of Mr. Justice Perell, the Court declared that July 6, 2010 was the applicable employment termination date of Northern's former unionized employees for the purposes of determining such former unionized employees' claims pursuant to WEPPA.
5. The Receiver's third report dated July 27, 2011 (the **"Third Report"**) was filed with the Court in support of the Receiver's motion for the approval of the Agency Sale Agreement (as defined in the Third Report) between the Receiver and Maynards Industries Ltd. (**"Maynards"**). On August 12, 2011, the Court made an order approving the Agency Sale Agreement, as amended by the Amending Agreement (as defined in the Third Report), with

respect to the liquidation of certain of the Northern Property, and authorizing the Receiver to execute the Agency Sale Agreement and to take such other steps as were necessary and desirable for the completion of the transaction described therein (the "**Liquidation Process**"). As part of the Liquidation Process, on September 29 and 30, 2011, Maynards conducted an auction of the Northern Property excluding the real property (the "**Auction**") at 490 Maureen Street, Thunder Bay Ontario (the "**Northern Site**" or the "**Real Property**"). The Liquidation Process is more particularly outlined in the Third Report.

6. The Receiver's fourth report dated March 9, 2012 (the "**Fourth Report**") provided the Court with an update on, among other things, the status of the Receivership Proceedings, the results of the Liquidation Process and the proposed sale of Northern's Real Property. Subsequently, on March 20, 2012, the Court granted an order approving the sale of the Real Property to 2308703 Ontario Inc. ("**230**") and vesting all of Northern's right, title and interest in and to the Real Property in 230.
7. The purpose of this, the Receiver's fifth report (the "**Fifth Report**", and collectively with the Proposed Receiver's Report, the First Report, the Second Report, the Third Report and the Fourth Report, the "**Reports**") is to provide the Court with information with respect to:
 - i) the activities of the Receiver since the date of the Fourth Report;
 - ii) the Receiver's Statement of Receipts and Disbursements from the date of the Receivership Order to October 31, 2012; and
 - iii) Northern's pension plans, as certain issues raised by Morneau Shepell Ltd. ("**Morneau**") in its capacity as administrator of the Plans (as hereinafter defined) may impact on the distributions available to the Company's stakeholders, which is the primary subject of this Fifth Report;

to seek advice and direction from the Court regarding:

- iv) whether the process of the Superintendent (the "**Superintendent**") of the Financial Services Commission of Ontario ("**FSCO**") considering Morneau's recommendation to change the Wind Up Date (as hereinafter defined) of the Hourly Plan (also as hereinafter defined) and merge the deregistered Salaried Plan into the Hourly Plan (as hereinafter defined) constitutes a proceeding (a "**Proceeding**") as defined in the Receivership Order such that FSCO is stayed from taking steps without leave of the Court;

and to seek an order of the Court:

- v) approving the Fifth Report and the activities of the Receiver as set out in the Fifth Report, including the Receiver's Statement of Receipts and Disbursements set out herein;
- vi) subject to the Court determining that the process of the Superintendent considering Morneau's recommendation to change the Wind Up Date of the Hourly Plan and merge the deregistered Salaried Plan into the Hourly Plan is a Proceeding, directing that such Proceeding is stayed by paragraph 8 of the Receivership Order;
- vii) approving the establishment of the maximum amount of the reserve that may be required pursuant to section 81.6 of the BIA (the "**81.6 Reserve**") as described herein;
- viii) authorizing and directing the Receiver to pay the Property Tax Claim (as hereinafter defined);
- ix) authorizing and directing the Receiver to make the RBC Distribution (as hereinafter defined);
- x) authorizing and directing the Receiver to make the Lucky Star/NWP Distribution (as hereinafter defined);
- xi) authorizing and directing the Receiver to make the GE Distribution (as hereinafter defined, and collectively with the RBC Distribution and the Lucky Star/NWP Distribution, the "**Proposed Distributions**");
- xii) authorizing and directing the Receiver to make further distributions to the Secured Lenders (as hereinafter defined) of their respective portion of the remaining 81.6 Reserve (as hereinafter defined), if any, should the claims under section 81.6 of the BIA ("**81.6**") as proven be less than the 81.6 Reserve, without further order of the Court;
- xiii) approving the distribution of any remaining proceeds following the Proposed Distributions from the Northern Property to G.E. Canada Equipment Financing G.P. ("**GE**"), and authorizing and directing the Receiver to make such subsequent distributions, to the extent further realizations are available, without further Order of the Court; and

xiv) approving the fees and disbursements of the Receiver and its counsel, as set out in this Fifth Report and the Fee Affidavits (as hereinafter defined).

8. A compendium of the Orders and the Reports in the Receivership Proceedings has been prepared and filed by the Receiver's legal counsel, Osler Hoskin & Harcourt LLP ("**Osler**") to assist the Court with respect to this motion.

RESTRICTIONS

9. In preparing this Fifth Report, the Receiver has relied upon unaudited and draft internal financial information of Northern. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it and expresses no opinion, or other form of assurance, in respect of the information contained therein.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not defined herein are as defined in the Receivership Order.

RECEIVER'S ACTIVITIES SINCE THE FOURTH REPORT

RECEIVER'S ACTIVITIES

11. The Receiver's activities have been within the scope of its mandate, the Receivership Order and other Orders made in the Receivership Proceedings.
12. Since the date of the Fourth Report, the Receiver has, among other things:
 - i) Closed the sale of the Real Property to 230 on March 30, 2012;
 - ii) Prepared and filed applications to the City of Thunder Bay (the "**City**") and the Municipal Property Assessment Corporation ("**MPAC**") for property tax rebates and adjustments for 2011 and 2012;
 - iii) Discussed potential bases for allocating value and costs in respect of the Disputed Collateral Proceeds and NWP Disputed Assets Proceeds with Lucky Star Holdings Inc. ("**Lucky Star**"), Northern Wood Preservers Inc. ("**NWP**") and GE. Lucky Star and NWP are entities related to Northern;
 - iv) Prepared outstanding tax returns under the *Income Tax Act* ("**ITA**") and the *Excise Tax Act* ("**ETA**") as applicable;

- v) Reviewed potential priority claims in respect of Northern to determine the amount of reserve, if any, required to be maintained by the Receiver prior to making any distribution of proceeds;
- vi) Prepared and filed statutory reports as required under section 246 of the BIA; and
- vii) Responded to requests for information from creditors, employees and other stakeholders as appropriate.

ACCESS AGREEMENT WITH 632

13. On January 22, 2012, the Receiver entered into an access agreement with 632093 Manitoba Inc. o/a Global Recycling & Recovery ("**632**"). 632 had purchased the majority of the Northern Property remaining on the Northern Site and the property located at Atikokan Forest Products Ltd., a company related to Northern over which PwC was also acting as receiver (the "**Atikokan Site**" and collectively with the Northern Site, the "**Sites**"). 632 took possession of the Northern Site to ensure it had adequate time to remove the assets that it had purchased in the Auction. Under its agreement with the Receiver, 632 agreed to cover the costs of its occupation of both Sites. In exchange, 632 provided PwC with a \$10,000 deposit to cover all direct and indirect costs, excluding professional fees, associated with maintaining the Sites while 632 removed the assets it had purchased therefrom. While in possession of the Northern Site, 632 also facilitated the removal of certain third party assets at the Receiver's direction. The access agreement with the Receiver was completed upon the sale of the Real Property. As set out in the Fourth Report, 632 also entered into an access agreement with 230 authorizing 632 to continue to occupy the Northern Site subsequent to the sale of the Real Property by the Receiver to 230.

NORTHERN'S PENSION PLANS

BACKGROUND PRIOR TO THE DATE OF THE RECEIVERSHIP ORDER

14. Northern was the employer under, and the administrator of, two defined benefit pension plans:
 - i) the Retirement Plan for Employees of Northern Sawmills Inc. (the "**Hourly Plan**"); and
 - ii) the Retirement Plan for Salaried Employees of Northern Sawmills Inc. (the "**Salaried Plan**").

15. Unionized and non-unionized employees of Northern participated in the Hourly Plan prior to June 1, 2007. In February 2008, Northern filed amendments to the Hourly Plan with the Superintendent seeking to cease participation of the non-unionized employees in the Hourly Plan effective June 1, 2007.¹ Subsequently, on March 3, 2008, Northern filed documents with the Superintendent requesting the establishment of the Salaried Plan to be effective June 1, 2007. Copies of these documents are included in the Wind Up NOP (as defined herein) which is attached hereto as **Appendix "A"**.
16. After June 1, 2007, Morneau has advised the Receiver that Northern made three contributions totalling \$124,740 to the Salaried Plan as follows:
 - i) \$78,331 in August 2008;
 - ii) \$39,941 in May 2009; and
 - iii) \$6,468 in February 2010.²
17. Additionally, the Receiver notes, from a review of the Salaried Plan actuarial valuation for the plan year ended May 31, 2008, it appears that Northern made contributions in respect of the Salaried Plan between June, 2007, and January, 2008, of \$86,112.
18. The Receiver notes from schedules provided by Morneau that Northern made two contributions to the Hourly Plan for the period after the Wind Up Date (as defined below) as follows:
 - i) \$145,000 in January 2008; and
 - ii) \$90,853 in September 2008.³
19. On March 29, 2010, the Superintendent issued a Notice of Proposal to Northern, as employer and administrator of the Hourly Plan, giving notice that the Superintendent proposed to wind-up the Hourly Plan effective January 1, 2008 (the "**Wind Up NOP**"). Also on March 29, 2010, the Superintendent issued a Notice of Proposal to Northern, as employer and administrator of the Salaried Plan, giving notice that the Superintendent refused to register

¹ A copy of this filing is attached as Appendix C to a letter from Morneau on November 18, 2011, (the "**November 18, 2011 Morneau Letter**") which is attached hereto as **Appendix "I"**.

² See the July 6, 2011 Morneau Letter (defined below).

³ See the July 6, 2011 Morneau Letter (defined below).

the Salaried Plan pursuant to section 18(1)(a) of the *Pension Benefits Act* (Ontario) (the “**PBA**”) (the “**Refusal NOP**” and together with the Wind Up NOP, the “**NOPs**”). A copy of the Refusal NOP is attached hereto as **Appendix “B”**.

20. On April 28, 2010, Northern filed a notice with the Financial Service Tribunal (the “**FST**”) requesting a hearing before the FST in relation to the NOPs.
21. By letter dated May 11, 2010, the Canada Revenue Agency (the “**CRA**”) registered the Salaried Plan, effective January 1, 2010.
22. On August 18, 2010, Northern withdrew both requests for a hearing before the FST.
23. On September 2, 2010, the Superintendent ordered that the Hourly Plan be wound-up effective January 1, 2008 (the “**Wind Up Date**”), under section 69(1)(a) and (b) of the PBA (the “**Hourly Plan Wind Up Order**”). Also on September 2, 2010 the Superintendent ordered that the registration of the Salaried Plan be revoked pursuant to section 18(1)(b) of the PBA (the “**Salaried Plan Revocation Order**”) rather than 18(1)(a) as per the Refusal NOP. Copies of the Hourly Plan Wind Up Order and the Salaried Plan Revocation Order are attached hereto as **Appendices “C”** and “**D**” respectively.
24. In summary, on January 4, 2011, the date of the Receivership Order, the Hourly Plan had been wound up by order of the Superintendent on September 2, 2010, with the wind up effective January 1, 2008, and the registration of the Salaried Plan had been revoked.

BACKGROUND AFTER THE DATE OF THE RECEIVERSHIP ORDER

25. The Receiver was appointed on January 4, 2011. On January 7, 2011, FSCO was provided with a copy of the Receivership Order and was added to the service list for the Receivership Proceedings.
26. On February 9, 2011, FSCO wrote to the Receiver (the “**February 9, 2011 FSCO Letter**”) and stated, amongst other things, that the Hourly Plan “is wound up effective January 1, 2008 by virtue of an Order dated September 2, 2010 issued by the Superintendent” and that the Superintendent considered it appropriate to appoint a replacement administrator for the Hourly Plan. The Superintendent advised that if he did not receive objections from any of the interested parties by February 16, 2011, he would commence the process of appointing a replacement administrator. A copy of the February 9, 2011 FSCO Letter is attached hereto as **Appendix “E”**.

27. By letter dated March 7, 2011 (the “**March 7, 2011 Bailey Letter**”), the Receiver was informed by Mark Bailey, legal counsel at the Legal Service Branch, FSCO (“**FSCO Counsel**”) that the Superintendent would be appointing a replacement administrator for the Hourly Plan and providing that replacement administrator with an opportunity to make submissions on the issue of the status of contribution arrears relating to periods after the Wind Up Date. In the March 7 2011 Bailey Letter, the Superintendent advised the Receiver that the Superintendent had not determined the effective date of the termination of the Salaried Plan and that he planned to solicit submissions on the issue from the replacement administrator of the Hourly Plan. The March 7, 2011 Bailey Letter is attached hereto as **Appendix “F”**.
28. On March 11, 2011, Morneau was appointed as administrator of the Hourly Plan.
29. By letter dated July 6, 2011, Morneau (the “**July 6, 2011 Morneau Letter**”) provided comments to FSCO Counsel in response to the items raised in the March 7, 2011 Bailey Letter and advised, among other things:
- i) in relation to the Hourly Plan, it appeared that normal cost for the period prior to January 2008, (i.e. the Wind Up Date of the Hourly Plan) were fully paid and that there were no normal cost arrears;
 - ii) in relation to the Hourly Plan, that it appeared that as of the Wind Up Date, special payments were underpaid by approximately \$125,000;
 - iii) in relation to the Salaried Plan, that contributions had been made in August 2008, May 2009, and February 2010, and that as of April 30, 2011, the account balance for the Salaried Plan was \$120,790.36; and
 - iv) that FSCO should approve a transfer of all of the assets in the Salaried Plan to the Hourly Plan.
- The July 6, 2011 Morneau Letter did not indicate that there were normal cost arrears in the Salaried Plan. A copy of the July 6, 2011 Morneau Letter is attached hereto as **Appendix “G”**.
30. On August 3, 2011, Morneau was appointed as administrator of the Salaried Plan.
31. On November 7, 2011, Morneau wrote to the Receiver (the “**November 7, 2011 Morneau Letter**”) advising that Morneau intended to recommend to the Superintendent that the Hourly Plan and the Salaried Plan be treated as one plan and that the wind-up period for the

merged plans be changed from January 1, 2008 to November 16, 2010, a date almost 3 years after the Wind Up Date. Morneau's rationale for its recommendation included the following:

- i) that November 16, 2010 was the last date of employment for a salaried employee based on information Morneau had received;
 - ii) the unionized employees' formal employment continued to July 6, 2010 based on the WEPPA Employment Termination Date Order;
 - iii) contributions to the plans did not cease at January 1, 2008 but continued after that date; and
 - iv) a January 1, 2008 wind up date would be contrary to the collective agreement for unionized employees and contrary to the employment terms for non-unionized employees.
32. The November 7, 2011 Morneau Letter indicated that, if the Superintendent implemented the Morneau Recommendation, Morneau calculated that the normal cost arrears in respect of the Hourly Plan would be \$335,777. The November 7, 2011 Morneau Letter also indicated that if interest was payable on such normal cost arrears, then as at January 3, 2011, the date immediately preceding the appointment of the Receiver, such interest would be \$39,780. The November 7, 2011 Morneau Letter is attached hereto as **Appendix "H"**.
33. On November 18, 2011, Morneau made submissions to Jai Persaud, Insolvency Coordinator at FSCO, (the "**November 18, 2011, Morneau Letter**") recommending that the Superintendent issue a Notice of Intended Decision (previously notices were known as a "Notice of Proposal") to revise the Wind Up Date of the Hourly Plan previously set by the Superintendent to November 16, 2010, and set out Morneau's reasons therefore. The November 18, 2011, Morneau Letter also reiterated Morneau's previous recommendation to FSCO that the Salaried Plan be merged with the Hourly Plan (collectively the "**Morneau Recommendation**"). The November 18, 2011, Morneau Letter is attached hereto as **Appendix "I"**.
34. On September 6, 2012, both GE and the Receiver made submissions (the "**GE Submissions**" and the "**Receiver's Submissions**" respectively) to the Superintendent with respect to the Morneau Recommendation. Both GE and the Receiver took the position that the process initiated by the Superintendent in response to the November 18, 2011 Morneau Letter was likely stayed by the Receivership Order. In addition, GE and the Receiver

separately made submissions on the substantive issues, including, but not limited to, the following points:

- i) *No Jurisdiction*: The Superintendent's September 2, 2010 Order setting the Wind Up Date was made after the Wind Up NOP was issued and the appeal procedure set out in the PBA was followed. It was a final Order. There is no provision in the PBA authorizing the Superintendent to revisit final orders. There is no provision in the PBA permitting the Superintendent to change the wind-up date of a pension plan in these circumstances. Absent express statutory authority to revisit a final Order, the Superintendent is *functus officio*. There are no allegations of blatant mistake or fraud that would permit the Superintendent to revisit his final Order;
 - ii) *No Justification*: Even if the Superintendent had the jurisdiction to revisit the Order, he ought not do so because no new facts have come to light that somehow render the Order unreasonable. In addition, a revision to the final Order would set a precedent (as it would be the first time that a final Order had been revised) that would call into question the Superintendent's ability to make orders with retroactive wind-up dates and would render subsections 69(1)(a), (b) and (g) of the PBA essentially meaningless. Furthermore, the proposed changes would have a different impact on various plan members, producing the result that some plan members would receive a benefit and others would be harmed; and
 - iii) *No Certainty*: If the Superintendent were to revisit his final Order, then it would undermine the certainty and reliability of his Orders. The Receiver requires certainty to assess claims and determine reserves. In addition, GE, an arm's-length third party lender to Northern, advanced funds to Northern after the Superintendent made the Order. If the Superintendent revisits the final Order and changes the Wind Up Date, then the normal cost owing to the plans may increase, thereby decreasing GE's recovery from the estate after it had funded the receivership.
35. The GE Submissions and the Receiver's Submissions are attached hereto as **Appendices "J"** and **"K"** respectively.
36. The Receiver is of the view that the process of the Superintendent considering the Morneau Recommendation constitutes a Proceeding as defined in the Receivership Order such that the parties are stayed from taking steps without leave of the Court and seeks the Court's advice and direction in that regard.

37. If the Court finds that the stay does not apply and if the Superintendent issues an order merging the plans or changing the Wind Up Date or both, Northern may have additional outstanding normal cost obligations. The amount of such normal cost obligations may be greater than the amount Northern contributed to the Plans and that deficiency would enjoy a priority under 81.6. Additionally, such amounts may also be in excess of the 81.6 Reserve described herein.

MORNEAU'S CLAIMS

38. In addition to the Morneau Recommendation, the November 7, 2011, Morneau Letter raised two matters relating to the Plans, one relating to the super-priority granted to unpaid normal costs under 81.6 and one relating to the wind-up deficiency and other amounts potentially subject to a deemed trust in relation to the Plans, based in part on the decision of the Ontario Court of Appeal in *Re Indalex Limited* ("**Re Indalex**").

81.6 Claim

39. As previously noted, on September 2, 2010, the Superintendent ordered that the Hourly Plan be wound up effective January 1, 2008, and Morneau has advised the Superintendent that as of January 1, 2008 it appeared that there were no outstanding normal cost contributions to the Hourly Plan. By email dated October 22, 2012, the Receiver's counsel requested confirmation from Morneau that there were no normal cost contributions to the Hourly Plan owing as at January 1, 2008, (the "**Information Request**"). In response to the Information Request, on November 6, 2012, counsel to Morneau advised the Receiver (the "**November 6, 2012 Morneau Response**") that:

"if January 1, 2008, is the wind-up date, the Morneau Shepell actuaries have determined that there were no unpaid normal cost contributions with respect to the period prior to January 2008 for Hourly members".

Accordingly, the Receiver is of the view that, as at the Wind Up Date, Northern has no outstanding obligations with respect to the Hourly Plan that would attract any priority status under 81.6. A copy of the November 6, 2012 Morneau Response is attached hereto as **Appendix "L"**.

40. In the November 6, 2012 Morneau Response, Morneau advised the Receiver that if the wind up date for the Salaried Plan was November 16, 2010, and certain other assumptions are made, the normal cost arrears would be \$135,615, net of an allocation of \$30,563 out of \$124,740 paid into the Salaried Plan by Northern, that Morneau allocated as "normal cost

contributions". Accordingly, the Receiver is of the view that, as FSCO has not yet set a date for the wind up of the Salaried Plan, the potential maximum amount of normal cost arrears for the Salaried Plan is \$135,615 based on the information provided to it. In addition, the Receiver understands that Morneau also claims that interest applies in respect of amounts owing under 81.6 and that its calculation of interest in this respect is \$12,117, resulting in a total claim for the Salaried Plan pursuant to 81.6 of \$147,732 (the "**Salaried Plan 81.6 Claim**"). The Receiver notes the following:

- i) As of the date of this Fifth Report, the Receiver has not yet reviewed the supporting details, methodology and calculations made by Morneau, in order to confirm the Salaried Plan 81.6 Claim;
 - ii) The estimate of the normal cost contribution arrears made by Morneau is based on certain assumptions, as further outlined below, including an allocation of payments made as between normal costs and special costs, if any. The Receiver has not yet reviewed and satisfied itself with respect to the methodology employed by Morneau in calculating the total obligations claimed as owing or the allocation of the payments to the Salaried Plan, among other assumptions; and
 - iii) The normal cost arrears calculated by Morneau includes interest. It is the Receiver's view that, if interest were accruing under the PBA at all, the interest portion of such a claim would not have priority status under 81.6.
41. The Receiver understands that Morneau had come into possession of approximately \$120,790 from the Salaried Plan. It is the Receiver's view that these funds should be accounted for as a reduction in any normal costs that may be owing by Northern as it impacts the quantification of any normal cost arrears amounts related to the merged Plans should the Morneau Recommendation be implemented, and any associated reserve the Receiver may be required to make pursuant to 81.6.
42. As indicated above, Morneau recommended that the Plans be merged and the Wind Up Date for the Hourly Plan be extended. The November 7, 2011 Morneau Letter indicated the normal costs contribution arrears that would exist if the Superintendent merged the Salaried Plan with the Hourly Plan and then changed the wind-up date for the Hourly Plan from January 1, 2008, to November 16, 2010, would be \$335,777, subject to certain actuarial and other assumptions Morneau made in performing that calculation.

43. Morneau provided the Receiver with the basis for its calculation of the normal costs arrears for both plans as set out in the November 7, 2011 Morneau Letter if the Salaried Plan and the Hourly Plan are merged. The Receiver notes that the calculation of the estimated \$335,777 of normal costs arrears is based on certain assumptions by Morneau that have not been agreed or confirmed, including but not necessarily limited to:
- i) The Plans are assumed to have been merged in accordance with the Morneau Recommendation such that:
 - a. All payments made to the Salaried Plan and the Hourly Plan have been treated as merged; and
 - b. The wind up date used for the merged Plans is assumed to be November 16, 2010;
 - ii) The \$120,790 collected by Morneau from the Salaried Plan is not applied against the normal costs or special contributions arrears outstanding for the merged Plans; and
 - iii) The payments made to the Plans totalling \$360,593 are allocated between normal costs and special contributions on a pro-rata basis based on the required contribution for each period, with 18.7% applied against normal costs and 81.3% applied against special contributions. The basis of allocating the payments is subjective and there are other approaches that could be used.
44. The November 7, 2011 Morneau Letter also indicated that if interest was payable on such normal costs, then, as at January 3, 2011, such interest would be \$39,780. As noted above, it is the Receiver's view that, if interest were accruing under the PBA at all, the interest portion of such a claim would not have priority status under 81.6.
45. As noted above, Morneau has advised the Receiver that as at the Wind Up Date, the normal cost arrears in the Hourly Plan is nil and that the potential normal cost arrears for the Salaried Plan, should the Superintendent determine the wind up date for the Salaried Plan to be November 16, 2010, is \$135,615, plus interest, if applicable, of \$12,117, for a total of \$147,732. Accordingly, the Receiver intends to establish and maintain a reserve of \$147,732 (the "**81.6 Reserve**") on account of Morneau's estimate of the normal cost arrears of the Salaried Plan until it has satisfied itself of the quantum, if any, of the Salaried Plan 81.6 Claim.

46. Accordingly, the Receiver seeks the advice and direction of the Court in respect of the following questions:

- i) Whether the process of the Superintendent considering the change of the Wind Up Date in respect of the Hourly Plan or combining the Hourly and Salaried Plans, or issuing a Notice of Intended Decision in relation to those issues, constitutes a Proceeding?
- ii) What reserve should be maintained with respect to claims pursuant to 81.6 in respect of the Hourly Plan and Salaried Plan if the stay of proceedings prevents changes in the Wind Up Date or a merger of the plans and, in particular:
 - a. whether the funds contributed to the Salaried Plan by Northern should be accounted for as a reduction in the normal cost owing in respect of either of the Plans?; and
 - b. how the contributions should be allocated against normal costs and special payments?
- iii) In the event that the Court finds that there is no applicable stay, what reserve should be maintained for the purposes of any claim under 81.6?

Morneau's PBA Claim

47. On August 19, 2011, Morneau delivered a proof of claim to the Receiver alleging a deemed trust claim in the amount of \$12,384,000, for the wind-up deficiency of the Plans, if Morneau's recommendation to merge the Plans is accepted by the Superintendent (the "PBA Claim"). A copy of the PBA Claim is attached hereto as **Appendix "M"**.
48. In the November 7, 2011 Morneau Letter, Morneau provided further information relating to the PBA Claim and took the position that, based on the Court of Appeal's decision in *Re Indalex*, all of the assets of Northern are subject to a deemed trust in the amount of the wind-up deficiency in the Plans.

INDALEX DISCUSSION

A. Deemed Trust Under the PBA

49. In *Re Indalex*, the Court of Appeal concluded that Section 57(4) of the PBA operated to create a deemed trust in respect of all employer contributions payable to a pension plan on the wind-

up of the plan, including in respect of the amount of any wind-up deficiency, even if such payments were not yet due. The decision of the Ontario Court of Appeal was appealed to the Supreme Court of Canada, which heard the appeal on June 5, 2012. No decision has yet been released by the Supreme Court of Canada.

50. Section 30(7) of the *Personal Property Security Act*, Ontario ("PPSA") which grants a priority to deemed trusts over certain assets, provides as follows:

A security interest in an account or inventory and its proceeds is subordinate to the interest of a person who is the **beneficiary of a deemed trust** arising under the Employment Standards Act or under the **Pension Benefits Act**. (Emphasis added).

51. For reference, the value of Northern's "account or inventory and its proceeds" realized in the Auction was \$4,725.
52. Pursuant to Section 30(7) of the PPSA, an ordinary security interest in accounts or inventory is subordinated to a deemed trust created under the PBA. However, the priority status granted by Section 30(7) of the PPSA to a deemed trust under the PBA does not provide a priority over any other assets, property or undertaking of the company (including equipment, plant and real property).
53. It is the Receiver's view that even if the Supreme Court of Canada affirms the decision of the Ontario Court of Appeal in *Re Indalex*, such that section 57(4) of the PBA creates a deemed trust in respect of all employer contributions payable to the Hourly Plan and Salaried Plan, if applicable, such deemed trust only has a priority security interest over "an account or inventory and its proceeds" by virtue of section 30(7) of the PPSA. This priority would be limited to \$4,725, being the value of the "account or inventory and its proceeds" and would have priority over the Disputed Collateral claimed by Lucky Star and GE which includes the inventory of Northern. However, this deemed trust may not have a priority over the RBC Security (as defined below) in the GIC Account (as defined below), the Property Tax Claim (defined below), or the GE Security (as defined below) in the balance of Northern's assets (or related proceeds from the sale thereof) other than the Disputed Collateral because the PPSA does not provide such a priority.
54. GE has advised the Receiver that it is of the view that, should any reserves associated with the PBA Claim affect the GE Distribution, it is GE's view that the assignment of Northern into bankruptcy is appropriate in the circumstances, including that GE agreed to fund this receivership in reliance on the Wind Up Date. The Receiver understands that it is GE's view

that this assignment would have the effect of reversing any priority of the PBA Claim on the basis of the paramountcy of the BIA over provincial statute. As discussed below, GE will incur a significant shortfall in its recovery on its outstanding loan to Northern. The Receiver has obtained the Security Opinion (as defined and discussed further herein) from independent legal counsel that, subject to the customary qualifications and limitations contained therein, the GE Security would be valid and enforceable against a trustee in bankruptcy. Accordingly, in respect of its unsecured claim against Northern, GE has requested that PwC act, and PwC has agreed to act, as trustee in bankruptcy of the estate of Northern should an assignment be made.

55. The Receiver is of the view that exercising its power given under paragraph 3(r) of the Receivership Order to assign Northern into bankruptcy pursuant to the provisions of the BIA is just and convenient in the circumstances referred to in the preceding paragraph and avoids the need for GE to incur the costs associated with applying for a bankruptcy order in the circumstances.

B. Breach of Fiduciary Duty and Creation of Constructive Trust

56. The Court of Appeal in *Re Indalex* also found against the parent of Indalex as principal secured creditor by imposing a constructive trust over the assets of Indalex. This constructive trust was based on the involvement of the Indalex parent in breaches of the fiduciary duty that Indalex, as administrator of the Indalex pension plans, owed to pension plan members.
57. Morneau has made no allegations of breach of fiduciary duty by Northern, and in any event none of the secured creditors with claims to Northern's assets owes any fiduciary duty to members of the Hourly Plan or the Salaried Plan.
58. It is the Receiver's view that there is no basis for a constructive trust claim over the assets of Northern in favour of beneficiaries of the Hourly Plan or the Salaried Plan. Even if the Supreme Court of Canada affirms the decision of the Ontario Court of Appeal in *Re Indalex* in relation to the constructive trust issues, that analysis does not apply to Northern and therefore no reserve needs to be retained by the Receiver in relation to this aspect of the *Re Indalex* decision.

RECEIVER'S STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

59. The Receiver's Statement of Receipts and Disbursements for the period from January 4, 2011 to October 31, 2012 is summarized as follows:

STATEMENT OF RECEIPTS AND DISBURSEMENTS For the Period from January 4, 2011 to October 31, 2012	
RECEIPTS	CAD\$
Net Proceeds of Liquidation	1,874,679
Receiver's Borrowings	400,000
Sale of Real Property	300,000
Funding of Professional Costs	64,577
Interest Income	4,349
Miscellaneous	4
TOTAL RECEIPTS	2,643,610
DISBURSEMENTS	
Rent / Telephone / Utility	154,294
Insurance	135,420
Receiver Fees & Disbursements	119,578
Legal Fees	111,782
Payroll	76,962
Operating Expenses	25,992
Bank Charges	2,281
Deemed Trust Claims	3,975
Selling Costs	1,308
Statutory costs	1,404
Sales Tax (HST, PST)	58,688
TOTAL OPERATING DISBURSEMENTS	691,683
Add: Provision for fees paid directly by GE	726,844
Less: Professional Fees paid directly by GE	(726,844)
Repayment of Receiver's Borrowings	(400,000)
Costs of Receiver's Borrowings	(15,193)
NET RECEIPTS OVER DISBURSEMENTS	1,536,734
Funds in RBC GIC Account	86,879
TOTAL FUNDS AVAILABLE	1,623,614

60. As noted above, PwC is holding \$10,000 in trust related to the occupation costs of 632 as between the Sites. The portion of funds associated with the costs of 632's occupation of the Northern Site has not yet been reflected in the Statement of Receipts and Disbursements set out above.

61. Total professional fees paid directly by GE were \$791,421, comprising \$726,844 paid directly to the Receiver and its counsel plus an additional \$64,577 paid by GE into the Receivership Proceedings as a reimbursement of professional fees paid directly through the Receiver's accounts. The payment of those professional fees that has been made directly to the Receiver and its counsel has been disclosed in the Statement of Receipts and Disbursements for information purposes. Further detail of the professional fees of the Receiver and its counsel in these Receivership Proceedings are set out below and in the Fee Affidavits (as defined below), filed separately.
62. As at the date of this Fifth Report, and as further described below, the Receiver estimates additional disbursements will be required for various administrative costs and liabilities incurred by the Receiver during the Receivership Proceedings. Accordingly, the Receiver proposes to hold a reserve of \$150,000 to address outstanding disbursements if required (the "**Outstanding Disbursements**").
63. The Receiver respectfully requests that the Court approve the Receiver's Statement of Receipts and Disbursements.

OBLIGATIONS TO SECURED CREDITORS

64. As more particularly described in paragraphs 36 through 42 of the Third Report, on July 25, 2011, Osler provided the Receiver with its opinion (the "**Security Opinion**") on the validity and enforceability of the security granted by Northern to GE and its related entities (the "**GE Entities**"), Royal Bank of Canada ("**RBC**"), Lucky Star and Buchanan Sales Inc. ("**Buchanan Sales**" and collectively with the GE Entities, RBC and Lucky Star, the "**Secured Lenders**") as well as the related inter-creditor arrangements among the Secured Lenders.
65. As set out in the Security Opinion, the security registered by each of the Secured Lenders was amended and updated from time to time. A comprehensive list of the dates where each security agreement was entered into and/or registered is set out in **Appendix "N"** hereto. In summary, the Secured Lenders all entered into security agreements and/or registered their security as appropriate by no later than June 18, 2009. This date is earlier in time than September 2, 2010, the date that FSCO made the orders winding up the Hourly Plan and revoking the registration of the Salaried Plan. Accordingly, the Secured Lender's security collectively has priority over Morneau's PBA Claim on account of its earlier registration in time.

66. As set out in paragraph 38 of the Third Report, and as more particularly described in the Security Opinion in respect of the inter-creditor arrangements between the Secured Lenders and subject to the customary qualifications and limitations, the Security Opinion in effect states:
- i) the security granted by Northern in favour of RBC (the “**RBC Security**”) ranks in priority to the other secured parties in respect of the GIC held by Northern in the GIC collateral account (the “**GIC Account**”) with RBC;
 - ii) except for the personal property of Northern classified as “motor vehicle”, the security granted by Northern in favour of the GE Entities (the “**GE Security**”) ranks in priority to the security granted by Northern in favour of Buchanan Sales in the personal property of Northern;
 - iii) the security granted by Northern in favour of Buchanan Sales (the “**Buchanan Sales Security**”) ranks in priority to the security granted by Northern in favour of the GE Entities solely in respect of the personal property of Northern classified as “motor vehicle”; and
 - iv) the security granted by Northern in favour of Lucky Star (the “**Lucky Star Security**”) ranks in priority to the security granted by Northern in favour of Buchanan Sales in respect of the personal property of Northern.
 - v) the GE Security and the Lucky Star Security are in conflict and therefore Osler was unable to provide an opinion as to the rank and priority of the GE Security and the Lucky Star Security as they relate to the proceeds of the sale of certain of the Northern Property, including certain “rolling stock” (referred to herein and in the Third Report as the “**Disputed Collateral**”).
67. As further described in paragraphs 28 and 40-42 of the Third Report, prior to the commencement of the Receivership Proceedings, Lucky Star advised GE that it had priority over GE in respect of the Disputed Collateral. The Security Opinion indicates that certain security documentation executed by Northern in favour of each of the GE Entities and Lucky Star on the same day appears to be in conflict. The Security Opinion also states that Osler was unable to determine which of the conflicting agreements govern the rank and priority of the security granted by Northern in favour of each of the GE Entities and Lucky Star and,

therefore was unable to provide an opinion with respect to the disputed priority claims of GE and Lucky Star in and to the Disputed Collateral.

68. The RBC Security, GE Security, Buchanan Sales Security and the Lucky Star Security are subject to prior charges and security interests or claims against the Northern Property, which include:
- i) The Receiver's Charge (as defined below);
 - ii) The Property Tax Claim (as defined below);
 - iii) Potential deemed trust claims;
 - iv) Potential claims pursuant to Sections 81.3 to 81.6 of the BIA; and
 - v) The Receiver's Borrowing Charge (as defined below).

RECEIVER'S CHARGE

69. Pursuant to the Receivership Order, a charge (the "**Receiver's Charge**") was created as security for the fees and disbursements of the Receiver and its counsel. The Receiver's Charge ranks in priority to all other security interests, trusts, liens, charges and encumbrances, subject to the exceptions set out in paragraph 17 of the Receivership Order, including claims pursuant to 81.6(2).
70. On October 27, 2011, Morneau confirmed to the Receiver in writing (the "**October 27, 2011 Morneau Letter**") that Morneau, solely on its own behalf and not on behalf of any other party, would not assert a priority of the claims pursuant to the PBA or the BIA over certain costs of the Receivership Proceedings, including amounts subject to the Receiver's Charge and the Receiver's Borrowings Charge. The October 27, 2011 Morneau Letter represented "a concession to achieve a commercial resolution in the circumstances that does not prejudice the position of any party with respect to the priority of the PBA Claims or the BIA Claims relative to other claims."
71. GE has either paid, or the Receiver has accrued for GE's payment of, the Receiver's fees and disbursements and those of Osler for the period up to September 30, 2012 as set out in the Weaver Affidavit and the Osler Affidavit, both terms as hereinafter defined. In addition to being represented by Osler, the Receiver, from time to time was represented by Stikeman Elliott LLP ("**Stikeman**") who also represented GE during the Receivership Proceedings.

Stikeman primarily assisted the Receiver with the preparation of material related to the Northern Sale Process and the Liquidation Process. The costs of the Receiver and its legal counsel are all secured by the Receiver's Charge, regardless of whether or how they are paid. Certain charges incurred by Stikeman related to the Northern Sale Process represent an allocation of 50% of the total charges in this respect, as Stikeman also performed similar services for the Receiver in respect of a "sister" receivership proceeding, Atikokan Forest Products Ltd. ("**Atikokan**"). For the purpose of calculating this portion of the costs secured by the Receiver's Charge, the Receiver asked Stikeman to identify and limit such amounts to 50% of the total charges, where work was being performed for the benefit of both Northern and Atikokan.

72. Subject to the Court's approval of the fees and disbursements of the Receiver and its counsel, the Receiver intends to distribute funds to GE in respect of those amounts subject to the Receiver's Charge that were paid by GE, or that will be paid by GE, excluding harmonized sales tax amounts ("**HST**") as the Receiver understands that GE claims input tax credits for HST amounts it has incurred in respect of the fees paid directly by it.
73. The Receiver's calculation of the professional fees comprising part of the Receiver's Charge, up to September 30, 2012, are set out in **Appendix "O"** and are summarized as follows:

Northern Sawmills Inc. Total Professional Fees Comprising the Receiver's Charge Up to September 30, 2012	
	(excluding HST)
PricewaterhouseCoopers Inc.	386,997
Osler, Hoskin & Harcourt LLP	347,498
Stikeman Elliott LLP	98,728
Total	833,223

74. As detailed below, the Receiver has reserved funds for future costs that may be incurred to complete the administration of the Receivership Proceedings. Accordingly, the Receiver is of the view that, following repayment of the Fees and Disbursements (as hereinafter defined) to GE, it is holding adequate reserves to satisfy remaining amounts owing subject to the Receiver's Charge.

PROPERTY TAX CLAIM

75. The City of Thunder Bay, Ontario has a claim for property taxes owing on the Real Property up to March 30, 2012, the date of the sale of the Real Property, in the net amount of approximately \$157,864 (the "**Property Tax Claim**"). These amounts have not yet been paid as the resolution of various tax rebates and adjustments had, until recently, remained outstanding. The Receiver and the City of Thunder Bay have now agreed on the quantum of the Property Tax Claim.
76. As noted above, the Receiver applied for vacancy rebates from the City of Thunder Bay and MPAC for 2011 and 2012. On July 4, 2012, the City of Thunder Bay provided a vacancy rebate of \$5,252.69 from January 1, 2012, to March 31, 2012. On July 12, 2012, MPAC provided a value adjustment resulting in a reduction of total 2012 taxes by \$65,620.84, which resulted in a reduction of the Receiver's liability in this respect of \$16,136 (i.e. up to the date the Real Property was sold).
77. After accounting for the rebates and adjustments noted above, the net balance owing to the City of Thunder Bay by the Receiver is approximately \$157,864, including interest and penalties, in respect of the Municipal Levy and Education Levy calculated on a per-diem basis up to March 30, 2012, the date the Real Property was sold. Pursuant to the agreement of purchase and sale with 230, the Receiver undertook to pay the Property Tax Claim. Accordingly the Receiver is seeking the Court's authorization and direction for the payment of the Property Tax Claim.

DEEMED TRUST CLAIMS

78. There are no known amounts outstanding under the ITA or ETA. All outstanding tax returns have been filed with the CRA, and on April 5, 2012, the Receiver paid the CRA \$3,975 for all outstanding, pre-filing source deductions. The Receiver has been verbally advised by the CRA that no further returns remain outstanding or amounts owing from prior to or during the Receivership Proceedings. The Receiver's counsel will serve the CRA with notice of this Motion.
79. The Receiver has paid all outstanding amounts owing to the Workplace Safety and Insurance Board, including penalties and interest thereon as appropriate.
80. The Receiver is not aware of any potential priority deemed trust claims which may exist, other than the PBA Claim discussed above. Additionally as noted above, prior to making the

Proposed Distributions, the Receiver's contemplated assignment of Northern into bankruptcy will have the effect of reversing the priority of any other unknown or contingent deemed trust claims.

CHARGES UNDER SECTIONS 81.3 TO 81.6

81. There are no amounts owing to any of Northern's former employees for claims pursuant to section 81.4 of the BIA. Additionally, there are no claims which would arise under section 81.3 of the BIA following Northern's assignment into bankruptcy.
82. As noted above, subject to the Court's advice and direction, the Receiver is of the view that Northern has no obligations arising under 81.6 with respect to the Hourly Plan and has established the 81.6 Reserve in respect of the Salaried Plan.

RECEIVER'S BORROWING CHARGE

83. Pursuant to the Receivership Order, the Receiver was empowered to borrow an amount up to \$300,000 (later increased to \$400,000 by order of the Court dated August 3, 2011) to fund the administration of the Receivership Proceedings. The Receivership Order created a charge on the Northern Property (the "**Receiver's Borrowing Charge**") as security for such amounts borrowed by the Receiver. The Receiver's Borrowing Charge ranks behind the Receiver's Charge but ahead of other security interests, trusts, liens, charges and encumbrances (with the exception of the charges under sections 81.3 to 81.6).
84. On January 16, 2012, the Receiver repaid to GE the full \$400,000 which had been borrowed by the Receiver in connection with the Receivership Proceeding plus interest of \$15,193 accrued thereon. No amounts currently remain outstanding in respect of the Receiver's Borrowing Charge.

REQUEST FOR APPROVAL OF DISTRIBUTIONS TO SECURED CREDITORS

85. In addition to the relief requested in respect of Morneau's claims discussed above, and subject to the Court's direction regarding the 81.6 Reserve, the Receiver is seeking an order of the Court approving the Proposed Distributions by the Receiver to the Secured Lenders, subject to maintaining a sufficient reserve for anticipated remaining costs and the potential claims, as follows:

- i) To the City of Thunder Bay in the amount of \$157,864 in satisfaction of the Property Tax Claim;

- ii) To RBC in the amount of \$86,879, plus accrued interest, less RBC's portion of the 81.6 Reserve, in satisfaction of its secured claim (the "**RBC Distribution**");
- iii) To Lucky Star and/or NWP (as directed by Lucky Star) in the amount of \$200,000, less Lucky Star and NWP's portion of the 81.6 Reserve, in satisfaction of their respective claims against the Disputed Collateral Proceeds and the NWP Disputed Assets Proceeds (the "**Lucky Star/NWP Distribution**") in accordance with the Lucky Star Settlement (as hereinafter defined); and
- iv) To GE in the amount of \$195,627, less GE's portion of the 81.6 Reserve, in partial satisfaction of its secured claim (the "**GE Distribution**").
86. In addition, the Receiver is seeking an order of the Court approving the distribution of any remaining proceeds from the Northern Property to GE, and authorizing and directing the Receiver to make such subsequent distributions, to the extent further realizations are available, without further Order of the Court.
87. As summarized in the Receiver's statement of receipts and disbursements for the period ending October 31, 2012, the Receiver is in possession of \$1,623,614. After payment of the Proposed Distributions, the Receiver will retain cash of \$150,000 to fund the costs associated with the Receiver fulfilling its duties and, subject to the direction of the Court, will maintain the 81.6 Reserve of \$147,732.
88. The table below provides an illustration of the net Proposed Distribution available net of the 81.6 Reserve:

DISTRIBUTION SCHEDULE			
FUNDS AVAILABLE			CAD\$
			1,623,614
Receiver's Charge			833,243
Reserve for Property Taxes			157,864
Receiver Cost Reserve			150,000
Net funds available for distribution			482,507
	Gross Distribution	81.6 Reserve	Net Distribution
RBC Distribution	86,879	(26,600)	60,279
Lucky Star/NWP Distribution	200,000	(61,235)	138,765
GE Distribution	195,627	(59,896)	135,731
Total	482,507	(147,732)	334,775

89. The charge created pursuant to section 81.6 of the BIA provides that normal cost arrears "that are unpaid immediately before the first day on which there was a receiver in relation to the person are secured by security on all the person's assets" and "security under this section ranks above every other claim, right, charge or security against the person's assets, regardless of when that other claim, right, charge or security arose, except rights under sections 81.1 and 81.2 and securities under sections 81.3 and 81.4." Accordingly, the claims pertaining to the 81.6 Reserve rank ahead of the creditors to whom the Proposed Distributions are to be made. It is the Receiver's view that all of the Secured Lenders should bear a portion of the obligations in respect of the 81.6 Reserve.
90. To the best of its knowledge the Receiver is of the view that there are no other prior charges or claims that remain unsatisfied or for which the Receiver is not holding sufficient reserves.

RBC DISTRIBUTION

91. At January 4, 2011, Northern maintained \$85,000 in the GIC Account. As at April 17, 2012, interest of \$1,879 had accrued thereon.
92. In the Receiver's Notice of Motion returnable August 3, 2011, the Receiver indicated that it was seeking authorization of the Court to release to RBC the funds and interest held in the GIC Account. This portion of the relief was ultimately adjourned because of Morneau's intention to advance the PBA Claim.
93. The Receiver is not aware of any other secured creditor with a claim to the GIC Account that ranks in priority to the claim of RBC. As a result, the Receiver considers it appropriate to release \$86,879 to RBC from funds held in the GIC Account, less RBC's portion of the 81.6 Reserve, in full payment of RBC's claim.

LUCKY STAR DISTRIBUTION

94. As described in paragraphs 28 and 40-42 of the Third Report, prior to the commencement of the Receivership Proceedings, Lucky Star advised GE that it had priority over GE in respect of certain of the Northern Property, including certain "rolling stock" (referred to herein and in the Third Report as the "**Disputed Collateral**"). The amount owing by Northern to Lucky Star as of January 4, 2011, was approximately \$10,046,500.
95. In connection with such dispute, the Receiver asked Osler to review the security granted by Northern to its secured creditors, including Lucky Star. As noted in the Third Report, Osler determined that certain of the security documentation executed by Northern in favour of each

of the GE Entities and Lucky Star on the same day appeared to be in conflict and Osler was unable to determine the rank and priority of the security granted by Northern in favour of each of the GE Entities and Lucky Star in respect of the Disputed Collateral.

96. The Disputed Collateral was sold by Maynards in the Auction as part of the Liquidation Process with the agreement of the GE Entities and Lucky Star. Following the Auction, a representative of Lucky Star notified the Receiver that 50 lots of Disputed Collateral were sold at Auction for proceeds totalling \$303,275 (before cost allocation) (the “**Disputed Collateral Proceeds**”). Included in the Disputed Collateral Proceeds, are proceeds of \$4,725 from the sale of Northern’s log inventory in the Auction, the only current assets realized in the Receivership Proceedings.
97. Additionally, prior to the commencement of the Auction, NWP claimed ownership of certain other assets on the Northern Site (the “**NWP Disputed Assets**”). With NWP’s agreement, the NWP Disputed Assets were sold by Maynards in the Auction. Subsequently, a representative of NWP identified as property of NWP 11 lots sold at auction for proceeds totalling \$55,750 (before cost allocation) (the “**NWP Disputed Assets Proceeds**”). In order to validate NWP’s claim, the Receiver reviewed the evidence provided by NWP in support thereof and reviewed the books and records of Northern. However, due to the age of these assets and the lack of adequate records maintained by Northern and NWP, the Receiver was not able to find sufficient evidence to support the claim of NWP.
98. In order to resolve this dispute, the Receiver has held various discussions with legal counsel to GE, Lucky Star and NWP to attempt to come to an agreement on how the Disputed Collateral Proceeds and the NWP Disputed Assets Proceeds are to be allocated. In order to facilitate an agreement, the Receiver prepared an analysis of the proceeds of the Northern Property, including the Disputed Collateral Proceeds and the NWP Disputed Assets Proceeds and determined a cost allocation between them based on the estimated costs associated with each asset category.
99. On July 26, 2012, Lucky Star proposed a revised cost allocation to the Disputed Collateral Proceeds and NWP Disputed Assets Proceeds as well as including additional lots sold at auction for a value of \$130,000 without a corresponding cost allocation being made against these additional lots (the “**Lucky Star Proposal**”). The Lucky Star Proposal treats the Disputed Collateral Proceeds and the NWP Disputed Assets Proceeds as a lump sum amount. Accordingly, the Lucky Star Proposal does not allow for a determination of the distribution as between Lucky Star and NWP.

100. Additionally, the Lucky Star Proposal includes a claim for the proceeds from a locomotive which was located at all times during the Receivership Proceedings in the CA Plant (as defined in the Fourth Report) where it was integral to the operation of the CA Plant, when the Company was operating prior to the Receivership Proceedings. The locomotive was an asset which was included in the Auction but was not sold. As described in paragraph 13 of the Fourth Report, in total there were 105 lots which were not sold. Subsequent to the completion of the Auction, Maynards attempted to sell the unsold lots to parties who purchased certain of the Northern Property at the Auction and to other parties known to Maynards as potentially having an interest in such property. Despite these efforts, the locomotive was not sold. As reported in the Fourth Report and as approved by the Court on March 20, 2012, the CA Plant was sold, along with the Real Property on an "as is, where is" basis. No allocation of value was made for this locomotive. The Receiver has concluded that, at this time, the locomotive is currently incapable of being realized by the Receiver.
101. As a result of discussions between the Receiver, GE and Lucky Star, GE and Lucky Star have advised the Receiver that, on November 6, 2012, an agreement in principal amongst those parties was reached (the "**Lucky Star Settlement**"), whereby:
- i) Lucky Star and NWP will release their claims to the Disputed Collateral Proceeds and Disputed Asset Proceeds in exchange for receiving the Lucky Star/NWP Distribution, subject to any reserves that may be required; and
 - ii) the Receiver will release Northern's interest in and to a locomotive located on the former Northern Real Property and GE will release its security in respect of same.
102. Consistent with the Lucky Star Proposal above, the Lucky Star Settlement does not allow for a determination of the distribution as between Lucky Star and NWP. Accordingly, the Receiver is seeking direction from Lucky Star and NWP regarding the allocation of the Lucky Star/NWP Distribution as between the two parties, or alternatively direction as to which party to make the Lucky Star/NWP Distribution. The Receiver will hold the Lucky Star/NWP Distribution until such direction is provided.
103. As indicated above, the Receiver has obtained an opinion from its independent legal counsel that the Lucky Star Security is valid and enforceable. To the best of its knowledge the Receiver is of the view that there are no prior charges or claims that remain unsatisfied or for which the Receiver is not holding sufficient reserves.

104. As set out above and subject to any additional reserves directed by the Court to be maintained, the Receiver intends to make a distribution to Lucky Star and NWP in the amount of \$200,000, less Lucky Star and NWP's portion of the 81.6 Reserve, in full payment of the Lucky Star Settlement.

GE DISTRIBUTION

105. As detailed in paragraphs 39-41 of the affidavit of Christopher Rankin sworn December 23, 2010 (the "**Rankin Affidavit**"), which was filed in support of GE's application for the appointment of the Receiver, in 2007, GE loaned Northern \$13,061,482.62 (the "**Northern Loan**"), the proceeds of which were intended to be used for liquidity and/or refinancing purposes. The amount owing by Northern to the GE Entities under the Northern Loan as of October 22, 2010, was approximately \$9,172,308.66.
106. As indicated above, the Receiver has obtained an opinion from its independent legal counsel that the GE Security is valid and enforceable.
107. As set out above and subject to any additional reserves directed by the Court to be maintained, in addition to paying to GE amounts subject to the Receiver's Charge as described herein, the Receiver intends to make an interim distribution to GE in the amount of \$195,627, less GE's portion of the 81.6 Reserve, in respect of the GE Security. The Receiver is also proposing that subsequently, as funds become available and to the extent that reserves are no longer required, additional funds will be released to GE pursuant to its secured claim without further order of the Court.

RECEIVER'S AND LEGAL COUNSEL'S FEES AND DISBURSEMENTS

108. The Receiver and its legal counsel have maintained detailed records of their professional time and costs. The Receiver is seeking the approval of its fees and disbursements and those of its legal counsel for the period from December 21, 2010 to September 30, 2012 (the "**Period**") in connection with the performance of their duties in the Receivership Proceedings and the estimated fees and disbursements of the Receiver and its counsel arising after the Period in connection with the bringing of the application referred to herein and the performance of the remaining duties.
109. Pursuant to paragraph 17 of the Receivership Order, any expenditure or liability properly made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of its legal counsel, were authorized to be paid on a periodic basis

subject to any final assessment or taxation as may be ordered by the Court. In addition, the Receiver's Charge was granted as security for, *inter alia*, the fees and disbursements of the Receiver and its counsel.

110. The total fees of the Receiver during the Period amount to \$423,728.51, together with expenses and disbursements in the amount of \$44,845.47 (both excluding HST) (collectively, the **"Receiver's Fees and Disbursements"**). The time spent by the Receiver's personnel during the Period is more particularly described in the Affidavit of Tracey Weaver of the Receiver (the **"Weaver Affidavit"**), sworn in support hereof and filed separately. Exhibit "A" to the Weaver Affidavit is a summary of the personnel, hours, and hourly rates charged by the Receiver in respect of the Receivership Proceedings for the Period. Barring unforeseen circumstances, the Receiver estimates that its fees and disbursements, at its standard rates currently in effect, for the period from October 1, 2012, to the completion of all work related to the Receivership Proceedings will be approximately \$50,000.
111. The total fees incurred by the Receiver for services provided by Osler during the Period amount to \$441,536.50 together with expenses and disbursements in the amount of \$2,863.47 (both excluding HST) (collectively, the **"Osler Fees and Disbursements"**). The time spent by Osler personnel during the Period is more particularly described in the Affidavit of Shireen Young of Osler (the **"Osler Affidavit"**), sworn in support hereof and filed separately. The Osler Affidavit provides a summary of the personnel, hours, and hourly rates charged by Osler in respect of the Receivership Proceedings for the Period. Barring unforeseen circumstances, Osler estimates that its fees and disbursements, at its standard rates currently in effect, for the period from October 2012 to the completion of all work related to the Receivership Proceedings will be approximately \$50,000.
112. The total fees incurred by the Receiver for services provided by Stikeman together with expenses and disbursements (both excluding HST) (collectively the **"Stikeman Fees and Disbursements"**) will be described in the Affidavit of Elizabeth Pillon of Stikeman (the **"Stikeman Affidavit"** and collectively with the Weaver Affidavit and the Osler Affidavit, the **"Fee Affidavits"**), which will be filed separately with the Court by Stikeman. The Stikeman Affidavit will provide a summary of the personnel, hours, and hourly rates charged by Stikeman in respect of the Receivership Proceedings for the Period.
113. The Receiver respectfully submits that the Receiver's Fees and Disbursements, the Osler Fees and Disbursements and the Stikeman Fees and Disbursements (the **"Fees and Disbursements"**) are reasonable in the circumstances and have been validly incurred in

accordance with the provisions of the Receivership Order. Accordingly, the Receiver now seeks the approval of the Fees and Disbursements.

CONCLUSION AND RECOMMENDATION

114. The Receiver respectfully requests that the Court provide advice and direction to the Receiver in respect of the Receiver's following requests as more fully set out in paragraph 46 above:

- i) whether the process of the Superintendent considering Morneau's recommendation to change the Wind Up Date in respect of the Hourly Plan and merge the deregistered Salaried Plan into the Hourly Plan constitutes a Proceeding as defined in the Receivership Order such that the parties are stayed from taking steps without leave of the Court;
- ii) what reserve should be maintained with respect to claims pursuant to 81.6 in respect of the Hourly Plan and Salaried Plan, and how the contributions and funds on hand should be allocated against normal costs and special payments;

and recommends that the Court grant the Order requested to, *inter alia*:

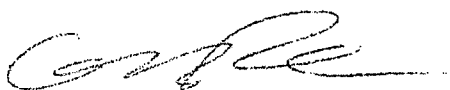
- iii) approve the Receiver's Fifth Report and the activities of the Receiver as set out in this Fifth Report including the Receiver's Statement of Cash Receipts and Disbursements set out herein;
- iv) approve the Fees and Disbursements of the Receiver and its counsel, as set out in this Fifth Report and the Fee Affidavits;
- v) subject to the Court's determination that the process of the Superintendent considering the Morneau Recommendation constitutes a Proceeding as defined in the Receivership Order, direct that such Proceeding is stayed by paragraph 8 of the Receivership Order;
- vi) authorize and direct the Receiver to pay the Property Tax Claim;
- vii) authorize and direct the Receiver to make the RBC Distribution;
- viii) authorize and direct the Receiver to make the Lucky Star/NWP Distribution;
- ix) authorize and direct the Receiver to make the GE Distribution; and

- x) approve the distribution of any remaining proceeds following the Proposed Distributions from the Northern Property to GE, and authorize and direct the Receiver to make such subsequent distributions, to the extent further realizations are available, without further Order of the Court.

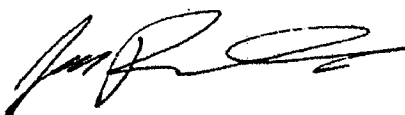
All of which is respectfully submitted this 8th day of November, 2012.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of Northern Sawmills Inc.



Greg Prince
Senior Vice President



Jonathan Reimche
Vice President

APPENDIX B

SETTLEMENT AGREEMENT

AMONG:

PRICEWATERHOUSECOOPERS INC., in its capacity as
Court-appointed Receiver of Northern Sawmills Inc.

(the "Receiver")

- and -

G.E. CANADA EQUIPMENT FINANCING G.P.

("G.E.")

- and -

MORNEAU SHEPELL LTD., in its capacity as administrator of the
Hourly Plan and in its capacity as administrator of the Salaried Plan

("Morneau")

- and -

SUPERINTENDENT OF FINANCIAL SERVICES

(the "Superintendent")

WHEREAS:

1. Northern Sawmills Inc. ("Northern") established and registered the Retirement Plan for Employees of Northern Sawmills Inc. ("Hourly Plan") before June 2007.
2. Northern established the Retirement Plan for Salaried Employees of Northern Sawmills Inc. ("Salaried Plan" and, together with the Hourly Plan, the "Plans") effective June 1, 2007.
3. By order dated September 2, 2010, the Superintendent ordered that the Hourly Plan be wound-up effective January 1, 2008, and by order dated September 2, 2010, the Superintendent revoked the registration of the Salaried Plan under section 18(1)(b) of the *Pension Benefits Act*, RSO 1990, c P.8 ("PBA").
4. On January 4, 2011, the Ontario Superior Court of Justice ("Court") in Court File No. CV-10-9042-00CL ("Northern Receivership Proceedings") appointed the Receiver pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended ("BIA") and section 101 of the *Courts of Justice Act*, RSO 1990, c C.43, as amended, over all the assets, undertakings and properties acquired for or used in relation to the business carried on by Northern including all proceeds thereof.

5. Morneau was appointed as administrator of the Hourly Plan on March 11, 2011 and as administrator of the Salaried Plan on August 3, 2011 (in those capacities, the "Administrator").
6. The Superintendent is required by section 18(3) of the PBA to specify the termination date for the Salaried Plan. The Superintendent provided an opportunity for the Administrator, G.E. and the Receiver to make submissions with respect to the termination date of the Salaried Plan.
7. The Administrator made written submissions to the Superintendent by letter dated November 18, 2011 in which it, *inter alia*, recommended to the Superintendent that the Hourly Plan and Salaried Plan be treated as one plan and that the wind up date for both plans be November 16, 2010. G.E. and the Receiver each made written submissions to the Superintendent by letters dated September 6, 2012 in which they, *inter alia*, objected to the recommendations made by the Administrator. (The written submissions of the Administrator, G.E. and the Receiver are collectively referred to herein as the "Submissions".)
8. The Administrator advanced claims pursuant to section 81.6 of the BIA and pursuant to section 57(4) of the PBA in relation to both Plans in the Northern Receivership Proceedings (collectively, the "Asserted Pension Claims").
9. The Receiver brought a motion (the "Motion") for advice and directions in the Northern Receivership Proceedings on several questions including the quantum of reserves the Receiver was required to hold in relation to the Asserted Pension Claims.
10. In an order dated November 19, 2012, and an endorsement dated November 26, 2012 (collectively, the "Court Order"), Justice Newbould of the Court provided advice and direction to the Receiver in relation to the required reserves.
11. The parties to this Settlement Agreement wish to compromise and settle between themselves all outstanding matters relating to the Northern Receivership Proceedings, including the Asserted Pension Claims and any possible costs award or appeal from the Court Order.

NOW THEREFORE, in consideration of the payment of CDN\$35,000 (the "Settlement Amount") by the Receiver on behalf of Northern to the Administrator, the undertakings and covenants set forth herein and other good and valuable consideration, the sufficiency of which consideration is hereby irrevocably acknowledged by each of the parties hereto, the parties covenant and agree as follows:

1. On or before February 5, 2013, the Superintendent shall issue a Notice of Intended Decision (the "NOID") relating to the Salaried Plan in which it will state its intention to order that the termination date of the Salaried Plan be November 16, 2010.
2. The Receiver, G.E. and the Administrator shall not request any hearing in relation to the NOID or in relation to any other action taken by the Superintendent in furtherance of setting the termination date for the Salaried Plan. Without limiting the foregoing, the Administrator shall not pursue its recommendation that the Plans be treated as one plan.

3. The Receiver and G.E. shall withdraw their costs submissions relating to the Motion and none of the parties to this Settlement Agreement shall seek costs from any other party relating to the Motion or any other step in the Northern Receivership Proceedings.
4. The Receiver shall, on behalf of Northern (the employer under the Salaried Plan), pay the Settlement Amount to Fasken Martineau DuMoulin LLP, lawyers for the Administrator, in trust in full and final satisfaction of the Asserted Pension Claims and such amount shall be applied first towards any normal costs owing in respect of the Salaried Plan.
5. This Settlement Agreement is conditional on (i) the Superintendent ordering that the Salaried Plan be terminated as of November 16, 2010 (the "Order"), (ii) the Superintendent issuing a declaration that the Pension Benefits Guarantee Fund ("PBGF") applies to the Salaried Plan, and (iii) the Court approving this Settlement Agreement and granting a permanent stay, in a form satisfactory to the Receiver and G.E., relating to any claims or proceedings that any person may seek to assert or initiate against the Receiver or G.E. relating to the Salaried or Hourly Plan.
6. None of the parties to this Settlement Agreement shall appeal from the Court Order.
7. The Administrator and the Superintendent, on the one hand, and G.E. and the Receiver (both personally and in its capacity as Receiver), on the other hand, on their own behalves and on behalf of all of their respective representatives, successors and assigns each hereby remises, releases and forever discharges the others and all of their respective representatives, successors and assigns from any and all actual or potential actions, claims, complaints, causes of action, suits, debts, liabilities, duties, accounts, bonds, dues, covenants, contracts, rights, costs and expenses, judgments, orders, proceedings, obligations, grievances and demands whatsoever, whether at equity or law, which they may have now, ever had or may hereafter have by reason of any cause, matter or thing whatsoever existing at the date hereof relating to Northern, the Northern Receivership Proceedings, the Motion or the Plans, including the Asserted Pension Claims (collectively, "Claims"), provided that nothing herein shall release, remise, discharge or otherwise affect any claims that any of the parties may have against the officers and directors of Northern and any insurer of any of the aforesaid, provided further that there is no right of claim over or subrogation of such officers, directors or insurers against G.E. or the Receiver, or against Northern if such claim would rank in priority to the claim of G.E. against Northern. Further, nothing in this paragraph 7 shall prevent the parties from taking steps to enforce the terms of this Settlement Agreement.
8. Each of the parties to this Settlement Agreement represents and warrants that it has not assigned to any person any of the Claims released hereby.
9. For greater certainty, from the date of this Settlement Agreement, the Administrator shall not and the Superintendent shall not pursue the Asserted Pension Claims or seek any further distributions in the Northern Receivership Proceedings other than the Settlement Amount payable pursuant to this Settlement Agreement.

10. The Administrator agrees that if any amounts are required to be withheld and remitted to the Canada Revenue Agency in respect of the payment of the Settlement Amount pursuant to this Agreement, such amounts shall be withheld and remitted by Morneau from the Settlement Amount, and that in no event shall the Receiver or Northern be required to pay any such withholding.
11. The parties acknowledge that in the course of administering and winding up the Plans, the Administrator must be able to communicate with and make recommendations to the Superintendent and, except as expressly set out in this Settlement Agreement, nothing in this Settlement Agreement or in any order approving this Settlement Agreement shall prohibit or restrict such activities.
12. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable in Ontario.
13. This Agreement shall enure to the benefit of and is binding upon the parties hereto and their respective successors, assigns and representatives.
14. Nothing herein shall be deemed to be an admission of liability on the part of any of the parties hereto.
15. This Agreement may be executed by the Parties in counterparts and the counterparts may be executed and delivered by electronic means, with all counterparts together constituting one agreement.

IN WITNESS OF WHICH the undersigned have executed this Settlement Agreement by proper signing officers under seal.

PRICEWATERHOUSECOOPERS INC., in
its capacity as Receiver of Northern Sawmills
Inc.

By: _____

Name: _____

Title: _____


Greg Prince
Senior Vice President

**G.E. CANADA EQUIPMENT FINANCING
G.P.**

By: _____

Name: _____

Title: _____

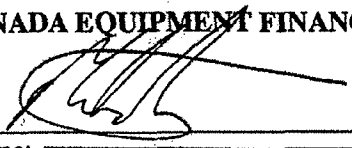
10. The Administrator agrees that if any amounts are required to be withheld and remitted to the Canada Revenue Agency in respect of the payment of the Settlement Amount pursuant to this Agreement, such amounts shall be withheld and remitted by Morneau from the Settlement Amount, and that in no event shall the Receiver or Northern be required to pay any such withholding.
11. The parties acknowledge that in the course of administering and winding up the Plans, the Administrator must be able to communicate with and make recommendations to the Superintendent and, except as expressly set out in this Settlement Agreement, nothing in this Settlement Agreement or in any order approving this Settlement Agreement shall prohibit or restrict such activities.
12. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable in Ontario.
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14. Nothing herein shall be deemed to be an admission of liability on the part of any of the parties hereto.
15. This Agreement may be executed by the Parties in counterparts and the counterparts may be executed and delivered by electronic means, with all counterparts together constituting one agreement.

IN WITNESS OF WHICH the undersigned have executed this Settlement Agreement by proper signing officers under seal.

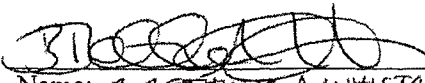
PRICEWATERHOUSECOOPERS INC., in
its capacity as Receiver of Northern Sawmills
Inc.

By: _____
Name: _____
Title: _____

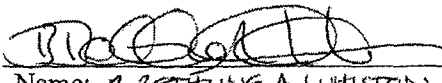
**G.E. CANADA EQUIPMENT FINANCING
G.P.**

By:  _____
Name: **MICHAEL PISANI**
Title: **DULY AUTHORIZED SIGNATORY**
ATTORNEY IN FACT

MORNEAU SHEPELL LTD., in its capacity
as administrator of the Hourly Plan

By: 
Name: B. BETHUNE A. WHISTON
Title: PARTNER

MORNEAU SHEPELL LTD., in its capacity
as administrator of the Salaried Plan

By: 
Name: B. BETHUNE A. WHISTON
Title: PARTNER

**SUPERINTENDENT OF FINANCIAL
SERVICES**

By: _____
Name:
Title:

MORNEAU SHEPELL LTD., in its capacity
as administrator of the Hourly Plan

By: _____
Name:
Title:

MORNEAU SHEPELL LTD., in its capacity
as administrator of the Salaried Plan

By: _____
Name:
Title:

**SUPERINTENDENT OF FINANCIAL
SERVICES**

By: *K. David Gordon*
Name: *K. David Gordon*
Title: *Deputy Superintendent, Pensions*