Court File No. CV-14-10609-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT INVOLVING METCALFE & MANSFIELD ALTERNATIVE INVESTMENTS VII CORP. IN ITS CAPACITY AS ISSUER TRUSTEE OF THE DEVONSHIRE TRUST

AFFIDAVIT OF MATHIEU LAFLEUR-AYOTTE
(Sworn June 27, 2014)

I, Mathieu Lafleur-Ayotte, of the City of Montreal, in the Province of Quebec **MAKE OATH AND SAY:**

1. I am currently the president and sole director of Quanto and MMCC. Quanto and MMCC were, until July 31, 2013, respectively the Financial Services Agent and Administrative Agent of the Conduit. I am also, and since January 2009 have been, the president of the Consultant. The Consultant provided consulting services to the Conduit commencing in January 2009. As the president of the Consultant, Quanto and MMCC, I have knowledge of the matters hereinafter deposed to. I have been authorized by the CCAA Parties to make this affidavit on their behalf. Where my information is derived from others, I have stated the source of such information and believe it to be true.

2. In this affidavit defined terms have the meaning set out in the glossary of defined terms attached as Schedule "A" to this affidavit or the meaning set out in the Plan.

OVERVIEW

3. On August 13, 2007 the Canadian market in ABCP experienced a general disruption, placing the overall Canadian financial market at risk. The ABCP market was subsequently restructured - first under the terms of the Montreal Accord (signed on August 16, 2007) and then through proceedings under the CCAA filed on March 17, 2008. The ABCP CCAA Proceedings involved 20 "conduits" representing approximately $32 billion of issued notes.

4. The ABCP CCAA Proceedings did not encompass the Conduit as Barclays and the Conduit's investors decided to consider separate restructuring alternatives for that ABCP issuer commencing in December, 2007. The Conduit then became involved in protracted litigation with Barclays, as hereinafter described, commencing on January 13, 2009. The Settlement Agreement has been entered into in order to resolve all issues in the Litigation and allow a substantial distribution to the Noteholders. The vehicle to achieve the settlement of the Litigation and distribution is the proposed Plan.

5. The proposed Plan is beneficial to all stakeholders as it:

(a) allows for the resolution of the acrimonious and expensive Litigation;

(b) unlocks value to the Noteholders without awaiting the outcome of the possible continued Litigation, which could take years;

(c) provides certainty to the Noteholders with respect to proceeds available to them;

(d) creates a mechanism to pay the Conduit's liabilities, in particular certain taxes, and distribute proceeds to Noteholders; and

(e) provides finality to all stakeholders.

THE ABCP MARKET IN CANADA

6. An explanation of the ABCP market in Canada is succinctly set out in the Court of Appeal Decision. It is as follows:

> "[2] The parties in this case are in the business of assessing risk in the financial market at a very high level, arranging transactions to allocate that risk, and profiting from arbitrage opportunities between the anticipated and actual risk.
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> [3] To facilitate our analysis of the issues, we begin by explaining in simple terms the design of the type of transaction that gives rise to this appeal.
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> [4] ABCP is a form of secured note. It is generally short-term commercial paper, meaning that it is debt that reaches maturity in less than one year, typically 30 to 90 days.
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> [5] The ABCP at issue in this case was issued by the respondent Metcalfe & Mansfield Alternative Investments VII Corp., in its capacity as Trustee of Devonshire Trust ("Metcalfe"). Devonshire Trust ("Devonshire") is a special purpose trust, established to acquire income-producing assets funded through the issuance of ABCP. Devonshire's role in this transaction is typically referred to as that of a "conduit".
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> [6] The conduit sells the ABCP to investors and pays the ABCP investors, or noteholders, interest on the notes at a spread over the Canadian Dealer Offered Rate.
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> [7] The conduit typically acquires assets from an asset provider. Here the asset provider was the appellant Barclays Bank PLC ('Barclays'), a global investment bank, headquartered in London, England. The transaction at issue was undertaken by a Barclays deal team in New York City but involved senior management and traders in other Barclays' offices worldwide. Barclays was active in the ABCP market internationally, but this transaction was its only Canadian ACBP transaction.
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> [8] Quanto Financial Corporation ("Quanto") was the financial services agent, or sponsor, for Devonshire. In the Canadian industry, Quanto falls into the category of what was known as a "third-party", a term used to describe sponsors other than the major Canadian banks.

[9] The conduit earns a return from the income produced by the assets and uses the income earned to pay interest on the ABCP. The conduit profits from the spread between the return it earns on the underlying asset and the cost of the interest it must pay to the ABCP investors.

[10] Traditionally, relatively tangible assets were used as security to support the ABCP, including receivables such as mortgages, loans, leases, and credit card debts. The ACBP is said to be "asset backed" because the conduit's obligation to repay the purchaser of the ABCP is supported by the collateral of the conduit's assets.

[11] In more esoteric arrangements, such as the transaction involved in this case, the assets involved are called "structured financial assets", including CDSs. A CDS is a form of credit protection contract between two parties whereby one party buys from the other protection against the risk of loss in an investment such as a portfolio of corporate bonds.

[12] In this case, the CDSs were "synthetic". Barclays, the buyer of protection, did not own the bonds for which it had purchased protection. The CDSs were a sophisticated form of derivative contract based on allocation of risk in two reference portfolios comprised of two lists of corporate bonds.

[13] The reference portfolio in a CDS is valued each day. The asset provider pays a premium to the conduit on an ongoing basis and, in exchange, the conduit agrees to pay the asset provider a certain amount if the credit losses in the reference portfolio reach defined points. The conduit is required to post collateral as security against this eventuality. However, when the transaction is leveraged, the amount of credit protection sold by the conduit is greater than the amount of collateral pledged by the conduit, the credit protection seller. If the credit losses reach certain agreed points, the conduit may be required to post additional collateral.

[14] When a CDS is used as the underlying asset to secure ABCP, the ABCP will generally mature many times within the life of the CDS. To sustain the structure of the transaction, either the holders of the ABCP have to reinvest — "roll" — their notes many times, or new investors must be found to fund the conduit's payment obligations on the ABCP as it matures. This arrangement works as long as the notes keep rolling, but without that liquidity, the pyramid collapses.

[15] To alleviate the risk flowing from the timing mismatch between the conduit's obligation to repay its ABCP investors and the cash flow from the longer-term assets securing the notes, conduits typically purchase liquidity protection, similar to a form of insurance contract. Liquidity protection gives the conduit access to funds required to repay the ABCP on maturity if the ABCP holders do not roll their notes and repayment cannot be funded by selling new ABCP. Asset providers are sometimes, but not always, the parties who provide liquidity protection to the conduits."

THE BARCLAYS – DEVONSHIRE ABCP – CDS TRANSACTION

7. The Barclays – Devonshire ABCP – CDS Transaction is succinctly described in the Court of Appeal Decision as follows:

"[16] In the transaction at issue on this appeal, Barclays was Devonshire's exclusive asset provider. Barclays was the credit protection buyer and Devonshire was the credit protection seller with respect to the two CDSs acquired by Devonshire from Barclays. As part of this transaction, Barclays was also Devonshire's liquidity provider.

[17] Devonshire was established as a special purpose trust to acquire and hold income-producing assets financed through the issuance of ABCP. It did not have any existence or purpose outside of the transaction at issue in this case. Devonshire's sponsor, Quanto, was formed by former National Bank executives. Devonshire retained Quanto as its financial services agent and Metcalfe & Mansfield Capital Corporation ("MMCC") as its administrative agent. Metcalfe is the named defendant and respondent (in its capacity as Trustee of Devonshire Trust), but for the purposes of this appeal we will refer to the defendant and respondent as Devonshire, as did the parties.

[19] The Devonshire noteholders with the most notes were financial institutions. The small Devonshire noteholders included universities, a municipality and others. When the noteholders purchased the notes from Devonshire, the notes were viewed as relatively risk-free investments. In the course of the events to be described below, Barclays eventually became a noteholder of Devonshire notes as well.

[20] Originally the parties intended this to be the first of many such transactions, but given what happened in the larger market, this ended up being their only transaction.

[21] Devonshire entered into the two CDSs or "swaps" with Barclays in August 2006. The swaps were structured and sold in one transaction. The transaction was governed by several agreements, including a 1992 ISDA Master Agreement (a standard-form contract now published by the International Swaps and Derivatives Association) and a number of other standard-form documents (collectively the "Agreements"). The term of the two swaps was ten years. The ISDA Master Agreement and the other standard-form documents were modified by the parties and tailored to their needs and objectives. In particular, the terms reflected the fact that they provided protection on two customized — "bespoke"— portfolios of corporate bonds.

[22] The CDS transaction was structured to produce income to Devonshire by putting Barclays in the role of "credit protection buyer" and Devonshire as "credit protection seller". Barclays paid Devonshire monthly premiums in exchange for Devonshire's commitment to pay Barclays if credit losses in the reference portfolios reached certain pre-determined levels. If the credit losses occurred, the transaction would (subject to a threshold referred to as the "attachment point", expressed as a percentage of the total size of the portfolio), require a protection payment from Devonshire to Barclays for a portion of those losses.

[23] Liquidity protection was an important factor in Devonshire's Class A notes being rated as low risk. These short-term notes matured within 30 to 90 days and were either rolled on maturity by the noteholders or cashed in with new notes being issued by Devonshire to other investors. The "Liquidity Facility" signed by the parties required Barclays to provide liquidity to Devonshire when the Class A notes matured if a "Market Disruption Event" ("MDE") occurred. The Class E (extendible) notes and Class FRN (floating rate) notes did not benefit from liquidity support in the event of an MDE.

[24] The precise definition of an MDE need not be decided now, but essentially it means an event that caused the market for Devonshire's ABCP to freeze. As we explain below, as a result of an order bifurcating the trial, the trial judge was bound to assume that an MDE occurred in August 2007, triggering Barclays' obligation to provide Devonshire with liquidity protection.

[25] For its part, Devonshire agreed to pay Barclays if losses exceeded the attachment point, being 15 per cent and 16 per cent of the notional amount of the respective reference portfolios. The risk that losses would exceed the attachment point and require a protection payment by Devonshire was viewed as remote in 2006 because of the high attachment points and the perceived quality of the assets underlying the reference portfolio. The credit protection afforded to Barclays by Devonshire was in respect of the "super senior tranche" of the portfolio, in other words highly-rated debt. If the losses on the CDSs exceeded attachment points, Devonshire also became responsible for losses on an agreed notional portfolio of asset-backed securities. This was an additional form of credit protection that was never engaged.

[26] The swaps in this transaction, called "leveraged super senior credit default swaps", were highly leveraged. The combined effect of highly-rated debt and highly-leveraged protection meant that the risk assumed by Devonshire under the CDSs was very low but that the extent of Devonshire's liability was very high if the risk materialized.

[27] Devonshire was required to pre-pay Barclays $600 million as collateral to secure its obligation when entering into the swaps but, because of the leveraged nature of the transaction, Devonshire was exposed to potential credit default losses that were ten times higher — $6 billion. To fund its initial $600 million collateral payment, Devonshire raised money by issuing and selling ABCP.

[28] The terms of the transaction required Barclays to post $600 million with the Custodian (Bank of New York) as collateral in favour of Devonshire to secure Barclays' obligation to return the collateral owed to Devonshire at the end of the term or upon the termination of the transaction. In other words, it was contemplated that at the end of the term of the transaction, Barclays would repay the $600 million CDS collateral to Devonshire. Devonshire would use that money to repay the holders of the outstanding ABCP notes. Barclays would be entitled to the return of the $600 million collateral held by the Custodian.

[29] Barclays was entitled under the Agreements to call for more collateral under certain specified conditions of increased risk of default in the reference portfolios because the transaction was so highly leveraged.

[30] In a worst case scenario, if the risk of default increased and the CDS market became significantly unfavourable to Devonshire, it could decline to post additional collateral and terminate the transaction. This "stop-loss" option built into the terms of the transaction allowed Devonshire, in such circumstances, to preserve a substantial proportion of its assets for the benefit of its noteholders."

THE TURMOIL IN THE ABCP MARKET AND THE ABCP CCAA PROCEEDINGS

8. The Court of Appeal Decision succinctly described the turmoil in the ABCP market and the subsequent successful restructuring of the ABCP market through the vehicle of the ABCP CCAA Proceedings as follows:

> **"E) The Turmoil in the ABCP Market Beginning in August 2007**
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> [38] The Barclays-Devonshire transaction was caught up in wider problems with the ABCP market in 2007. As it became apparent that many bonds were over-rated, particularly in the United States, and that many ABCP transactions like this one were under-collateralized, investors became unwilling to roll or to purchase ABCP notes. As a result, the conduits did not have the money to continue paying its ABCP noteholders as the short-term notes came due. The timing mismatch between the maturity of the notes and the longer term of the underlying CDSs used to securitize the notes became a fatal problem.
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> [39] On August 13, 2007, the third-party (i.e. non-Chartered bank-sponsored) ABCP market froze in Canada.
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> [40] Because of the uncertainty in the marketplace and the lack of liquidity, the likelihood of collateral calls being made on the conduits by the asset providers to provide more collateral increased. Because noteholders were not rolling their notes, liquidity calls were being made by conduits for cash to pay out the noteholders.
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> **F) Devonshire's Market Disruption Notices and Default Notice**
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> [41] Devonshire sent market disruption notices to Barclays on August 13, 14 and 15, 2007, requesting payments from Barclays under the Liquidity Facility. Devonshire's position was that given the illiquidity in the ABCP market, an MDE as contemplated in the Liquidity Facility had occurred.
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> [42] Barclays took the position that an MDE had not occurred in the third-party ABCP market and refused to provide any liquidity payments to Devonshire. On August 14, 2007, Devonshire delivered a default notice to Barclays. There was no dispute, and the trial judge found, that the effect of Devonshire's default notice under the Liquidity Facility was to give Barclays three days to cure the default.

G) The Montreal Accord

[43] A meeting of the major players in the third-party ABCP market was held in Montreal on August 15 and into the early hours of August 16, 2007. It was organized in large part by the Caisse de dépôt et placement du Québec (the "Caisse"), a very large investor in ABCP, and by National Bank, a large dealer of ABCP. It was attended by major ABCP noteholders, dealers, and asset and liquidity providers. Barclays attended the meeting. The conduits were not represented.

[44] The goal of this meeting was to get the asset providers to agree on a moratorium against any collateral calls being made for more security, and to have the conduits agree to a moratorium from making liquidity calls for funds to pay noteholders who were not rolling their notes. In the words of trial judge, the purpose of the meeting was to prevent a "blow-up of the market and to have everyone put their weapons down and take a pause": at para. 26.

[45] The "Montreal Accord" was reached on August 16, 2007, before the opening of the markets. It contained an interim agreement (the "Standstill Agreement") precluding calls by the conduits for liquidity payments and calls by the asset providers for collateral to be posted by the conduits (the "Standstill") for an initial period of 60 days (the "Standstill Period"). The Montreal Accord also contained a proposal with a framework of principles to be used in restructuring each of the conduits. It was later extended to March 14, 2008.

[46] Barclays, as asset and liquidity provider to Devonshire and no other conduit, was a signatory to the Montreal Accord. Other major noteholders of Devonshire who signed the Montreal Accord were the Caisse, National Bank and Desjardins Group ("Desjardins"). None of the 22 conduits in the third-party ABCP market were initial signatories. However, on October 15, 2007 Devonshire and all other affected conduits signed the Accord as well.

[47] The Montreal Accord contained an explicit reference to good faith as the parties undertook to "work together in good faith with the other participants in the discussions to bring about the timely implementation of these arrangements".

[48] Following the Montreal Accord, the "Pan-Canadian Third Party Asset-Backed Commercial Paper Investors Committee" was formed by investors of ABCP notes to negotiate for investors in the restructuring of the ABCP market (the "Investors Committee"). Purdy Crawford, Q.C. was appointed its chairman. The Investors Committee and its advisors led the negotiations on behalf of the conduits, including Devonshire.

> [49] A "Framework Agreement" was made on December 23, 2007, covering 20 of the trusts, but not Devonshire. This was an agreement in principle as to how those conduits were to be restructured and it eventually led to a restructuring under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (the "CCAA"). Barclays was not prepared to make the concessions required by the Framework Agreement and refused to sign it.
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> [50] The signatories to the Framework Agreement ultimately came to a negotiated resolution. A CCAA filing took place in March 2008 covering the restructuring of the 20 conduits that were parties to the Framework Agreement. The CCAA plan was later approved by Campbell J. and then by this court in August 2008: ATB Financial v. Metcalfe & Mansfield Alternative Investments II Corp., 2008 ONCA 587, 92 O.R. (3d) 513. After that, because of dramatic market changes that took place in the fall of 2008 (such as the collapse of the investment bank Lehman Brothers), the plan was twice renegotiated in December 2008 at the insistence of the Investors committee. This larger restructuring closed in January 2009."

THE LITIGATION

9. Subsequent to Barclays' withdrawal from the negotiations leading to the Framework Agreement in December 2007, negotiations continued with respect to a restructuring of the Conduit. The negotiations were carried out directly between Barclays and the major Noteholders, in particular, the CDPQ. During the period of these negotiations the parties agreed to suspend certain of their respective legal rights.

10. In January 2009 the negotiations collapsed. Barclays and the Conduit then took steps to assert their respective legal rights.

11. On January 13, 2009, Barclays commenced the Litigation. The issues in the Litigation are set out in the Newbould Reasons. These reasons are reported at 2013 ONCA 494 (CanLII).

12. A bifurcation order was made whereby certain issues would be determined in a phase one trial with certain other issues determined thereafter.

13. The phase one trial extended over a 51 day period before Justice Newbould. Ultimately, as set out in the Newbould Reasons, Justice Newbould made findings of fact and law most of which were adverse to Barclays.

14. Barclays appealed the Newbould judgment to the Ontario Court of Appeal. Pursuant to the Court of Appeal Decision, Barclays' appeal was unsuccessful on all points except with respect to the quantum of its Loss, which was, determined to be $264,000,000, subject to mitigation. Thereafter, Barclays sought leave to appeal from the Supreme Court of Canada. On January 16, 2014 the Supreme Court of Canada denied leave to appeal. Now produced and shown to me and annexed hereto as Exhibit "A" to my affidavit is a true copy of the Court of Appeal Decision.

15. One of the possible next steps, if any, in the Litigation would be to prosecute phase two of the trial. If it takes place, this phase will deal with complicated issues of fact and law. If phase two of the trial takes place, it could involve significant delay, expense and create uncertainty with respect to the amounts that will be available for distribution to Noteholders. One of the benefits of the proposed Plan herein, which implements the Settlement Agreement hereinafter described, is to eliminate any possibility that phase two of the trial will take place.

THE CONDUIT AND THE NOTES

16. The Court of Appeal Decision generally describes the Conduit and its stakeholders. Before reviewing the terms of the Settlement Agreement and the Plan it would be helpful to describe the Conduit and the Notes issued by the Conduit in more detail.

Settlement Deed

17. The Conduit was established by the Settlement Deed wherein MMCC was the settlor and the Applicant was designated as trustee of the Conduit. Now produced and shown to me and annexed hereto as Exhibit "B" to my affidavit is a true copy of the Settlement Deed.

18. The Settlement Deed provides, *inter alia*, as follows:

(a) the activities of the trust are the purchase, acquisition, creation and administration of "Asset Interests" which the trust purchases or otherwise acquires or creates from time to time for the purpose of producing income therefrom, which purchase, acquisition or creation may be funded through the issuance of notes from time to time pursuant to the terms of a trust indenture;

(b) the registered office of the trust is care of Metcalfe & Mansfield Alternative Investments VII at 199 Bay Street, Suite 4850, Commerce Court West, Toronto, Ontario;

(c) the Applicant will not be subject to any liability for any claim against or with respect to the trust or the Applicant, arising out of anything done, admitted to be done or permitted to be done by it in respect of the execution of the duties of its office or in respect of the trust property or the trust activities and resort will be had solely to the trust property for the payment or performance of such claim. No other property or assets of the Applicant, owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligations under the Settlement Deed;

(d) upon satisfaction of all notes or other debt instruments and other obligations and liabilities of the trust, the Applicant may, in its sole discretion, windup the affairs of the trust, terminate the trust and upon receipt of such releases, indemnities and refunding agreements as the Applicant deems necessary for its protection, distribute the remaining trust property to one or more of the beneficiaries; and

(e) the Settlement Deed is governed by the laws of the Province of Ontario and the Federal Laws of Canada.

19. The Conduit no longer carries on an active business other than dealing with this settlement transaction, the related CCAA Proceedings and, if required, the Litigation. The Conduit is holding approximately $153,000,000 in cash or near cash. The Conduit has no employees. Its affairs are managed by the Applicant.

The Trust Indenture

20. The Notes issued by the Conduit were issued pursuant to the Trust Indenture. The terms of the Trust Indenture were supplemented by the Supplemental Indenture and the First Supplement. Now produced and shown to me and annexed hereto as Exhibit "C" to my affidavit is true copy of the Trust Indenture.

21. The Trust Indenture provides, *inter alia*, as follows:

(a) three *pari passu* classes of "Series A Notes" are authorized namely, Class A Notes, Class E Notes and Class FRN Notes;

(b) the Class A Notes have terms to maturity of up to 364 days (as of the date of issuance) and are issued at a discount to mature at their face amount. They do not provide for the payment of interest after maturity. They benefit from liquidity protection;

(c) the Class E Notes have terms to maturity of up to 184 days. The Conduit has the option, during any period in which it is unable to refinance a Class E Note, of extending the maturity date of the Class E Note for up to a further 180 days on certain terms, including payment of interest at a rate equal to 1% over one month CDOR, which rate is reset monthly and payable monthly on redemption or at maturity in arrears. The Class E Notes do not benefit from liquidity protection;

(d) the Class FRN Notes have terms to maturity of up to three years. They bear interest before maturity at a rate equal to the one-month CDOR (for the monthly interest paying FRN-1 Notes) or 3-month CDOR (for the quarterly interest paying FRN-2 Notes) plus a coupon spread over the CDOR rate depending on the maturity date. The forms of FRN Notes do not provide for interest on the principal following the maturity date but only interest on the arrears of interest accrued prior to the maturity dates of the FRN Notes. The FRN Notes do not benefit from liquidity protection;

(e) a "waterfall" setting out the priority of distribution of proceeds of the Conduit is set out (Section 3.1 of the Supplemental Indenture) whereby payment of

interest and/or accrued discount and then principal on all Series A Notes, *pro rata*, ranks fourth after payment of certain fees and liabilities; and

(f) the Issuing and Paying Agent is required to maintain a Note register with the name of each Noteholder or clearing agency or if issued to a "bearer" a notation to that effect and the particulars of each Note. The Issuing and Paying Agent must provide facilities for the exchange and transfer of Notes. No transfer of a Note in registered form will be valid unless proper documentation is provided to the Issuing and Paying agent and registered in the Note register;

(g) only the registered holder of any Note registered to a named payee or transferee thereof (if transferred in accordance with the Trust Indenture) and any holder of a Note in bearer form shall, upon presentation of such Note, be entitled to payment of the principal amount and interest, if any, evidenced by such Note; and

(h) with respect to "Global Notes", the Applicant or the Issuing and Paying Agent, as appropriate, shall deal with the "Clearing Agency" for all purposes including the making of payments on such Notes as the sole holder of such Notes and the authorized representative of the beneficial holders of such Notes.

22. The Trust Indenture, at Section 4.1 provides for security over the assets of the Conduit as security for the due payment of certain obligations of the Conduit. The secured parties include the Indenture Trustee, Barclays, as a liquidity provider, and the Applicant.

23. Fasken has conducted a search of registrations made pursuant to the PPSA against the CCAA Parties. As at June 18, 2014, CIBC Mellon Trust Company (the "**Indenture Trustee**") and Barclays have registered financing statements with respect to the CCAA Parties in accordance with the PPSA. Now produced and shown to me and annexed hereto as Exhibit "D" to my affidavit is a true copy of the PPSA search results.

24. Both the Indenture Trustee and Barclays will be served with notice of this application.

IDENTIFICATION OF THE REGISTERED AND BENEFICIAL NOTEHOLDERS

25. Ernst & Young Inc. ("E&Y") was the Monitor in the ABCP CCAA Proceedings. E&Y filed a report with the Court dated March 17, 2008 (the "E&Y Report") explaining, *inter alia*, how ABCP Notes are held and the efforts made by E&Y to identify beneficial noteholders of the Notes affected by those proceedings.

26. As explained in more detail in the E&Y Report, there is no central register or other database that readily identifies the beneficial holders of ABCP notes unless such noteholders voluntarily make themselves known and provide confirmation of their ownership. The issuing and paying agents maintain a Note register (see paragraph 21(f) hereof), however, the registered noteholder is typically CDS & Co. or a financial institution that is a "Participant" within the CDS system holding notes on behalf of clients. In the ABCP CCAA Proceedings, E&Y went to great lengths to identify beneficial noteholders and succeeded in identifying, on a confidential basis, approximately 90% of the beneficial noteholders.

27. While the ABCP market was still functioning, the Conduit, Quanto and MMCC did not have any detailed information about the identity of its registered or beneficial noteholders as the information was deemed confidential by the Conduit's ABCP selling agents, other than for the FRN Noteholders. This was also the case during the restructuring negotiation period which followed the signing of the Montreal Accord. E&Y would not disclose the information it had compiled as it had been obtained on a confidential basis.

28. In the Spring of 2009, after the commencement of the Litigation, Quanto asked E&Y to forward an email to noteholders that E&Y had identified as noteholders of the Conduit asking them to identify themselves to the Conduit. Based upon the responses Quanto received it compiled a list of noteholders. The list was not complete as some investors did not respond to the request or did not provide the requested information.

29. Subsequently, after the commencement of settlement discussions with respect to the Litigation, Robert Girard, a partner at Fasken and an officer of the Applicant, commenced further due diligence in order to ascertain the identity of registered and beneficial Noteholders.

30. I am advised by Mr. Girard, and believe, that he:

(a) contacted the Issuing and Paying Agent in December 2013 (and thereafter) and obtained spreadsheets, based upon the Note register and the CUSIP numbers and listing the registered holders of the Notes;

(b) with the assistance of the Issuing and Paying Agent, obtained from CDS information with respect to "participant" and custodial institutions holding Notes for beneficial Noteholders as at January 17, 2014;

(c) obtained information from CDPQ with respect to its beneficial holdings;

(d) obtained information from Barclays with respect to its beneficial holdings together with the beneficial holdings of Barclays' Subsidiaries;

(e) based upon the list of beneficial noteholders compiled in 2009 by Quanto, Mr. Girard has contacted certain Noteholders directly and has obtained information directly from them with respect to their beneficial holdings; and

(f) in certain instances, Mr. Girard was able to match beneficial holders to registered holders by comparing the dollar amount of a Note, or the CUSIP of a Note, obtained from Noteholders, to the information provided by the Issuing and Paying Agent.

31. As a result of the above enquiries, the following is a list of the Conduit's registered and beneficial noteholders. Particulars of these holdings are set out in Exhibit "E".

Beneficial Holder :	**Registered Holder:**	**Class of Note :**	**Face Amount :**
Caisse de depôt et placement du Québec	Fiducie Desjardins Inc. or CDS Clearing	Class A Notes	$133,900,000
		Class E Notes	$151,100,000
		Class FRN Notes	$100,000,000
Sub-total			**$385,000,000**
Barclays Bank PLC and Barclays Subsidiaries	Barclays Capital Securities Limited or Banque Barclays du Canada or CDS Clearing	Class A Notes	$56,416,442
		Class E Notes	$113,224,609
		Class FRN Notes	$50,000,000
Sub-total			**$219,641,051**

Domtar Pension Plans	CDS Clearing	Class FRN Notes	$15,000,000
ICICI Bank Canada	Royal Bank of Canada	Class A Notes	$15,000,000
NAV Canada	Roytor & Co.	Class E Notes	$10,000,000
City of Hamilton	CDS Clearing	Class A Notes	$10,000,000
Dadrex Holdings Inc.[1]	NBCN Inc.	Class E Notes	$7,900,000
Ally Credit Canada Limited	CDS Clearing	Class A Notes	$7,400,000
University of Alberta	Jayve & Co.	Class E Notes	$3,000,000
University of British Columbia – Investment Management Trust		Class E Notes	$3,000,000
Genus Capital Management Inc.[2]	CDS Clearing	Class A Notes	$2,000,000
Natcan Investment Management Inc.	Trust Banque Nationale du Canada	Class E Notes	$512,338
HEC Montreal	NBCN Inc.	Class E Notes	$300,000
Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale[3]	RBC Dexia I.S.	Class E Notes	$178,000
		TOTAL :	**$678,931,389**

Now produced and shown to me and annexed hereto as Exhibit "E" to this my affidavit is a true copy of a summary of the particulars of the holders of Notes as hereinabove set out.

THE SETTLEMENT AGREEMENT

32. Pursuant to a letter agreement dated June 13, 2014, Barclays (on its own behalf and certain of Barclays' subsidiaries as represented by Barclays), Metcalfe and The

[1] I am advised by Mr. Girard that on June 25, 2014 he was advised by Veronique Labbé of National Bank of Canada, that National Bank of Canada and National Bank Financial had each purchased 50% of the beneficial interest of Dadrex Holdings Inc. in these Notes. Mr. Girard recommended to Ms. Labbé that she communicate with NBCN Inc. in order to have the transaction recorded.

Redacted

Bank of New York Mellon ("BNYM"), as Custodian, entered into a settlement of the Litigation (the "Settlement Agreement").

33. The essential business terms of the Settlement Agreement are as follows:

(a) In accordance with the Newbould Judgment, Barclays is paying (i) $532,688,082 under the swap transactions referred to in paragraph 7 hereof, (ii) $1,061,916 as unpaid amounts under the swaps and (iii) $58,412,380 (as at June 1, 2014) as interest owed thereon as per the Newbould Reasons and such additional amount being interest on the amounts in (i), (ii) and (iii) calculated from and including June 1, 2014 to but excluding the Funds Transfer Date at a rate *per annum* equal to the one-month Bank of Canada daily BA rate, reset each Business Day, plus one percent (1%) calculated on an Actual/365 Fixed Basis and compounded daily (together the "Settlement Amount");

(b) the source of the payment of the Settlement Amount is the $600,000,000 posted by Barclays with the Custodian (see paragraphs 27 and 28 of the Court of Appeal Decision quoted at paragraph 7 hereof) (subject to refund to or top-up by Barclays if the $600,000,000 fund and accrued interest thereon is more or less than the Settlement Amount or, if the Applicant, for whatever reason receives less than the Settlement Amount from the Custodian);

(c) subject to the funding of certain reserves for the payment of certain costs, potential liabilities and Taxes, the Settlement Amount and interest paid by

Barclays, together with other proceeds held by the Conduit, will be distributed to Noteholders first on account of principal and then on account of interest;

(d) interest accrued is to be paid to all Noteholders on substantially the same basis as in the ABCP CCAA Proceedings and other documents filed by the Pan-Canadian Investors Committee on March 17, 2008;

(e) the settlement and distributions will be affected by way of the Plan which will contain a release of the Released Parties similar to the release contained in the ABCP Plan;

(f) the Litigation will be terminated without costs;

(g) Devonshire will renounce its right to payment of court costs from Barclays, including interest thereon;

(h) the Barclays Other Claims will be extinguished;

(i) it is agreed that the Barclays Loss has been mitigated by $240,118,309 such that the remaining Barclays Loss is $23,881,691, which agreement shall be confirmed in a court order; and

(j) the Conduit will be woundup.

Now produced and shown to me and annexed hereto as Exhibit "F" to my affidavit is a true copy of the Settlement Agreement.

34. The terms of the Settlement Agreement would result in:

(a) subject to the reserves provided for in the Plan, payment of the entire face amount of the Notes and a material amount on account of interest, as provided by the Plan, thereon;

(b) payment of all outstanding Taxes; and

(c) payment in full of all professionals and corporations involved in the management of the affairs of the Conduit, the administration of its CCAA Proceedings and providing services to the CCAA Parties in connection with such CCAA Proceedings.

SUPPORT FOR THE SETTLEMENT AGREEMENT AND PROPOSED PLAN

35. As previously indicated, of Notes with a total face amount of $678,931,389 the CDPQ holds $385,000,000. The CDPQ has executed a support letter dated June 13, 2014 indicating its support for the winding-up and distribution of the Conduit's assets on terms consistent with those set out in the Settlement Agreement. Now produced and shown to me and annexed hereto as Exhibit "G" to my affidavit is a true copy of the support letter.

36. Barclays and Barclays' Subsidiaries collectively hold Notes with a total face value of $219,641,051. Barclays and Barclays' Subsidiaries have executed the Settlement Agreement indicating their support for the proposed Plan.

37. Thus, between the Note holdings of the CDPQ, Barclays, and Barclays' Subsidiaries, Noteholders with face values totalling $604,641,051 out of $678,931,389 or 89% are in favour of the proposed Plan.

38. On June 19, 2014 the Applicant prepared a Noteholder Communication advising "Specified Creditors" of the Settlement Agreement and of the intended CCAA Proceedings. The Noteholder communication was sent to the Indenture Trustee who, under the terms of the Trust Indenture, is required to notify the "Specified Creditors" who include, the Noteholders, the Issuing and Paying Agent and the Issuer Trustee. Now produced and shown to and annexed hereto as Exhibit "H" is a true copy of the Noteholder Communication.

THE PLAN

39. In accordance with the terms of the Settlement Agreement, the Conduit has drafted a draft Plan reflecting the terms of the Settlement Agreement. The Plan is in draft as certain amounts contained therein will be updated prior to the return of this Application. A final Plan will be submitted at the hearing of the Application. Now produced and shown to me and annexed hereto as Exhibit "I" to my affidavit is a true copy of the draft Plan dated June 26, 2014.

Overview

40. The following is a simplified overview of the main terms of the Plan:

(a) the purpose of the Plan is to implement the terms of the Settlement Agreement (Article 2.1);

(b) the sole class for the purpose of considering and voting on the Plan shall be the class consisting of the Noteholders (Article 3.1);

(c) claims for the ongoing administration of the Conduit or relating to the CCAA Proceedings and Taxes owing to Her Majesty in Right of Canada or the Province of Quebec pursuant to the Tax Act or the *Taxation Act* (Quebec) or that fall within Sections 6(3) and 6(4) of the CCAA are Unaffected Claims (Article 3.3);

(d) on the Plan Implementation Date the claims affected by the Plan, including Noteholder Claims, Barclays' Other Claims and the Released Claims will be compromised, released and otherwise affected in accordance with the terms of the Plan (Article 4.1);

(e) for the purposes of distribution pursuant to the Plan, except as otherwise provided in Article 11 with respect to Non-Resident Noteholders, all Notes shall be treated equally and rateably, without any preference, priority or distinction among them for any reason (Article 4.2);

(f) by the Plan Implementation Date the assets of the Conduit, consisting of the Settlement Amount and other funds held by the Conduit shall have been transferred to the Monitor in trust. The Monitor shall:

(i) create and fund the Primary Plan Reserves;

(ii) pay to the Noteholders with Proven Claims the entire face amount outstanding under their Notes on the Record Date; and

(iii) in accordance with the provisions of the Plan, make Interest Distributions to the Noteholders with Proven Claims (Article 5.1);

(g) four reserves are to be established:

(i) a Costs Reserve for the payment of certain costs;

(ii) a Tax Reserve for the payment of certain Taxes and for the making of distributions to Noteholders on account of interest;

(iii) an Indemnity Reserve for the payment of certain indemnified claims; and

(iv) if necessary, a Withholding Tax Reserve for the payment of certain withholding Taxes (Articles 6, 7, 8 and 9);

(h) within three business days of the Plan Implementation Date, in full and final satisfaction of all Proven Claims, the Monitor shall make a Initial Distribution to Noteholders with Proven Claims, in full satisfaction of principal owing on their Notes, an amount equal to the face amount of the Notes held by such Noteholders. If all Noteholders have Proven Claims, then the aggregate amount of the Initial Distribution shall be equal to $678,931,389, which corresponds to the aggregate outstanding face amount of all the Notes (Article 11.2);

(i) for the purpose of interest distributions to be made to Noteholders, each Class of Notes shall bear interest as provided in the Plan notwithstanding any provision of the Trust Indenture or the Notes to the contrary. The rate of interest is tied to the "BOC Average 1M BA Rate" plus, in the case only of the Class E Notes, 1%, as set out in Article 11.4 of the Plan (Article 11.4).

The aggregate amount of interest accrued on each Note calculated as set out in Section 11.4 of the Plan up to but excluding the Record Date will be available for review on the Website;

(j) the First Interest Distribution, subsequent Interest Distributions, and Final Interest Distributions will be made by the Monitor subject to availability under the terms of the Plan Reserve Accounts and obtaining the Tax Clearance Certificates and for the purposes of the Non-Resident Noteholders, unless a non-resident Noteholder has issued a written notice to the Monitor and the Applicant waiving the benefit of and right to obtain the Advanced Tax Ruling and CRA Confirmation, an Advance Tax Ruling or a CRA Confirmation, as the case may be, (Articles 11.6, 11.7 and 11.8);

(k) unless a non-resident Noteholder has issued a written notice to the Monitor and the Applicant waiving the benefit of and right to obtain the Advance Tax Ruling and CRA Confirmation, interest payments to Non-Resident Noteholders are subject to the receipt of an Advance Tax Ruling or a CRA Confirmation and the payment, if any, of applicable Withholding Taxes to CRA (Articles 11.6.2 – 11.6.5);

(l) Any Noteholder who fails to establish a Proven Claim within two years of the Plan Implementation Date will be barred from receiving all distributions under the Plan and any amount that such Noteholder would otherwise have received will be distributed to the other Noteholders who have established Proven Claims on a Pro Rata Share basis (Article 11.9); and

(m) the Plan will be complete when all funds have been distributed or when the Plan Reserve Accounts are exhausted (Article 12.1).

41. The conditions precedent to the implementation of the Plan are;

(a) approval of the Plan by the requisite majority of Noteholders with Proven Claims;

(b) the granting of the Sanction Order by the CCAA Court in a form acceptable to the Settlement Parties;

(c) the expiry of all appeal periods or the dismissal of any appeal with respect to the Sanction Order;

(d) the completion of all necessary documentation required by the Plan (Article 14.1);

(e) the execution and delivery of the directions of payment referred to in Section 5.2.4 of the Plan by Barclays and the Applicant;

(f) the Special Order having been issued; and

(g) the funds transfers contemplated in Section 5.3.3, 5.3.4, 5.3.5 and 5.3.7 shall have been completed.

42. Upon the satisfaction or waiver of the conditions precedent, the Monitor shall file with the CCAA Court a certificate that states that all conditions precedent have been

satisfied or waived and that the Plan Implementation Date has occurred and shall serve such certificate on the service list maintained in the CCAA Proceedings (Article 14.3).

43. There is also a requirement that with the filing of the motion for the Initial CCAA Order, the Applicant shall bring a motion in the Litigation proceedings to be heard contemporaneously with the application for the Initial CCAA Order, for a Judgment (i) declaring that on the Plan Implementation Date, the amount of the Barclays' Loss shall be mitigated by an amount equal to CDN$240,118,309, thereby reducing the Barclays' Loss to CDN$23,881,691, and (ii) conditional on the Plan Implementation Date occurring, dismissing the Litigation as against all parties without costs.

44. The Plan shall be fully completed upon the later of (i) the date upon which all Plan Reserves are exhausted, and (ii) the date upon which the final distribution is made by the Monitor to the Noteholders. Upon achieving the Plan Completion Date, the Monitor shall file a certificate with the CCAA Court certifying that the Plan Completion Date has occurred.

Key Benefits of the Plan

45. The Plan is beneficial to all stakeholders as it:

(a) allows for the resolution of the acrimonious and expensive Litigation;

(b) unlocks value to the Noteholders without awaiting the outcome of the possible continued Litigation, which could take years;

(c) provides certainty to the Noteholders with respect to proceeds available to them;

(d) creates a mechanism to pay the Conduit's liabilities, in particular certain taxes, and distribute proceeds to Noteholders; and

(e) provides finality to all stakeholders.

PLAN RELEASES

46. The Plan includes a comprehensive release similar in scope to the release granted in the ABCP CCAA Proceedings for the Released Parties. The releases have been included because certain key participants, whose participation is vital to the settlement and the Plan, have made comprehensive releases a condition for their participation. Moreover, many of the Released Parties have made other substantial contributions to facilitate the restructuring without which it would have been difficult, if not impossible, for the restructuring to proceed.

47. The following is a list of the Released Parties[4] and an explanation of their involvement with the Conduit:

(a) The CCAA Parties, comprising the Applicant and the Conduit are the "debtors" in these proceedings;

(b) Quanto, MMCC and the Consultant – Quanto and MMCC were, at all material times, respectively the Financial Services Agent and Administrative Agent to the Conduit. Aside from their activities relating to the administration of the Conduit, Quanto and MMCC provided litigation support with respect to the Litigation. Pursuant to a "Termination of Administration Agreement and

[4] With respect to each Released Party, the definition of such party includes any current or former trustee, director, officer, employee, shareholder, affiliated company, agent, representative or advisor of that party, including accountants, counsel, consultants and financial advisors.

Financial Services Agreement" dated July 31, 2013, given that the Litigation was substantially completed and that the assets of the Conduit had been converted, essentially to cash or near cash, the Conduit, the Financial Services Agent and the Administrative Agent agreed to the termination of the Administration Agreement and Financial Services Agreement as a cost saving measure for the Conduit. I was involved as a director of Quanto and MMCC. Pursuant to the Consultation Agreement, the Consultant was retained, in January, 2009, to provide additional litigation support. I am the president of the Consultant. Upon the termination of the Financial Services Agreement and Administration Agreement, the Consultant agreed to continue to provide litigation support services to the Conduit. The Consultant is facilitating this restructuring by assisting in the development of the court material, liaising with Noteholders, preparing required financial information and swearing this affidavit as president of the Consultant;

(c) The Custodian is the custodian of the funds held under the Tri-Party Custody Agreement – being the funds referred to in paragraph 33 hereof, and is required to take certain steps to implement the Settlement Agreement and the Plan;

(d) The Indenture Trustee is the indenture trustee under the Trust Indenture. The Indenture Trustee is required to take certain steps to implement the Settlement Agreement and the Plan;

(e) The Issuing and Paying Agent is the issuing and paying agent under the Trust Indenture. The Issuing and Paying Agent is required to take certain steps to implement the Settlement Agreement and the Plan;

(f) Barclays was the asset provider and liquidity provider of the Conduit and is a party to the Litigation. Barclays is settling the Litigation and agreeing to the terms of the Settlement Agreement and the Plan; and

(g) Noteholders – the Noteholders are the affected creditors under the Plan who, if there is a positive vote, will be agreeing to the terms of the Plan, including the releases contained therein.

48. Barclays, the CDPQ, the Conduit and the Applicant's directors require comprehensive releases similar in scope to the releases provided for in the ABCP CCAA Proceedings in return for their agreement to settle the Litigation and to effect the transactions contemplated by the Settlement Agreement and the Plan. As a condition of these agreements, they require assurance that no claim will remain after the Plan Implementation Date that could lead to claims against them for contribution and indemnity.

49. The Released Parties are or were all direct stakeholders in the Conduit or service providers to the Conduit. They are all involved or affected by the Settlement Agreement and the Plan or are instrumental, directly or indirectly, in the execution of the transactions referred to therein.

THE NEED FOR A CCAA PROCEEDING

50. The transactions contemplated by the Settlement Agreement need to be effected by way of the Plan in order to:

(a) allow for the termination of the Litigation;

(b) allow for the payment of the Settlement Amount;

(c) comply with the requirements of the Settlement Agreement thereby unlocking approximately $745,000,000 for the benefit of Noteholders;

(d) bind all Noteholders to the modifications to the interest provisions of the Notes set out in the Plan;

(e) bind all Noteholders to the acceptance of the amounts to be distributed under the Plan in full and final satisfaction of their claims under their respective Notes;

(f) create, in the Plan, a distribution process that creates certain reserves to allow for the payment of certain liabilities of the Conduit, in particular potential Tax liabilities;

(g) extinguish Barclays' Other Claims; and

(h) provide, through the release provisions, the finality required by all parties in order to allow the distribution of the assets of the Conduit and the winding up of the Conduit.

CCAA TECHNICAL REQUIREMENTS

51. The Applicant is a corporation incorporated pursuant to the *Canada Business Corporations Act* having its registered office at 141 Adelaide St. West, Toronto (ON) M5H 3L5. The Applicant is the legal owner of the assets held in the Conduit and is the

debtor with respect to the Notes issued in respect of the Conduit. The amount of debt under the Notes for which the Applicant is liable exceeds $5,000,000.

52. The Applicant is insolvent in the absence of the payments from Barclays to be received under the terms of the Settlement Agreement and the Plan. The face amount of outstanding Notes is approximately $679,000,000. This amount, plus certain interest, is presently due and owing. The liquid assets of the Conduit without the benefit of the Settlement Agreement and the Plan total approximately $153,000,000. Accordingly, without the benefit of proceeds to be paid pursuant to the Settlement Agreement and the Plan, the Conduit does not have the ability to pay its liabilities.

53. In accordance with Section 10(c) of the CCAA, now produced and shown to me and annexed hereto as Exhibit "J" to my affidavit is, to the best of my knowledge, a true copy of the unaudited financial statements of the Conduit as at December 31, 2013 being the last financial statements of the Conduit that are available.

54. In accordance with paragraphs 10.2(a) and (b) of the CCAA, now produced and shown to me and annexed hereto as Exhibit "K" to my affidavit is, to the best of my knowledge, a true copy of the cash flow statement with respect to the Conduit for the period July 7, 2014 to August 24, 2014.

THE PROPOSED INITIAL CCAA ORDER

Administration Charge

55. The Applicant seeks a charge on the assets, property and undertakings of the Conduit in the amount of $400,000 to secure the fees and disbursements incurred in connection with services rendered to the CCAA Parties both before and after the

commencement of the CCAA Proceedings by counsel to the CCAA Parties, the Monitor and the Monitor's counsel (the "Administration Charge").

56. The Applicant has worked with the proposed Monitor to estimate the proposed quantum of the Administration Charge and believes it to be reasonable and appropriate in view the services to be provided by the beneficiaries of the Administration Charge.

57. The Initial CCAA Order provides that the Administration Charge shall rank in priority to the existing security interests of Barclays and the Indenture Trustee acting for the benefit of the Noteholders. Both have been served with notice of these CCAA Proceedings.

DIRECTORS AND OFFICERS PROVISIONS

58. To ensure the ongoing stability of the Conduit during the CCAA Proceedings and in order to complete the transactions contemplated in the Plan, the CCAA Parties require the continued participation of the Applicant's directors and officers.

59. The CCAA Parties are seeking typical provisions staying all proceedings with respect to all claims against the directors or officers that relate to any obligations and liabilities that they may incur as directors or officers of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers of the Applicant.

60. The directors and officers of the Applicant do not benefit from any directors and officers' indemnification insurance. The directors and officers are unable to procure such insurance for a reasonable cost and without a substantial deductible.

61. Given the lack of directors and officers indemnification insurance the directors and officers of the Applicant have indicated that they are not prepared to continue their service with the Applicant and take the steps necessary to implement the Plan, if approved by the Noteholders and the CCAA Court, unless the Initial CCAA Order grants the D&O Charge. The D&O Charge is proposed to rank immediately after the Administration Charge. The D&O Charge has been agreed to by Barclays and the CDPQ.

62. The D&O Charge will allow the Applicant to continue to benefit from the expertise and knowledge of its directors and officers. The CCAA Parties believe that the D&O Charge is reasonable in the circumstances.

STAY OF PROCEEDINGS

63. The Conduit is seeking the typical stay of proceedings in order to allow a meeting of creditors to be convened to vote upon the Plan. The stay is required in order to maintain an even playing field pending the conduct of the meeting and the sanction hearing.

THE MONITOR

64. The Monitor has consented to act as court-appointed monitor of the Conduit, subject to approval of the CCAA Court. Now produced and shown to me and annexed hereto as Exhibit "L" to my affidavit is a true copy of the Monitor's consent.

65. The Monitor is a trustee within the meaning of Section 2 of the BIA and is not subject to any of the restrictions on who may be appointed as Monitor as set out in Section 11.7(2) of the CCAA.

CLASSIFICATION OF CREDITORS

66. The Plan is, in essence, an offer to all Noteholders that must be accepted or made binding on all Noteholders. In light of this, the Plan proposes a single voting class, being all Noteholders.

CLAIMS PROCEDURE

67. As in the ABCP CCAA Proceedings, the Conduit does not propose to call for claims in these CCAA Proceedings. As previously set out herein all of the debt owing under the Notes is known at this time. In addition, the registered and beneficial noteholders have been identified and will receive notice of these CCAA Proceedings.

68. All known non-Noteholder creditors of the Conduit have been or will be paid under the terms of the Plan including applicable Tax liabilities.

69. I am not aware, nor, I am advised by the directors of the Applicant, and believe, are they aware of any outstanding litigation against the CCAA Parties other than the Litigation, nor are we aware of any threatened litigation. I note that it is now almost seven years since the ABCP market froze in August 2007.

CREDITORS' MEETING

70. The CCAA Parties propose that a creditors meeting for the purpose of voting on the Plan be held at the offices of Osler, Hoskin and Harcourt LLP, counsel to the Monitor, at 1000 de La Gauchetière West, in the City of Montreal, on August 7, 2014. In the event of a positive vote the sanction hearing will take place on August 20, 2014 as set out on the Monitor's Notice of Proceedings.

SWORN BEFORE ME at City of Montreal in the Province of Quebec, this 27th day of June, 2014

Commissioner for taking oaths, etc.
R.Y. GRAR.)

Mathieu Lafleur-Ayotte