

Action No: 0901-03296

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

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

AND IN THE MATTER OF **BUDGET WASTE INC.**

**TENTH REPORT OF THE MONITOR
HARDIE & KELLY INC.
FEBRUARY 3, 2010**

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INTRODUCTION

1. On March 4, 2009, Budget Waste Inc. (“BWI” or the “Company”) made application for and obtained protection from its creditors under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the “CCAA”) pursuant to an order (the “Initial Order”) of the Court of Queen’s Bench of Alberta (the “Court”).
2. Pursuant to the Initial Order, Hardie & Kelly Inc. was appointed as monitor (the “Monitor”) of BWI.
3. On December 23, 2009 the Monitor prepared a report to this Honourable Court (the Ninth Report) to provide a review of the Company’s Restructuring Plan and provide a recommendation with respect to its request for a further extension to the stay of proceedings.
4. The purpose of this tenth report (the “Tenth Report”) is to provide an update to this Honourable Court with respect to the following:
 - a. The Company’s restructuring plan and amendments thereto;
 - b. The creditors’ meeting held to consider the restructuring plan; and
 - c. The Company’s request for an Order approving the Company’s restructuring plan and the Monitor’s recommendation with respect thereto.

TERMS OF REFERENCE

5. In preparing this Tenth Report, the Monitor has relied upon unaudited financial information, records of the Company and discussions with the Company’s management (“Management”). The Monitor has not performed an audit, review or other verification of such information.

RESTRUCTURING PLAN

6. The Company had filed a Plan of Arrangement (the “First Plan”) which is attached as Exhibit “A” to the affidavit of Jim Can filed December 17, 2009.

7. After appearing before this Honourable Court on December 18, 2009, and after reading the Reasons for Judgment of the Honourable Justice LoVecchio with respect to the Company's application to deal with disclaimed leases on November 26, 2009, the Company filed a revised Plan of Arrangement (the "Plan") which is attached as Exhibit A to the affidavit of Jim Can filed December 22, 2009.
8. Pursuant to the direction of this Court in its Order of December 23, 2009, the Monitor mailed on January 8, 2010 a copy of the Plan (amended to reflect the comments of the Court with respect to the offering of shares in the Company's parent, BWIH), notice of meeting, voting letter and proxy to all creditors affected by the Plan. The Monitor also mailed a letter to creditors explaining the Court's concerns with respect to the share offering along with a copy of the Ninth report of the Monitor. Copies were posted on the Monitor's website. A copy of the material mailed to creditors is attached as Appendix A to this report.
9. On January 18, 2010, the Company presented the Monitor with an amended plan of arrangement (the "Amended Plan"). The Amended Plan varied from the Plan in that the share offering had been withdrawn, and the proposed cash payments to the Unaffected Creditors were adjusted to reflect the adjustments to cash inflows as a result of the change in the timing of auctions for the sale of bins and an adjustment to cash outflows to expedite payments to the DIP financier.
10. The Amended Plan together with amended cash flows, an amended proxy and voting letter, and a letter of explanation from the Monitor was mailed to creditors on January 18, 2010 and posted on the Monitor's website. A copy of the mailing is attached as Appendix B.

CREDITORS' MEETING

11. A meeting of creditors to consider the Company's Plan, together with all amendments thereto was held on January 29, 2010 at 10:00 AM at the Blackfoot Inn in Calgary (the "Creditors' Meeting")

12. A representative of the Monitor, Mr. Ron Hardie, acted as Chairman (the "Chair") of the meeting. The Monitor was accompanied by its counsel, Ms Bourassa.
13. The Company was represented at the meeting by Mr. Can and Mr. Jovanovic who were also accompanied by Company counsel, Mr. Hanley.
14. Upon calling the meeting to order the Chair advised that the Company wished to make one further amendment to their plan and invited the Company to table their amendment and explain its effect on the Amended Plan.
15. The amendment changed Paragraph 4.2 of the Amended Plan such that the amount of any excess funds that may arise from the sale of 12 yard bins and be made available for distribution to unsecured creditors was increased from 50% to 66 and 2/3 percent. A copy of the Amendment to Amended Plan of Arrangement is attached as Appendix C.
16. The Chair then summarized the Company's Plan including all amendments thereto (the "Final Plan").
17. After a short question period a vote on the Final Plan was called. The Chair advised that the Monitor held both proxies and voting letters and would be voting those proxies and voting letters as instructed by the respective creditors.
18. After tabulation of the votes the results were announced as follows:

	<u>Number of Votes</u>	<u>%</u>	<u>Dollar Value</u>	<u>%</u>
For	85	97.7	\$1,055,655.25	98.5
Against	2	2.3	16,064.79	1.5
TOTAL	87	100.0	\$1,071,720.04	100.0

19. As the statutory voting requirements had been met the Chair declared the Final Plan approved.
20. A copy of the minutes of the meeting, together with an attendance list is attached as Appendix D.

RECOMMENDATIONS

21. The unsecured creditors have approved the Final Plan at the Creditors' Meeting by the required majority.
22. Implementation of the Final Plan requires both the approval of this Honourable Court and compliance with certain Conditions Precedent as outlined in the Final Plan.
23. The Monitor has reminded the Company of the need to meet the Conditions Precedent and provide evidence of same to the Court. As of the date of this report, the Monitor has not been provided with evidence that the Conditions Precedent have been met.
24. The Monitor is supportive of the Final Plan and recommends that the Court approve the Final Plan, subject to the Company providing evidence satisfactory to the Court that the Conditions Precedent as set out in Article 6.1 to the Final Plan have been satisfied on or before the Plan Implementation Date.

All of which is respectfully submitted this 3rd day of February, 2010.

Hardie & Kelly Inc., in its capacity
as Monitor of Budget Waste Inc.
and not in its personal capacity

Per: 

A. Ronald Hardie, CA•CIRP
President