

CANADA

SUPERIOR COURT  
(Commercial Division)

PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. c. C-36, as amended, and the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended)

NO.: 500-11-052101-173

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IN THE MATTER OF THE PLAN OF  
COMPROMISE, ARRANGEMENT AND  
REORGANIZATION OF:

**ALLIANCE HANGER INC.**

**Debtor**

-and-

**ERA GROUP INC.**

**Applicant**

-and-

**KPMG INC.**

**Monitor**

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**RE-AMENDED PLAN OF COMPROMISE, ARRANGEMENT AND  
REORGANIZATION**

under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended  
and  
the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended

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## 1. INTERPRETATION

### 1.1. Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

**“Administration Charge”** has the meaning ascribed to such term in the Initial Order;

**“Administration Claim”** means a claim or any other indebtedness or obligation secured by the Administration Charge;

**“Affected Claim Amounts”** has the meaning set forth in the Claims Procedure Order and **“Affected Claim Amount”** means any of them;

**“Affected Claims”** means the following Claims totalling \$3,900,000 owing by the Debtor to the following Creditors (which are deemed Proven Claims hereunder), none of whom are related to the Debtor within the meanings of Sections 2(2) and 22(3) CCAA, namely:

- (i) \$950,000 owing by the Debtor to the Applicant as a result of the “Asset Purchase Agreement” executed between the Debtor and the Applicant on January 1, 2014;
- (ii) \$950,000 owing by the Debtor to Polinex as a result of the “Asset Purchase Agreement” executed between the Debtor and the Polinex on January 1, 2014;
- (iii) an additional \$100,000 owing by the Debtor to the Applicant as a result of such amount having been loaned and advanced by the Applicant to the Debtor;
- (iv) an aggregate of \$1,550,000 owing by the Debtor to Shapiro General Partnership as a result of such aggregate amount having been loaned and advanced by Shapiro General Partnership to the Debtor;
- (v) an aggregate of \$100,000 owing by the Debtor to 3903460 Canada Inc. as a result of such aggregate amount having been loaned and advanced by 3903460 Canada Inc. to the Debtor; and
- (vi) an aggregate of \$250,000 owing by the Debtor to 4511531 Canada Inc. as a result of such aggregate amount having been loaned and advanced by 4511531 Canada Inc. to the Debtor,

and any amounts in excess of the above which may become Proven Claims of any of the above enumerated Persons, and "**Affected Claim**" means any of them;

"**Affected Creditor**" means a Creditor holding an Affected Claim, but only to the extent of its Affected Claim and "**Affected Creditors**" means all of them;

"**Affected Creditors Class**" has the meaning set forth in **Section 2.2** hereof;

"**Aggregate Distribution**" has the meaning set forth in **Section 2.4** hereof;

"**Articles of Reorganization**" means the "Articles of Reorganization" as envisaged by s. 191 *CBCA*, giving effect to the Equity Restructuring, as annexed hereto as Annex 1 forming part hereof, together with such further modifications thereto as (i) the Company may make at any time prior to the Sanction Order or (ii) the Court may make in the Sanction Order or any other Order. The Articles of Reorganization shall form part of the Equity Restructuring;

"**Available New Shares**" has the meaning set forth in **Section 8.3** hereof;

"**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended;

"**Business Day**" means a day, other than a Saturday, a Sunday, or a "holiday" (as defined in article 61 of the *Interpretation Act*, CQLR, c I-16);

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"**CCAA Charge(s)**" means the Administration Charge and the Interim Lender Charge;

"**CCAA Proceedings**" means proceedings in respect of the Company before the Court commenced, taken up and continued under the CCAA;

"**Certificate of Implementation**" has the meaning set forth in **Section 9.3** hereof;

"**Certificate of Performance**" has the meaning set forth in **Section 6.1** hereof;

**“Certificate of Non-Implementation”** has the meaning set forth in **Section 9.4** hereof;

**“Chair”** means a representative of the Monitor, or any other individual designated by the Monitor to preside as chairperson at the Creditors’ Meeting;

**“Claim”** means any right of any Person against the Company in connection with any indebtedness, liability or obligation of any kind of the Company owed to such Person and any interest, or penalties accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing, or transactions which occurred, prior to the Determination Date, or which would have been a claim provable in bankruptcy had the Company become bankrupt on the Determination Date;

**“Claims Bar Date”** has the meaning as set forth in the Claims Procedure Order;

**“Claims Procedure Order”** means the “Claims Procedure Order” issued by the Court on February 16, 2017, establishing, among other things, procedures for proving Claims, as amended or supplemented from time to time by further Order(s) of the Court;

**“Company”** or **“Debtor”** means Alliance Hanger Inc. (formerly “Polinex ERA Inc.”);

**“Court”** means the Commercial Division of the Quebec Superior Court for the District of Montreal, sitting as the “court” designated pursuant to the CCAA and the CBCA;

**“Creditor”** means any Person having a Claim and may, where the context requires, include the assignee thereof or a trustee, interim receiver, receiver, receiver and manager, or other Person acting on behalf of such Person and **“Creditors”** means all of them;

**“Creditors’ Meeting”** means the meeting of Affected Creditors to be convened for the purposes of voting on the Plan, or any adjournment of such meeting;



“**Crown**” means the Majesty the Queen in right of Canada or any province or territory thereof;

“**Crown Priority Claims**” means any Claims of the Crown of Canada as described in Section 6(3) or Section 38(2) of the CCAA;

“**Defaulting Existing Shareholder(s)**” has the meaning as set forth in **Section 8.3(a)**;

“**Determination Date**” means February 16, 2017, being the date on which the Company commenced the CCAA Proceedings;

“**Disallowed Claim**” means any Claim of an Affected Creditor in excess of such Affected Creditor’s Affected Claim Amount, or that portion of such excess which has been revised or disallowed by the Monitor pursuant to the Claims Procedure Order or any other Order in respect of which an appeal by the Creditor has been dismissed or all appeal periods, if any, have expired;

“**Disputed Claim**” means any Claim of an Affected Creditor in excess of such Affected Creditor’s Affected Claim Amount or that portion of such excess that is the object of a Notice of Revision or Disallowance and, in either case, has not become a Proven Claim or a Disallowed Claim;

“**Equity Restructuring**” has the meaning set forth in **Section 8.2** hereof;

“**ERA**” or the “**Applicant**” means ERA Group Inc.;

“**Excluded Claim**” means any right of any person against the Company in connection with any indebtedness, liability or obligation of any kind which arose with respect to transactions which occurred after the Determination Date and any interest thereon, including the Administration Claim, the Interim Financing Claim and any obligation of the Company towards Creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Company after the Determination Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds after the Determination Date;

“**Excluded Creditor**” means a Person having a claim in respect of an Excluded Claim but only in respect of such Excluded Claim;

“**Existing Articles**” means the Company’s existing Articles of Incorporation and all amendments thereto pursuant to the relevant provisions of the *CBCA*;



**“Existing Directors”** means all of the Company’s present directors;

**“Existing Common Shareholders”** means 9170-9402 Quebec Inc., 6187820 Canada Inc., Gestion Marc Tremblay Inc., Edward Reichman or any other Persons who own and hold Existing Common Shares and **“Existing Common Shareholder”** means any of them;

**“Existing Common Shares”** means all issued and outstanding Class “A” Common Shares (as described in the Existing Articles) in the Company’s capital stock including, without limitation, all Class “A” Common shares owned and held by the Existing Common Shareholders;

**“Existing Preferred Shareholders”** means ERA, Polinex or any other Persons who own and hold Existing Preferred Shares and **“Existing Preferred Shareholder”** means any of them;

**“Existing Preferred Shares”** means all issued and outstanding (i) Class “F” Preferred Shares (as described in the Existing Articles) in the Company’s capital stock including, without limitation, all Class “F” Preferred Shares held and owned by Polinex, ERA or any other Person, and (ii) all other shares (of any class or category) other than the Existing Common Shares owned and held by any Person whatsoever;

**“Existing Shares”** means the Existing Common Shares and the Existing Preferred Shares;

**“Existing Shareholders”** means the Existing Common Shareholders and the Existing Preferred Shareholders and **“Existing Shareholder”** means any of them;

**“First Released Parties”** has the meaning as set forth in **Section 6.2** hereof;

**“Governmental Authority”** means any (i) multinational, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign, (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

**“Initial Order”** means the “Initial Order” issued by the Court on February 16, 2017, as renewed and amended by the Court from time to time, under the CCAA;

**“Interim Financing Claim”** means any and all obligations of the Company to the Interim Lender pursuant to the Interim Financing Documents or the Initial Order as of or after the Plan Implementation Date;

**“Interim Financing Documents”** means the “DIP Loan Term Sheet” dated February 10, 2017 by and among the Company and the Interim Lender (as amended, modified, restated and/or supplemented from time to time) together with any related collateral, loan or security documents executed in connection therewith or which relate thereto;

**“Interim Lender”** has the definition of “DIP Lender” set forth in the Initial Order;

**“Interim Lender Charge”** has the definition of “DIP Lender Charge” set forth in the Initial Order;

**“Laws”** means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, injunctions, orders or decisions of any Governmental Authority, statutory body or self-regulatory authority, including general principles of law having the force of law and the term **“applicable”** with respect to such Laws and, in the context that refers to any Person, means such Laws as are applicable to such Person or its business, undertaking, property or securities and emanate from a Governmental Authority or self-regulatory authority having jurisdiction over the Person or its business, undertaking, property or securities;

**“Meeting Date”** means the date fixed for the Creditors’ Meeting in accordance with the Meeting Procedure Order, or any subsequent Order, or any subsequent date following any adjournment of that meeting, as the case may be;

**“Meeting Procedure Order”** means the “Meeting Procedure Order” issued by the Court in the CCAA Proceedings, as renewed and amended by the Court from time to time, under the CCAA;

**“Monitor”** means KPMG Inc., in its capacity as Monitor, as appointed by the Court pursuant to the Initial Order;

**“New Equity Investment”** has the meaning as set forth in **Section 8.3** hereof;

**“New Redeemable Shares”** means a new single class of shares in the Company’s capital stock to be created and authorized by the Articles of Reorganization which:

- do not entitle the holders thereof to vote at any meetings of shareholders of the Company;
- do not entitle the holders thereof to participate in any equity or property of the Company;
- do not entitle the holders thereof to receive any portion whatsoever of the Company’s remaining property upon the Company’s dissolution; and
- are redeemable by the Company at any time for the redemption price of one-hundredth of one cent (\$0.0001) for each New Redeemable Share upon simple written notice by the Company to the holders thereof and payment in full of such redemption price,

all in accordance with the provisions of the Articles of Reorganization;

**“New Common Shares”** means a new single class of shares in the Company’s capital stock to be created and authorized by the Articles of Reorganization, which:

- entitle the holders thereof to vote at all meetings of shareholders of the Company,
- entitle the holders thereof to fully participate in the Company’s equity and property and to receive all of the remaining property of the Company upon its dissolution,

all in accordance with the provisions of the Articles of Reorganization;

**“Notice of Revision or Disallowance”** has the meaning as set forth in the Claims Procedure Order;

**“Order”** means any order of the Court in the CCAA Proceedings and includes the Initial Order, the Claims Procedure Order and the Meeting Procedure Order;

**“Original Currency”** has the meaning as set forth in **Section 7.7** hereof;

**“Payment Date”** has the meaning as set forth in **Section 2.4** hereof;



**“Person”** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, trustee, executor, administrator, legal personal representative, estate, unincorporated organization, joint venture, governmental body or agency, or any other entity;

**“Plan”** means the present “Re-Amended Plan of Compromise, Arrangement and Reorganization” of the Company pursuant to the provisions of the CCAA, as may be amended, varied or supplemented by the Company from time to time in accordance with the provisions hereof;

**“Plan Implementation Conditions”** has the meaning set forth in **Section 9.1** hereof;

**“Plan Implementation Date”** means the date, on or prior to the Plan Implementation Deadline, upon which all of the Plan Implementation Conditions have occurred or have been waived;

**“Plan Implementation Deadline”** means 5:00 P.M. (Montreal time) on the 45<sup>th</sup> day following the date on which the Plan is approved by Resolution enacted by the Required Majorities or such later date **(i)** as may be agreed to in writing by the Applicant and the Monitor, or **(ii)** as may be ordered by the Court;

**“Plan Sponsors”** means 9170-9402 Québec Inc. and 6187820 Canada Inc.;

**“Polinex”** means Polinex Plastics Inc. and Raymond Chabot Inc., in its capacity as trustee to its bankruptcy;

**“Proof of Claim”** has the meaning set forth in the Claims Procedure Order;

**“Proportion”** for each of the respective Existing Shareholders means:

- |                              |       |
|------------------------------|-------|
| • 9170-9402 Quebec Inc.      | 23.7% |
| • 6187820 Canada Inc.        | 23.7% |
| • Edward Reichman            | 18.3% |
| • ERA                        | 13.5% |
| • Polinex                    | 13.5% |
| • Gestion Marc Tremblay Inc. | 7.3%, |

and **“Proportions”** means all of them;



“**Proven Claim**” means, in respect of each Affected Creditor:

- (i) the amount of such Affected Creditor’s Affected Claim Amount, without any necessity of such Affected Creditor to file a Proof of Claim in respect of such Affected Claim Amount; and
- (ii) the amount of any Claim of such Affected Creditor in excess of such Affected Creditor’s Affected Claim Amount forming the object of a Proof of Claim as finally determined for distribution purposes in accordance with the provisions of this Plan, the CCAA and the Claims Procedure Order,

and “**Proven Claims**” means all of them;

“**Related Persons**” has the meaning set forth in Section 4 of the *BIA*;

“**Required Majorities**” means the affirmative vote of a majority in number of the Affected Creditors voting in the Affected Creditors Class, having Voting Claims and voting on the Plan (in person or by proxy) at the Creditors’ Meeting and representing not less than 66-2/3% in value of the Voting Claims of the Affected Creditors voting (in person or by proxy) at the Creditors’ Meeting;

“**Reserve(s)**” means the reserve(s) to be established and maintained under this Plan by the Monitor by holding, on account of Disputed Claims, an amount equal to the aggregate amount that the holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims as of any Payment Date;

“**Resolution**” means, collectively, one or any of, the resolutions providing for the approval of the Plan by the Affected Creditors;

“**Sanction Date**” means the date of the Sanction Order;

“**Sanction Order**” has the meaning set forth in **Section 9.1(b)** hereof;

“**Second Released Party**” and “**Second Released Parties**” have the meanings as set forth in **Section 6.3** hereof;

“**Section 6(5) Claim**” means any claim of an employee or former employee described in Section 6(5) of the CCAA but only to the extent of such amounts as required to be paid under the CCAA;

“**Section 19(2) Claims**” means any claim described in Section 19(2) of the CCAA;

**“Subscription Letter”** means the “Subscription Letter” offering to subscribe for and purchase New Common Shares in form and substance as annexed hereto as Annex 2 forming part hereof;

**“Taxes”** means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including **(i)** any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, or premium tax, **(ii)** all withholdings on amounts paid to or by the relevant Person, **(iii)** all employment insurance premiums, Canada, Quebec and any other pension plan contributions or premiums, **(iv)** any fine, penalty, interest, or addition to tax, **(v)** any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and **(vi)** any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law;

**“Unaffected Claim(s)”** means any right of any Person in connection with any indebtedness, liability or obligation of any kind of the type described in **Section 2.3** hereof. For greater certainty, the Unaffected Claims include the Excluded Claims;

**“Unaffected Creditor”** means a Person having a Claim in respect of an Unaffected Claim, but only in respect of such Unaffected Claim, and for greater certainty, includes an Excluded Creditor;

**“Voting Claim”** means, in respect of each Affected Creditor:

- (i)** the amount of such Affected Creditor’s Affected Claim Amount, without any necessity of such Affected Creditor to file a Proof of Claim in respect of such Affected Claim Amount; and
- (ii)** any Claim of such Affected Creditor in excess of such Affected Creditor’s Affected Claim Amount forming the object of a Proof of Claim which has been accepted for voting purposes in accordance with the provisions of this Plan, the Claims Procedure Order and the CCAA,

and “**Voting Claims**” means all of them;

## **1.2. Interpretation**

For purposes of this Plan:

- (a) any reference in this Plan to a contract, instrument, release, indenture, agreement or other document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified or supplemented;
- (c) all references to currency and to “\$”, “C\$” or “Dollars” are to Canadian dollars except as otherwise indicated;
- (d) all references in this Plan to Sections are references to Sections of this Plan;
- (e) unless otherwise specified, the words “hereof”, “herein” and “hereto” refer to this Plan in its entirety rather than to any particular portion of this Plan;
- (f) the division of this Plan into Sections and paragraphs and the insertion of captions and headings to Sections and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa and a word or words importing one gender shall include all genders;
- (h) the words “includes” and “including” are not limiting; and
- (i) the word “or” is not exclusive.

## **1.3. Date For Any Action**

In the event that any date (including any Payment Date) on which any action (including any payment) is required to be taken under this Plan by any of the parties is not a Business Day, that action (including any payment) shall be required to be taken on the next succeeding day which is a Business Day.



#### 1.4. Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations.

## 2. COMPROMISE AND ARRANGEMENT

### 2.1. Purpose of this Plan

The purpose of this Plan is to:

- (a) provide for the full and final settlement of all Affected Claims; and
- (b) implement the Equity Restructuring.

This Plan shall be binding upon and enure to the benefit of the Company, the Affected Creditors, the Existing Shareholders, the Existing Preferred Shareholders, the Existing Directors, the First Released Parties, the Second Released Parties or any trustee, agent, representative or any other Person acting on any of their behalves.

### 2.2. Persons Affected by this Plan

This Plan shall affect the following Persons, namely:

- (a) in respect of the full and final settlement of all Affected Claims, this Plan shall affect all of the Affected Creditors, all of which Affected Creditors shall be in one class of creditors (the “**Affected Creditors Class**”) for the purpose of voting on and receiving distributions pursuant to this Plan. As opposed to the Company’s other ordinary creditors, the Affected Creditors, forming part of the Affected Creditors Class, are all either shareholders of the Company or Related Persons to some of the shareholders of the Company. For greater certainty, none of the Affected Creditors are Related Persons to the Company;
- (b) in respect of the Equity Restructuring, this Plan shall affect the Existing Shareholders and the Existing Directors.

### 2.3. Unaffected Claims

This Plan does not affect any Claims whatsoever other than the Affected Claims, all of which other Claims (collectively, the “**Unaffected Claims**”), shall not be



settled, compromised, released or affected, in any manner whatsoever, by this Plan. For greater certainty, Unaffected Claims include:

- (a) the Excluded Claims;
- (b) the Administration Claim;
- (c) the Interim Financing Claim;
- (d) Crown Priority Claims;
- (e) Section 6(5) Claims;
- (f) Section 19(2) Claims;
- (g) any Claims owed to the Toronto-Dominion Bank, Roynat Inc. or Business Development Bank of Canada;
- (h) any Claims owed to any Creditors whatsoever (including, without limitation, landlords, equipment lessors, trade creditors, employees or the Crown) other than Affected Claims; and
- (i) any Claims other than the Affected Claims owed to any of the Affected Creditors.

#### **2.4. Treatment of Affected Claims**

No later than 25 days following the Sanction Date (“**Payment Date**”), the aggregate sum of \$10,000 (the “**Aggregate Distribution**”), without any interest whatsoever thereon, shall be paid by the Company to the Monitor and shall thereafter be distributed by the Monitor to the Affected Creditors, according to the amount of their respective Proven Claims. The Payment Date may be extended by the Company with the consent of the Monitor, by an additional period not exceeding 60 days.

#### **2.5. Settlement of Affected Claims**

The payment of the entire Aggregate Distribution to the Monitor as set forth in **Section 2.4** hereof shall constitute a full and final payment, reduction, settlement and transaction (as envisaged by the relevant provisions of the *Civil Code of Quebec*) of all of the Affected Claims of all of the Affected Creditors and engage the releases and other provisions set forth in this Plan.

**2.6. No Acknowledgment or Admission**

Nothing contained in this Plan shall constitute, under any circumstances whatsoever, an acknowledgment or admission by the Company as to the existence or validity of any Claims.

**3. TREATMENT OF OTHER CLAIMS AND MATTERS****3.1. Treatment of the Interim Financing Claim**

On the earlier of:

- (a) the date on which the Interim Financing Claim becomes payable pursuant to the provisions of the Interim Financing Documents; or
- (b) the Business Day following the Company's receipt of the full New Equity Investment,

the Interim Lender shall receive full payment of any remaining Interim Financing Claim.

**3.2. Treatment of Excluded Claims and Unaffected Claims**

All Excluded Claims (other than the Administration Claim and the Interim Financing Claim) and all Unaffected Claims will remain in full force and effect in accordance with their terms after the Plan Implementation Date, and will have been or will be paid in full by the Company in the normal course of its business as and when they become due.

**3.3. Treatment of Administration Claims**

All Administration Claims, if any, will have been paid or will be paid in full by the Company as and when they become due, and any remaining balance will be settled as soon as practicable after the Plan Implementation Date.

**3.4. Treatment of Certain Crown Priority Claims**

All Crown Priority Claims described in Section 6(3) of the CCAA, if any, will be paid in full by the Company within 6 months immediately following the Sanction Date.

**3.5. Treatment of Section 6(5) Claims**

All Section 6(5) Claims, if any, will have been paid or will be paid in such amounts as required under the CCAA immediately after the Sanction Date.

**3.6. Treatment of Section 19(2) Claims**

All Section 19(2) Claims, if any, will have been paid or will be paid by the Company as and when they become due, unaffected by this Plan.

**4. VALUATION OF CLAIMS, CREDITORS' MEETING AND RELATED MATTERS****4.1. Conversion of Affected Claims into Canadian Currency**

For the purposes of determining the value of Affected Claims denominated in currencies other than Canadian dollars for voting purposes, such Affected Claims shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Determination Date.

**4.2. Affected Claims**

Affected Creditors having Voting Claims shall be entitled to vote such Voting Claims in respect of the Plan. Affected Creditors having Proven Claims shall be entitled to receive distributions under the Plan in respect of such Proven Claims.

**4.3. Creditors' Meeting**

The Creditors' Meeting shall be held in accordance with this Plan, the Meeting Procedure Order, and any further Order which may be made from time to time for the purposes of considering and voting on the Resolution or other matters to be considered at the Creditors' Meeting.

**4.4. Approval by Affected Creditors**

The Company will seek approval of the Plan by the affirmative vote of the Required Majorities. The Resolution to be voted on at the Creditors' Meeting will be decided by the Required Majorities on a vote as set forth in the Meeting Procedure Order. The result of any vote will be binding on all Affected Creditors, whether or not any such Affected Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.



#### **4.5. Amendment of Proofs of Claim**

Any Affected Creditor who filed its Proof of Claim for amounts in excess of its Affected Claim Amount prior to the Claims Bar Date or who has been permitted to file a late claim for amounts in excess of its Affected Claim Amount pursuant to an Order, shall be entitled to amend such Proof of Claim for such excess amount in order for such Proof of Claim for such excess amount to conform to the provisions of this Plan. For greater certainty, the foregoing shall not affect the Affected Claim Amount of any Affected Creditors (deemed admitted as a Proven Claim and a Voting Claim pursuant to the Claims Process Order and the Plan).

#### **4.6. Claims Bar Date**

Subject to the provisions of **Section 4.5** hereof, if an Affected Creditor holding a Claim in excess of such Affected Creditor's Affected Claim Amount has failed to file a Proof of Claim for such excess amount prior to the Claims Bar Date and has not been permitted to file a late Claim pursuant to an Order, that Affected Creditor, in respect only of its Claim in excess of its Affected Claim Amount, shall be barred from voting such excess Claim at the Creditors' Meeting, shall have no right to receive any distributions in respect thereof, shall be deemed to have released the Company in respect of such excess Claim and **Sections 6.2** and **6.3** of this Plan shall apply thereto. Notwithstanding the foregoing, each Affected Creditor in accordance with the Claims Procedure Order is deemed, for all purposes of the Plan, to have both a Voting Claim and a Proven Claim in the amount of each such Affected Creditor's Affected Claim Amount as defined and set forth in the Claims Procedure Order).

### **5. PROCEDURE FOR RESOLVING DISTRIBUTIONS IN RESPECT OF DISPUTED CLAIMS**

#### **5.1. No Distributions Pending Allowance**

Notwithstanding any other provision of this Plan, no distributions of the Aggregate Distribution hereunder shall be made by the Monitor with respect to a Disputed Claim unless and until it has become a Proven Claim. Disputed Claims shall be dealt with in accordance with the Claims Procedure Order and this Plan.

#### **5.2. Distribution From Reserve Once Disputed Claims Resolved**

The Monitor shall make allocations from the Reserve to holders of Disputed Claims following the Payment Date in accordance with this Plan. To the extent that Disputed Claims become Proven Claims after the Payment Date, the Monitor



shall, from time to time at its sole discretion, distribute from the Reserve to the holders of such Proven Claims, the amount which they would have been entitled to receive in respect of such Proven Claims had such Claims been Proven Claims on any relevant Payment Date. To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim, then the Monitor shall, at any time which it deems appropriate in the circumstances, distribute, to the holders of Proven Claims, their *pro rata* share from the Reserve of such additional amount kept in the Reserve on account of any such Disallowed Claim.

## 6. EFFECT OF THE PLAN AND RELEASES

### 6.1. Effect of the Plan

Upon:

- (a) the Aggregate Distribution being fully remitted to the Monitor, all Affected Claims shall be deemed to be fully and finally settled, compromised, released and transacted (as envisaged by the relevant provisions of the *Civil Code of Quebec*), subject only to an Affected Creditor's right to receive distributions under this Plan; and
- (b) the Monitor's reception of the full New Equity Investment and Subscription Letters for all of the New Common Shares, the Equity Restructuring shall be deemed to have fully and finally occurred and be binding upon all Persons including, without limitation, the Existing Shareholders and the Existing Directors,

the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Performance**").

### 6.2. Releases upon Implementation

Upon the implementation of this Plan on the Plan Implementation Date, each of:

- (a) the Monitor and its legal counsel in the CCAA Proceedings;
- (b) the Applicant and its legal counsel in the CCAA Proceedings; and
- (c) the Interim Lender and its legal counsel,

(collectively the "**First Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses,

executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with the business and affairs of the Company, this Plan and the CCAA Proceedings, and all claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by law.

### **6.3. Releases after Performance**

Upon the Monitor's issuance and filing with the Court of the Certificate of Performance, each of:

- (a) the Company;
- (b) all Existing Shareholders who have subscribed for and purchased New Common Shares and all Related Persons to any of them; and
- (c) the Interim Lender and all Related Persons to any of them,

(each a "**Second Released Party**" and collectively the "**Second Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person (other than Edward Reichman but including any other Second Released Party), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Company, this Plan and the CCAA Proceedings, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Company's obligations under the Plan or any related document), all to the full extent permitted by law.

**6.4. Exception to Releases**

Nothing set forth in **Sections 6.2** and **6.3** hereof shall:

- (a) release or discharge the Company or any other Person from an Unaffected Claim;
- (b) release or discharge the Company from or in respect of its obligations under this Plan;
- (c) release or discharge the Existing Directors with respect to matters set out in Section 5.1 (2) of the CCAA; or
- (d) release or discharge any Person (whether or not an Existing Director, officer or employee of the Company) other than the Company from any obligations arising from any guarantee furnished by such Person to and in favour of any Affected Creditor or any Unaffected Creditor.

**6.5. Set-Off Rights**

Notwithstanding the releases set forth under the Plan, in general, and **Sections 6.1, 6.2** and **6.3** hereof, in particular, all Claims shall remain subject to any rights of set-off that otherwise would be available to the Person against whom a Claim is asserted.

**6.6. Injunction Related to Releases**

The Sanction Order will enjoin the prosecution by or on behalf of any Person, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to this Plan.

**6.7. Waiver of Defaults**

From and after the Plan Implementation Date, all Persons shall be deemed to have waived any and all defaults or occurrences of the Company then existing or previously committed by the Company, caused by the Company or arising, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Company arising from the Company's insolvency, the Company's filing a notice of intention to make a proposal under



the *BIA*, the filing by the Company under the *CCAA* or the transactions contemplated by this Plan or otherwise, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

**6.8. Stay of Proceedings**

The stay of proceedings set forth and ordered in the Initial Order (except to the extent modified by any other Order) in respect of the Company, the Directors and all other “Stayed Parties” (as defined in the Initial Order) shall be and remain in full force and effect up until and including such date as may have been or be ordered by the Court, and the Affected Creditors hereby consent to the Court’s issuance of an Order to such effect.

**7. PROVISIONS GOVERNING DISTRIBUTIONS**

**7.1. Partial Distributions for Claims Allowed**

Except as otherwise provided herein or as ordered by the Court, distributions of the Aggregate Distribution shall be made by the Monitor at the time and in the manner deemed reasonable by the Monitor, and partial distributions may be made prior to receipt of the full amount of the Aggregate Distribution. In such a case, all such partial payments shall represent the *pro rata* amount of the distribution to which the holders of a Proven Claim would otherwise be entitled to receive.

**7.2. Currency to be used for the Distribution**

For the purposes of determining any Claims denominated in currencies other than Canadian Dollars for distribution purposes, such Claims shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Determination Date.

**7.3. Assignment of Claims**

For purposes of determining entitlement to receive a distribution pursuant to this Plan, the Company and the Monitor and each of their respective agents, successors and assigns shall have no obligation to recognize any transfer of Claims except as provided for under the Claims Procedure Order or the Meeting Procedure Order.

#### 7.4. Interest on Affected Claims

Except as specifically provided in the Plan or the Sanction Order, interest shall not be treated as accruing on account of any Affected Claims for purposes of determining the allowance and distribution of such Affected Claim.

#### 7.5. Distributions by Monitor

The Monitor shall make all distributions required under this Plan in accordance with the provisions of this Plan, in general, and the provisions of **Section 5** and **Section 7** hereof, in particular.

#### 7.6. Delivery of Distributions

- (a) Subject to **Section 7.3** hereof, distributions shall be made by the Monitor
  - (i) at the last known addresses of the Affected Creditors or at addresses set forth on the Proof of Claim filed by the Affected Creditors, or
  - (ii) at the addresses set forth in any written notice of address change delivered by any Affected Creditor to the Monitor;
  
- (b) If any distribution to an Affected Creditor is returned as undeliverable, no further distributions to such Affected Creditor shall be made unless and until the Monitor is notified of the then-current address of such Affected Creditor, at which time all missed distributions shall be made to such Affected Creditor without interest. The Company shall make reasonable efforts to locate Affected Creditors for which distributions were undeliverable. Any claim for undeliverable distributions must be made on or before the later to occur of (i) 3 months after the Payment Date, or (ii) 3 months after such Affected Creditor's Affected Claim becomes a Proven Claim, after which date all unclaimed property shall revert to the Company free of any restrictions or claims thereon and the claim of any Affected Creditor with respect to such property shall be discharged and forever barred, notwithstanding any applicable Laws to the contrary.

#### 7.7. No Double Recovery

The aggregate recovery on account of any Proven Claim from all sources, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, surety, indemnity, joint and several obligation or otherwise, shall not exceed (i) 100% of the underlying indebtedness, liability or obligation giving rise to such Affected Claim or, (ii) where the underlying indebtedness, liability or obligation giving rise to such Affected Claim is denominated in a



currency (the “**Original Currency**”) other than Canadian dollars, 100% of such underlying indebtedness, liability or obligation after conversion of the value of the distributions received in Canadian dollars back to the Original Currency at the Bank of Canada noon spot rate of exchange for exchanging Canadian dollars to the Original Currency on the Determination Date.

#### 7.8. **Withholding Requirements**

In connection with the Plan, any distribution made hereunder by the Monitor shall be made net of all applicable Taxes. Notwithstanding any other provision of the Plan, each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Taxes imposed by any Governmental Authority (including income, withholding and other Taxes on account of such distribution). The Monitor, as necessary, shall be authorized to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority.

### 8. **EQUITY RESTRUCTURING**

#### 8.1. **Need for the New Equity Investment**

The Company is insolvent and, as a consequence thereof, has sought the application of the relevant provisions of the CCAA. The Company has no shareholders' equity and, as a consequence, the Existing Shares have no value. At the present time, the Existing Shareholders have no effective economic interest in the Company. The only manner by which the Company can financially survive, restructure and bring value to its Creditors and other stakeholders is for the Company to receive the New Equity Investment.

#### 8.2. **Equity Restructuring**

Once the Affected Creditors have approved this Plan by a Resolution of the Required Majorities, the Applicant will present an application to the Court seeking the Sanction Order, which Sanction Order will order, *inter alia*, all of the following (collectively the “**Equity Restructuring**”), namely:

- (a) the creation and authorization of the New Common Shares and New Redeemable Shares;



- (b) the conversion of each and every one of the Existing Common Shares and the Existing Preferred Shares into New Redeemable Shares (on a one share-to-one share basis);
- (c) the cancellation for all purposes of any and all existing options, warrants, pre-emptive rights or any other entitlements or rights to acquire shares in the Company's capital stock;
- (d) the replacement of all Existing Directors with new directors;
- (e) the cancellation and termination for all purposes of any and all agreements in respect of the Company (i) as envisaged by Section 146 *CBCA* or (ii) which otherwise established governance rules for the Company as well as for the Existing Shareholders and/or the Existing Directors in respect of the Company;
- (f) such other amendments to and/or restating of the Existing Articles as set forth in the Articles of Reorganization;
- (g) the Company's signature and sending to the "Director" (as defined in the *CBCA*) of the Articles of Reorganization; and
- (h) the subscriptions for and purchases, issuance and allotment of the Available New Shares as set forth in **Sections 8.3** and **8.4** hereof.

### **8.3. Subscription for Available New Shares**

Within 15 days following the Plan Implementation Date, an aggregate \$3.7 Million equity investment (the "**New Equity Investment**") shall be made in the Company by some or all of the Existing Shareholders subscribing for and purchasing an aggregate of 1,000 New Common Shares from the Company's capital stock at the issuance price of \$3,700 per New Common Share (the "**Available New Shares**"). In accordance with such subscriptions and purchases, such Available New Shares (and fractions thereof, if applicable) shall be issued and allotted by the Company to the subscribers therefor as fully paid and non-assessable New Common Shares in the Company's capital stock. Such New Equity Investment and the Available New Shares' subscription, purchase, issuance and allotment shall be effected as set forth in **Section 8.4** hereof and in the following manner, namely:

- (a) within 10 days following the Plan Implementation Date, each of the Existing Shareholders will be entitled to subscribe for and purchase the full amount (and not less than the full amount) of its/his Proportion of the

Available New Shares. Any subscription by any Existing Shareholder(s) for less than its/his full Proportion of the Available New Shares shall be considered invalid and of no effect. Any Existing Shareholder(s) failing to effect such full subscription and purchase within such 10-day delay shall be “**Defaulting Existing Shareholder(s)**”; and

- (b) within 5 days following the expiry of the 10-day delay set forth in **Section 8.3(a)** above, the Plan Sponsors shall be entitled to subscribe for and purchase all the Proportions of the Available New Shares of the Defaulting Existing Shareholder(s);

#### **8.4. Subscription Mechanics**

The subscriptions for and purchases of Available New Shares contemplated by **Section 8.3** hereof will be made, within the delays set forth in **Sections 8.3(a)** and **8.3(b)** hereof, by the applicable Existing Shareholder’s delivery to the Monitor of:

- (a) a Subscription Letter signed by the Existing Shareholder for the number of Available New Shares in question; and
- (b) payment to the Monitor (by way of certified cheque, bank draft or electronic transfer of immediately available funds) of the full subscription/purchase price for such Available New Shares, which the Monitor shall thereafter immediately pay and remit to the Company.

#### **8.5. Undertakings of Plan Sponsors**

The Plan Sponsors (by their intervention into this Plan as hereafter provided), hereby agree and undertake to:

- (a) subscribe, pay for and purchase each of their respective Proportions of the Available New Shares within the delay set forth in **Section 8.3(a)**; and
- (b) subscribe, pay for and purchase all the Proportions of the Available New Shares of the Defaulting Existing Shareholder(s) within the delay set forth in **Section 8.3(b)** hereof.

#### **8.6. No Fees, etc. for Plan Sponsors**

Other than any advantage accruing to them under **Section 8.3(b)** hereof, no premium or fee shall be received by the Plan Sponsors pursuant to this Plan in consideration of their agreement to act as Plan Sponsors hereunder.



### 8.7. Equity Restructuring as a Condition Precedent

The implementation of the Equity Restructuring is and shall remain a condition precedent to the performance of this Plan and any approval by the Affected Creditors of this Plan pursuant to a Resolution shall include approval of the Equity Restructuring. In the event that the Sanction Order does not order the Equity Restructuring, then this Plan shall be deemed, for all purposes, to have not been sanctioned pursuant to the relevant provisions of the CCAA.

## 9. IMPLEMENTATION OF THE PLAN

### 9.1. Conditions Precedent to Implementation of Plan

The implementation of this Plan by the Company is subject to the occurrence and/or fulfillment of each of the following conditions precedent (the "**Plan Implementation Conditions**") on or prior to the Plan Implementation Deadline, namely:

- (a) this Plan shall have been approved by Resolution enacted by the Required Majorities;
- (b) an Order (the "**Sanction Order**") sanctioning this Plan shall have been issued, and shall either **(A)** order its provisional execution notwithstanding appeal, or **(B)** not then be subject to any appeal therefrom, and the operation and effect of such Sanction Order shall not have been stayed, reversed or amended, and shall, among other things, declare and order that:
  - (i) this Plan, including the compromises and arrangements set out herein, and the Equity Restructuring, is sanctioned and approved pursuant to Section 6 of the CCAA and Section 191 of the CBCA and, as at the Plan Implementation Date, will be effective and will enure to the benefit of and be binding upon the Company, the Affected Creditors, the Existing Shareholders and all other Persons contemplated by this Plan or the Sanction Order;
  - (ii) **(A)** this Plan has been approved by the Required Majorities of Affected Creditors of the Company in conformity with the CCAA; **(B)** the Company has complied with the provisions of the CCAA, the CBCA and the Orders of the Court made in the CCAA Proceedings in all respects; **(C)** the Court is satisfied that the Company has neither done nor purported to do anything that is not



authorized by the CCAA or the CBCA; and **(D)** this Plan and the transactions contemplated thereby are fair and reasonable;

- (iii)** the full and final release and discharge of the Affected Claims will be effective and will enure to the benefit of and be binding upon the Company, the Affected Creditors and all other Persons contemplated under this Plan upon the issuance of the Certificate of Performance;
- (iv)** the Company, the Applicant and the Monitor are authorized to take all steps and actions necessary to implement this Plan;
- (v)** all Proven Claims determined in accordance with the Claims Procedure Order and this Plan are final and binding on the Company and all Affected Creditors;
- (vi)** subject to **Section 4.5** hereof, any Claims in excess of each Affected Creditor's Affected Claim Amount for which a Proof of Claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;
- (vii)** all distributions and payments by or at the direction of the Monitor, in each case on behalf of the Company, under the Plan are for the account of the Company and the fulfillment of its obligations under the Plan;
- (viii)** the Company, the Applicant and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan;
- (ix)** subject to the performance by the Company of its obligations under this Plan, all contracts, leases, agreements and arrangements to which the Company is a party will be and remain in full force and effect, unamended, as at the Plan Implementation Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:

- (A) any event that occurred on or prior to the Plan Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Company);
  - (B) the insolvency of the Company or the fact that the Company sought or obtained relief under the CCAA; or
  - (C) any compromises or arrangements effected pursuant to this Plan or any action taken or transaction effected pursuant to this Plan;
- (x) the releases set forth in **Sections 6.2** and **6.3** hereof and the injunction set forth in **Section 6.6** hereof are implemented and in effect;
  - (xi) the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits or any indebtedness, liability, obligation or cause of action released and discharged pursuant to this Plan are enjoined;
  - (xii) the Equity Restructuring be fully implemented;
  - (xiii) the stay of proceedings as set forth in **Section 6.8** hereof is and remains in full force and effect up until and including the Plan Implementation Date; and
  - (xiv) either Mark Schneiderman or Jean-Luc Lavergne, acting alone, is authorized to do all things and sign and execute all documents (in place of the Existing Directors) in order to fully implement and effect the Equity Restructuring.
- (c) the Articles of Reorganization shall have been issued by the appropriate authorities pursuant to the relevant provisions of the CBCA.

## 9.2. Waiver of Conditions

Each of the Plan Implementation Conditions enure solely to the Applicant's benefit and, except for each of the conditions set forth in **Sections 9.1(a)** and **9.1(b)(i)** hereof, may be waived in whole or in part either **(i)** solely by the Applicant (and no other Person and without the consent of any other Person),

without any other notice to parties in interest or the Court and without a hearing, or **(ii)** by the Court. The failure to satisfy or waive any of the Plan Implementation Conditions prior to the Plan Implementation Date may be asserted by the Applicant regardless of the circumstances giving rise to the failure of such Plan Implementation Conditions to be satisfied (including any action or inaction by the Company). The failure of the Applicant to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an on-going right that may be asserted at any time.

### **9.3. Certificate of Implementation**

Upon the occurrence and/or fulfillment of all of the Plan Implementation Conditions (or waiver thereof, as the case may be) on or prior to the Plan Implementation Deadline, the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Implementation**"), whereupon the Equity Restructuring shall become final and binding on the Company, the Existing Shareholders, the Existing Directors and all Related Persons to any of the Existing Shareholders.

### **9.4. Nullity of Plan**

In the event that all of the Plan Implementation Conditions have not occurred and/or been fulfilled (or waived, as the case may be) on or prior to the Plan Implementation Deadline, the Monitor shall issue and file with the Court a certificate to such effect (the "**Certificate of Non-Implementation**"). Upon the issuance of such Certificate of Non-Implementation, **(i)** any settlement of the Affected Claims shall automatically become null, void and of no effect whatsoever and shall remain owing by the Company, **(ii)** neither the Company, the Affected Creditors, the Monitor nor any other Person affected by this Plan shall be bound, obliged or affected by any of the provisions of this Plan, and **(iii)** the Equity Restructuring shall automatically become null, void and of no effect whatsoever.

## **10. MISCELLANEOUS**

### **10.1. Paramountcy**

From and after the Plan Implementation Date, any conflict between this Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, and/or indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the by-laws of the Company, lease or other agreement, undertaking or



any other source of obligations, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors, the Existing Common Shareholders or the Existing Preferred Shareholders and the Company as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority. For greater certainty, all Affected Creditors and all Existing Shareholders shall be deemed irrevocably for all purposes to consent to all transactions and matters contemplated in and by this Plan.

## **10.2. Modification of Plan**

The Applicant:

- (a)** in consultation with the Monitor and the Interim Lender, reserves the right to file any modification of, or amendment or supplement to, this Plan by way of supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) at or before the Creditors' Meeting, in which case any such supplementary plan or plans of reorganization, compromise or arrangement (or an one or more thereof), shall, for all purposes, be and be deemed to form part of and be incorporated into this Plan. The Applicant shall file any supplementary plans with the Court as soon as practicable. The Applicant shall give notice to Affected Creditors of the details of any such modification, amendment or supplement at the Creditors' Meeting prior to the vote being taken to approve this Plan. The Applicant may give notice of a proposed modification, amendment or supplement to this Plan at or before the Creditors' Meeting by notice which shall be sufficient if given to those Affected Creditors present at such meeting in person or by proxy; and/or
- (b)** after the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Applicant, in consultation with the Monitor and, if prior to the Plan Implementation Date, the Interim Lender, at any time and from time to time vary, amend, modify or supplement this Plan, (except to reduce the amount of the Aggregate Distribution or the New Equity Investment or extend any Payment Dates other than as expressly provided herein), without the need for obtaining an Order of the Court or providing notice to the Affected Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Affected Creditors under this Plan or the Sanction Order and is necessary in order to give effect to the substance of this Plan or the Sanction Order. All of the

foregoing shall not require any further vote by or approval by the Affected Creditors, the Existing Shareholders or any approval by the Existing Shareholders or by the Court.

**10.3. Deeming Provisions**

In this Plan, any deeming provisions are not rebuttable and are conclusive and irrevocable.

**10.4. Sections 38 and 95 to 101 BIA**

Notwithstanding Section 36.1 of the CCAA, Section 38 and Sections 95 through 101 of the *BIA* shall not apply to this Plan. Accordingly, neither the Monitor, any Creditor, nor any other Person shall be entitled to exercise any right, remedy or recourse, or to commence any action, motion, application or any other proceeding against any Creditor or any other Person in relation to the Company, based on Section 38 and Sections 95 through 101 of the *BIA*.

**10.5. Responsibilities of the Monitor**

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings with respect to the Company and not in its personal or corporate capacity and will not be responsible or liable for any responsibilities or obligations of the Company under this Plan or otherwise, including with respect to the making of distributions or the receipt of any distribution by any Creditor or any other Person pursuant to the Plan. The Monitor will have the powers and protections granted to it by this Plan, the CCAA, the Initial Order, the Claims Procedure Order, the Meeting Procedure Order, the Sanction Order and any other Orders.

**10.6. Liability Limitations**

The Monitor, the Applicant and their respective legal counsel and other professional advisors, shall not be liable to any Person for any act or omission in connection with, or arising out of, the CCAA Proceedings, the Plan, the pursuit of sanctioning of the Plan, the consummation and implementation of the Plan or the administration of the Plan or the funds to be distributed under the Plan, except for their own wilful misconduct or gross negligence.

**10.7. Notices**

- (a) Any notices or communication to be made or given hereunder to the Applicant or the Monitor shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal

delivery, by courier, by prepaid mail, by fax or by e-mail, addressed to the respective parties as follows:

(i) if to the Applicant:

**ERA GROUP INC.**

c/o Tour de la Bourse  
800 Place Victoria, Suite 440  
Montreal, Quebec H4Z 1E8

**Attention:** Mark Schneiderman

**E-Mail:** [mschneiderman@groupereshapiro.com](mailto:mschneiderman@groupereshapiro.com)

**Fax:** (514) 933-6679

*with copy to:*

**KUGLER KANDESTIN LLP**

1 Place Ville Marie, Suite 1170  
Montreal, Quebec H3B 2A7

**Attention:** Gerald F. Kandestin, David Stolow & Jeremy Cuttler

**E-Mails:** [gkandestin@kklex.com](mailto:gkandestin@kklex.com),

[dstolow@kklex.com](mailto:dstolow@kklex.com)

[jcuttler@kklex.com](mailto:jcuttler@kklex.com)

**Fax:** (514) 875-8424

(ii) if to the Monitor:

**KPMG LLP**

KPMG Tower  
600 De Maisonneuve Blvd., West, Suite 1500  
Montreal, Quebec H3A 0A3

**Attention:** Stéphane De Broux

**E-Mail:** [sdebroux@kpmg.ca](mailto:sdebroux@kpmg.ca)

**Fax:** (514) 840-2442

*with copy to:*

**FISHMAN FLANZ MELAND PAQUIN, L.L.P.**

1250 Rene-Levesque Blvd., West, Suite 4100  
Montreal, Quebec H3B 4W8

**Attention:** Mark Meland

**E-Mail:** [mmeland@ffmp.ca](mailto:mmeland@ffmp.ca)

**Fax:** (514) 932-4170



or to such other address as any party may from time to time notify the others in accordance with this **Section 10.7**. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery, fax or e-mail and any notice or other communication given or made by prepaid mail within the 5 Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by delivery, fax or e-mail prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Applicant or the Monitor to give any notice contemplated hereunder to any particular Affected Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan; and

- (b) Any notices or communication to be made or given hereunder by the Monitor or the Applicant to an Affected Creditor may be sent by fax, e-mail, ordinary mail, registered mail, courier or facsimile transmission to the last known e-mail address, address or fax number of such Affected Creditor, or in any written notice of address given to the Monitor. An Affected Creditor shall be deemed to have received any document sent pursuant to this Plan 4 Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, fax or e-mail.

#### **10.8. Severability of Plan Provisions**

If, prior to the Sanction Date, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicant which request shall be made in consultation with the Monitor and the Interim Lender (if any Interim Financing Claim then remains), shall have the power to either:

- (a) sever such term or provision from the balance of this Plan and provide the Applicant with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Plan Implementation Date; or

- (b) alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such severing, holding, alteration or interpretation, and provided the Applicant proceeds with the implementation of this Plan, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation.

#### **10.9. Revocation, Withdrawal or Non-Consummation**

The Applicant, upon consultation with the Monitor and the Interim Lender, reserves the right to revoke or withdraw this Plan at any time prior to the Sanction Date and to file subsequent plans of arrangement and compromise. If the Applicant revokes or withdraws this Plan, or if the Sanction Order is not issued:

- (a) this Plan shall be null, void and inoperative in all respects; and
- (b) any Affected Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Affected Claim to an amount certain), assumption or termination by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null, void and inoperative.

#### **10.10. Further Assurance**

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Applicant in order to better implement this Plan.

#### **10.11. Governing Law**

This Plan shall be governed by and construed in accordance with the law of the Province of Quebec and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

**10.12. Successors and Assigns**

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of the Company, the Directors, the Affected Creditors or any other Persons affected by or benefiting from the provisions of this Plan.

**10.13. Choice of Language**

The Company and the intervenants acknowledge that it has required that this Plan and all related documents be prepared in English. La Compagnie et les intervenants reconnaissent avoir exigé que ce Plan et tous les documents connexes soient rédigés en anglais.

*(signature page to follow)*



MONTREAL, Province of Quebec, this 10<sup>th</sup> day of April, 2017.

**ERA GROUP INC.**

Per:



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Mark Schneiderman

**EACH OF** 9170-9402 Quebec Inc. and 6187820 Canada Inc. hereby acknowledges having taken due cognizance of the contents of this Plan and consents to the provisions of **Section 8.5** hereof.

**9170-9402 QUEBEC INC.**

Per:



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Mark Schneiderman

**6187820 CANADA INC.**

Per:



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Jean-Luc Lavergne

**ANNEX 1 TO AMENDED PLAN OF COMPROMISE, ARRANGEMENT AND  
REORGANIZATION IN RESPECT OF ALLIANCE HANGER INC.**

**ARTICLES OF REORGANIZATION**



**Canada Business Corporations Act (CBCA)  
FORM 14  
ARTICLES OF REORGANIZATION  
(Section 191)**

**1 - Corporate name**

ALLIANCE HANGER INC.

**2 - Corporation number**

861979 - 4

**3 - In accordance with the court order for reorganization, the articles of incorporation are amended as follows:**

See SCHEDULES I and II, annexed hereto, forming part hereof.

**4 - Declaration**

I hereby certify that I am a director or an authorized officer of the corporation.

Signature: \_\_\_\_\_

Print name: MARK SCHNEIDERMAN Telephone number: (514) 824-3256

**Note:** Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).



## SCHEDULE I

to the Articles of Reorganization (the "**Articles of Reorganization**")  
of  
Alliance Hanger Inc. (the "**Corporation**")

- 3.1** Schedule A to the Corporation's existing Articles of Incorporation, as amended (the "**Articles**") is hereby amended in order to create and authorize two (2) new additional classes of shares, namely the "New Common Shares" (the "**New Common Shares**") and the "New Redeemable Shares" (the "**New Redeemable Shares**") both as described in Schedule II to the Corporation's Articles of Reorganization, each having the rights, privileges, restrictions and attributes as set forth in Schedule II to the Corporation's Articles of Reorganization.
- 3.2** Each and every one of the Corporation's issued and outstanding:
- 3.2.1** Class "A" Common Shares;
- 3.2.2** Class "F" Preferred Shares; and
- 3.2.3** Shares of any class or category whatsoever other than those described in paragraphs 3.2.1 and 3.2.2 above,
- (collectively the "**Converted Shares**") are hereby converted and deemed converted, on a one share-to-one share basis, into New Redeemable Shares such that, effective immediately, each and every holder of Converted Shares shall, henceforth, hold and own no Converted Shares whatsoever but, rather, shall hold and own a number of New Redeemable Shares equal to the number of Converted Shares of such holder.
- 3.3** All outstanding options, warrants, pre-emptive rights or any other entitlements and/or rights to acquire any shares or securities of any class or category whatsoever in the Corporation's capital stock are hereby cancelled for all purposes.
- 3.4** All of the Corporation's existing directors are hereby removed as directors of the Corporation and are hereby replaced by Jean-Luc Lavergne and Mark Schneiderman, who shall be the Corporation's sole directors unless and until replaced by the holders of shares in the Corporation's capital stock entitled to vote thereon.

## **SCHEDULE II**

to the Articles of Reorganization (the "**Articles of Reorganization**")  
of  
Alliance Hanger Inc. (the "**Corporation**")

In addition to the nine (9) classes of shares described in Schedule A to the Corporation's Articles of Incorporation as amended, the Corporation is authorized to issue an unlimited number of new additional New Common Shares and New Redeemable Shares, having the following rights, privileges, restrictions and conditions:

### **1. New Common Shares**

**1.1** The holders of the New Common Shares shall:

**1.1.1.** be entitled to vote at all meetings of shareholders except meetings at which only holders of the specified class of shares, other than the New Common Shares, are entitled to vote; and

**1.1.2.** subject only to the rights of any holders of Class "C" Preferred Shares, Class "D" Preferred Shares, Class "E" Preferred Shares, Class "G" Preferred Shares, Class "H" Preferred Shares and Class "I" Preferred Shares, share in the property, profits and surplus assets of the Corporation and receive the remaining property of the Corporation upon its dissolution; and

### **2. New Redeemable Shares**

**2.1** The holders of the New Redeemable Shares shall:

**2.1.1** not, except as otherwise specifically provided by the *Canada Business Corporations Act*, be entitled to vote at any meetings of shareholders or otherwise carry out any right to vote;

**2.1.2** not, under any circumstances, share in any of the property, profits and surplus assets of the Corporation or receive any of the remaining property of the Corporation upon its dissolution; and

**2.1.3** not be redeemable or retractable at the option of the holders thereof;

**2.2** Notwithstanding the consideration for which any New Redeemable Shares have been issued (or for which their predecessor shares have been issued), the New Redeemable Shares shall be redeemable, at any time whatsoever at the Corporation's sole option, at a redemption price equal to one hundredth of one cent (\$0.0001) for each of the New Redeemable Shares so redeemed. The Corporation's directors may redeem all or part of the New Redeemable Shares, at any time at the option of the Corporation's directors upon notice of five (5) days and without the consent of the holders thereof. If less than the whole amount of the outstanding New Redeemable Shares are redeemed, the shares to be redeemed shall be selected *pro rata* or by lot in such manner as the Corporation's directors may determine.



**ANNEX 2 TO AMENDED PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION IN RESPECT OF ALLIANCE HANGER INC.**

**SUBSCRIPTION LETTER**

## SUBSCRIPTION LETTER

**TO:** Alliance Hanger Inc. (the "**Corporation**")  
and its Board of Directors

Gentlemen,

The undersigned hereby subscribes for and offers to purchase from the Corporation \_\_\_\_\_ New Common Shares in the Corporation's capital stock (collectively the "**Securities**"), to be issued and allotted by the Corporation to the undersigned as fully-paid and non-assessable New Common Shares at the issuance price of \$3,700 per New Common Share or \$ \_\_\_\_\_ in the aggregate (the "**Aggregate Subscription Price**") and encloses herewith the undersigned's full payment of the Aggregate Subscription Price.

The undersigned hereby declares purchasing the Securities as principal and being one of the following persons:

- (a)** a director, officer, employee, founder or control person of the Corporation;
- (b)** a spouse, parent, grandparent, brother, sister or child of a director, executive officer, founder or control person of the Corporation;
- (c)** a parent, grandparent, brother sister or child of the spouse of a director, executive officer, founder or control person of the Corporation;
- (d)** a close personal friend of a director, executive officer, founder or control person of the Corporation;
- (e)** a close business associate of a director, executive officer, founder or control person of the Corporation;
- (f)** a security holder of the Corporation;
- (g)** an accredited investor as such term as defined in the applicable provincial statutes and regulations;
- (h)** a person of which a majority of the voting Securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (g);

- (i) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (g); or
- (j) a person that is not the public.

**DATE:** \_\_\_\_\_, 2017

\_\_\_\_\_  
**NAME OF SUBSCRIBER**

Per:

\_\_\_\_\_  
(signature of authorized representative)

**ADDRESS OF SUBSCRIBER:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Corporation acknowledges receipt of the aggregate issuance price and accepts the above purchase and subscription.

**DATE:** \_\_\_\_\_, 2017

**ALLIANCE HANGER INC.**

Per:

\_\_\_\_\_