

TRANSLATION FROM THE FRENCH-LANGUAGE ORIGINAL

THE ORIGINAL IN FRENCH IS PARAMOUNT IN THE EVENT OF INCONSISTENCY

CANADA
DISTRICT OF QUÉBEC
DIVISION N^o: 01 - ST-HYACINTHE
COURT N^o: 750-11-004395-171
SUPERINTENDENT N^o: 41-2310995

SUPERIOR COURT
Commercial Division

IN THE MATTER OF THE PROPOSAL OF

**2993821 CANADA INC., formerly known as
Écolait Ltée**

legal person incorporated pursuant to the *Canada Business Corporations Act*,
having its head office at 5470, rue Martineau, Saint-Hyacinthe, Québec,
J2R 1T8.

Debtor

PROPOSAL

We, **2993821 CANADA INC.**, formerly known as Écolait Ltée, the above-mentioned debtor (hereafter the « **Company** » (« *Société* »)) hereby submit the following **Proposal** (hereafter the « **Proposal** » (« *Proposition* »)) pursuant to the *Bankruptcy and Insolvency Act* (hereafter the « **BIA** » (« *Loi* »)).

Presentation of the Proposal

On November 2, 2017, the Company filed a notice of intention to file a proposal to its creditors pursuant to the BIA (the « **Notice of Intention** » (« *Avis d'intention* »)).

During the course of 2017, the Company took steps to proceed to an orderly liquidation of its assets with the objective of maximizing their value. This liquidation process is still underway and the objective of this Proposal is to determine the distribution of the net proceeds of such realization to the different creditors of the Company.

Definitions

For the purposes of the present Proposal, the following terms have the respective following meanings:

« **Claim** » (« *Réclamation* ») means the claim of any Creditor of the Company, whether it be a Secured Claim, a Trust Claim, a Priority Claim or an Unsecured Claim. However, this does not include Post-Filing Claims;

« **Claims Settlement Fund** » (« *Fonds de Règlement* ») means all of the funds remitted to the Trustee from the liquidation of the Company's assets, after payment of the Expenses of the Proposal, the Post-Filing Claims, the Secured Claims and the Trust Claims;

« **Court** » (« *Cour* ») means the Superior Court for the District of St-Hyacinthe;

« **Creditor** » (« *Créancier* ») means the holder of a Claim;

« **Expenses of the Proposal** » (« *Dépenses reliées à la Proposition* ») means all of the costs, expenses, contractual liabilities and obligations of the Trustee, and all of the legal costs, current operating expenses, consulting costs and accounting costs of the Company and of the Trustee for and related to the proceedings related to the Notice of Intention and to the Proposal, including, without limitation, the lawyers for the Company and for the Trustee related to the present matter;

« **Landlord Claims** » (« *Réclamations des Locateurs* ») means the Unsecured Claims of the Landlords for the actual losses resulting from the disclaimers of leases in accordance with 65.2(4)(b) of the BIA, which Claims shall be treated as Unsecured Claims in accordance with Section 65.2(5) of the BIA;

« **Landlords** » (« *Locateurs* ») means the Creditors of whom the Company was a commercial tenant in respect of an immovable lease, as recognized as such by the Company;

« **Notice of Intention Date** » (« *Date de l'Avis d'intention* ») means November 2, 2017;

« **Post-Filing Claims** » (« *Réclamations Subséquentes* ») means the claims arising in respect of goods delivered, assets supplied, services rendered or other consideration given as and from the Notice of Intention Date, including amounts owed to Landlords of the Company where the Company is a commercial tenant under a lease of immovable property (up to the effective date of disclaimer of such leases pursuant to Section 65.2(1) of the BIA), the whole which will be paid by the Company in full in the ordinary course of business and on regular trade terms or as may be arranged by the Company;

« **Post-Filing Creditor** » (« *Créancier Subséquent* ») means a Creditor holding a Post-Filing Claim;

« **Priority Claims** » (« *Réclamations Privilégiées* ») means all claims against the Company that, pursuant to section 136 of the BIA, must be paid by the Company in priority to all other Unsecured Claims in the distribution of assets of an insolvent person;

« **Priority Creditor** » (« *Créancier Privilégié* ») means a Creditor holding a Priority Claim;

« **Proposal** » (« *Proposition* ») means the present Proposal;

« **Ratification** » (« *Ratification* ») means the situation arising from the Proposal having been accepted by creditors and having been approved by the Court in a judgment which has become executory as a result of the delay for appeal having expired without there having been an appeal, or an appeal having been lodged and the judgment having been confirmed or the appeal withdrawn or otherwise settled;

« **Restructuring Claims** » (« *Réclamations de la Restructuration* ») means all rights of any person against the Company related to a claim, liability or obligation, of any kind, source or type whatsoever, resulting from the restructuring of the Company, the renunciation or resiliation of all contracts, employment contracts, collective agreements or any other agreement, whether written or oral, after the Notice of Intention Date, including, without limitation, the rights of all persons who received a notice of repudiation or resiliation from the Company, with the exception of Secured Claims and Trust Claims. Without limiting the generality of the foregoing, Restructuring Claims include all claims of employees of the Company whose employment ended after the Notice of Intention Date and the claims of fiscal/tax authorities related, directly or indirectly, to the approval of the present Proposal;

« **Secured Claims** » (« *Réclamations Garanties* ») means the secured claims of the Secured Creditors pursuant to the BIA;

« **Secured Creditor** » (« *Créancier Garanti* ») means a Creditor holding a Secured Claim;

« **Trust Claims** » (« *Réclamations Fiduciaires* ») means the proven claims of persons who have real trusts, or deemed trusts (in the sense recognized under the BIA), over the assets of the Company;

« **Trustee** » (« *Syndic* ») means Richter Advisory Group Inc., the Trustee pursuant to the Notice of Intention and the Trustee named in the present Proposal;

« **Unsecured Claims** » (« *Réclamations Non Garanties* ») means the proven Claims against the Company, other than the Secured Claims, the Trust Claims, Claims of employees pursuant to section 136(1)(d) of the BIA, and Claims of the Crown and other Priority Claims. For greater certainty, but without limiting the generality of the foregoing, Unsecured Claims include all claims of every nature and kind whatsoever, whether due or not due for payment as of the Notice of Intention Date, including contingent or unliquidated claims (once proven and quantified) arising out of any transaction entered into by the Company prior to the Notice of Intention Date. In addition, Unsecured Claims include the claims for contractual defaults relating to all obligations of the Company accrued before the Notice of Intention Date, irrespective of the date on which such defaults arose, provided that such default occurred prior to November 2, 2017 (i.e., the Notice of Intention Date). Unsecured Claims include the Restructuring Claims;

« **Unsecured Creditor** » (« *Créancier Non Garanti* ») means a Creditor holding an Unsecured Claim or a Landlord Claim.

Terms and Conditions

1. CLAIMS OF THE SECURED CREDITORS (RÉCLAMATIONS DES CRÉANCIERS GARANTIS)

No proposal is being made in respect of the Secured Creditors. The Secured Claims shall be paid pursuant to existing arrangements between the Company and the Secured Creditors or pursuant to all arrangements that may in the future be concluded between the Company and the Secured Creditors. This Proposal does not address Secured Creditors in respect of their Secured Claims, and all of these Secured Creditors will be in no manner affected or bound by this Proposal in respect of their Secured Claims.

2. TRUST CLAIMS (RÉCLAMATIONS FIDUCIAIRES)

Trust Claims will be paid according to the decision(s) of the Court or pursuant to all arrangements that may in the future be concluded between the Company and the persons holding proven Trust Claims or Trust Claims whose validity is admitted by the Company. This Proposal does not address persons in respect of their Trust Claims, and all of these persons will be in no manner affected or bound by this Proposal in respect of their Trust Claims.

3. EXPENSES OF THE PROPOSAL (DÉPENSES RELIÉES À LA PROPOSITION)

The Expenses of the Proposal shall be paid by the Company or from the Claims Settlement Fund, before all Claims and all Post-Filing Claims.

4. POST-FILING CLAIMS (RÉCLAMATIONS SUBSÉQUENTES)

Post-Filing Claims will be paid in their entirety, in priority to Unsecured Claims, and this, in the ordinary course of business of the Company and according to the agreements currently in effect.

5. PRIORITY CLAIMS OF THE CROWN AND OF EMPLOYEES (RÉCLAMATIONS PRIORITAIRES DE LA COURONNE ET DES EMPLOYÉS)

Amounts owing to Her Majesty in right of Canada or a Province that could be subject to a demand under Section 224 (1.2) of the *Income Tax Act*, or under any substantially similar provision of provincial legislation and outstanding as of the Notice of Intention Date, will be paid in full within six (6) months after the Ratification from the Claims Settlement Fund in conformity with Section 60(1.1) of the BIA.

In conformity with Section 60(1.3) of the BIA, amounts owing to employees and former employees, that they would have been entitled to receive under Paragraph 136(1)(d) of the BIA if the employer became bankrupt on the Notice of Intention Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Ratification, including in the case of travelling salespeople the sums ordinarily disbursed by them in the business of the Company or for the Company's benefit between such dates, will be paid in full within thirty (30) days after the Ratification from the Claims Settlement Fund.

6. OTHER CLAIMS OF PRIORITY CREDITORS (RÉCLAMATIONS DES CRÉANCIERS PRIVILÉGIÉS)

Priority Claims other than those mentioned in section 5 hereof shall be paid in full in priority to all Unsecured Creditors, from the Claims Settlement Fund.

7. CLAIMS OF UNSECURED CREDITORS (RÉCLAMATIONS DES CRÉANCIERS NON GARANTIS)

Unsecured Claims, as defined and proven, compromised or established by the Court, will be paid as follows, in full and final payment of all amounts due to the holders thereof, without interest, from the Claims Settlement Fund (in other words, subject to and after the payment of the amounts described in sections 5 and 6 hereof).

The Company will complete the liquidation of its assets (expected in December 2019) and will remit to the Trustee the Claims Settlement Fund. The balance of the Claims Settlement Fund will be distributed by the Trustee as follows and in the following order:

- a) All of the Unsecured Creditors will receive the lesser of the amount of their proven Unsecured Claim and \$500;
- b) For the Unsecured Creditors with a proven Unsecured Claim in excess of \$500, for the portion of such claim in excess of \$500, such Unsecured Creditors will receive an amount equal to their pro rata share of the amounts remaining available from the Claims Settlement Fund for the balance of their proven claim that has not been addressed by the dividend payment described in subsection 7(a) above.

8. TRUSTEE'S ROLE (RÔLE DU SYNDIC)

Richter Advisory Group Inc. will act as the Trustee under the present Proposal and all monies payable and to be distributed to Creditors under this Proposal will be paid over to the Trustee, to be thereafter distributed to Creditors in accordance with the terms of this Proposal.

9. COMMITTEE OF CREDITORS / INSPECTORS (COMITÉ DE CRÉANCIERS/ INSPECTEURS)

The Company consents to the creation of a committee which shall be formed of at most three (3) individuals (the « Committee ») designated by the creditors at the meeting in respect of this Proposal. The Committee shall have the following powers:

- a) to advise the Trustee with respect to the administration of the Proposal;
- b) to waive any default in the execution of the Proposal;
- c) to confirm that the Company has satisfied all of the terms and conditions of the Proposal; and
- d) to authorize delays in the payment of all dividends to Unsecured Creditors provided for hereunder.

10. TRANSFERS AT UNDERVALUE AND PREFERENTIALS PAYMENTS (OPÉRATIONS SOUS-ÉVALUÉES ET TRAITEMENTS PRÉFÉRENTIELS)

Conditional on the Ratification of this Proposal, the acceptance of this Proposal by the Creditors constitutes a renunciation of the applicability of sections 95 to 101.1 of the BIA, concerning preferential payments and transfers at undervalue and of the Paulian Action described at sections 1631 and following of the Civil Code of Québec and of all other recourses of a similar nature.

MADE in Montréal the 17th day of January 2018.

2993821 CANADA INC.,
formerly known as Écolait Ltée

Per: Carmine De Somma, President

UNOFFICIAL TRANSLATION - SEE FRENCH ORIGINAL