

Court File No. CV-12-9667-00CL

**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 OR ARRANGEMENT OF SINO-FOREST CORPORATION**

Court File No. CV-11-431153-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**B E T W E E N :**

**THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG**

Plaintiffs

- and -

**SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI KIT POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND, JAMES M.E. HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J. WEST, POYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE SECURITIES (USA) LLC and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (successor by merger to Bank of America Securities LLC)**

Defendants

Proceedings under the *Class Proceedings Act, 1992*

## **SUPPLEMENTARY MOTION RECORD**

(Motion Returnable April 20, 2015)

DATE: April 16, 2015

### **CLYDE & CO CANADA LLP**

Lawyers / Avocats  
Suite 2500  
401 Bay Street  
Toronto, Ontario  
M5H 2Y4

### **Mary Margaret Fox**

(LSUC #20591V)

### **Paul Emerson**

(LSUC #45647R)

Tel.: (416) 366-4555

Fax: (416) 366-6110

Lawyers for the Applicant, Chubb Insurance  
Company of Canada

**TO: RICKETTS, HARRIS LLP**

Barristers and Solicitors  
Suite 816  
181 University Avenue  
Toronto, Ontario  
M5H 2X7

### **Gary Luftspring / Sam Sasso**

Tel.: (416) 364-6211

Fax: (416) 364-1697

Lawyers for Travelers Insurance Company of Canada

**AND**

**TO: THE ATTACHED SERVICE LIST**

**AND**

**TO: McMILLAN LLP**

Lawyers  
Suite 4400, Brookfield Place  
181 Bay Street  
Toronto, Ontario  
M5J 2T3

**Markus Koehnen**

Tel.: (416) 865-7218

Fax: (416) 865-7048

Lawyers for George Ho, Alfred C.T. Hung,  
Albert Ip and Simon Yeung

**AND**

**TO: LERNERS LLP**

Lawyers  
Suite 2400  
130 Adelaide Street West  
Toronto, Ontario  
M5H 3P5

**William E. Peppall**

Tel.: (416) 601-2352

Fax: (416) 867-2415

Lawyers for William P. Rosenfeld

**AND**

**TO: BABIN BESSNER SPRY LLP**

Lawyers

Suite 101

65 Front Street East

Toronto, Ontario

M5E 1B5

**Edward J. Babin**

Tel.: (416) 637-3294

Fax: (416) 637-3243

Lawyers for Kee Y. Wong



**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 OR ARRANGEMENT  
OF SINO-FOREST CORPORATION**

**SERVICE LIST  
(as at February 2015)**

TO: **BENNETT JONES LLP**  
3400 One First Canadian Place,  
P.O. Box 130  
Toronto, Ontario M5X 1A4

Robert W. Staley  
Tel: 416.777.4857  
Fax: 416.863.1716  
Email: staleyr@bennettjones.com

Kevin Zych  
Tel: 416.777.5738  
Email: zychk@bennettjones.com

Derek J. Bell  
Tel: 416.777.4638  
Email: belld@bennettjones.com

Raj S. Sahni  
Tel: 416.777.4804  
Email: sahnir@bennettjones.com

Jonathan Bell  
Tel: 416.777.6511  
Email: bellj@bennettjones.com

Sean Zweig  
Tel: 416.777.6254  
Email: zweigs@bennettjones.com

Lawyers for the Applicant, Sino-Forest  
Corporation

AND **GOWLING LAFLEUR HENDERSON LLP**  
TO: 1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto, Ontario M5X 1G5

Derrick Tay  
Tel: 416.369.7330  
Fax: 416.862.7661  
Email: derrick.tay@gowlings.com

Clifton Prophet  
Tel: 416.862.3509  
Email: clifton.prophet@gowlings.com

Jennifer Stam  
Tel: 416.862.5697  
Email: jennifer.stam@gowlings.com

Ava Kim  
Tel: 416.862.3560  
Email: ava.kim@gowlings.com

Lawyers for the Monitor

AND **FTI CONSULTING CANADA INC.**

TO: T-D Waterhouse Tower  
79 Wellington Street West  
Toronto-Dominion Centre, Suite 2010,  
P.O. Box 104  
Toronto, Ontario M5K 1G8

Greg Watson  
Tel: 416.649.8100  
Fax: 416.649.8101  
Email: greg.watson@fticonsulting.com

Jodi Porepa  
Tel: 416.649.8070  
Email: Jodi.porepa@fticonsulting.com

Monitor

AND **BAKER MCKENZIE LLP**

TO: Brookfield Place  
2100-181 Bay Street  
Toronto, Ontario M5J 2T3

John Pirie  
Tel: 416.865.2325  
Fax: 416.863.6275  
Email: john.pirie@bakermckenzie.com

David Gadsden  
Tel: 416.865.6983  
Email: david.gadsden@bakermckenzie.com

Lawyers for Poyry (Beijing) Consulting  
Company Limited

AND **AFFLECK GREENE MCMURTY LLP**

TO: 365 Bay Street, Suite 200  
Toronto, Ontario M5H 2V1

Peter Greene  
Tel: 416.360.2800  
Fax: 416.360.8767  
Email: pgreene@agmlawyers.com

Kenneth Dekker  
Tel: 416.360.6902  
Fax: 416.360.5960  
Email: kdekker@agmlawyers.com

David Villaincourt  
Tel: 416.360.8100  
Fax: 416.360.5960  
Email: dvillaincourt@agmlawyers.com

Lawyers for BDO

AND **TORYS LLP**

TO: 79 Wellington Street West  
Suite 3000, Box 270  
Toronto-Dominion Centre  
Toronto, Ontario M5K 1N2

John Fabello  
Tel: 416.865.8228  
Fax: 416.865.7380  
Email: jfabello@torys.com

David Bish  
Tel: 416.865.7353  
Email: dbish@torys.com

Andrew Gray  
Tel: 416.865.7630  
Email: agray@torys.com

Lawyers for the Underwriters named in Class  
Actions

AND **LENCZNER SLAGHT ROYCE SMITH**  
TO: **GRIFFIN LLP**  
Suite 2600, 130 Adelaide Street West  
Toronto, Ontario M5H 3P5

Peter H. Griffin  
Tel: 416.865.9500  
Fax: 416.865.3558  
Email: pgriffin@litigate.com

Peter J. Osborne  
Tel: 416.865.3094  
Fax: 416.865.3974  
Email: posborne@litigate.com

Linda L. Fuerst  
Tel: 416.865.3091  
Fax: 416.865.2869  
Email: lfuerst@litigate.com

Shara Roy  
Tel: 416.865.2942  
Fax: 416.865.3973  
Email: sroy@litigate.com

Lawyers for Ernst & Young LLP

AND **MERCHANT LAW GROUP LLP**  
TO: Saskatchewan Drive Plaza  
100-2401 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H8

E.F. Anthony Merchant, Q.C.  
Tel: 306.359.7777  
Fax: 306.522.3299  
tmerchant@merchantlaw.com

Lawyers for the Plaintiffs re Saskatchewan  
action

AND **GOODMANS LLP**  
TO: 333 Bay Street, Suite 3400  
Toronto, Ontario M5H 2S7

Benjamin Zarnett  
Tel: 416.597.4204  
Fax: 416.979.1234  
Email: bzarnett@goodmans.ca

Robert Chadwick  
Tel: 416.597.4285  
Email: rchadwick@goodmans.ca

Brendan O'Neill  
Tel: 416.979.2211  
Email: boneill@goodmans.ca

Caroline Descours  
Tel: 416.597.6275  
Email: cdescours@goodmans.ca

Lawyers for Ad Hoc Committee of Bondholders

AND **ONTARIO SECURITIES COMMISSION**  
TO: Suite 1900, 20 Queen Street West  
Toronto, Ontario M5H 3S8

Hugh Craig  
Senior Litigation Counsel  
Tel: 416.593.8259  
Email: hcraig@osc.gov.on.ca

**AND OSLER, HOSKIN & HARCOURT LLP**

TO: 1 First Canadian Place  
100 King Street West  
Suite 6100, P.O. Box 50  
Toronto, Ontario M5X 1B8

Larry Lowenstein  
Tel: 416.862.6454  
Fax: 416.862.6666  
Email: llowenstein@osler.com

Edward Sellers  
Tel: 416.862.5959  
Email: esellers@osler.com

Geoffrey Grove  
Tel: (416) 862-4264  
Email: ggrove@osler.com

Lawyers for the Board of Directors of Sino-  
Forest Corporation

**AND SISKINDS LLP**

TO: 680 Waterloo Street  
P.O. Box 2520  
London, Ontario N6A 3V8

A. Dimitri Lascaris  
Tel: 519.660.7844  
Fax: 519.672.6065  
Email: dimitri.lascaris@siskinds.com

Charles M. Wright  
Tel: 519.660.7753  
Email: Charles.wright@siskinds.com

Lawyers for an Ad Hoc Committee of  
Purchasers of the Applicant's Securities,  
including the Representative Plaintiffs in the  
Ontario Class Action against the Applicant

**AND COHEN MILSTEIN SELLERS & TOLL PLC**

TO: 1100 New York, Ave., N.W.  
West Tower, Suite 500  
Washington, D.C. 20005

Steven J. Toll  
Tel: 202.408.4600  
Fax: 202.408.4699  
Email: stoll@cohenmilstein.com

Matthew B. Kaplan  
Tel: 202.408.4600  
Email: mkaplan@cohenmilstein.com

Attorneys for the Plaintiff and the Proposed Class  
re New York action

**AND KOSKIE MINSKY LLP**

TO: 20 Queen Street West, Suite 900  
Toronto, Ontario M5H 3R3

Kirk M. Baert  
Tel: 416.595.2117  
Fax: 416.204.2899  
Email: kbaert@kmlaw.ca

Jonathan Ptak  
Tel: 416.595.2149  
Fax: 416.204.2903  
Email: jptak@kmlaw.ca

Garth Myers  
Tel: 416.595.2102  
Fax: 416.977.3316  
Email: gmyers@kmlaw.ca

Lawyers for an Ad Hoc Committee of Purchasers  
of the Applicant's Securities, including the  
Representative Plaintiffs in the Ontario Class  
Action against the Applicant

AND **COHEN MILSTEIN SELLERS & TOLL  
TO: PLC**

88 Pine Street, 14<sup>th</sup> Floor  
New York, NY 10005

Richard S. Speirs  
Tel: 212.838.7797  
Fax: 212.838.7745  
Email: rspeirs@cohenmilstein.com

Stefanie Ramirez  
Tel: 202.408.4600  
Email: sramirez@cohenmilstein.com

Attorneys for the Plaintiff and the Proposed  
Class re New York action

AND **THOMPSON HINE LLP**  
TO: 335 Madison Avenue – 12<sup>th</sup> Floor  
New York, New York 10017-4611

Yesenia D. Batista  
Tel: 212.908.3912  
Fax: 212.344.6101  
Email: yesenia.batista@thompsonhine.com

Irving Apar  
Tel: 212.908.3964  
Email: irving.apar@thompsonhine.com

Curtis L. Tuggle  
3900 Key Center, 127 Public Square  
Cleveland, Ohio 44114  
Tel: 216.566.5904  
Fax: 216.566.5800  
Email: Curtis.tuggle@thompsonhine.com

Lawyers for Senior Note Indenture Trustee

AND **LAW DEBENTURE TRUST COMPANY OF  
TO: NEW YORK**

400 Madison Avenue – 4<sup>th</sup> Floor  
New York, New York 10017

James D. Heaney  
Tel: 646-747-1252  
Fax: 212-750-1361  
Email: james.heaney@lawdeb.com

Senior Note Indenture Trustee

AND **THE BANK OF NEW YORK MELLON**

TO: Global Corporate Trust  
101 Barclay Street – 4<sup>th</sup> Floor East  
New York, New York 10286

David M. Kerr, Vice President  
Tel: 212.815.5650  
Fax: 732.667.9322  
Email: david.m.kerr@bnymellon.com

Convertible Note Indenture Trustee

AND **THE BANK OF NEW YORK MELLON**  
TO: 320 Bay Street, 11<sup>th</sup> Floor  
Toronto, Ontario M5H 4A6

George Bragg  
Tel: 416.933.8505  
Fax: 416.360.1711 / 416.360.1737  
Email: George.bragg@bnymellon.com

Convertible Note Indenture Trustee

AND **THE BANK OF NEW YORK MELLON**  
TO: 12/F Three Pacific Place  
1 Queen's Road East, Hong Kong

Marelize Coetzee, Vice President  
Relationship Manager, Default Administration  
Group – APAC  
Tel: 852.2840.6626  
Mobile: 852.9538.5010  
Email: marelize.coetzee@bnymellon.com

Grace Lau  
Email: grace.lau@bnymellon.com

Convertible Note Indenture Trustee

AND **WARDLE DALEY BERNSTEIN LLP**  
TO: 2104 - 401 Bay Street, P.O. Box 21  
Toronto Ontario M5H 2Y4

Peter Wardle  
Tel: 416.351.2771  
Fax: 416.351.9196  
Email: pwardle@wdblwa.ca

Simon Bieber  
Tel: 416.351.2781  
Email: sbieber@wdblwa.ca

Erin Pleet  
Tel: 416.351.2774  
Email: eplet@wdblwa.ca

Lawyers for David Horsley

AND **LINKLATERS LLP**  
TO: 10<sup>th</sup> Floor, Alexandra House  
18 Chater Road  
Hong Kong China

Melvin Sng  
Tel: 852 2901 5234  
Fax: 852 2810 8133  
Email: Melvin.Sng@linklaters.com

Lawyers for Sino-Forest Corporation (Hong  
Kong)

AND **LINKLATERS LLP**  
TO: 10<sup>th</sup> Floor, Alexandra House  
18 Chater Road  
Hong Kong China

Hyung Ahn  
Tel: 852 2842 4199  
Fax: 852 2810 8133  
Email: hyung.ahn@linklaters.com

Samantha Kim  
Tel: 852.2842 4197  
Email: Samantha.Kim@Linklaters.com

Jon Gray  
Tel: 852.2842.4188  
Email: Jon.Gray@linklaters.com

Lawyers for Sino-Forest Corporation (U.S.)

AND **APPLEBY GLOBAL**  
TO: Jayla Place, Wickham's Cay1  
P.O. Box 3190, Road Town  
Tortola VG1110 BVI

Eliot Simpson  
Tel: 284.852.5321  
Fax: 284.494.7279  
Email: esimpson@applebyglobal.com

Andrew Willins  
Tel: 284 852 5323  
Email: awillins@applebyglobal.com

Andrew Jowett  
Tel: 284 852 5316  
Email: ajowett@applebyglobal.com

Lawyers for Sino-Forest Corporation (BVI)

AND **KING AND WOOD MALLESONS**  
TO: 9th Floor, Hutchison House  
Central, Hong Kong Island  
Hong Kong (SAR)

Helena Huang  
Tel: 852.2848.4848  
Email: Helena.huang@kingandwood.com

Tata Sun  
Tel: 852.2848.4848  
Email: tata.sun@kingandwood.com

Lawyers for Sino-Forest Corporation (PRC)

AND **THORNTON GROUT FINNIGAN LLP**  
TO: Suite 3200, 100 Wellington Street West  
P. O. Box 329, Toronto-Dominion Centre  
Toronto, Ontario M5K 1K7

James H. Grout  
Tel: 416.304.0557  
Fax: 416.304.1313  
Email: jgrout@tgf.ca

Lawyers for the Ontario Securities Commission

AND **McCARTHY TETRAULT LLP**  
TO: Suite 2500, 1000 De La Gauchetiere St.  
West  
Montreal, Québec, H3B 0A2

Alain N. Tardif  
Tel: 514.397.4274  
Fax : 514.875.6246  
Email: atardif@mccarthy.ca

Mason Poplaw  
Tel: 514.397.4155  
Email: mpoplaw@mccarthy.ca

Céline Legendre  
Tel: 514.397.7848  
Email: clegendre@mccarthy.ca

Lawyers for Ernst & Young LLP

AND **CHAITONS LLP**  
TO: 5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, Ontario M2N 7E9

Harvey G. Chaiton  
Tel: 416.218.1129  
Fax: 416.218.1849  
Email: Harvey@chaitons.com

Lawyers for the Law Debenture Trust  
Company of New York

AND **RUETER SCARGALL BENNETT LLP**  
TO: 250 Yonge Street  
Suite 2200  
Toronto, Ontario M5B 2L7

Robert Rueter  
Tel: 416.869-3363  
Email: robert.rueter@rslawyers.com

Sara J. Erskine  
Tel: 416.597-5408  
Email: sara.erskine@rslawyers.com

Jason Beitchman  
Tel: 416.597.5416  
Email: Jason.beitchman@rslawyers.com

Lawyers for Allan Chan

AND **PALIARE ROLAND ROSENBERG  
ROTHSTEIN LLP**  
TO: 155 Wellington Street, 35<sup>th</sup> Floor  
Toronto, Ontario M5V 3H1

Ken Rosenberg  
Tel: 416.646.4304  
Fax: 416.646.4301  
Email: ken.rosenberg@paliareroland.com

Massimo (Max) Starnino  
Tel: 416.646.7431  
Email: max.starnino@paliareroland.com

Lawyers for an Ad Hoc Committee of Purchasers  
of the Applicant's Securities, including the  
Representative Plaintiffs in the Ontario Class  
Action against the Applicant

AND **ERNST & YOUNG LLP**  
TO: 222 Bay Street, P.O. Box 251  
Toronto, Ontario M5K 1J7

Mike P. Dean  
Tel: 416-943-2134  
Fax: 416-943-3300  
Email: Mike.P.Dean@ca.ey.com

AND **FASKEN MARTINEAU LLP**  
TO: 333 Bay Street, Suite 2400,  
Bay-Adelaide Centre, Box 20  
Toronto, Ontario M5H 2T6

Stuart Brotman  
Tel: 416.865.5419  
Fax: 416.364.7813  
Email: sbrotman@fasken.com

Conor O'Neill  
Tel: 416 865 4517  
Email: coneill@fasken.com

Canadian Lawyers for the Convertible Note  
Indenture Trustee (The Bank of New York  
Mellon)



AND **LAPOINTE ROSENSTEIN**  
TO: **MARCHAND MELANÇON,**  
**S.E.N.C.R.L.**  
1250, boul. René-Lévesque Ouest, bureau  
1400  
Montréal (Québec) Canada H3B 5E9

Bernard Gravel  
Tel: 514.925.6382  
Fax: 514.925.5082  
Email: [bernard.gravel@lrmm.com](mailto:bernard.gravel@lrmm.com)

Bruno Floriani  
Tel: 514.925.6310  
Email: [bruno.floriani@lrmm.com](mailto:bruno.floriani@lrmm.com)

Québec counsel for Pöyry (Beijing)  
Consulting Company Ltd.

AND **CLYDE & COMPANY**  
TO: 390 Bay Street, Suite 800  
Toronto, Ontario M5H 2Y2

Mary Margaret Fox  
Tel: 416.366.4555  
Fax: 416.366.6110  
Email: [marymargaret.fox@clydeco.ca](mailto:marymargaret.fox@clydeco.ca)

Paul Emerson  
Tel: 416.366.4555  
Email: [paul.emerson@clydeco.ca](mailto:paul.emerson@clydeco.ca)

Lawyers for ACE INA Insurance and Chubb  
Insurance Company of Canada

AND **DAVIS LLP**  
TO: 1 First Canadian Place, Suite 6000  
PO Box 367  
100 King Street West  
Toronto, Ontario M5X 1E2

Susan E. Friedman  
Tel: 416.365.3503  
Fax: 416.777.7415  
Email: [sfriedman@davis.ca](mailto:sfriedman@davis.ca)

Bruce Darlington  
Tel: 416.365.3529  
Fax: 416.369.5210  
Email: [bdarlington@davis.ca](mailto:bdarlington@davis.ca)

Brandon Barnes  
Tel: 416.365.3429  
Fax: 416.369.5241  
Email: [bbarnes@davis.ca](mailto:bbarnes@davis.ca)

Lawyers for Kai Kat Poon

AND **RICKETTS, HARRIS LLP**  
TO: Suite 816, 181 University Ave  
Toronto ON M5H 2X7

Gary H. Luftspring  
Tel: 647.288.3362  
Fax: 647.260.2220  
Email: [GLuftspring@rickettsharris.com](mailto:GLuftspring@rickettsharris.com)

Lawyers for Travelers Insurance Company of  
Canada

AND **DAVIES WARD PHILLIPS &  
TO: VINEBERG LLP**  
155 Wellington Street West  
Toronto, ON M5V 3J7

Jay Swartz  
Tel: 416.863.5520  
Fax: 416.863.0871  
Email: [jswartz@dwpv.com](mailto:jswartz@dwpv.com)

James Doris  
Tel: 416.367.6919  
Fax: 416.863.0871  
Email: [jdoris@dwpv.com](mailto:jdoris@dwpv.com)

Canadian Counsel for the Plaintiff and the  
Proposed Class re New York action

**CLYDE & COMPANY**  
390 Bay Street, Suite 800  
Toronto, Ontario M5H 2Y2

Mary Margaret Fox  
Tel: 416.366.4555  
Fax: 416.366.6110  
Email: [marymargaret.fox@clydeco.ca](mailto:marymargaret.fox@clydeco.ca)

Paul Emerson  
Tel: 416.366.4555  
Email: [paul.emerson@clydeco.ca](mailto:paul.emerson@clydeco.ca)

Lawyers for ACE INA Insurance and Chubb  
Insurance Company of Canada

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**TAB 1**

1

Court File No. CV-12-9667-00CL

**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  
OR ARRANGEMENT OF SINO-FOREST CORPORATION**

Court File No. CV-11-431153-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**BETWEEN:**

**THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND  
EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF  
OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING  
ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT and ROBERT  
WONG**

Plaintiffs

-and-

**SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly  
known as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN,  
KAI KIT POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND,  
JAMES M.E. HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J.  
WEST, POYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE  
SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES  
CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC  
WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD  
FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE  
SECURITIES (USA) LLC and MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED (successor by merger to Bank of America Securities LLC)**

Defendants

Proceedings under the *Class Proceedings Act*, 1992

**AFFIDAVIT OF ELEXIS SOMMERVILLE  
(SWORN APRIL 16, 2015)**

I, **ELEXIS SOMMERVILLE**, of the City of Toronto, in the Province of Ontario,  
MAKE OATH AND SAY AS FOLLOWS:

1. I am an assistant in the offices of Clyde & Co Canada LLP, coverage counsel to the Applicant, Chubb Insurance Company of Canada ("Chubb"). As such, I have knowledge of the matters to which I hereinafter depose.

2. Attached hereto as Exhibit "A" to this my Affidavit is a true copy of policy no. DO024464 issued by ACE-INA Insurance ("ACE") to Sino-Forest Corporation (the "ACE Policy").

3. Attached hereto as Exhibit "B" to this my Affidavit is a true copy of policy no. 8209-4449 issued by Chubb to Sino-Forest Corporation (the "Chubb Policy").

4. Attached hereto as Exhibit "C" to this my Affidavit is a true copy of correspondence dated April 14, 2015 sent by Mary Margaret Fox to Serge Kalloghlian, together with the enclosures thereto.

SWORN before me at the City )  
Toronto, in the Province of Ontario, )  
this 16th day of April, 2015. )

*Elexis Somerville*  
**ELEXIS SOMMERVILLE**

*[Signature]*  
A Commissioner for Taking Affidavits

**TAB 1A**



**THIS IS EXHIBIT "A" REFERRED TO IN  
THE AFFIDAVIT OF ELEXIS SOMMERVILLE  
SWORN BEFORE ME, THIS 16<sup>TH</sup>  
DAY OF APRIL, 2015.**



---

**A COMMISSIONER FOR TAKING AFFIDAVITS**



ACE INA Insurance  
 1400 – 25 York Street  
 Toronto, Ontario  
 M5J 2V5  
 Canada

4

## ACE Advantage® Management Protection Policy Declarations

This Policy is issued by the stock insurance company listed above.

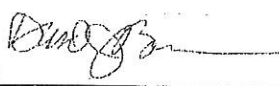
THIS POLICY IS A CLAIMS MADE AND REPORTED POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD OR, IF ELECTED, THE EXTENDED REPORTING PERIOD, AND REPORTED TO THE INSURER PURSUANT TO THE TERMS OF THIS POLICY. THE INSURER DOES NOT ASSUME ANY DUTY TO DEFEND. PLEASE READ THIS POLICY CAREFULLY. THE LIMITS OF LIABILITY AVAILABLE TO PAY INSURED LOSS SHALL BE REDUCED BY AMOUNTS INCURRED FOR DEFENSE COSTS. FURTHER NOTE THAT AMOUNTS INCURRED FOR DEFENSE COSTS AND LOSS SHALL ALSO BE APPLIED AGAINST THE RETENTION AMOUNT. TERMS THAT APPEAR IN BOLD FACE TYPE HAVE SPECIAL MEANING. PLEASE REFER TO SECTION II, DEFINITIONS.

<b>Policy No.</b> DO024464	
Item 1. <b>Named Insured:</b>	Sino-Forest Corporation
Principal Address:	90 Burnhamthorpe Road West, Suite 1208 Mississauga, Ontario L5B 3C3
Province of Incorporation:	
Item 2. <b>Policy Period:</b>	
From	December 31, 2010 12:01 a.m. To December 31, 2011 12:01 a.m.
	(Local time at the address shown in Item 1)
Item 3. <b>Limit of Liability (including Defense Costs):</b>	\$15,000,000 in the annual aggregate Limit
Item 4. <b>Retention:</b>	
A. Insuring Agreement A:	\$0 each <b>Claim</b>
B. Insuring Agreement B:	\$ 50,000 each <b>Claim</b>
C. Insuring Agreement C:	\$150,000 each <b>Claim</b>
Item 5. <b>Notice to Insurer:</b>	
A. <b>Notice of Claim or Wrongful Act:</b> Attention: Specialty Products Claims ACE INA Insurance 1200 – 25 York Street Toronto, Ontario Canada M5J 2V5	B. <b>All other Notices:</b> Attention: Chief Underwriting Officer ACE INA Insurance 1400 – 25 York Street Toronto, Ontario Canada M5J 2V5
Item 6. <b>Prior or Pending Proceeding Date:</b>	July 16, 2001
Item 7. <b>Premium:</b>	
A. <b>Policy Premium:</b>	\$82,000
B. <b>Extended Reporting Period Premium:</b>	125% of the <b>Policy Premium</b>

IN WITNESS WHEREOF, the Insurer has caused this Policy to be countersigned by a duly authorized representative of the Insurer.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance

Per:   
 \_\_\_\_\_  
 Authorized Agent



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>1</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### Amended Allocation Of Loss

It is understood and agreed that, in consideration of the premium paid, Section XII, Allocation, subsection A, is deleted in its entirety and replaced with the following:

#### XII. ALLOCATION

Subject to the terms and conditions of this Policy, if a Claim is brought against any Insured Persons or a combination of Insured Persons and the Company that is only partly covered by this Policy, the Insurer shall pay eighty percent (80%) of Defense Costs unless: (1) the Insurer and the Insureds mutually agree to a higher percentage of Defense Costs; or (2) a Court of competent jurisdiction has decided that a higher percentage shall be covered as Defense Costs under this Policy. This allocation shall apply only to Defense Costs, and shall be the final and binding allocation of Defense Costs between the Insurer and the Insureds. In the event the Company cannot pay its percentage share of such costs due to Insolvency Proceedings, the Insurer shall pay 100% of Defense Costs.

With respect to Loss (other than Defense Costs) under INSURING AGREEMENTS, C. Company Liability, that is only partly covered by this Policy, the Insurer shall pay eighty percent (80%) of the allocation of covered and uncovered Loss (other than Defense Costs).

With respect to the allocation of covered and uncovered Loss, other than Defense Costs and other than the Loss (excluding Defense Costs) payable under INSURING AGREEMENTS, C. Company Liability, the Insureds and the Insurer agree to use their best efforts to determine a reasonable allocation between the Insureds and the Insurer.

It is further understood and agreed that for the purposes of this endorsement only the definition "Insolvency Proceedings", shall mean: (1) in Canada any action taken by or against the Company under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, including without limitation the filing of a petition, proposal or an assignment or the making of an interim receiving order or a receiving order thereunder, the filing of a Plan of Arrangement or other application for interim relief under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-11, insolvency-related proceedings under the Winding Up Act, R.S.C. 1985, c. W-11, the Canada Business Corporations Act, R.S.C. 1985, c. C-44, the Ontario Business Corporations Act, R.S.O. 1990, c. B.16, or any similar federal or provincial law; or (2) in the United States any appointment, either privately or by a Court of competent jurisdiction, of a receiver or a manager of the assets or undertaking of the Company or the appointment by an official, agency or Court of the United States or any state thereof if any receiver, conservator, liquidator, trustee, rehabilitator, or similar official to take control of, supervise, manage or liquidate the Company or the Company's status as a "debtor in possession" under the United States Bankruptcy Code.

All other terms and conditions of this Policy remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent

(PFC00174)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>2</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### PERSONAL PROFIT EXCLUSION

It is agreed that Section III, Exclusions, subsection A, is deleted in its entirety and the following is inserted:

- A. alleging, based upon, arising out of, or attributable to the gaining of any profit, remuneration or financial advantage to which any **Insured** was not legally entitled. However, this exclusion shall not apply unless and until there is a final adjudication against any **Insured** as to such conduct.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent  
PF-19517



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>3</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**EXTRADITION PROCEEDING**

It is agreed that:

1. Section II, Definitions, subsection B, **Claim**, is amended to add the following:

**Claim** also means an **Extradition Proceeding**.

2. Section II, Definitions, subsection I, **Loss**, is amended to add the following:

**Loss** also means, where permissible by law: (i) **Defense Costs** incurred by an **Insured Person** in connection with the defense or appeal of an **Extradition Proceeding**; and, (ii) the premium for a bail bond, if bail is available for an **Extradition Proceeding** in the country at issue, but the **Insurer** shall be under no obligation to provide such bail bond.

3. Section II, Definitions, is amended to add the following:

**Extradition Proceeding** means a formal written request, pursuant to an applicable treaty, from one country (the "**Requesting Country**") to another country (the "**Requested Country**") to have an **Insured Person** extradited from the **Requested Country** to the **Requesting Country**.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent

PF-22981



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>4</b>
Policy Symbol <b>DO</b>	Policy Number <b>D0024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**Amend Insured vs. Insured**

It is agreed that Section III, Exclusions, subsection E, paragraph 3, is deleted in its entirety and the following is inserted:

- 3. an employment-related **Claim** brought by an **Insured Person**, including but not limited to a **Claim** under any statute, rule or regulation to protect an employee from discrimination by his or her employer if such employee discloses or threatens to disclose to a superior or a governmental agency, or if such employee gives testimony relating to, any activity within such employer's operations which may be in violation of a statute, rule or regulation or any professional codes of ethics, including the Federal False Claims Act;

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent

(PFC00203C)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>5</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**Amend Insured vs. Insured, – 2 Years**

It is agreed that Section III, Exclusions, subsection E, paragraph 4, is deleted in its entirety and the following is inserted:

- 4. any **Claim** brought by any past **Insured Person** of the **Company** who has not provided service as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the management board, general counsel, risk manager (or equivalent position) of or consultant for the **Company** for at least three years prior to such **Claim** being first made against any person;

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent  
(PFC00203D)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>6</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### Non-Rescindable

It is agreed that Section XVI, Representations, is deleted in its entirety and the following is inserted:

- A. The **Insureds** represent and acknowledge that the statements and information contained in the **Application** are true and accurate and are the basis of this **Policy**, and are to be considered as incorporated into and constituting a part of this **Policy**. It is understood and agreed that this **Policy** is issued in reliance upon the truth and accuracy of such representations.
- B. In the event the **Application**, including materials submitted or required to be submitted therewith, contains any misrepresentation or omission made with the intent to deceive or which materially affects either the acceptance of the risk or the hazard assumed by the **Insurer** under this **Policy**, this **Policy** shall not afford coverage for any **Claim** based upon, arising from or in consequence of any untruthful or inaccurate statements, representations or information:
1. with respect to Insuring Agreement A, any **Insured Person** who knew the facts misrepresented or the omissions, whether or not such **Insured Person** knew of the **Application** or this **Policy**. For purposes of this paragraph 1, the knowledge of an **Insured Person** shall not be imputed to any other **Insured Person**; and
  2. with respect to Insuring Agreement B, any **Insured Person** who knew the facts misrepresented or the omissions, whether or not such **Insured Person** knew of the **Application** or this **Policy**. For purposes of this paragraph 2, the knowledge of an **Insured Person** shall not be imputed to any other **Insured Person**; and
  3. with respect to Insuring Agreement C, any **Company** if the chief executive officer or chief financial officer of the **Named Insured** knew the facts misrepresented or the omissions, whether or not such chief executive officer or chief financial officer knew of the **Application** or this **Policy**. For purposes of this paragraph 3, the knowledge of only the chief executive officer or chief financial officer of the **Named Insured** shall be imputed to the **Company**; and
  4. with respect to Insuring Agreement D, any **Insured Person** who knew the facts misrepresented or the omissions, whether or not such **Insured Person** knew of the **Application** or this **Policy**. For purposes of this paragraph 4, the knowledge of an **Insured Person** shall not be imputed to any other **Insured Person**.

The **Insurer** agrees that it shall not seek to rescind the **Policy** with respect to any **Insured**.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance

Per: 

Authorized Agent

(PF26016)





THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>7</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**US Public Offering & Listing Exclusion with Notice Trigger**

It is agreed that the Policy is amended as follows:

1. Section III, Exclusions, is amended to add the following:

- based upon, arising from or attributable to the public offering of stock or to the listing on any stock exchange governed by the Securities Act of 1933 or the Securities Act of 1934, and any amendments thereto, or any similar federal, state or local law of the United States of America, including but not limited to an allegation that a prospectus as it is declared effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading and further including any liability arising under any underwriting agreement executed in connection with the public offering of securities.

However, if any **Company** is listed on a United States securities exchange, then coverage shall be provided for a United States' **Securities Claim** against an **Insured** arising out of the conduct of the **Company** listed on the United States securities exchange, so long as the **Named Insured** gives written notice of such listing no later than 30 days prior to the listing, agrees to and pays any additional premium required by the **Insurer**, and agrees to any additional terms and conditions of this **Policy** as required by the **Insurer**.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance

Per: 

Authorized Agent

(PFC00186a)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>8</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**Amended Pending and Prior Date – Limits**

It is agreed that Item 6 of the Declarations is deleted in its entirety and the following is inserted:


Item 6. Prior or Pending Proceeding Date:

- A. The initial Limit of Liability of \$10,000,000:  
Prior or Pending Proceeding Date: July 16, 2001
- B. The Limit of Liability of \$5,000,000 in excess of \$10,000,000:  
Prior or Pending Proceeding Date: July 16, 2004

All other terms and conditions of this Policy remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance

Per:   
 \_\_\_\_\_  
 Authorized Agent

(PF23146)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>9</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### Amended Retention

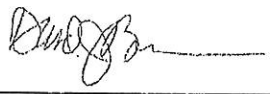
It is agreed that Item 4 of the Declarations is deleted in its entirety and the following is inserted:

Item 4. Retention:			
A.	Insuring Agreement A:	\$0	each Claim
B.	Insuring Agreement B (Securities Claims):	\$150,000	each Claim
C.	Insuring Agreement B (all other Claims):	\$ 50,000	each Claim
D.	Insuring Agreement C (Securities Claims):	\$150,000	each Claim
E.	Insuring Agreement C (all other Claims):	\$ 50,000	each Claim

All other terms and conditions of this Policy remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>10</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**Outside Directorship Extension - Blanket For-Profit (Triple Excess)**

It is understood and agreed that, in consideration of the premium paid, Clause III., EXCLUSIONS, ITEM (F) is amended by adding the following:

Coverage afforded under this Policy is extended to include any **Insured Person** who act as Directors and/or Officers of any for-profit corporations ("For-Profit"), provided that such persons are serving at the direction and/or request of the **Company**.

Coverage afforded by this endorsement shall not apply to any **Claim** arising out of **Wrongful Act(s)** committed prior to the date the Directors or Officers were elected or appointed to a board of any For-Profit, if the **Insured Person** as of such date knew or could have reasonably foreseen that such **Wrongful Act(s)** might be the basis of any **Claim** against them.

Coverage afforded by this endorsement shall be specifically excess of any insurance in force as respects to any such For-Profit and any indemnification provided by them or by the **Company**.

In the event that the **Insurer** provides coverage to any organizations under both this endorsement and under another insurance policy, the **Insurer's** maximum aggregate limit of liability shall be the greater of the two limits.

All other terms and conditions of this Policy remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent  
PF-CAN0019a



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured Sino-Forest Corporation			Endorsement Number 11
Policy Symbol DO	Policy Number DO024464	Policy Period December 31, 2010 To December 31, 2011	Effective Date of Endorsement December 31, 2010
Issued By (Name of Insurance Company) ACE INA Insurance			

### Derivative Investigation Endorsement

It is agreed that the Policy is amended as follows:

1. Section I, Insuring Agreements, is amended to add the following:

E. Derivative Investigation Coverage

The Insurer shall pay on behalf of the Company up to \$500,000 in **Derivative Investigation Costs** incurred by the Company as a result of a **Shareholder Derivative Demand** first received by the Company's Board of Directors during the **Policy Period** or any applicable **Extended Reporting Period**.

2. Section II, Definitions, is amended by adding the following:

- **Derivative Investigation Costs** means reasonable costs, charges, fees (including but not limited to attorneys' fees and experts' fees) and expenses incurred by the Company or its board of directors or any committee of the board of directors in investigating, analyzing or evaluating on behalf of the Company a **Shareholder Derivative Demand**, but shall not include regular or overtime wages, salaries or fees of the directors, officers or employees of the Company.
- **Shareholder Derivative Demand** means a written demand on the board of directors of the Company by one or more shareholders of the Company to assert a **Claim** on behalf of the Company against one or more **Insured Persons** for a **Wrongful Act**.

4. Item 4 of the Declarations is amended by adding the following:

E. Retention for **Loss** under Insuring Agreement E: \$0 each **Claim**

5. The Insurer's maximum **Limit of Liability** for **Derivative Investigation Costs** shall be \$500,000 This Sub-limit of Liability shall be part of and not in addition to the **Aggregate Limit of Liability** stated in Item 3 of the Declarations and will in no way serve to increase the **Insurer's Limit of Liability** as provided therein.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_

Authorized Agent

(PF22979)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>12</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### Acquisition Threshold Amended

It is agreed that the second paragraph of Section XIV, Material Changes In Conditions, subsection A, is deleted in its entirety and the following is inserted:

If the total assets of such acquired or created organization, as reflected in the then most recent consolidated financial statements of the organization, exceed 25% of the total assets of the **Named Insured** and the **Subsidiaries** as reflected in the then most recent consolidated financial statements of the **Named Insured**, coverage shall be provided for such acquired or created organization for a period of 45 days after the effective date of such acquisition or creation, or until the end of the **Policy Period**, whichever is earlier, so long as the **Named Insured** gives written notice of such acquisition or creation to the **Insurer** prior to the end of the **Policy Period**. Coverage otherwise afforded under this paragraph for such acquired or created organization shall terminate 45 days after the effective date of such acquisition or creation, or at the end of the **Policy Period**, whichever is earlier, unless the **Named Insured** agrees to and pays any additional premium required by the **Insurer**, and agrees to any additional terms and conditions of this **Policy** as required by the **Insurer**.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent

(PF26414)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>13</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### Section 11 or 12 Endorsement

It is agreed that:

1. Section II, Definitions, subsection I, **Loss**, paragraph 5, is deleted in its entirety and the following is inserted:
  5. matters uninsurable under the laws pursuant to which this **Policy** is construed. Provided, however, that the **Insurer** shall not assert that the portion of any amounts representing a settlement, judgment or **Defense Costs** in a **Securities Claim** alleging violations of Section 11 or 12 of the Securities Act of 1933, as amended, or asserting liability under Section 130 of the Securities Act (Ontario) or similar provisions of other Canadian, federal, provincial or territorial securities laws, as amended, constitutes uninsurable loss, and shall treat such amounts as **Loss** under the **Policy**.

2. Section III, Exclusions, subsection A, is amended to add the following:

Provided, however, this exclusion shall not apply in a **Securities Claim** alleging violations of Section 11 or 12 of the Securities Act of 1933, as amended, or asserting liability under Section 130 of the Securities Act (Ontario) or similar provisions of other Canadian, federal, provincial or territorial securities laws, as amended, to the portion of any **Loss** attributable to such violations.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance

  
 Per: \_\_\_\_\_  
 Authorized Agent  
 (PFCAN00223)



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>14</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### Amend Notice Period

It is agreed that Section IX, Notice, subsection A, is deleted in its entirety and the following is inserted:

The **Insureds** shall, as a condition precedent to their rights under this **Policy**, give to the **Insurer** written notice of any **Claim** made against the **Insureds** as soon as practicable after the general counsel or risk manager, or equivalent positions, first learn of the **Claim**, but in no event later than: (i) the termination of the **Policy Period** or, if elected, the **Extended Reporting Period**; or (ii) with respect to any **Claim** first made during the last 45 days of the **Policy Period**, or, if elected, the **Extended Reporting Period**, 45 days after termination of the **Policy Period**, or if elected, **Extended Reporting Period**.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance

Per: 

Authorized Agent

(PF23747)





THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>15</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### Amend Claim

It is agreed that Section II, Definitions, subsection B, **Claim**, paragraph 3, is deleted in its entirety and the following is inserted:

- 3. a civil, criminal, administrative or regulatory investigation commenced by the service upon or other receipt by any **Insured Person** of a written notice, including a Wells Notice, or subpoena, from the investigating authority identifying such **Insured Person** as an individual against whom such a proceeding described in paragraph 2 immediately above may be commenced.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent

(PF25790)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>16</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**Additional Limit of Liability, Insuring Agreement A1  
Independent Directors Only**


It is agreed that Section VII, Limits Of Liability, is amended to add the following subsection:

- In addition to the Limit of Liability set forth in the Declarations, the **Independent Directors** shall have an additional limit of liability of **\$1,000,000** solely with respect to Section I, Insuring Agreements, subsection A, Management Liability, paragraph 1, Management Liability ("**Independent Directors Additional Limit**"). The **Independent Directors Additional Limit** shall be in addition to, and not part of, any Limit of Liability otherwise applicable as specified in the Declarations. The **Independent Directors Additional Limit** shall be excess of any insurance that is written as excess of this **Policy**. Such excess insurance must be exhausted by the payment of loss, damages and defense costs covered thereunder before the **Insurer** shall be liable to pay the **Independent Directors Additional Limit**. With respect to the coverage provided by this paragraph, **Independent Directors** shall mean any past, present or future director who is not and has never been an officer or employee of the **Company**.

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance

  
 Per: \_\_\_\_\_  
 Authorized Agent

(PFC-25827ID)



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>17</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**Amend Claim**

It is agreed that Section II, Definitions, subsection B, **Claim**, paragraph 2, is deleted in its entirety and the following is inserted:

- 2. a civil, criminal, arbitration, mediation, administrative or regulatory proceeding for monetary damages or non-monetary or injunctive relief commenced by: (i) service of a complaint or similar pleading; (ii) with respect to a criminal proceeding, a return of an indictment, information, or similar document; or (iii) the receipt or filing of a notice of charges; or

All other terms and conditions of this **Policy** remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent  
PF - 23746



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>18</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

**Amend Bodily Injury Exclusion (Bill C-45 Carveout)**

It is agreed that Section III, Exclusions, subsection C, is deleted in its entirety and the following is inserted:

For:

1. bodily injury, mental anguish or emotional distress (other than mental anguish or emotional distress in a **Claim for Wrongful Employment Practice**), sickness, disease or death of any person; however this exclusion shall not apply to **Defense Costs** on account of any **Claim** which is a criminal proceeding pursuant to section 217.1 of the Criminal Code of Canada (as amended by Bill C-45) against any **Insureds** and which is commenced by either the return of a summons to witness or of an indictment or the laying of an information; or
2. damage to or destruction of any tangible property, including loss of use thereof, whether or not such property is physically injured.

All other terms and conditions of this Policy remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_  
Authorized Agent  
PFC00236



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured <b>Sino-Forest Corporation</b>			Endorsement Number <b>19</b>
Policy Symbol <b>DO</b>	Policy Number <b>DO024464</b>	Policy Period <b>December 31, 2010 To December 31, 2011</b>	Effective Date of Endorsement <b>December 31, 2010</b>
Issued By (Name of Insurance Company) <b>ACE INA Insurance</b>			

### Termination of the Policy – Ratings Downgrade

It is agreed that section XVII, Termination of the Policy, is amended to add the following:


However, if the Policy is terminated by the Named Insured because of a downgrade of the financial strength rating of the Insurer of this Policy, as established by A.M. Best, below A-, and such termination is within 30 days of such downgrade, the Insurer shall:

1. refund the unearned premium computed *pro rata*, if the Insureds have not, prior to such termination, provided to the Insurer notice of a Claim or notice of facts or circumstances which may reasonably give rise to a future Claim covered under this Policy; or
2. refund the unearned premium computed at the customary short rate, if the Insureds have, prior to such termination, provided to the Insurer notice of a Claim or notice of facts or circumstances which may reasonably give rise to a future Claim covered under this Policy.

All other terms and conditions of this Policy remain unchanged.

Dated at Toronto this 7th day of January 2011.

ACE INA Insurance



Per: \_\_\_\_\_

Authorized Agent

(PF-26725)





ACE INA Insurance  
1400 – 25 York Street  
Toronto, Ontario  
M5J 2V5  
Canada

# ACE Advantage<sup>®</sup> Management Protection Policy

In consideration of the payment of the premium, in reliance upon the Application, and subject to the Declarations and the terms and conditions of this Policy, the Named Insured, the Insureds and the Insurer agree as follows:

## II. INSURING AGREEMENTS

### A. Directors' and Officers' Liability

The Insurer shall pay on behalf of the Insured Persons all Loss for which the Insured Persons are not indemnified by the Company and which the Insured Persons become legally obligated to pay by reason of a Claim first made against the Insured Persons during the Policy Period or, if elected, the Extended Reporting Period, and reported to the Insurer pursuant to the terms of this Policy, for any Wrongful Acts taking place prior to the end of the Policy Period.

### B. Company Reimbursement

The Insurer shall pay on behalf of the Company all Loss for which the Company has indemnified the Insured Persons and which the Insured Persons have become legally obligated to pay by reason of a Claim first made against the Insured Persons during the Policy Period or, if elected, the Extended Reporting Period, and reported to the Insurer pursuant to the terms of this Policy, for any Wrongful Acts taking place prior to the end of the Policy Period.

### C. Company Liability

The Insurer shall pay on behalf of the Company all Loss for which the Company becomes legally obligated to pay by reason of a Securities Claim first made against the Company during the Policy Period or, if elected, the Extended Reporting Period, and reported to the Insurer pursuant to the terms of this Policy, for any Wrongful Acts taking place prior to the end of the Policy Period.

### D. Outside Entity Directors' and Officers' Liability

The Insurer shall pay on behalf of the Outside Entity Insured Persons all Loss for which the Outside Entity Insured Persons are legally obligated to pay by reason of a Claim first made against them during the Policy Period or, if elected, the Extended Reporting Period, and reported to the Insurer pursuant to the terms of this Policy, for any Wrongful Acts taking place prior to the end of the Policy Period, but only excess of: (i) any indemnification provided by an Outside Entity; and (ii) any insurance coverage afforded to an Outside Entity or its executives applicable to such Claim.

## III. DEFINITIONS

When used in this Policy:

- A. **Application** means all applications, including any attachments thereto, and all other information and materials submitted by or on behalf of the Insureds to the Insurer in connection with the Insurer underwriting this Policy or any policy of which this Policy is a renewal, replacement or which it succeeds in time. Application also includes any public documents filed by the Company within 12 months prior to inception of this Policy with the Securities and Exchange Commission, the Ontario Securities Commission, and any similar provincial, state, local or foreign regulatory



agency. All such applications, attachments, information, materials and documents are deemed attached to and incorporated into this Policy.

B. **Claim** means:

1. a written demand for monetary damages or non-monetary or injunctive relief;
2. a civil, criminal, arbitration, administrative or regulatory proceeding for monetary damages or non-monetary or injunctive relief commenced by: (i) service of a complaint or similar pleading; (ii) with respect to a criminal proceeding, a return of an indictment, information, or similar document; or (iii) the receipt or filing of a notice of charges; or
3. a civil, criminal, administrative or regulatory investigation commenced by the service upon or other receipt by any **Insured Person** of a written notice or subpoena from the investigating authority identifying such **Insured Person** as an individual against whom such a proceeding described in paragraph 2 immediately above may be commenced.

C. **Company** means the **Named Insured** and any **Subsidiary**, including any such organization as a debtor-in-possession or the bankruptcy estate of such entity under United States or Canadian bankruptcy law or an equivalent status under the law of any other jurisdiction.

D. **Defense Costs** means reasonable and necessary costs, charges, fees and expenses incurred by any **Insured** in defending **Claims** and the premium for appeal, attachment or similar bonds arising out of covered judgments, but with no obligation to furnish such bonds. **Defense Costs** do not include wages, salaries, fees or other compensation of the **Insured Persons** or **Company** employees.

E. **Insured** means any **Insured Person**, and, solely with respect to a **Securities Claim** under Insuring Agreement C, **Company Liability**, the **Company**.

F. **Insured Person** means any person who was, now is or shall become:

1. a duly elected or appointed director, officer, governor, trustee (excluding the bankruptcy trustee), general counsel, and risk manager of the **Company** and, where the **Company** is incorporated outside the United States, the functional equivalent;
2. in Canada only, a person acting as a de facto director at law;
3. a duly elected manager, member of the board of managers or equivalent executive of the **Company** if it is a limited liability company, or
4. any one or more natural persons who are past, present or future employees of the **Company**, including such persons who are or were full-time, part-time, seasonal and temporary employees, but solely with respect to: (i) a **Securities Claim**; and, (ii) any other **Claim**, that is, and only so long as such other **Claim** is, brought and maintained concurrently against an **Insured Person** as defined in paragraphs 1 or 2 immediately above. Such natural person employees are not included as **Insured Persons** for purposes of exclusion E, **Insured vs. Insured**, of this Policy.

G. **Insurer** means the insurance company providing this insurance.

H. **Interrelated Wrongful Acts** means all **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.



I. Loss means the damages, judgments, any award of pre-judgment and post-judgment interest, settlements and Defense Costs which the Insured becomes legally obligated to pay on account of any Claim first made against any Insured during the Policy Period or, if elected, the Extended Reporting Period, for Wrongful Acts to which this Policy applies. Loss does not include:

1. any amount for which the Insured is not financially liable or which is without legal recourse to an Insured;
2. taxes, fines or penalties;
3. any amount incurred by any Insured in a proceeding or investigation that is not at that time a Claim, even if such amount also benefits the defense of a Claim and even if such proceeding or investigation subsequently gives rise to a Claim;
4. any amount representing the amount by which the price of or consideration paid or proposed to be paid by an Insured for the acquisition or completion of the acquisition of all or substantially all of the ownership interest in, or assets of, an entity was inadequate. However, this paragraph shall not apply to Defense Costs and shall not apply to any Claim otherwise covered under Insuring Agreement A; or
5. matters uninsurable under the laws pursuant to which this Policy is construed.

Loss includes punitive and exemplary damages and the multiplied portion of any multiple damage award, to the extent such damages are insurable under the internal laws of the applicable jurisdiction that most favours coverage for such damages.

Notwithstanding paragraph 2 above, Loss shall mean the unpaid tax liabilities and other unpaid statutory liabilities of the Company arising under the laws of Canada, the laws of any province or territory of Canada or the laws of any municipality therein, for which the Company cannot pay as a result of Insolvency Proceedings, and which any Insured Persons become legally obligated to pay. For the purposes of this definition, Insolvency Proceedings shall mean: (1) in Canada any action taken by or against the Company under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, including without limitation the filing of a petition, proposal or an assignment or the making of an interim receiving order or a receiving order thereunder, the filing of a Plan of Arrangement or other application for interim relief under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-11, insolvency-related proceedings under the Winding Up Act, R.S.C. 1985, c. W-11, the Canada Business Corporations Act, R.S.C. 1985, c. C-44, the Ontario Business Corporations Act, R.S.O. 1990, c. B.16, or any similar federal or provincial law; or (2) in the United States any appointment, either privately or by a Court of competent jurisdiction, of a receiver or a manager of the assets or undertaking of the Company or the appointment by an official, agency or Court of the United States or any state thereof if any receiver, conservator, liquidator, trustee, rehabilitator, or similar official to take control of, supervise, manage or liquidate the Company or the Company's status as a "debtor in possession" under the United States Bankruptcy Code.





- J. **Named Insured** means the organization first named in Item 1 of the Declarations.
- K. **Outside Entity** means any not-for-profit organization, and any other entity listed as an **Outside Entity** by endorsement to this Policy.
- L. **Outside Entity Insured Person** means any duly elected or appointed director, officer, governor, trustee (excluding a bankruptcy trustee) or similar executive of a **Company**, any manager or member of the management board of a limited liability company, who is or was acting as a director of an **Outside Entity** at the specific written request or direction of such **Company**, or any other person listed as an **Outside Entity Insured Person** by endorsement to this Policy.
- M. **Policy** means, collectively, the Declarations, the Application, this policy form and any endorsements.
- N. **Policy Period** means the period of time specified in Item 2 of the Declarations, subject to prior termination pursuant to Section XVII, Termination of the Policy.
- O. **Securities Claim** means any Claim, other than a civil, criminal, administrative or regulatory investigation of a **Company**, which, in whole or in part, is:
1. brought by one or more securities holders of the **Company**, in their capacity as such, including derivative actions brought by one or more shareholders to enforce a right of the **Company**; or
  2. alleging a violation of any federal, provincial, state, local or foreign regulation, rule or statute regulating securities, including but not limited to the purchase or sale of, or offer to purchase or sell, or solicitation of any offer to purchase or sell, any securities issued by the **Company**, whether such purchase, sale, offer or solicitation involves a transaction with the **Company** or occurs in the open market, including any such Claim brought by the Securities and Exchange Commission, the Ontario Securities Commission or similar provincial regulatory agency, or any other claimant.
- P. **Subsidiary** means any entity, other than a partnership, in which the **Named Insured**:
1. owns interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of the board of directors if such entity is a corporation, the management committee members if such entity is a joint venture, the members of the management board if such entity is a limited liability company; or
  2. has the right, pursuant to written contract or the by-laws, charter, operating agreement or similar documents of a **Company**, to elect, appoint or designate a majority of the board of directors if such entity is a corporation, the management committee members if such entity is a joint venture, the members of the management board if such entity is a limited liability company,
- on or before the inception date of the Policy, either directly or indirectly, in any combination, by one or more other **Subsidiaries**.

- Q. **Wrongful Act** means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty, including but not limited to a **Wrongful Employment Practice**, actually or allegedly committed or attempted by:
1. Solely with respect to coverage under Insuring Agreements A and B, any **Insured Person** in his or her capacity as such, or any matter claimed against any **Insured Person** solely by reason of his or her serving in such capacity;
  2. Solely with respect to coverage under Insuring Agreement C, the **Company**, but solely with respect to a **Securities Claim**; and
  3. Solely with respect to Insuring Agreement D, **Outside Entity Directors' and Officers' Liability**, any **Outside Entity Insured Person** in his or her capacity as such, or any matter claimed against any **Outside Entity Insured Person** solely by reason of his or her serving in such capacity.
- R. **Wrongful Employment Practice** means any actual or alleged:
1. wrongful dismissal or discharge or termination of employment, whether actual or constructive;
  2. employment-related misrepresentation;
  3. violation of any federal, provincial, territorial, state or local laws (common or statutory) concerning discrimination in employment, or violation of an employee's civil rights;
  4. sexual harassment or unlawful workplace harassment;
  5. wrongful deprivation of a career opportunity, wrongful demotion, or failure to employ or promote;
  6. wrongful discipline of employees;
  7. retaliation against employees for the exercise of any legally protected right or for engaging in any legally protected activity;
  8. negligent hiring, retention, training, supervision or evaluation of employees;
  9. failure to adopt or enforce adequate or consistent workplace or employment policies and procedures;
  10. employment-related libel, slander, defamation, humiliation, invasion of privacy, or the giving of negative or defamatory statements in connection with an employee reference;
  11. employment-related wrongful infliction of emotional distress; or
  12. failure to grant tenure;

but only if the **Wrongful Employment Practice** relates to an employee or applicant for employment with the **Company** or an **Outside Entity**.

In addition, with respect to any customer, client, or other group or natural person other than an employee or applicant for employment with the **Company**, **Wrongful Employment Practice** means only any violation of discrimination laws anywhere in the world, including but not limited to violations based on race, color, religion, creed, age, sex, disability, marital status, national origin, pregnancy, HIV status, sexual orientation or preference, military status, or sexual harassment, or a violation of a natural person's civil rights relating to such discrimination or sexual harassment, whether direct, intentional or unintentional, by the **Insured Persons** in their capacity as such.

The foregoing definitions shall apply equally to the singular and plural forms of the respective words.

#### IV. EXCLUSIONS

The Insurer shall not be liable for Loss on account of any **Claim**;

- A. alleging, based upon, arising out of, caused by or attributable to, in whole or in part, directly or indirectly, the gaining in fact of any profit, remuneration or financial advantage to which a judgment, final adjudication or an alternative dispute resolution proceeding adverse to any Insured establishes that that Insured was not legally entitled;
- B. alleging, based upon, arising out of, caused by or attributable to, in whole or in part, directly or indirectly, any deliberately fraudulent or deliberately criminal act. However, this exclusion shall not apply unless and until there is a final adjudication against any Insured as to such conduct.
- C. for bodily injury, mental anguish or emotional distress (other than mental anguish or emotional distress in a Claim for a Wrongful Employment Practice), sickness, disease or death of any person, or damage to or destruction of any tangible or intangible property, including loss of use thereof, whether or not such property is physically injured.
- D. for an actual or alleged violation of the responsibilities, obligations or duties imposed by the United States' Employee Retirement Income Security Act of 1974, the Canada Pension Benefits Standards Act, 1985, R.S.C., c.32 (2<sup>nd</sup> Supp.), the Ontario Pension Benefits Act, R.S.O. 1990, c. P.8, or any similar state or local law, any similar common law, or any similar law in a country other than the United States or Canada, or any rules and regulations promulgated thereunder and amendments thereto.
- E. brought or maintained by or on behalf of any Insured Person or the Company, in any respect and whether or not collusive; provided, however, this exclusion shall not apply to:
  1. any Claim which is brought derivatively and if brought and continued independent of, and without the solicitation, active participation, or intervention of, any Insured Person or the Company;
  2. any Claim brought or maintained by any Insured Person in the form of a cross-claim or a third-party claim for contribution or indemnity which is part of, and results directly from, a Claim that is covered by this Policy;
  3. an employment-related Claim brought by an Insured Person, including but not limited to a Claim under any statute, rule or regulation to protect an employee from discrimination by his or her employer if such employee discloses or threatens to disclose to a superior or a governmental agency, or if such employee gives testimony relating to, any activity within such employer's operations which may be in violation of a statute, rule or regulation or any professional codes of ethics, including the Federal False Claims Act; provided, however, this paragraph 3 shall not apply to a claim brought by an Insured Person who is or was a member of the Board of Directors (or equivalent governing body) of the Company;
  4. any Claim brought by any past Insured Person of the Company who has not provided service as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the management board, general counsel, risk manager (or equivalent position) of or consultant for the Company for at least four years prior to such Claim being first made against any person;
  5. any Claim brought by any bankruptcy or insolvency trustee, receiver, examiner, liquidator, receiver manager, or similar official for the Company;
  6. any Claim brought and maintained by an executive of an organization formed and operating solely in a country other than the United States of America, Canada, or any other common law country; or
  7. Solely with respect to any Company which is traded on any US exchange and/or required to follow the provisions of the Sarbanes-Oxley Act of 2002, Whistleblower Conduct by a natural person Insured, other than a director, as set forth in 18 U.S.C. 1514A of that act, shall not be considered solicitation, assistance, or active participation of an Insured.

For the purpose of this exclusion, Whistleblower Conduct is any of the activity set forth in Sec. 1514A(a) of that act, engaged in by a whistleblower with a Federal regulatory or law

enforcement agency, Member of Congress or any committee of Congress, or person with supervisory authority over the employee, or an enforcement action by the whistleblower set forth in Sec. 1514A(b) of that act, or any substantially similar provisions under Canadian law.

- F. for a **Wrongful Act** actually or allegedly committed or attempted by any **Insured Person** in his or her capacity as a director, officer, governor, trustee, manager, member of the board of managers or equivalent executive of a limited liability company or employee of, or independent contractor for or in any other capacity or position with, any organization other than an **Outside Entity** or the **Company**, even if service in such capacity or position is with the knowledge and consent of, at the direction or request of, or part of the duties regularly assigned to the **Insured Person** by the **Company**.
- G. brought or maintained by, on behalf of, or in the right of any **Outside Entity**, or any past, present or future duly elected or appointed director, officer, trustee, governor, manager, or management committee member of any **Outside Entity**, or any bankruptcy or insolvency trustee, receiver, examiner, liquidator or similar official for the **Outside Entity**, in any respect and whether or not collusive, or which is brought by any securities holder or member of the **Outside Entity**, whether directly or derivatively, unless the **Claim** of such securities holder or member is instigated and continued totally independent of, and totally without the solicitation, assistance, active participation, or intervention of, any **Outside Entity** or such person.
- H. with respect to any **Outside Entity Insured Person**, for any **Wrongful Act** occurring prior to the effective date of this **Policy** or any **Policy** issued by the **Insurer**, or any affiliate thereof, of which this **Policy** is a direct or indirect renewal or replacement, if any **Insured**, as of such date, knew or could have reasonably foreseen that such **Wrongful Act** could lead to a **Claim** under this **Policy**.
- I. alleging, based upon, arising out of, caused by or attributable to, in whole or in part, directly or indirectly, the actual, alleged or threatened discharge, dispersal, release, escape, seepage, migration or disposal of **Pollutants**; or any direction or request that any **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so; including without limitation any **Claim** by or on behalf of the **Company** or **Outside Entity**, its securities holders or creditors based upon, arising out of, caused by or attributable to, in whole or in part, directly or indirectly, the matters described in this exclusion. However, this exclusion shall not apply, except as to **Clean Up Costs**, to any **Claim** against **Insured Persons** for which the **Company** does not indemnify the **Insured Persons** either because the **Company** is neither permitted nor required to grant such indemnification, because of the appointment by any state, federal, provincial, or territorial official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate the **Company**, or because of the **Company** becoming a debtor-in-possession.

For purposes of this exclusion, **Pollutants** mean any substance exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, provincial, territorial, county, municipal or local counterpart thereof or any foreign equivalent. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emission, odour, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, noise, fungus (including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi, but does not include any fungi intended by the **Insured** for consumption) and electric or magnetic or electromagnetic field.

For purposes of this exclusion, **Clean Up Costs** means expenses, including but not limited to legal and professional fees, incurred in testing for, monitoring, cleaning up, removing, containing, treating, neutralizing, detoxifying or assessing the effects of **Pollutants**.



- J. alleging, based upon, arising out of, caused by, or attributable to, in whole or in part, directly or indirectly, any Wrongful Act, fact, or circumstance which has been the subject of any written notice given under any other policy of which this Policy is a renewal or replacement or which it succeeds in time.
- K. alleging, based upon, arising out of, caused by, or attributable to, in whole or in part, directly or indirectly, any prior or pending litigation or administrative or regulatory proceeding which was filed against an Insured, and of which an Insured had notice, on or before the prior or pending proceeding date shown in Item 6 of the Declarations, or the same or substantially the same Wrongful Act, fact, circumstance or situation underlying or alleged therein.
- L. alleging, based upon, arising out of, caused by or attributable to, in whole or in part, directly or indirectly, any Wrongful Act actually or allegedly committed or attempted by a Subsidiary or Insured Persons thereof before the date the Subsidiary became an Insured, or after the date the Subsidiary ceased to be an Insured.

#### IV. SEVERABILITY OF EXCLUSIONS

For the purpose of determining the applicability of exclusions A and B, facts pertaining to and knowledge possessed by one Insured Person shall not be imputed to any other Insured Person, and only facts pertaining to and knowledge possessed by the Company's chief executive officer or chief financial officer shall be imputed to the Company.

#### V. ESTATES, LEGAL REPRESENTATIVES, AND SPOUSES

The estates, heirs, legal representatives, assigns, spouses of Insured Persons, and any natural person qualifying as a domestic partner of Insured Persons under the provisions of any applicable federal, state, provincial, territorial or local law or under the provisions of any formal program established by the Company, shall be considered Insureds under this Policy; but coverage is afforded to such estates, heirs, legal representatives, assigns, spouses and domestic partners only for a Claim arising solely out of their status as such and, in the case of a spouse or domestic partner, where the Claim seeks damages from marital community property, jointly held property or property transferred from the Insured Person to the spouse or domestic partner. No coverage is provided for any Wrongful Act of an estate, heir, legal representative, assign, spouse or domestic partner. All of the terms and conditions of this Policy including, without limitation, the Retention applicable to Loss incurred by Insured Persons shown in Item 4 of the Declarations, shall also apply to Loss incurred by such estates, heirs, legal representatives, assigns, spouses and domestic partners.

#### VI. EXTENDED REPORTING PERIOD

- A. If the Insurer or the Named Insured terminates or does not renew this Policy (other than for failure to pay a premium when due), the Named Insured shall have the right, upon payment of the additional premium set forth in Item 7B of the Declarations, to a continuation of the coverage granted by this Policy for an extended reporting period of one year following the effective date of such termination or nonrenewal ("Extended Reporting Period"), but only with respect to Claims first made during the Extended Reporting Period and arising from Wrongful Acts taking place prior to the effective date of such termination or nonrenewal. This right to continue coverage shall lapse unless the Named Insured gives written notice of such election and pays the Extended Reporting Period premium to the Insurer within 30 days following the effective date of termination or nonrenewal. A change in policy terms, conditions, exclusions and/or premiums shall not be considered a nonrenewal for purposes of triggering the rights to the Extended Reporting Period.
- B. The Extended Reporting Period is not cancelable and the entire premium for the Extended Reporting Period shall be deemed fully earned and non-refundable upon payment.



- C. The Limit of Liability applicable to the Extended Reporting Period, if elected, shall be part of and not in addition to the Limit of Liability shown in Item 3 of the Declarations for the immediately preceding Policy Period. The purchase of the Extended Reporting Period shall not increase or reinstate the Limit of Liability, which shall be the maximum liability of the Insurer for the Policy Period and Extended Reporting Period, combined.

VII. LIMIT OF LIABILITY

- A. All Claims arising out of the same Wrongful Act and all Interrelated Wrongful Acts of the Insureds shall be deemed to be one Claim, and such Claim shall be deemed to be first made on the date the earliest of such Claims is first made, regardless of whether such date is before or during the Policy Period. All Loss resulting from a single Claim shall be deemed a single Loss.
- B. The Aggregate Limit stated in Item 3 of the Declarations shall be the maximum aggregate liability of the Insurer for all Loss resulting from all Claims first made during the Policy Period.
- C. Defense Costs shall be part of and not in addition to the Limit of Liability shown in Item 3 of the Declarations, and Defense Costs shall reduce such Limit of Liability. If the Limit of Liability is exhausted by payment of Loss, the obligations of the Insurer under this Policy shall be completely fulfilled and further obligations extinguished. Subject to the terms of Section XV, Payment Priority, the Insurer is entitled to pay Loss as it becomes due and payable by the Insureds, without consideration of other future payment obligations.

VIII. RETENTIONS

- A. Except as otherwise provided in this section, the liability of the Insurer shall apply only to that part of Loss which is excess of the applicable Retention amount shown in Item 4 of the Declarations. Such Retention shall be borne uninsured by the Insureds and at their own risk. If different parts of a single Claim are subject to different applicable Retentions, the applicable Retentions will be applied separately to each part of such Loss, but the sum of such Retentions shall not exceed the largest applicable Retention.
- B. A single Retention amount shall apply to Loss arising from all Claims alleging the same Wrongful Act and any Interrelated Wrongful Acts.
- C. No Retention shall apply to any Loss incurred by any Insured Person except when and to the extent that the Company has indemnified the Insured Person.

IX. NOTICE

- A. The Insureds shall, as a condition precedent to their rights under this Policy, give to the Insurer written notice of any Claim made against the Insureds as soon as practicable after the general counsel or risk manager, or equivalent positions, first learn of the Claim, but in no event later than: (i) the termination of the Policy Period or, if elected, the Extended Reporting Period; or (ii) with respect to any Claim first made during the last 45 days of the Policy Period, or, if elected, the Extended Reporting Period, 45 days after termination of the Policy Period, or if elected, Extended Reporting Period.
- B. If, during the Policy Period or, if elected, the Extended Reporting Period, the Insureds first become aware of facts or circumstances which may reasonably give rise to a future Claim covered under this Policy, and if the Insureds give written notice to the Insurer during the Policy Period or, if elected, the Extended Reporting Period, of the identity of the potential claimants; a description of the anticipated Wrongful Act allegations; the identity of the Insureds allegedly involved; the circumstances by which the Insureds first became aware of the facts or circumstances; the consequences which have resulted or may result; and the nature of the potential monetary damages and non-monetary relief; then any Claim which arises out of such Wrongful Act shall be deemed to have been first made at the time such written notice was received by the Insurer. No coverage is provided for fees, expenses and other costs incurred prior to the time such Wrongful Act results in a Claim.



- C. All notices under any provision of this Policy shall be in writing and given by prepaid express courier, certified mail, facsimile transmission or e-mail properly addressed to the appropriate party. Notice to the Insureds may be given to the Named Insured at the address shown in Item 1 of the Declarations. Notice to the Insurer of any Claim or Wrongful Act shall be given to the Insurer at the address shown in Item 5A of the Declarations. All other notices to the Insurer under this Policy shall be given to the Insurer at the address shown in Item 5B of the Declarations. Notice given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee or one day following the date such notice is sent, whichever is earlier.

X. DEFENSE AND SETTLEMENT

- A. It shall be the duty of the Insureds and not the duty of the Insurer to defend any Claim.
- B. The Insureds agree not to settle or offer to settle any Claim, incur any Defense Costs or otherwise assume any contractual obligation or admit any liability with respect to any Claim without the prior written consent of the Insurer, which consent shall not be unreasonably withheld. The Insurer shall not be liable for any settlement, Defense Costs, assumed obligation or admission to which it has not consented. The Insureds shall promptly send to the Insurer all settlement demands or offers received by any Insured from the claimant(s). However, if the Insureds are able to settle all Claims which are subject to a single Retention for an aggregate amount, including Defense Costs, not exceeding such Retention, the consent of the Insurer shall not be required for the settlement of such Claims.
- C. The Insurer shall have the right and shall be given the opportunity to effectively associate with the Insureds regarding the defense and negotiation of any settlement of any Claim.
- D. The Insureds agree to provide the Insurer with all information, assistance and cooperation which the Insurer reasonably requests and agree that, in the event of a Claim, the Insureds will do nothing that shall prejudice the position of the Insurer or its potential or actual rights of recovery. The Insurer may make any investigation it deems necessary.
- E. Subject to Section XII, Allocation, the Insurer shall, no later than quarterly, advance on behalf of the Insureds covered Defense Costs which the Insureds have incurred in connection with Claims made against them, prior to disposition of such Claims. Any advancement of Defense Costs shall be subject to the condition that such advanced amounts shall be repaid to the Insurer by the Insureds severally according to their respective interests if and to the extent the Insureds shall not be entitled to coverage for such Defense Costs under the terms and conditions of this Policy.

XI. PRESUMPTIVE INDEMNIFICATION

- A. The Company agrees to indemnify the Insured Persons to the fullest extent permitted by law, taking all steps necessary or advisable in furtherance thereof, including the making in good faith of any application for court approval. The Company further agrees to advance Defense Costs actually and reasonably incurred by any Insured Person in defending any threatened, pending or contemplated action, suit or proceeding prior to a final disposition of any such action, suit or proceeding and shall not require any determination or adjudication, interim or final, of the entitlement of the Insured Person to indemnification, where permitted by law to do so. The financial ability of any Insured Person to make repayment shall not be a prerequisite to the making of such an advance, and the right to receive advancement of Defense Costs herein is a contractual right. The agreements contained in this paragraph are binding upon the Company and enforceable by the Insurer or the Insured Persons.
- B. Notwithstanding anything in this section to the contrary, the Company's indemnification obligations under this section shall not apply in the event the Company is neither permitted nor required to grant such indemnification either because of the appointment by any state or federal official, agency or court of any receiver, conservator, liquidator, trustee, rehabilitator

or similar official to take control of, supervise, manage or liquidate the Company, or because of the Company becoming a debtor-in-possession or because of prohibitions or restrictions under applicable laws binding the Company.

## XII. ALLOCATION

- A. If a Claim includes both Loss that is covered under this Policy and loss that is not covered under this Policy, either because the Claim is made against both Insureds and others, or the Claim includes both covered allegations and allegations that are not covered or are arising in whole or in part based upon a Loss described in one or more of the exclusions, the Insureds and the Insurer shall allocate such amount between covered Loss and loss that is not covered based upon the relative legal and financial exposures and the relative benefits obtained by the parties. The Insurer shall not be liable under this Policy for the portion of such amount allocated to non-covered Loss.
- B. If there is an agreement on an allocation of Defense Costs, the Insurer shall advance, on a quarterly basis, Defense Costs allocated to Loss. If there can be no agreement on an allocation of Defense Costs, the Insurer shall advance on a quarterly basis Defense Costs which the Insurer believes to be covered under this Policy until a different allocation is negotiated, arbitrated or judicially determined.
- C. Any negotiated, arbitrated or judicially determined allocation of Defense Costs on account of any Claim shall be applied retroactively to all Defense Costs on account of the Claim, notwithstanding any prior advancement to the contrary. Any allocation or advancement of Defense Costs on account of any Claim shall not apply to or create any presumption with respect to the allocation of other Loss on account of the Claim or any other Claim.

## XIII. OTHER INSURANCE

If any Loss covered under this Policy is covered under any other valid and collectable insurance, then this Policy shall cover the Loss, subject to its terms and conditions, only to the extent that the amount of the Loss is in excess of the amount of such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided by this Policy.

## XIV. MATERIAL CHANGES IN CONDITIONS

- A. If, during the Policy Period, the Company acquires voting securities in another organization or creates another organization which as a result of such acquisition or creation becomes a Subsidiary, or acquires any organization by merger into or consolidation or amalgamation with the Company, then, subject to the terms and conditions of this Policy including the following paragraphs of this subsection A, such organization and its Insured Persons shall be covered under this Policy but only with respect to Claims for Wrongful Acts taking place after such acquisition or creation, unless the Insurer agrees to provide coverage by endorsement for Wrongful Acts taking place prior to such acquisition or creation.

If the total assets of such acquired or created organization, as reflected in the then most recent consolidated financial statements of the organization, exceed 20% of the total assets of the Named Insured and the Subsidiaries as reflected in the then most recent consolidated financial statements of the Named Insured, coverage shall be provided for such acquired or created organization for a period of 30 days after the effective date of such acquisition or creation, or until the end of the Policy Period, whichever is earlier, so long as the Named Insured gives written notice of such acquisition or creation to the Insurer prior to the end of the Policy Period. Coverage otherwise afforded under this paragraph for such acquired or created organization shall terminate 30 days after the effective date of such acquisition or creation, or at the end of the Policy Period, whichever is earlier, unless the Named Insured agrees to and pays any additional premium required by the Insurer, and agrees to any additional terms and conditions of this Policy as required by the Insurer.





- B. If, during the Policy Period, any of the following events occurs:
  1. the acquisition of the Named Insured, or of all or substantially all of its assets, by another entity, or the merger, or amalgamation, or consolidation of the Named Insured into or with another entity such that the Named Insured is not the surviving entity; or
  2. the obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate at least 50% of the directors of the Named Insured;

then coverage under this Policy will continue in full force and effect until termination of this Policy, but only with respect to Claims for Wrongful Acts taking place before such event. Coverage under this Policy will cease as of the effective date of such event with respect to Claims for Wrongful Acts taking place after such event. This Policy may not be canceled after the effective time of the event, and the entire premium for this Policy shall be deemed earned as of such time.

- C. If before or during the Policy Period an organization ceases to be a Subsidiary, coverage with respect to the Subsidiary and its Insured Persons shall continue until termination of this Policy. Such coverage continuation shall apply only with respect to Claims for Wrongful Acts taking place prior to the date such organization ceased to be a Subsidiary.

XVI. PAYMENT PRIORITY

- A. If the amount of any Loss which is otherwise due and owing by the Insurer exceeds the then-remaining Limit of Liability applicable to the Loss, the Insurer shall pay the Loss (subject to such Limit of Liability) in the following priority:
  1. first, the Insurer shall pay any Loss covered under Section I, Insuring Agreement A, Directors' and Officers' Liability, in excess of any applicable Retention shown in Item 4 of the Declarations;
  2. second, the Insurer shall pay any Loss covered under Section I, Insuring Agreement B, Company Reimbursement, in excess of any applicable Retention shown in Item 4 of the Declarations;
  3. third, the Insurer shall pay any Loss covered under Section I, Insuring Agreement D, Outside Entity Directors' and Officers' Liability, in excess of any applicable Retention shown in Item 4 of the Declarations;
  4. fourth, only if and to the extent the payments under paragraphs 1 through 3 above, inclusive, do not exhaust the applicable Limit of Liability, the Insurer shall pay any Loss in excess of the Retention shown in Item 4 of the Declarations covered under Section I, Insuring Agreement C, Company Securities Liability.
- B. Subject to the foregoing paragraph, the Insurer shall, upon receipt of a written request from the chief executive officer of the Named Insured, delay any payment of Loss otherwise due and owing to or on behalf of the Company until such time as the chief executive officer of the Named Insured designates, provided the liability of the Insurer with respect to any such delayed Loss payment shall not be increased, and shall not include any interest, on account of such delay.

XVII. REPRESENTATIONS

- A. The Insureds represent and acknowledge that the statements and information contained in the Application are true and accurate and are the basis of this Policy, are to be considered as incorporated into and constituting a part of this Policy, and shall be deemed material to the acceptance of this risk or the hazard assumed by the Insurer under this Policy. It is understood and agreed that this Policy is issued in reliance upon the truth and accuracy of such representations.
- B. In the event the Application, including materials submitted or required to be submitted therewith, contains any misrepresentation or omission made with the intent to deceive or which



materially affects either the acceptance of the risk or the hazard assumed by the Insurer under this Policy, this Policy shall be void ab initio as to:

1. with respect to Insuring Agreement A, any Insured Person who knew the facts misrepresented or the omissions, whether or not such Insured Person knew of the Application or this Policy. For purposes of this paragraph 1, the knowledge of an Insured Person shall not be imputed to any other Insured Person; and
2. with respect to Insuring Agreement B, any Insured Person who knew the facts misrepresented or the omissions, whether or not such Insured Person knew of the Application or this Policy. For purposes of this paragraph 2, the knowledge of an Insured Person shall not be imputed to any other Insured Person; and
3. with respect to Insuring Agreement C, any Company if the chief executive officer or chief financial officer of the Company knew the facts misrepresented or the omissions, whether or not such chief executive officer or chief financial officer knew of the Application or this Policy. For purposes of this paragraph 3, the knowledge of only the chief executive officer or chief financial officer of the Company shall be imputed to the Company; and
4. with respect to Insuring Agreement D, any Insured Person who knew the facts misrepresented or the omissions, whether or not such Insured Person knew of the Application or this Policy. For purposes of this paragraph 4, the knowledge of an Insured Person shall not be imputed to any other Insured Person.

#### XVIII. TERMINATION OF THE POLICY

- A. This Policy shall terminate at the earliest of the following times:
  1. the effective date of termination specified in a prior written notice by the Named Insured to the Insurer;
  2. 15 days after receipt by the Named Insured of a written notice of termination from the Insurer for failure to pay a premium when due, unless the premium is paid within such 15 day period;
  3. upon expiration of the Policy Period as shown in Item 2 of the Declarations; or
  4. at such other time as may be agreed upon by the Insurer and the Named Insured.
- B. If this Policy is terminated by the Named Insured, the Insurer shall refund the unearned premium computed at the customary short rate. If this Policy is terminated by the Insurer, the Insurer shall refund the unearned premium computed *pro rata*. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable.

#### XIX. TERRITORY AND VALUATION

- A. All premiums, limits, retentions, Loss and other amounts under this Policy are expressed and payable in the currency of Canada. If judgment is rendered, settlement is denominated or another element of Loss under this Policy is stated in a currency other than Canadian dollars, payment under this Policy shall be made in Canadian dollars at the applicable rate of exchange as published in *The Globe and Mail* as of the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of Loss is due, respectively or if not published on such date, the next date of publication of *The Globe and Mail*.
- B. Coverage under this Policy shall extend to Wrongful Acts taking place or Claims made or Loss sustained anywhere in the world.

#### XX. SUBROGATION

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the rights of recovery of the Insureds. The Insureds shall execute all papers

required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit or otherwise pursue subrogation rights in the name of the Insureds.

In no event, however, shall the Insurer exercise its rights of subrogation against an Insured Person under this Policy unless there is a final adjudication in an underlying proceeding against an Insured Person establishing (i) the gaining of any profit, remuneration or financial advantage to which an Insured Person was not legally entitled; or, (ii) any fraudulent or criminal act.

XXI. ACTION AGAINST THE INSURER

Except as provided in Section XXIV, Alternative Dispute Resolution, no action shall lie against the Insurer. No person or organization shall have any right under this Policy to join the Insurer as a party to any action against any Insured to determine the liability of the Insured nor shall the Insurer be impleaded by any Insured or its legal representatives.

XXI. BANKRUPTCY

Bankruptcy or insolvency of any Insured or of the estate of any Insured Person shall not relieve the Insurer of its obligations nor deprive the Insurer of its rights or defenses under this Policy. The insurance provided by this Policy is intended as a matter of priority to protect and benefit the Insured Persons such that, in the event of bankruptcy of the Company, the Insurer shall first pay Loss covered under Section I, Insuring Agreement A, Directors' and Officers' Liability, prior to paying Loss under any other Insuring Agreement.

If a liquidation or reorganization proceeding is commenced by the Named Insured or any other Company (whether voluntary or involuntary) under Title 11 of the United States Code (as amended), the Bankruptcy and Insolvency Act R.S.C. 1985, c. 11, the Winding Up Act R.S.C. 1985, c. W-11, the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, or any similar state, local or foreign, federal, provincial or territorial law (collectively "Bankruptcy Law") then, in regard to a covered Claim under this Policy, the Insureds hereby waive and release any automatic stay or injunction ("Stay") to the extent such Stay may apply to the proceeds of this Policy under such Bankruptcy Law, and agree not to oppose or object to any efforts by the Insurer or any Insured to obtain relief from the Stay applicable to the proceeds of this Policy as a result of such Bankruptcy Law.

XXII. AUTHORIZATION CLAUSE

By acceptance of this Policy, the Named Insured agrees to act on behalf of all Insureds with respect to the giving and receiving of notice of Claim or Loss or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the agreement to and acceptance of endorsements, and the giving or receiving of any other notice provided for in this Policy, and the Insureds agree that the Named Insured shall so act on their behalf.

XXIII. ALTERATION, ASSIGNMENT AND HEADINGS

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement to this Policy which is signed by an authorized representative of the Insurer. The titles and headings to the various parts, sections, subsections and endorsements of this Policy are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions of such parts, sections, subsections or endorsements.

XXIV. ALTERNATIVE DISPUTE RESOLUTION

The Insureds and the Insurer shall submit any dispute or controversy arising out of or relating to this Policy or the breach, termination or invalidity thereof to the alternative dispute resolution ("ADR") process described in this section.

Either an Insured or the Insurer may elect the type of ADR process discussed below; provided, however, that the Insured shall have the right to reject the choice by the Insurer of the type of ADR process at any time prior to its commencement, in which case the choice by the Insured of ADR process shall control.

There shall be two choices of ADR process: (1) non-binding mediation administered by any mediation facility to which the Insurer and the Insured mutually agree, in which the Insured and the Insurer shall try in good faith to settle the dispute by mediation in accordance with the then-prevailing commercial mediation rules of the mediation facility; or (2) non-binding arbitration submitted to any arbitration facility to which the Insured and the Insurer mutually agree, in which the arbitration panel shall consist of three disinterested individuals. In either mediation or arbitration, the mediator or arbitrators shall have knowledge of the legal, corporate management, or insurance issues relevant to the matters in dispute. In the event of arbitration, the decision of the arbitrators shall be provided to both parties, and the award of the arbitrators shall not include attorneys' fees or other costs. In the event of either mediation or arbitration, either party shall have the right to commence a judicial proceeding; provided, however, that no such judicial proceeding shall be commenced until the conclusion of the arbitration, or in the event of mediation, at least 60 days after the date the mediation shall be deemed concluded or terminated. In all events, each party shall share equally the expenses of the ADR process.

Either ADR process may be commenced in Toronto Ontario or in the province indicated in Item 1 of the Declarations as the principal address of the Named Insured. The Named Insured shall act on behalf of each and every Insured in connection with any ADR process under this section.

**TAB 1B**

**THIS IS EXHIBIT "B" REFERRED TO IN  
THE AFFIDAVIT OF ELEXIS SOMMERVILLE  
SWORN BEFORE ME, THIS 16<sup>TH</sup>  
DAY OF APRIL, 2015.**



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**A COMMISSIONER FOR TAKING AFFIDAVITS**

DECLARATIONS

EXCESS POLICY

Policy Number: 8209-4449

Chubb Insurance Company of Canada, herein called the Company

Item 1. **Parent Organization:** SINO FOREST CORPORATION

Item 2. **Principal Address:** 90 BURNHAMTHORPE ROAD  
SUITE 1208  
MISSISSAUGA, ON L5B3C3

Item 3. **Limit of Liability:**  
**Each Policy Period** \$15,000,000.00

Item 4. **Underlying Insurance:**

(A) **Primary Policy**

<u>Insurer</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Policy Period</u>
ACE INA Insurance	DO024464	\$15,000,000.00	December 31, 2010 to December 31, 2011

(B) **Other Policies**

<u>Insurer</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Policy Period</u>
Not Applicable			

Item 5. **Policy Period:** From: 12:01 a.m. on December 31, 2010  
To: 12:01 a.m. on December 31, 2011

Item 6. **Endorsements Effective at Inception:**

- CE 14-02-11079 (4/2007 ed.)
- CE 14-02-12444 (8/2007 ed.)
- CE 14-02-6851 (8/2002 ed.)
- CE 14-02-9555 (4/2010 ed.)
- CE 14-02-9785 (3/2005 ed.)
- CE 14-02-11079 (4/2007 ed.)

Item 7. **Termination of Prior Policies:** 8209-4449 (December 31, 2009 to December 31, 2010)

Item 8. Pending or Prior Date: December 31, 2007

The Company issuing this policy has caused this policy to be signed by its authorized officer, but it shall not be valid unless also signed by a duly authorized representative of the Company.

IN WITNESS WHEREOF, CHUBB INSURANCE COMPANY OF CANADA has caused this policy to be signed by its President.

*Ellen J. Moore*

\_\_\_\_\_  
President

*Asgeen Steen*

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
01/19/2011

Date



## EXCESS POLICY

In consideration of the payment of the premium and subject to the Declarations, limitations, conditions, provisions and other terms of this policy, the Company agrees as follows:

<b>Insuring Clause</b>	1.	The Company shall provide the <b>Insureds</b> with insurance during the <b>Policy Period</b> excess of the <b>Underlying Limit</b> . Coverage hereunder shall attach only after the insurers of the <b>Underlying Insurance</b> shall have paid in legal currency the full amount of the <b>Underlying Limit</b> for such <b>Policy Period</b> . Coverage hereunder shall then apply in conformance with the terms and conditions of the <b>Primary Policy</b> as amended by any more restrictive terms and conditions of any other policy designated in Item 4(B) of the Declarations, except as otherwise provided herein.
<b>Maintenance of Underlying Insurance</b>	2.	All <b>Underlying Insurance</b> shall be maintained in full effect during the <b>Policy Period</b> and shall afford the same coverage provided by all <b>Underlying Insurance</b> in effect upon inception of this <b>Policy Period</b> , except for any depletion or exhaustion of the <b>Underlying Limit</b> solely by reason of payment of losses thereunder.
<b>Depletion of Underlying Limit</b>	3.	<p>Only in the event of exhaustion of the <b>Underlying Limit</b> by reason of the insurers of the <b>Underlying Insurance</b>, or the <b>Insureds</b> in the event of financial impairment or insolvency of an insurer of the <b>Underlying Insurance</b>, paying in legal currency loss which, except for the amount thereof, would have been covered hereunder, this policy shall continue in force as primary insurance, subject to its terms and conditions and any retention applicable to the <b>Primary Policy</b>, which retention shall be applied to any subsequent loss in the same manner as specified in the <b>Primary Policy</b>.</p> <p>The risk of uncollectability of any <b>Underlying Insurance</b>, whether because of financial impairment or insolvency of an underlying insurer or any other reason, is expressly retained by the <b>Insureds</b> and is not in any way insured or assumed by the Company.</p>
<b>Underlying Sublimits</b>	4.	<p>If any <b>Underlying Limit</b> is subject to a <b>Sublimit</b>:</p> <p>(a) coverage hereunder shall not apply to any claim which is subject to such <b>Sublimit</b>, however,</p> <p>(b) the <b>Underlying Limit</b> shall be recognized hereunder as depleted to the extent of any payment of such claim subject to such <b>Sublimit</b>.</p>
<b>Limit of Liability</b>	5.	The Company's maximum liability for loss shall be the amount set forth in Item 3 of the Declarations.

## EXCESS POLICY

<b>Claim Participation</b>	6.	The Company may, at its sole discretion, elect to participate in the investigation, settlement or defense of any claim covered by this policy even if the <b>Underlying Insurance</b> has not been exhausted.				
<b>Pending or Prior Matters</b>	7.	The Company shall not be liable under this policy for any loss which is based upon, arises from or is in consequence of any demand, suit or other proceeding pending, or order, decree or judgment entered against any <b>Insured</b> on or prior to the Pending or Prior Date set forth in Item 8 of the Declarations, or the same or any substantially similar fact, circumstance or situation underlying or alleged therein.				
<b>Subrogation - Recoveries</b>	8.	In the event of any payment under this policy, the Company shall be subrogated to the extent of such payment to all the <b>Insureds'</b> rights of recovery and the <b>Insureds</b> shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Company effectively to bring suit in the name of the <b>Insured</b> .				
Any amounts recovered after payment of loss hereunder shall be apportioned in the inverse order of payment to the extent of actual payment. The expenses of all recovery proceedings shall be apportioned among the recipients of the recovery in the ratio of their respective recoveries.						
<b>Notice</b>	9.	The <b>Insureds</b> shall, as a condition precedent to exercising their rights under this policy, give to the Company written notice as soon as practicable of the cancellation of any <b>Underlying Insurance</b> , any notice given under any <b>Underlying Insurance</b> and additional or return premiums charged or paid in connection with any <b>Underlying Insurance</b> .				
Notice to the Company under this policy shall be given in writing addressed to:						
<table> <tr> <td data-bbox="613 1339 792 1360">Notice of claim:</td> <td data-bbox="881 1339 1320 1423">Chubb Insurance Company of Canada 1 Adelaide Street East Toronto, Ontario M5C 2V9</td> </tr> <tr> <td></td> <td data-bbox="881 1455 1218 1486">Attention: Claims Department</td> </tr> </table>			Notice of claim:	Chubb Insurance Company of Canada 1 Adelaide Street East Toronto, Ontario M5C 2V9		Attention: Claims Department
Notice of claim:	Chubb Insurance Company of Canada 1 Adelaide Street East Toronto, Ontario M5C 2V9					
	Attention: Claims Department					
<table> <tr> <td data-bbox="613 1518 800 1539">All other notices:</td> <td data-bbox="881 1518 1320 1602">Chubb Insurance Company of Canada 1 Adelaide Street East Toronto, Ontario M5C 2V9</td> </tr> <tr> <td></td> <td data-bbox="881 1633 1393 1665">Attention: Chubb Executive Risk Department</td> </tr> </table>			All other notices:	Chubb Insurance Company of Canada 1 Adelaide Street East Toronto, Ontario M5C 2V9		Attention: Chubb Executive Risk Department
All other notices:	Chubb Insurance Company of Canada 1 Adelaide Street East Toronto, Ontario M5C 2V9					
	Attention: Chubb Executive Risk Department					
Such notice shall be effective on the date of receipt by the Company at such address.						

## EXCESS POLICY

<b>Company Authorization Clause</b>	10.	By acceptance of this policy, the <b>Parent Organization</b> named in Item 1 of the Declarations agrees to act on behalf of all the <b>Insureds</b> with respect to the giving and receiving of notice of claim or termination, the payment of premiums and the receiving of any return premiums that may become due under this policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for under this policy (except the giving of notice to apply for any extended reporting period), and the <b>Insureds</b> agree that the <b>Parent Organization</b> shall act on their behalf.
<b>Alteration</b>	11.	No change in, modification of, or assignment of interest under this policy shall be effective except when made by written endorsement to this policy which is signed by an authorized employee of Chubb Insurance Company of Canada.
<b>Policy Termination</b>	12.	<p>This policy shall terminate at the earliest of the following times:</p> <ul style="list-style-type: none"> <li>(a) sixty days after the receipt by the <b>Parent Organization</b> of a written notice of termination from the Company;</li> <li>(b) upon the receipt by the Company of written notice of termination from the <b>Parent Organization</b>;</li> <li>(c) upon expiration of the <b>Policy Period</b>;</li> <li>(d) thirty days after the effective date of any alteration or termination of any <b>Underlying Insurance</b>, whether by the <b>Insureds</b> or any insurer of the <b>Underlying Insurer</b>, unless the Company (i) receives written notice of such alteration or termination from the <b>Parent Organization</b>, (ii) receives such information as the Company reasonably requests, and (iii) agrees, pursuant to an endorsement, not to terminate this policy; or</li> <li>(e) at such other time as may be agreed upon by the Company and the <b>Parent Organization</b>.</li> </ul> <p>Notice of cancellation or non-renewal of the <b>Primary Policy</b> duly given by the primary insurer shall serve as notice of the cancellation or non-renewal of this policy by the Company.</p> <p>The Company shall refund the unearned premium computed at customary short rates if the policy is terminated by the <b>Parent Organization</b>. Under any other circumstances the refund shall be computed pro rata.</p>
<b>Termination Of Prior Policies</b>	13.	Any policies specified in Item 7 of the Declarations shall terminate, if not already terminated, as of the inception date of this policy.

## EXCESS POLICY

### Policy Definitions

14. When used in this policy:

**Insureds** means those persons or organizations insured under the **Primary Policy**.

**Parent Organization** means the organization designated in Item 1 of the Declarations.

**Primary Policy** means the policy scheduled in Item 4(A) of the Declarations or any policy of the same insurer replacing or renewing such policy.

**Policy Period** means the period of time specified in Item 5 of the Declarations, subject to prior termination in accordance with Section 12 above. If any extended reporting period is exercised, such extension shall be treated as set forth in the **Primary Policy**.

**Sublimit** means any **Underlying Insurance** limit of liability which:

- (a) applies only to a particular grant of coverage under such **Underlying Insurance**, and
- (b) reduces and is part of the otherwise applicable limits of liability of such **Underlying Insurance** set forth in Item 4 of the Declarations.

**Underlying Insurance** means all policies scheduled in Item 4 of the Declarations and any policies of the same insurers replacing or renewing them.

**Underlying Limit** means the amount equal to the aggregate of all limits of liability as set forth in Item 4 of the Declarations for all **Underlying Insurance**, subject to any **Sublimits**, plus the applicable uninsured retention, if any, under the **Primary Policy**.

**Directors and Officers Liability Excess Chubb**

**Schedule of Forms**

To be attached to and form part of  
Policy No. 8209-4449

Company: Chubb Insurance Company of Canada

Issued to: SINO FOREST CORPORATION

CE 14-02-11079 (4/07 ed.)

CE 14-02-12444 (8/07 ed.)

CE 14-02-6851 (8/02 ed.)

CE 14-02-9555 (4/10 ed.)

CE 14-02-9785 (3/05 ed.)

ENDORSEMENT

Effective date of  
this endorsement: December 31, 2010

Company: Chubb Insurance Company of Canada

Endorsement No. 1

To be attached to and  
form a part of Policy No. 8209-4449

Issued to: SINO FOREST CORPORATION

---

It is agreed and understood that this Policy is subject to the terms and conditions of Endorsement Number 16 of the following **Underlying Insurance** as stated in Item 4 of the Declarations:

(A) Primary Policy

Insurer

ACE INA Insurance

Policy Number

DO024464

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

*Aspen Steen*

---

Authorized Representative

## ENDORSEMENT

Effective date of  
this endorsement: December 31, 2010

Company: Chubb Insurance Company of Canada

Endorsement No. 2

To be attached to and  
form a part of Policy No. 8209-4449

Issued to: SINO FOREST CORPORATION

In consideration of the premium charged, it is agreed that:

- (1) The following definitions are added to Section 14, Policy Definitions:

**"Underlying Policy"** means a policy scheduled in Item 4(A) or Item 4(B) of the Declarations (or a policy of the same insurer that replaces or renews any such scheduled policy during the **Policy Period**);

**"Underlying Insurer"** means the insurer(s) of each respective **Underlying Policy**.

- (2) Section 1, Insuring Clause, is deleted and replaced with the following:

The Company shall provide the **Insureds** with insurance during the **Policy Period** excess of the **Underlying Limit**. Coverage hereunder shall attach only after the **Underlying Insurers** and/or, subject to paragraph (3) of this endorsement, the **Insureds**, shall have paid in legal currency the full amount of the **Underlying Limit** for such **Policy Period**. Coverage hereunder shall then apply in conformance with the terms and conditions of the **Primary Policy** as amended by any more restrictive terms and conditions of any other policy designated in Item 4(B) of the Declarations, except as otherwise provided herein.

- (3) Section 3, Depletion of Underlying Limit is deleted and replaced with the following:

In the event of exhaustion of the **Underlying Limit** by reason of the **Underlying Insurers** and/or the **Insureds**, paying in legal currency loss which, except for the amount thereof, would have been covered hereunder, this Policy shall continue in force as primary insurance, subject to its terms and conditions and any retention applicable to the **Primary Policy**, which retention shall be applied to any subsequent loss in the same manner as specified in the **Primary Policy**.

If the **Insureds** have for any reason (other than the financial impairment or insolvency of an **Underlying Insurer**) contributed to the payment of a loss which:

- (i) would otherwise be covered under this Policy;
- (ii) payment for such loss is sought under any **Underlying Insurance** together with this Policy; and

- (iii) such contribution to the payment of loss by the **Insureds** together with any payment by the **Underlying Insurers** exhausts the **Underlying Limit**, then the amount of the limit of liability of this Policy that would otherwise be available for payment of such loss shall, at a minimum, be reduced by the highest percentage by which the limit of any **Underlying Policy** was reduced as a result of such payment by the **Insureds**. However, the limit of liability of this Policy shall only be reduced by the amount paid by the Company for such loss unless otherwise agreed to by the **Insureds** and the Company.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

*Aspen Sreen*

\_\_\_\_\_  
Authorized Representative



ENDORSEMENT

Effective date of  
this endorsement: December 31, 2010

Company: Chubb Insurance Company of Canada

Endorsement No. 3

To be attached to and  
form a part of Policy No. 8209-4449

Issued to: SINO FOREST CORPORATION

---

It is agreed that section 12 of the policy, Policy Termination, is deleted in its entirety and replaced by the following:

---

**Policy Termination** 12. Notice of cancellation or non-renewal of the **Primary Policy** duly given by the primary insurer shall serve as notice of the cancellation or non-renewal of this policy by the Company.

The Company shall refund the unearned premium computed at customary short rates if the policy is terminated by the **Parent Organization**. Under any other circumstances the refund shall be computed pro rata.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.

*Asgeen Steen*

---

Authorized Representative

**ENDORSEMENT**

Effective date of  
this endorsement: December 31, 2010

Company: Chubb Insurance Company of Canada

Endorsement No. 4

To be attached to and  
form a part of Policy No. 8209-4449

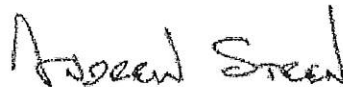
Issued to: SINO FOREST CORPORATION

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It is agreed that:

- (1) Section 4, Underlying Sublimits, of the Policy is amended to read in its entirety as follows:
  4. If any **Underlying Limit** is subject to a **Sublimit**:
    - a. coverage hereunder shall apply to any claim which is subject to such **Sublimit** and coverage hereunder shall attach only after the Insurers of the **Underlying Insurance** shall have paid in legal currency the full amount of the **Sublimit**, and
    - b. the **Underlying Limit** and the **Sublimit** shall be recognized hereunder as depleted to the extent of any payment of such claim subject to such **Sublimit**, and
    - c. the Company's maximum liability for loss shall in no event be greater than such **Sublimit**.
- (2) This Policy shall be deemed amended to the extent necessary to effect the purpose and intent of this endorsement.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.



---

Authorized Representative

ENDORSEMENT

Effective date of  
this endorsement: December 31, 2010

Company: Chubb Insurance Company of Canada

Endorsement No. 5

To be attached to and  
form a part of Policy No. 8209-4449

Issued to: SINO FOREST CORPORATION

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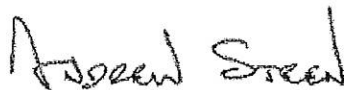
It is agreed that in granting coverage to any one of the **Insureds**, it is agreed by the **Parent Organization** and the **Insureds** that the Company has relied upon the statements, representations and information contained in:

- (a) the written application submitted to the Company for this policy;
- (b) each written and signed application for the **Underlying Insurance** or for any prior insurance of which the **Underlying Insurance** is a direct or indirect renewal or replacement, if such application contains a warranty or similar statement concerning the existence or non-existence of grounds for potential claims; and
- (c) the ACE INA Insurance Directors & Officers Application application form signed and dated July 13, 2001.

All of the materials described in (a), (b) and (c) above (collectively, the "Application Materials") shall be deemed attached to, incorporated into and made a part of this policy.

For the purpose of determining coverage under this Policy, any reference to applications, application materials or similar items in the **Underlying Insurance** shall be deemed amended to include Application Materials.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.



\_\_\_\_\_  
Authorized Representative



ENDORSEMENT

Effective date of  
this endorsement: December 31, 2011

Company: Chubb Insurance Company of Canada

Endorsement No. 7

To be attached to and  
form a part of Policy No. 8209-4449

Issued to: SINO FOREST CORPORATION

In consideration of the premium charged, it is agreed that:

(1) Item 5 of the Declarations is amended to read as follows:

ITEM 5. Policy Period:

From 12:01 a.m. on December 31, 2010

To 12:01 a.m. on December 31, 2012

(2) No coverage will be available under this Policy for loss in connection with any claim made against any of the **Insureds** based on, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged act, error, misstatement, misleading statement, omission or breach of duty by an **Insured** occurring or alleged to have occurred on or after December 31, 2011.

(3) Effective December 31, 2011:

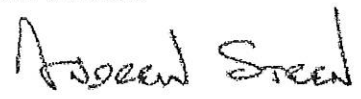
(a) Section 12 Policy Termination shall be deleted in its entirety;

(b) The Policy shall be deemed non-cancelable by the **Insured**; and

(c) The entire premium for this Policy shall be deemed fully-earned.

(4) The Company's limit of liability for all claims under this Policy, regardless of whether such claims are made prior to, on or after December 31, 2011, shall be the amount set forth in Item 3 of the Declarations.

ALL OTHER TERMS AND CONDITIONS REMAINED UNCHANGED.



Authorized Representative

**TAB 1C**

**THIS IS EXHIBIT "C" REFERRED TO IN  
THE AFFIDAVIT OF ELEXIS SOMMERVILLE  
SWORN BEFORE ME, THIS 16<sup>TH</sup>  
DAY OF APRIL, 2015.**

  
\_\_\_\_\_  
**A COMMISSIONER FOR TAKING AFFIDAVITS**

# CLYDE & CO

Clyde & Co Canada LLP

401 Bay Street  
Suite 2500, P.O. Box 25  
Toronto, Ontario  
M5H 2Y4

Tel.: (416) 366-4555  
Fax.: (416) 366-6110

www.clydeco.ca

Direct Line: 647-789-4808

E-mail: marymargaret.fox@clydeco.ca

April 14, 2015

**VIA E-MAIL**

Mr. Serge Kalloghlian  
Siskinds LLP  
Suite 302  
100 Lombard Street  
Toronto, Ontario  
M5C 1M3

Dear Mr. Kalloghlian

**Re: Sino-Forest Corporation – Motion by Chubb Insurance Company of Canada  
Returnable April 20, 2015  
Our File No. 1123674/001**

---

I acknowledge receipt of your e-mail of April 10, 2015 addressed to my colleague, Paul Emerson.

As I am sure you are aware, a similar request was made by your firm's co-counsel, Jonathan Ptak, of Koskie Minsky LLP, by letter dated February 15, 2013, copied to Rob Staley, counsel for Sino-Forest and certain individual Insureds.

On behalf of our clients, ACE and Chubb, I responded to that request by correspondence dated February 21, 2013. Mr. Staley did likewise in his letter of March 4, 2013.

Copies of that correspondence are attached.

For reasons expressed in those responses, your clients are not entitled to the information requested (other than, perhaps, to the Limits of Liability remaining, as to which see below).

As you will be aware from the materials filed in support of our motion returnable Monday, April 20, 2015, the first three layers of the Insurance Tower (as defined therein) have been exhausted. Travelers' Policy has now been triggered and is, we understand, responding to requests for payment of Defence Costs. I have no authority to speak for Travelers, which is represented by Gary Luftspring/Sam Sasso, both of whom were copied with your e-mail. I leave it to Gary and Sam as to whether Travelers is prepared to advise of the current erosion of the Travelers' Policy.



I would add that your April 10, 2015 request was also directed at the entire Insurance Tower. We act only for ACE and Chubb. In that regard, I would note that David Cherepecha of Davies Howe, counsel for Lloyd's, the second excess layer in the Insurance Tower, was not copied with your e-mail and I have done so here.

Since dictating the above, I have received your Responding Motion Record. Assuming it to have been filed in support of your April 10, 2015 request, our clients' response is as previously and herein advised. Our clients certainly do not accept that your firm, or any other firm acting for Plaintiffs against our clients' Insureds, has any status to (as your material seems to be doing) challenge or attack the judgment of, and decisions made by, defence counsel acting for the Insureds, or our clients' decisions concerning what should be accepted as constituting covered Loss. Our clients are well aware of their obligations – to Insureds and to excess insurers – not to unnecessarily deplete policy limits and have complied fully with those obligations.

Yours very truly,

CLYDE & CO



Mary Margaret Fox

MMF/es

cc: Paul Emerson  
Clyde & Co Canada LLP

Maria DiPietro  
ACE-INA Insurance

Paula Kargas  
Chubb Insurance Company of Canada

David Cherepecha  
Davies Howe

Daniel Bach / Dimitri Lascaris / Charles Wright  
Siskinds

Jonathan Ptak / Garth Myers / Kirk M. Baert  
Koskie Minsky LLP

Ken Rosenberg  
Paliare Roland

Gary Luftspring / Sam Sasso  
Ricketts Harris

Markus Koehnen  
McMillan LLP

William Pepall  
Lerners LLP

Edward Babin  
Babin Bessner Spry

Robert Staley  
Bennett Jones

Larry Lowenstein  
Oslers

Susan Friedman  
Davis LLP

Robert Reuter  
Reuter Scargall Bennett

Jason Beitchman  
Reuter Scargall Bennett

February 15, 2013

**Jonathan Ptak**  
Direct Dial: 416-595-2149  
Direct Fax: 416-204-2903  
jptak@kmlaw.ca

**VIA EMAIL**

Mary Margaret Fox  
Clyde & Company  
800-390 Bay Street  
Toronto, ON M5H 2Y2

*Lawyers for ACE INA Insurance and Chubb Insurance  
Company of Canada*

Dear Ms. Fox:

**Re: *The Trustees of The Labourers' Pension Fund of Central and  
Eastern Canada et al. v. Sino-Forest Corporation et al.***  
**Court File No.: CV-11-431153-00CP**  
**Our File No. 11/1100**

As counsel for ACE INA Insurance and Chubb Insurance Company of Canada, we understood you were the best person to direct this inquiry. It has been some time since we have had an update regarding the status of the insurance proceeds under the Sino-Forest insurance policies.<sup>1</sup>

Would you please advise of the following with respect to these insurance policies:

- 1. The amount of total insurance coverage remaining under all policies; and
  - (a) The amounts which have been paid in respect of defence costs to;
    - (i) which party; and
    - (ii) in respect of which proceeding (ie. OSC proceeding or CCAA proceeding or class action etc.)

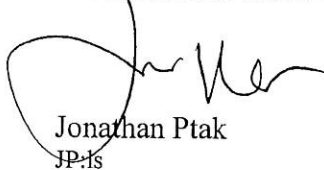
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<sup>1</sup> "insurance policies" means, collectively, the following insurance policies, as well as any other insurance policy pursuant to which SFC or any Director or Officer is insured: ACE INA Insurance Policy Number DO024464; Chubb Insurance Company of Canada Policy Number 8209-4449; Lloyds of London, England Policy Number XTFF0420; Lloyds of London, England Policy Number XTFF0373; and Travelers Guarantee Company of Canada Policy Number 10181108.

May we please hear from you by February 22, 2013. We thank you for your cooperation.

Yours truly,

**KOSKIE MINSKY LLP**

A handwritten signature in black ink, appearing to read 'Jonathan Ptak', written over a large, stylized circular flourish.

Jonathan Ptak

JP:ls

cc: Rob Staley – Bennett Jones LLP  
Dimitri Lascaris/Charles Wright - Siskinds

# CLYDE & CO

Clyde & Co Canada LLP

390 Bay Street  
Suite 800  
Toronto, Ontario  
M5H 2Y2

Tel.: (416) 366-4555  
Fax: (416) 366-6110

www.clydeco.ca

Direct Line: 647-789-4808

E-mail: MaryMargaret.Fox@clydeco.ca

February 21, 2013

**BY E-MAIL (jptak@kmlaw.ca)**

Mr. Jonathan Ptak  
Koskie & Minsky LLP  
Suite 900  
20 Queen Street West  
Toronto, Ontario  
M5H 3R3

Dear Mr. Ptak:

<b>Re:</b>	<b>Insured:</b>	<b>Sino-Forest Corporation</b>
	<b>ACE Policy No.:</b>	<b>DO024464</b>
	<b>Chubb Policy No:</b>	<b>8209-4449</b>
	<b>Claim No.:</b>	<b>C6010297023</b>
	<b>Matter:</b>	<b>Various</b>
	<b>Our File Name:</b>	<b>Sino-Forest Corp. et al ats Smith et al</b>
	<b>Our File No.:</b>	<b>1123674</b>

On behalf of our clients, ACE-INA Insurance ("ACE") and Chubb Insurance Company of Canada ("Chubb") I acknowledge receipt of your correspondence of February 15, 2013.

It is our clients' position that you (representing the Plaintiffs in Ontario Superior Court of Justice Action # CV-11-431153-00CP, (hereinafter the "Ontario Class Action") are not entitled to the information requested in that correspondence.

Our clients, as well as the other insurers of Sino-Forest identified in footnote 1 of your letter, produced copies of their respective insurance policies many months ago in anticipation of the Court-ordered mediation held in September, 2012. At that time as well, and for purposes of the mediation, you were provided with details with respect to our clients' coverage position(s) in relation to the Ontario Class Action and generally and, specifically, the possible limitations on that coverage. Finally, in the course of drafting the Plan of Arrangement ultimately put forward by Sino-Forest to its creditors and sanctioned by the Court, our clients and the other insurers involved agreed (section 2.4 of the Plan, Insurance) that their policies would be available to the

Plaintiffs in the Ontario Class Action notwithstanding the valuation of the equity claims in the Plan, subject to the terms of the Plan and the policies themselves.

It is our clients' position that they, as well as the other insurers involved, have provided at least as much information as they are required to provide under Rule 30.02 of the *Rules of Civil Procedure* and we must respectfully therefore refuse your request.

Yours very truly,

**CLYDE & CO**



per: Mary Margaret Fox

MMF/es

cc: Maria Di Pietro, CIP  
Director, Claims  
ACE INA Insurance

Robert Bradbury  
Specialty Claims Examiner  
Chubb Insurance Company of Canada

David Cherepacha  
Davies Howe Partners LLP

Gary Luftsprung / Sam Sasso  
Ricketts, Harris LLP

Robert Staley  
Bennett Jones

Peter Wardle  
Wardle Daley Bernstein LLP

Larry Lowenstein  
Osler Hoskin Harcourt LLP

Emily Cole  
Miller Thomson LLP

Susan Friedman  
Davis LLP

Robert W. Staley  
Direct Line: 416.777.4857  
e-mail: staleyr@bennettjones.com

March 4, 2013

**Sent By Email**

Jonathan Ptak  
Koskie Minsky LLP  
20 Queen Street West  
Suite 900, Box 52  
Toronto ON M5H 3R3

---

Dear Mr. Ptak:

**Re: Sino-Forest Corporation**  
**Court File No.: CV-11-431153-00CP**

We acknowledge receipt of your letter dated March 1, 2013.

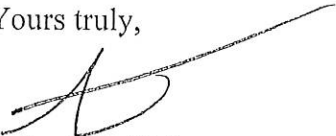
As you know, Rule 30.02 of the *Rules of Civil Procedure* allows a party to demand that another party disclose certain insurance information. Nowhere do the *Rules* contemplate a party making demands directly to the insurer for a party.

Approximately one year ago we provided you with copies of insurance policies that might respond to claims in the action. Under applicable case law, in addition to copies of the policies, in our view your clients are entitled to know the coverage limit remaining under the policies, which is currently approximately \$47.5 million.

March 4, 2013  
Page Two

Your clients are not entitled to details of insurance payments made to date under the policies, and that information will not be provided.

Yours truly,



Robert W. Staley

RWS/jm

- cc: Peter Wardle  
Larry Lowenstein  
Emily Cole  
Susan Friedman  
Markus Kochman  
Mary Margaret Fox  
Paul Emerson  
David Cherepacha  
Gary-Luftspring  
Sam Sasso  
Charles Wright  
Dimitri Lascaris  
Jonathan Bida  
Garth Myers  
Eric Hoaken  
Derek Bell  
Jonathan Bell



**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 OF SINO-FOREST CORPORATION**

**THE TRUSTEES OF THE LABOURER'S PENSION FUND OF  
CENTRAL AND EASTERN CANADA et al**  
Plaintiffs

v. **SINO-FOREST CORPORATION et al**  
Defendants

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act*, 1992

**AFFIDAVIT OF ELEXIS SOMMERVILLE  
(Sworn April 16, 2015)**

**CLYDE & CO CANADA LLP**

Lawyers / Avocats  
2500 - 401 Bay Street  
Toronto, Ontario  
M5H 2Y4

**Mary Margaret Fox**  
(LSUC #20591V)  
**Paul Emerson**  
(LSUC #45647R)

Telephone: (416) 366-4555  
Facsimile: (416) 366-6110

Lawyers for the Applicant,  
The Chubb Insurance Company of Canada

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. c-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SINO-FOREST CORPORATION**

**THE TRUSTEES OF THE LABOURER'S PENSION FUND OF  
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Plaintiffs

v. **SINO-FOREST CORPORATION et al**  
Defendants

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act*, 1992

**SUPPLEMENTARY MOTION RECORD  
(Motion Returnable April 20, 2015)**

**CLYDE & CO CANADA LLP**

Lawyers / Avocats  
Suite 2500  
401 Bay Street  
Toronto, Ontario  
M5H 2Y4

**Mary Margaret Fox**  
(LSUC #20591V)  
**Paul Emerson**  
(LSUC #45647R)

Telephone: (416) 366-4555  
Facsimile: (416) 366-6110

Lawyers for the Applicant,  
The Chubb Insurance Company of Canada