

Court File No. CV-09-00008502-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT AND REORGANIZATION OF  
ALLEN-VANGUARD CORPORATION UNDER THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND SECTION 186 OF THE  
ONTARIO *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED

**APPLICANT**

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**PLAN OF ARRANGEMENT AND REORGANIZATION  
concerning, affecting and involving**

**ALLEN-VANGUARD CORPORATION**

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December 9, 2009

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# ALLEN-VANGUARD CORPORATION

## PLAN OF ARRANGEMENT AND REORGANIZATION

This is the plan of arrangement and reorganization of Allen-Vanguard Corporation pursuant to the *Companies' Creditors Arrangement Act* (Canada) and the *Business Corporations Act* (Ontario).

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

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

“**Affected Claims**” means, collectively, the Claims of the Secured Lenders against the Allen-Vanguard Parties (or any of them) under the Existing Credit Agreement.

“**Affected Creditor**” means a Person with an Affected Claim.

“**Agent**” means Royal Bank of Canada in its capacity as agent for the Secured Lenders under the Existing Credit Agreement and the Credit Agreement, as applicable.

“**Allen-Vanguard Parties**” means the Company, each of the guarantors under the Existing Credit Agreement and each of the Company’s other direct or indirect subsidiaries.

“**Articles of Reorganization**” means the articles of reorganization of the Company, and the schedules and exhibits thereto, substantially in the form attached hereto as Schedule A, to be filed pursuant to Section 186 of the OBCA and in accordance with Section 5.1 and Section 8.2(2).

“**Assignment Agreement**” means the assignment agreement to be entered into among the Affected Creditors and the Sponsor Subsidiary, substantially in the form attached hereto as Schedule E, which shall become effective on the Plan Implementation Date and pursuant to which, among other things, the second lien debt to be issued under the Second Lien Credit Agreement will be assigned by the Affected Creditors to the Sponsor Subsidiary.

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

“**Business Day**” means a day other than a Saturday or Sunday on which banks are generally open for business in Toronto, Ontario.

“**CCAA**” means the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended.

“**CCAA Charges**” means the charges created by the Initial Order and defined as the “CCAA Charges” therein.

“**CCAA Proceedings**” means the within proceedings under the CCAA commenced by the Company pursuant to the Initial Order.

“**CDN\$**” means Canadian dollars.

“**Certificate of Amendment**” means the certificate of amendment to be issued under Section 186 of the OBCA in respect of the Articles of Reorganization.

“**Claim**” includes any right of a Person against the Company in connection with any indebtedness, liability or obligation of any kind whatsoever of the Company, whether or not asserted, and any interest accrued thereon or costs payable in respect thereof, any right of ownership of or title to property or assets or to a trust, constructive trust or deemed trust (statutory or otherwise) against any property or assets whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise and whether or not such right is executory or anticipatory in nature, including without limitation, any claim arising from or caused by the termination, disclaimer or repudiation by the Company of any contract, lease or other agreement, whether written or oral, any claim made or asserted against the Company through any affiliate, associated or related person as such terms are defined in the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended, or any “equity claim” as such term is defined in the CCAA, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future, together with any other claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA.

“**Common Shares**” means all of the common shares in the capital of the Company transferred to the Sponsor Subsidiary pursuant to the implementation steps set out in Section 8.2(2) and the Articles of Reorganization.

“**Common Share Claims**” has the meaning ascribed thereto in Section 7.2(i).

“**Company**” means Allen-Vanguard Corporation, a company amalgamated under the OBCA.

“**Contracts**” means any contract, license, lease, agreement, undertaking, understanding, commitment or engagement to which any of the Allen-Vanguard Parties are a party or bound or under which any of the Allen-Vanguard Parties have or will have any rights.

“**Court**” means the Ontario Superior Court of Justice, Commercial List.

“**Credit Agreement**” means the credit agreement to be entered into among the Company, the guarantors thereunder, the Agent, the Secured Lenders and EDC, substantially in the

form attached hereto as Schedule B, which shall become effective on the Plan Implementation Date and pursuant to which, among other things: (i) the indebtedness of the Company to the Secured Lenders pursuant to the Existing Credit Agreement will be partially reduced and restructured as contemplated by the Transaction Agreement, and (ii) the New Revolving Lenders, together with EDC as set forth therein, will make available to the Company, the Revolving Credit Facility, the Term Loan Facility and the Documentary Credit Facility.

**“Documentary Credit Facility”** means the documentary credit facility which shall become effective under the Credit Agreement and pursuant to which the New Revolving Lenders will make available to the Company a documentary credit facility in an aggregate principal amount of up to US\$10 million.

**“EDC”** means Export Development Canada.

**“Effective Time”** means the first moment in time on the Plan Implementation Date.

**“Equity Claims”** means any and all Securities Claims and Common Share Claims.

**“Existing Credit Agreement”** means the amended and restated credit agreement dated as of December 29, 2008 among the Allen-Vanguard Parties and the Secured Lenders, as amended from time to time.

**“Governmental Authority”** means the government of Canada or any other nation, or of any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, or other comparable authority or agency.

**“Initial Order”** means the initial Order of the Court made December 9, 2009 pursuant to which, among other things, the Company was granted protection under the CCAA, as such Order may be amended or extended by the Court from time to time.

**“Intercreditor Agreement”** means the intercreditor agreement to be entered into among the Company, EDC, the First Lien Agent and the Second Lien Agent (as such terms are defined therein), substantially in the form attached hereto as Schedule C, which shall become effective on the Plan Implementation Date.

**“Interim Funding Agreement”** means the agreement entered into among the Company and the Secured Lenders whereby the Secured Lenders granted an interim funding credit facility to the Company limited to the US\$ equivalent of CDN\$16 million on the terms outlined therein.

**“Meeting”** means the meeting of the Affected Creditors to consider and vote on this Plan pursuant to the CCAA and the terms of the Meeting Order, and any adjournments of such meeting.

**“Meeting Order”** means the Order to be made directing the calling and holding of the Meeting, as such Order may be amended by the Court from time to time.

“**Monitor**” means Deloitte & Touche Inc., in its capacity as Court-appointed monitor of the Company pursuant to the Initial Order, and any successor thereto appointed in accordance with any further Order.

“**New Revolving Lenders**” has the meaning ascribed thereto in the Transaction Agreement.

“**New Shares**” means the additional common shares in the capital of the Company to be issued to the Sponsor Subsidiary pursuant to the implementation steps set out in Section 8.2(2).

“**OBCA**” means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended.

“**Order**” means any order of the Court in the CCAA Proceedings.

“**Person**” means any individual, sole proprietorship, partnership, limited partnership, limited liability company, joint venture, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, corporation, trust, trustee, body corporate, Governmental Authority, legal personal representative or litigation guardian, or any other entity howsoever designated or constituted, and where the context requires includes any assignee, trustee, executor, administrator, receiver, interim receiver, receiver and manager or other legal representative acting on behalf of such Person, collectively “**Persons**”.

“**Plan**” means this plan of compromise and arrangement under the CCAA and reorganization under the OBCA, including the Schedules hereto, as may be amended hereinafter from time to time in accordance with Section 9.1.

“**Plan Implementation Date**” means the date that the Transfer Notice is delivered by the Company in accordance with the Articles of Reorganization which, unless the Plan Participants otherwise agree, shall occur not later than two (2) Business Days after the date upon which the Certificate of Amendment is received by the Company.

“**Plan Participants**” means the Company, the Sponsor and the Secured Lenders.

“**Released Claims**” has the meaning ascribed thereto in Section 8.6.

“**Released Parties**” means, collectively, the Allen-Vanguard Parties, the Secured Lenders, the Agent, the Sponsor, the Sponsor Subsidiary, Versa Capital Management, Inc., Deloitte & Touche Inc. in its capacity as the Monitor, the Transfer Agent, and each of their respective subsidiaries and affiliates, and each of their respective present and former partners, officers, directors, equity holders, employees, financial advisors, auditors, legal counsel, other professional advisors and agents, as applicable.

“**Reorganization**” means the reorganization of the share capital of the Company described in Article 5 as ordered by the Court under the Sanction Order and Section 186 of the OBCA and as reflected in the Articles of Reorganization, with effect as of the Effective Time.

“**Restructuring Documents**” means, collectively, the Credit Agreement, the Second Lien Credit Agreement, the Intercreditor Agreement, the Assignment Agreement and all related agreements, security and other documents.

“**Revolving Credit Facility**” means the revolving credit facility which shall become effective under the Credit Agreement and pursuant to which the New Revolving Lenders together with EDC, on the terms set forth in the Credit Agreement, will make available to the Company a revolving credit facility in the maximum principal amount of up to US\$30 million.

“**Sanction Order**” means an Order to be made to, among other things, sanction, authorize and approve this Plan and the Reorganization and the transactions contemplated herein and thereby, as such Order may be amended by the Court from time to time.

“**Second Lien Credit Agreement**” means that certain credit agreement by and among the Company, the Sponsor as agent for the lender parties thereunder, the Affected Creditors and the guarantors thereunder, substantially in the form attached hereto as Schedule D, which shall become effective on the Plan Implementation Date.

“**Secured Lenders**” means, collectively, Royal Bank of Canada, Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, Bank of Montreal, Bank of America, N.A., Canada Branch, Sumitomo Mitsui Banking Corporation of Canada and State Bank of India (Canada).

“**Securities**” means all securities of the Company issued prior to the Effective Time, including preferred shares, options, restricted share units, warrants, convertible securities, exchangeable securities and any other entitlements to or rights to acquire any of the foregoing or any common shares of the Company, but excluding the New Shares and the Common Shares.

“**Securities Claims**” has the meaning ascribed thereto in Section 7.2(g).

“**Sponsor**” means Contego AV Investments, LLC.

“**Sponsor Subsidiary**” means Contego AV Luxembourg S.à r.l.

“**Term Loan Facility**” means that term loan facility deemed to have been made and fully advanced by the Secured Lenders to the Company under the Credit Agreement.

“**Term Sheet**” means the Term Sheet attached as Schedule A to the Transaction Agreement.

“**Transaction Agreement**” means the binding agreement dated September 12, 2009, as may be amended or supplemented from time to time, among the Allen-Vanguard Parties, the Sponsor and the Secured Lenders, including the Schedules thereto, establishing the principal aspects of the recapitalization of the Company to be effected pursuant to this Plan, the Sanction Order, the Articles of Reorganization and the Restructuring Documents.

“**Transfer Agent**” means CIBC Mellon Trust Company.

“**Transfer Notice**” means the Transfer Notice to be delivered pursuant to the Articles of Reorganization.

“**Transfer Price**” means CDN\$1.00 for all of the Common Shares.

“**Unaffected Claims**” means any Claim other than an Affected Claim, but excludes, for greater certainty, any Equity Claims.

“**Unaffected Creditor**” means a Person with an Unaffected Claim, but only in respect of such Unaffected Claim, but excludes, for greater certainty, any Person holding an Equity Claim.

“**US\$**” means United States dollars.

“**Website**” means [www.deloitte.com/ca/allen-vanguard](http://www.deloitte.com/ca/allen-vanguard).

## 1.2 Certain Rules of Interpretation

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

- (a) the division of this Plan into articles, sections, subsections and clauses and the use of headings and a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Plan;
- (b) the terms “this Plan”, “hereof”, “hereunder”, “herein” and similar expressions refer to this Plan and not to any particular article, section, subsection, clause or schedule of or to this Plan and references in this Plan to an article, section, subsection or clause or schedule refer to the specified article, section, subsection, clause or schedule of or to this Plan;
- (c) words importing the singular include the plural and *vice versa* and words importing any gender include all genders;
- (d) the words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation but rather shall mean “includes without limitation”, “including without limitation”, “includes but is not limited to” and “including but not limited to”, as applicable, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (e) a reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and
- (f) all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day. Unless otherwise specified, the time period within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the

period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day. Whenever any payment to be made or action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day.

### **1.3 Governing Law**

This Plan shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein, without regard to any conflict of law provision that would require the application of the law of any other jurisdiction. In the event of any dispute or issue in connection with, or related to, the interpretation, application or effect of this Plan, such dispute or issue shall be subject to the exclusive jurisdiction of the Court.

### **1.4 Schedules**

The following are the Schedules to this Plan:

Schedule A	Articles of Reorganization
Schedule B	Credit Agreement
Schedule C	Intercreditor Agreement
Schedule D	Second Lien Credit Agreement
Schedule E	Assignment Agreement

## **ARTICLE 2 PURPOSE OF THE PLAN**

### **2.1 Purpose**

The purpose of this Plan is:

- (a) to effect a restructuring and recapitalization of the Company to enable it to continue as a going concern, as contemplated by and in accordance with the terms of the Transaction Agreement;
- (b) to give effect to the restructuring of the Affected Claims on the terms set forth in this Plan and the Restructuring Documents, as contemplated by and in accordance with the terms of the Transaction Agreement; and
- (c) to give effect to the recapitalization of the Company's capital structure on the terms set forth in this Plan and the Articles of Reorganization, as contemplated by and in accordance with the terms of the Transaction Agreement.

This Plan is put forward in the expectation that the Company's economic stakeholders will derive a greater benefit from the continued operation of the Company and its business, pursuant to and following the implementation of this Plan, than would result from a bankruptcy or liquidation of the Company and its business.

Subject to the terms and conditions of this Plan, when all of the conditions precedent to this Plan have been satisfied or waived, in each case in accordance with the terms thereof, the Sponsor will fund the restructuring of the Affected Claims and the recapitalization of the Company's capital structure in accordance with the terms of this Plan and the Transaction Agreement. The funding of this Plan by the Sponsor is contingent on, among other things, approval of this Plan by the Affected Creditors and the Court. Upon the implementation of this Plan, the Sponsor, through the Sponsor Subsidiary, will become the owner of all of the outstanding shares of the Company through the Reorganization of the share capital of the Company pursuant to this Plan, the Sanction Order and the Articles of Reorganization.

## **2.2 Affected Persons**

The Plan will be implemented under the CCAA and the OBCA and be binding on all Affected Creditors and other Persons in accordance with its terms as of the Effective Time on the Plan Implementation Date, but shall not affect Unaffected Creditors.

### **ARTICLE 3 CLASSIFICATION OF CREDITORS AND PROCEDURAL MATTERS**

#### **3.1 Class of Creditors**

The sole class for the purpose of considering and voting on this Plan shall be the class consisting of the Secured Lenders voting in respect of their Affected Claims.

#### **3.2 Voting Procedure**

The Affected Creditors will identify and confirm their respective Affected Claims for voting purposes, vote in respect of the Plan, and receive the distributions provided for under this Plan in accordance with the Meeting Order, the Sanction Order and this Plan.

#### **3.3 Finality of Claims**

All Affected Claims determined in accordance with the Meeting Order will be final and binding on the Company and the Affected Creditors.

#### **3.4 Unaffected Claims**

This Plan does not affect Unaffected Claims. Creditors with Unaffected Claims will not be entitled to vote or to receive any distributions under this Plan in respect of such Unaffected Claims. For the avoidance of doubt, any Persons with Claims against the Company in respect of the Securities or the Common Shares will not be entitled to vote or to receive any distributions under this Plan in respect of any such Claims, and all such Claims will be discharged and extinguished pursuant to the terms of the Sanction Order. For the avoidance of doubt, all Claims of EDC pursuant to or in connection with (a) performance security guarantees and/or financial security guarantees issued in respect of Documentary Credits issued under the Existing Credit Agreement or the Credit Agreement, and (b) all indemnity agreements entered into with the Allen-Vanguard Parties (collectively, the "EDC Claims") shall be Unaffected Claims.

## ARTICLE 4 COMPROMISE AND ARRANGEMENT

### 4.1 Transaction Agreement

Pursuant to the Transaction Agreement, the Company, the Sponsor and the Secured Lenders have agreed to the terms and conditions of this Plan and have agreed to carry out the transactions contemplated herein and hereby, in each case in accordance with the terms and conditions of the Transaction Agreement and this Plan.

### 4.2 Funding of this Plan

On the Plan Implementation Date, and in the manner set forth in Section 8.2(2), the Sponsor shall pay or cause to be paid to the Agent the sum of US\$52.15 million required to fund the transactions set forth in Section 4.3(a).

### 4.3 Treatment of Affected Claims

On the Plan Implementation Date, and in the manner set forth in Section 8.2(2), the Affected Claims will be compromised, and the Affected Creditors will receive distributions in respect of their respective Affected Claims, as follows:

- (a) (i) US\$5 million will be distributed by the Agent among the Secured Lenders as a permanent *pro rata* reduction of the indebtedness owed to each Secured Lender under the existing “New Facility” pursuant to the Existing Credit Agreement; and (ii) US\$47.15 million will be distributed by the Agent among the Secured Lenders in respect of US\$54.3 million of the indebtedness owed to the Secured Lenders under the Existing Credit Agreement as follows: (A) the remainder of the indebtedness owed to each Secured Lender under the existing “New Facility” pursuant to the Existing Credit Agreement as calculated for each Secured Lender pursuant to the schedule of loan compromises and reductions set forth for each Secured Lender in Schedule TS to the Term Sheet; and (B) a portion of the indebtedness owed to each Secured Lender under the existing “Term Loan Facility” pursuant to the Existing Credit Agreement as calculated for each Secured Lender pursuant to the schedule of loan compromises and reductions set forth for each Secured Lender in Schedule TS to the Term Sheet;
- (b) the Company will permanently and completely repay all indebtedness owed to the Secured Lenders under the “Interim Funding Facility” pursuant to the Interim Funding Agreement, such repayment to be funded by cash on hand at the Company and, to the extent required, drawings on the Revolving Credit Facility;
- (c) the remaining Affected Claims of each Secured Lender under the existing “Term Loan Facility” and the existing “Revolving Credit Facility” pursuant to the Existing Credit Agreement will be compromised and restructured pursuant to the terms of the Credit Agreement; and
- (d) each Secured Lender will permanently waive its right to receive the fees set forth in Sections 2.07(3) to (7) of the Existing Credit Agreement,

in each case consistent with the terms of the Transaction Agreement and the Restructuring Documents, and in the manner and order set forth under Section 8.2(2). For greater certainty, on the Plan Implementation Date, the Company will also pay: (i) all reasonable out-of-pocket expenses incurred by the Secured Lenders, EDC and the Agent in connection with the preparation, negotiation, execution, delivery and administration of the Plan, the Transaction Agreement and the Restructuring Documents and the completion of the recapitalization and reorganization and all other matters contemplated therein, including the reasonable fees, charges and disbursements of counsel for the Secured Lenders; (ii) all amounts owed to PricewaterhouseCoopers LLP under its agreement with the Company dated September 25, 2008; (iii) all amounts owed or payable to BMO Capital Markets under its agreement with the Company dated June 19, 2009; (iv) all amounts owed or payable to Genuity Capital Markets under its agreement with the Company dated September 18, 2008 and (v) all amounts owed or payable to the parties to the Transaction Agreement pursuant to the terms thereof (other than the transaction fee referred to in section 33(ii) of the Transaction Agreement which shall be earned by the Sponsor not sooner than thirty days following the Effective Time and paid by the Company to the Sponsor within thirty to forty-five days following the Effective Time, in accordance with section 33(ii) of the Transaction Agreement, in each case to the extent not previously paid by the Company pursuant to its obligations under the Existing Credit Agreement, the Transaction Agreement or any other applicable agreement.

#### **4.4 Payment of Crown Priority Claims and Employee Claims**

Within six months after the date of the Sanction Order, the Company will pay to Her Majesty in right of Canada or any province any amounts owed in respect of claims referred to in Section 6.(3) of the CCAA. The Company will pay, after the date of the Sanction Order, and in accordance with the provisions of the Initial Order, any amounts that employees and former employees of the Company would have been qualified to receive in respect of the claims referred to in Section 6.(5) of the CCAA, in accordance with the terms of, and in the ordinary course of, their employment.

### **ARTICLE 5 REORGANIZATION AND OTHER RESTRUCTURING ACTIVITIES**

#### **5.1 Articles of Reorganization**

The articles of the Company will be amended as ordered by the Court by filing the Articles of Reorganization on the first Business Day following the day on which the Sanction Order is received which will provide for, without limitation to any other terms the Articles of Reorganization may contain, the following:

- (a) changing the rights, privileges and conditions attaching to the Common Shares by adding certain provisions to permit a transfer of all of the Common Shares to the Sponsor Subsidiary for the Transfer Price, in the manner set forth in the Articles of Reorganization.

## **5.2 Directors**

On the Plan Implementation Date, the term of office of those individuals who are directors of the Company will terminate and the Sponsor Subsidiary will appoint the new board of directors of the Company.

## **ARTICLE 6 CERTIFICATES AND DISTRIBUTIONS**

### **6.1 Cancellation of Certificates**

As of the Effective Time, all debentures, certificates, agreements, invoices, securities and other instruments evidencing Affected Claims, the Securities or the Common Shares will not entitle the holder thereof to any compensation or participation other than as expressly provided for in this Plan or the Articles of Reorganization and the Affected Claims, the Securities and the Common Shares will, except as otherwise provided for in the Restructuring Documents with respect to the Affected Claims, or in the Articles of Reorganization with respect to the Common Shares, be cancelled, extinguished, rendered null and void and the registers of the Company shall be updated to reflect any such cancellation and extinguishment.

### **6.2 Delivery of Distributions**

Distributions to be made to Affected Creditors pursuant to Section 4.3 will be made on, or as soon as practicable after, the Plan Implementation Date.

### **6.3 Taxes in respect of Distributions**

Notwithstanding any other provision of this Plan, each Affected Creditor that is to receive a distribution pursuant to this Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligation imposed by any Governmental Authority (including income and other tax obligations) on account of such distribution.

## **ARTICLE 7 SANCTION ORDER**

### **7.1 Application for Sanction Order**

The application for the Sanction Order shall be brought by the Company as soon as reasonably practicable following the approval of this Plan by the requisite majorities of the Affected Creditors voting at the Meeting.

### **7.2 Effect of Sanction Order**

Pursuant to Section 7.1, the Company will seek a Sanction Order that, in addition to sanctioning this Plan will, without limitation to any other terms that it may contain:

- (a)** declare that (i) the Plan has been approved by the requisite majorities of Affected Creditors in conformity with the CCAA; (ii) the Company has complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that the Company has not done nor purported

to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable, and in the best interests of the Company, the Affected Creditors and the other stakeholders of the Company;

- (b) order that the Plan (including the compromises, arrangements, reorganization, recapitalization, corporate transactions and releases set out in or contemplated by the Plan, the Sanction Order, the Articles of Reorganization and the Restructuring Documents) is sanctioned and approved pursuant to Section 6 of the CCAA and, as of the Effective Time, will be effective and will enure to the benefit of, become effective and be binding upon the Company, the Affected Creditors, the Sponsor and all other Persons in the order stipulated in the Plan;
- (c) authorize and direct the distributions and other transactions contemplated under and by this Plan;
- (d) declare that the articles of the Company will be amended as set out in the Articles of Reorganization;
- (e) authorize and direct the Company to file the Articles of Reorganization with the Director appointed under the OBCA pursuant to section 186(4) of the OBCA in order to implement the Reorganization;
- (f) declare that all Securities are of no further force and effect as of the Effective Time and that all Securities are cancelled and extinguished without return of capital or other consideration, compensation or relief of any kind;
- (g) declare that all Claims against the Company (and any successor thereto or the Sponsor Subsidiary) in respect of the Securities (including, without limitation, any Claims against the Company resulting from the ownership, purchase or sale of the Securities by any current or former holder thereof, and any Claims for contribution or indemnity against the Company in respect of any such Claims) (collectively, “**Securities Claims**”) are deemed as of the Effective Time to have been discharged and extinguished without return of capital or other consideration, compensation or relief of any kind;
- (h) authorize and direct the transfer of the Common Shares to the Sponsor Subsidiary and the issuance of the New Shares to the Sponsor Subsidiary, and declare that the New Shares to be issued to the Sponsor Subsidiary in connection with this Plan and the Articles of Reorganization will be validly issued and outstanding as fully-paid and non-assessable;
- (i) declare that all Claims against the Company (and any successor thereto or the Sponsor Subsidiary) in respect of the Common Shares (including, without limitation, any Claims against the Company resulting from the ownership, purchase or sale of the Common Shares by any current or former holder thereof, and any Claims for contribution or indemnity against the Company in respect of any such Claims) (collectively, “**Common Share Claims**”) are deemed as of the Effective Time to have been discharged and extinguished without return of capital

or other consideration, compensation or relief of any kind, and that, for the avoidance of doubt, the Transfer Agent shall not be required to transfer the Transfer Price to the holders of the Common Shares;

- (j) declare that, in accordance with the terms of the Plan and the Articles of Reorganization, the legal and beneficial right, title and interest of the Sponsor Subsidiary in and to the Common Shares shall vest and are thereby vested as of the Effective Time in the Sponsor Subsidiary absolutely and forever, free and clear of and from any and all Claims;
- (k) declare that no meetings or votes of any holders of Securities or of the Common Shares are required in connection with this Plan or the Articles of Reorganization;
- (l) declare that, as of and following the Plan Implementation Date, no Person who is a party to a Contract may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand or declare any default, violation or breach under or in respect of any such Contract and no automatic termination under or in respect of any such Contract will have any validity or effect, by reason of:
  - (i) the insolvency of the Company (or any of its subsidiaries on account of the insolvency of the Company) or the fact that the Company sought or obtained relief under the CCAA, that the CCAA Proceedings have been commenced or completed, or that the within restructuring or recapitalization has been implemented in respect of the Company; or
  - (ii) any compromise, arrangements, reorganizations or recapitalizations effected pursuant to this Plan and the Articles of Reorganization or any action taken or transaction effected pursuant to or contemplated by this Plan, the Articles of Reorganization, the Sanction Order, the Restructuring Documents or any other document or action contemplated thereby, including the change in control of the Company or any of its subsidiaries; provided, however, that the foregoing shall not affect or otherwise limit any contractual right that an employee of the Company may have with respect to a change in control of the Company;
- (m) confirm the effect of the Meeting Order;
- (n) authorize and direct the execution and delivery of the Restructuring Documents in accordance with the terms thereof and the terms of this Plan and the Sanction Order;
- (o) permanently stay all Claims affected by the Plan and declare that the compromises effected hereby are approved, binding and effective as herein set out upon all Affected Creditors and all other Persons affected by this Plan or the Articles of Reorganization;

- (p) confirm the releases provided for in Section 8.6 and the injunctions provided for in Section 8.7;
- (q) declare that the stay of proceedings under the Initial Order continues until the Effective Time; and
- (r) order that all CCAA Charges will be released and discharged at the time provided in the Sanction Order.

## **ARTICLE 8 PLAN IMPLEMENTATION AND EFFECT OF THE PLAN**

### **8.1 Condition Precedent to Plan Implementation**

The implementation of this Plan is conditional on the satisfaction or waiver of the conditions precedent of the Transaction Agreement, including as set forth in sections 12, 13, 14 and 15 thereof, in each case in accordance with the terms thereof.

### **8.2 Plan Implementation**

(1) All the agreements and other instruments that have to be entered into or executed and all other actions that have to be taken in order for the transactions and agreements contemplated by this Plan to be completed and occur or be effective as of the Effective Time will be entered into, executed, taken and completed in escrow with counsel to the Company on or prior to the Plan Implementation Date.

(2) As soon as practicable after satisfaction or waiver in accordance with Section 8.1, of each of the conditions precedent to the implementation of this Plan referred to in Section 8.1, the Company will file the Articles of Reorganization and seek to obtain the Certificate of Amendment. The Plan will become effective at, and as of, the Effective Time. The Plan will be implemented in the manner, and the distributions and transactions set out below will be completed and deemed to occur and be effective in the order, set out below:

#### **Part 1 – Prior to the Plan Implementation Date**

The following steps will have occurred prior to the Plan Implementation Date and prior to the filing of the Articles of Reorganization (or may occur at such other time or times as the Plan Participants may agree):

- (i) Versa Capital Fund II, L.P. and Versa Capital Fund II-A, L.P. (together, the “**Versa Funds**”), being the sole owners of Sponsor, shall contribute the Sponsor to Contego AV Holdings, LLC, a newly formed wholly-owned Delaware LLC.
- (ii) Sponsor shall form a new wholly-owned subsidiary, the Sponsor Subsidiary.
- (iii) Sponsor shall form two new wholly-owned subsidiaries: (i) Contego HMSI, LLC, a Delaware LLC (“**Holdco 1**”) and (ii) Contego AVI, LLC, a Delaware LLC (“**Holdco 2**”).

The following steps will occur prior to the Plan Implementation Date and at least one (1) day prior to the filing of the Articles of Reorganization (or may occur at such other time or times as the Plan Participants may agree), but only after all Plan Participants have confirmed in writing to each other that all conditions precedent set forth in the Transaction Agreement have been satisfied or waived (other than any conditions precedent the satisfaction of which are to occur simultaneously with the implementation of the Plan on the Plan Implementation Date):

- (iv) The Company shall effect a pre-closing reorganization of its corporate structure and capital structure as contemplated in the Transaction Agreement, including the transfer or elimination of certain intercompany accounts and transfer of certain affiliates to another affiliate.

The following step will occur after the completion of the steps referred to above and three (3) Business Days prior to the anticipated Plan Implementation Date (or at such other time as the Plan Participants may agree):

- (v) The Company shall file the Articles of Reorganization with the Director under the OBCA.

## **Part 2 – On The Plan Implementation Date**

The following steps will occur on the Plan Implementation Date in the following order (or at such other times or order as the Plan Participants may agree):

### *Capitalization*

- (vi) The Versa Funds shall capitalize, or cause Sponsor to capitalize, through capital contributions, each of the Sponsor Subsidiary, Holdco 1 and Holdco 2, and Sponsor shall confirm in writing to the other Plan Participants that such capitalization has been completed.

### *Acquisition of HMSI and AVI*

- (vii) Upon receiving written confirmation of the capitalization of the Sponsor Subsidiary, Holdco 1 and Holdco 2 as referred to above, Hazard Management Solutions Limited (United Kingdom) shall distribute the shares of Hazard Management Solutions, Inc. (Delaware) (“HMSI”) to VRS.
- (viii) Holdco 1 shall purchase HMSI from VRS for cash and the issuance of a note to VRS.
- (ix) Holdco 2 shall purchase (i) 90% of AVI from PW Allen Holdings Limited (“PW AHL”) for cash and the issuance of a note to PW AHL, and (ii) 10% of AVI from Allen-Vanguard Technologies Inc. (“AVTI”) for cash.
- (x) VRS shall use the cash proceeds received by it in step (viii) to repay debt or pay fees due under the terms of this Plan, either directly or by first transferring the cash to the Company.

- (xi) PW AHL and AVTI shall use the cash proceeds received by them in step (ix) to repay debt or pay fees due under the terms of this Plan, either directly or by first transferring the cash to the Company.
- (xii) HMSI may convert into a limited liability company and Holdco 1 may merge into HMSI.
- (xiii) AVI shall convert into a limited liability company and Holdco 2 shall merge into AVI.

*Exchange and Acquisition of Certain Debt of the Company*

- (xiv) The Second Lien Credit Agreement shall be executed and become effective such that the Affected Creditors are issued second lien debt having a face amount of US\$54.3 million (the “**Second Lien Debt**”) in exchange for a portion of the debt outstanding under the Existing Credit Agreement having a face amount of US\$54.3 million.
- (xv) The Assignment Agreement shall be executed and become effective such that the Sponsor Subsidiary shall purchase from the Affected Creditors the Second Lien Debt for US\$47.15 million, and the Sponsor Subsidiary shall pay US\$47.15 million to the Agent on behalf of the Secured Lenders as the consideration under the Assignment Agreement.
- (xvi) The Intercreditor Agreement shall be executed and become effective.

*Transfer of Common Shares*

- (xvii) The Company shall deliver the Transfer Notice to the Transfer Agent in accordance with the Articles of Reorganization, whereupon the Sponsor Subsidiary shall have acquired, and shall be deemed to have acquired, from each holder of the Common Shares, all of the Common Shares.
- (xviii) The Sponsor Subsidiary shall deliver the Transfer Price to the Transfer Agent.

*Subscription for Additional Common Shares of the Company*

- (xix) The Sponsor Subsidiary shall subscribe for the New Shares for cash and shall pay an aggregate of up to US\$25 million in accordance with the Transaction Agreement less the cash proceeds received in steps (viii) and (ix) above to the Company as the consideration for such subscription.
- (xx) The Company shall elect to cease to be a “public corporation” for purposes of the *Income Tax Act* (Canada).

*Payments and other Transactions under the Plan*

- (xxi) The Company shall pay US\$5 million to the Agent on behalf of the Secured Lenders as a permanent pro rata reduction of the indebtedness

owed to each Secured Lender under the existing “New Facility” pursuant to the Existing Credit Agreement (using a portion of the up to US\$25 million in the aggregate paid to the Company by the Sponsor Subsidiary pursuant to step (xix) above less the cash proceeds received in step (viii) and (ix) above).

- (xxii) The Credit Agreement shall be executed and become effective.
- (xxiii) The Company shall permanently and completely repay all indebtedness owed to the Secured Lenders under the “Interim Funding Facility” pursuant to the Interim Funding Agreement (such repayment to be funded by cash on hand at the Company and, to the extent required, drawings on the Revolving Credit Facility).
- (xxiv) The Company shall pay, or shall cause to be paid, all other fees and expenses due under Section 4.3 of the Plan.

(3) Upon implementation of the Plan in accordance with Section 8.2(2), the Company will deliver to the Monitor, and file with the Court, a copy of a certificate stating that each of the conditions referred to in Section 8.1 has been satisfied or waived, that the Articles of Reorganization have been filed and have become effective as of the date set out in the Certificate of Amendment, that the transactions set out in Section 8.2(2) have occurred and become effective in the manner set forth therein and that the implementation of the Plan has occurred in accordance with the Plan as of the Effective Time.

(4) Sections 95 to 101 of the BIA shall not apply to any of the transactions implemented pursuant to this Plan.

### **8.3 Effect of Plan Generally**

The Plan, upon being sanctioned and approved by the Court pursuant to the Sanction Order, will be final and binding as of the Effective Time on the Company and all Affected Creditors and all other Persons affected by the Plan and the Reorganization contemplated thereby (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) irrespective of the jurisdiction in which such Affected Creditors or other Persons reside and shall constitute, without limiting the generality of the terms of the Plan or the Reorganization:

- (a) a full, final and absolute settlement of all rights of the Affected Creditors in respect of their Affected Claims;
- (b) as of the Effective Time, a partial discharge of certain indebtedness, liabilities and obligations of the Company and the other Allen-Vanguard Parties under the Existing Credit Agreement and a restructuring of the remaining indebtedness, liabilities and obligations of the Company and the other Allen-Vanguard Parties under the terms of the Credit Agreement;

- (c) as of the Effective Time, a cancellation and extinguishment of all Securities without return of capital or other consideration, compensation or relief of any kind to the holders thereof;
- (d) as of the Effective Time, a discharge and extinguishment of all Equity Claims against the Company (and any successor thereto or the Sponsor Subsidiary) without return of capital or other consideration, compensation or relief of any kind to the current or former holders thereof; and
- (e) as of the Effective Time, a transfer of the Common Shares to the Sponsor Subsidiary for the Transfer Price.

#### **8.4 Guarantees and Similar Covenants**

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Affected Claim that is compromised under this Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of any Affected Claim that is compromised under this Plan will be entitled to any additional rights beyond the rights of the Creditor whose Affected Claim was compromised under this Plan.

#### **8.5 Consents, Waivers And Agreements**

At the Effective Time, each Affected Creditor and any other Person affected by this Plan will be deemed to have consented and agreed to all of the provisions of the Plan in its entirety. Without limitation to the foregoing, each Affected Creditor and any other Person affected by this Plan (including the Sponsor and the Sponsor Subsidiary) will be deemed:

- (a) to have executed and delivered to the Company all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety;
- (b) to have waived any non-compliance or default by the Company or any other Allen-Vanguard Party with or of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Affected Creditor or other Person and the Company or any other Allen-Vanguard Party with respect to an Affected Claim or Security that has occurred on or prior to the Effective Time; and
- (c) to have agreed that, if there is any conflict between the provisions of any such agreement (other than the Transaction Agreement and those entered into by the Company on, or with effect from, the Effective Time) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are deemed to be amended accordingly.

#### **8.6 Releases**

(i) At the Effective Time, the Released Parties will be released and discharged or deemed to be released and discharged by each of the other Released Parties and all Affected

Creditors and all other Persons from any and all demands, claims, actions (including any class actions or proceedings before an administrative tribunal), causes of action, grievances, 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 that any such Person may be entitled to assert, including, without limitation, any and all claims for accounting, reconciliation, contribution or indemnity, restitution or otherwise, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing, termination, disclaimer or repudiation of any contract, lease or other agreement, whether written or oral or other occurrence existing or taking place on or prior to the Effective Time relating to, arising out of or in connection with any Affected Claims, this Plan, the Articles of Reorganization, the cancellation of the Securities and the transfer of the Common Shares without consideration, compensation or relief of any kind, the Restructuring Documents, the CCAA Proceedings, the Reorganization or any of the transactions implemented in connection with any of the foregoing (collectively, the “**Released Claims**”); provided, however, that nothing herein shall release or discharge a Released Party: (i) from any of its obligations under the Plan, the Restructuring Documents, the Articles of Reorganization, the Transaction Agreement or any other agreement which the Plan Participants or some of them may have entered into in connection with any of the foregoing; (ii) if such Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed gross negligence, fraud or willful misconduct; or (iii) in the case of directors in respect of any claim of the kind referred to in subsection 5.1(2) of the CCAA or (iv) the EDC Claims.

(ii) At the Effective Time, the Company and the current and former officers and directors thereof will be released and discharged or deemed to be released and discharged by each other and all Affected Creditors and all other Persons from any and all demands, claims, actions (including any class actions or proceedings before an administrative tribunal), causes of action, grievances, 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 that any such Person may be entitled to assert, including, without limitation, any and all claims for accounting, reconciliation, contribution or indemnity, restitution or otherwise, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing, termination, disclaimer or repudiation of any contract, lease or other agreement, whether written or oral or other occurrence existing or taking place on or prior to the Effective Time relating to, arising out of or in connection with any Equity Claims; provided, however, that nothing herein shall release a director or current or former officer in respect of any claim of the kind referred to in subsection 5.1(2) of the CCAA.

## **8.7 Injunction**

(i) All Persons (regardless of whether or not such Persons are Affected Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to any and all Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral,

administrative or other forum) against the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of this Plan; provided, however, that the foregoing shall not apply to the enforcement of any obligations under the Plan, the Restructuring Documents, the Transaction Agreement or any other agreement which the Plan Participants or some of them may have entered into in connection with any of the foregoing or in respect of any claim against a director of the kind referred to in subsection 5.1(2) of the CCAA.

(ii) All Persons (regardless of whether or not such Persons are Affected Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to any and all Equity Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Company (or any successor thereto or the Sponsor Subsidiary) or any current or former officer or director thereof; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Company (or any successor thereto or the Sponsor Subsidiary), any current or former officer or director thereof, or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against the Company (or any successor thereto or the Sponsor Subsidiary) or any current or former officer or director thereof; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Company (or any successor thereto or the Sponsor Subsidiary), any current or former officer or director thereof, or their property; or (v) taking any actions to interfere with the implementation or consummation of this Plan; provided, however, that the foregoing shall not apply in respect of any claim against a director, or current or former officer of the kind referred to in subsection 5.1(2) of the CCAA.

(iii) All Persons (regardless of whether or not such Persons are Affected Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to any claim of the kind referred to in subsection 5.1(2) of the CCAA, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation,

any proceeding in a judicial, arbitral, administrative or other forum) against the Company (or any successor thereto or the Sponsor Subsidiary) or its property; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Company (or any successor thereto or the Sponsor Subsidiary) or its property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against the Company (or any successor thereto or the Sponsor Subsidiary) or its property; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Company (or any successor thereto or the Sponsor Subsidiary) or its property; or (v) taking any actions to interfere with the implementation or consummation of this Plan; and the sole recourse for any such claims against a current or former director or officer of the Company as of the date hereof shall be, and is hereby, limited to any recoveries available from the Company's insurance policies in respect of its current or former directors and officers, and that the holder of any such valid and proven claim shall be subrogated to the rights of any such director or officer to any insurance coverage available in respect of such a claim.

## **8.8 Monitor**

Subject to the Sanction Order and any other Orders, the Monitor shall be discharged and released on the Plan Implementation Date and shall have no further obligations or responsibilities.

## **ARTICLE 9 AMENDMENTS OF PLAN**

### **9.1 Plan Amendments**

The Company may not amend this Plan, prior to or after the Meeting, except by written instrument with the prior written consent of the Sponsor and the Affected Creditors. The Company will provide a copy of any amendment to, or amended form of, this Plan to the Affected Creditors, the Sponsor and the Monitor, file a copy with the Court, and post a copy on the Website.

## **ARTICLE 10 GENERAL PROVISIONS**

### **10.1 Termination of the Plan**

Notwithstanding a prior approval given at the Meeting or the obtaining of the Sanction Order, at any time prior to the Effective Time, if the Transaction Agreement is terminated in accordance with its terms at a time when the conditions precedent to this Plan referred to in Section 8.1 have not been satisfied or waived in accordance with the terms of the Transaction Agreement, then: (a) this Plan shall become null and void in all respects; (b) any document or agreement executed pursuant to this Plan (other than, for the avoidance of doubt, the Transaction

Agreement and all other agreements executed contemporaneously therewith) shall be null and void in all respects; and (c) nothing in this Plan, and no act taken in preparation of the consummation of this Plan (other than, for the avoidance of doubt, the execution of the Transaction Agreement and all other agreements executed contemporaneously therewith) shall: (i) constitute or be deemed to constitute a waiver or release of any Affected Claim; (ii) prejudice in any manner the rights of the Sponsor or any of the Affected Creditors in any proceeding involving any of them or one or more of the Allen-Vanguard Parties; or (iii) constitute an admission of any sort by any of the Affected Creditors, the Allen-Vanguard Parties or any other Person.

## **10.2 Paramountcy**

From and after the Plan Implementation Date, any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, loan agreement, commitment letter, credit document, agreement for sale, by-laws of the Company, lease or other document or agreement, written or oral, and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Allen-Vanguard Parties (or any of them) as at the Plan Implementation Date, excluding in each case the Restructuring Documents, 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.

## **10.3 Severability**

If prior to the Plan Implementation Date, any provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of Company and subject to the consent of the Plan Participants, acting reasonably, may alter and/or interpret such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of such provision, and such provision will then be applicable as altered or interpreted and the remainder of the provisions of this Plan will remain in full force and effect and will in no way be invalidated by such alteration or interpretation.

## **10.4 Deeming Provisions**

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

## **10.5 Binding Effect**

At the Effective Time, the Plan, the Articles of Reorganization and all Restructuring Documents and other agreements, documents and transactions contemplated thereby will become effective (to the extent not already effective) and be binding on and enure to the benefit of the Allen-Vanguard Parties, the Sponsor, the Sponsor Subsidiary, the Affected Creditors and all other Persons named or referred to in, or subject to or affected by, this Plan, the Articles of Reorganization or the Restructuring Documents and their respective heirs, administrators, executors, representatives, successors and assigns.

## 10.6 Notices

Any notice or communication to be delivered hereunder shall be in writing and shall reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, mail or facsimile addressed to the respective parties as follows:

(a) if to the Company:

c/o Lang Michener LLP  
Brookfield Place, Suite 2500  
181 Bay Street  
Toronto, Ontario  
M5J 2T7

Attention: Carl De Vuono

Facsimile: (416) 304-3755

Email: [CDeVuono@langmichener.ca](mailto:CDeVuono@langmichener.ca)

(b) if to the Secured Lenders:

c/o ThorntonGroutFinnigan LLP  
Suite 3200, Canadian Pacific Tower  
100 Wellington Street West  
Toronto, Ontario  
M5K 1K7

Attention: Leanne Williams

Facsimile: (416) 304-1616

Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

(c) if to the Sponsor:

*if before December 22, 2009:*

c/o Goodmans LLP  
250 Yonge Street  
Suite 2400, Box 24  
Toronto, Ontario  
M5B 2M6

*if after December 22, 2009:*

c/o Goodmans LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, Ontario  
M5H 2S7

Attention: Robert Chadwick and Brendan O'Neill

Facsimile: (416) 979-1234

Email: [rchadwick@goodmans.ca](mailto:rchadwick@goodmans.ca); [boneill@goodmans.ca](mailto:boneill@goodmans.ca)

**(d)** if to the Monitor:

Deloitte & Touche Inc.  
Brookfield Place, Suite 1400  
181 Bay Street  
Toronto, Ontario  
M5J 2V1

Attention: Pierre Laporte, President and David Boddy, Senior Vice-President

Facsimile: (416) 601-6690

Email: [pilaporte@deloitte.ca](mailto:pilaporte@deloitte.ca); [dboddy@deloitte.ca](mailto:dboddy@deloitte.ca)

with a copy to:

Ogilvy Renault  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 3800  
P.O. Box 84  
Toronto, Ontario  
M5J 2Z4

Attention: Mario Forte

Facsimile: (416) 216-3930

Email: [mforte@ogilvyrenault.com](mailto:mforte@ogilvyrenault.com);

or to such other address as any party may from time to time notify the others in accordance with this Section. All such notices and communications which are delivered shall be deemed to have been received on the date of delivery. All such notices and communications which are delivered by facsimile shall be deemed to be received on the date transmitted if sent before 5:00 p.m. on a Business Day and otherwise shall be deemed to be received on the Business Day following the day upon which such facsimile was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing. The unintentional failure to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to this Plan.

## **10.7 Different Capacities**

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person shall be entitled to participate hereunder in each such capacity. Any action taken by or any effect of the Plan on a Person in one capacity

will only affect such Person in that capacity and shall not affect such Person in any other capacity.

#### **10.8 Responsibilities of the Monitor**

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings, and the Monitor will not be responsible or liable for any obligations of the Company hereunder. The Monitor will have only those powers granted to it by this Plan, by the CCAA and by any Order of the Court in the CCAA Proceedings, including the Initial Order.

#### **10.9 Covenant of the Plan Participants**

Each Plan Participant hereby covenants and agrees, and is deemed to covenant and agree to execute and deliver, on or after the Effective Time, all such agreements, instruments and documents and to take all such further actions as any of the other Plan Participants may reasonably deem necessary or desirable from time to time to carry out the full intent and purposes of this Plan, the Articles of Reorganization and the Restructuring Documents, and any related agreements or documents, and to consummate the transactions contemplated thereby.

#### **10.10 Further Assurances**

At the request of the Plan Participants, each of the Persons named or referred to herein, or subject to, this Plan will execute and deliver all such documents and instruments and do all such acts and things as may be reasonably necessary or desirable to carry out the full intent and purposes of this Plan, the Articles of Reorganization and the Restructuring Documents, and any related agreements or documents, and to consummate the transactions contemplated thereby, notwithstanding any provision of this Plan that deems any transaction or event to occur without further formality.

Dated at Toronto, Ontario as of the 9<sup>th</sup> day of December, 2009.

**SCHEDULE A**  
**ARTICLES OF REORGANIZATION**

**SCHEDULE B**  
**CREDIT AGREEMENT**

**SCHEDULE C**  
**INTERCREDITOR AGREEMENT**

**SCHEDULE D**  
**SECOND LIEN CREDIT AGREEMENT**

**SCHEDULE E**  
**ASSIGNMENT AGREEMENT**

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

Court File No. CV-09-00008502-00CL

AND IN THE MATTER OF A PLAN OF ARRANGEMENT AND REORGANIZATION OF ALLEN-VANGUARD CORPORATION

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED AND SECTION 186 OF THE ONTARIO *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B.16

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**PLAN OF ARRANGEMENT AND  
REORGANIZATION**

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