

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

Applicants

**MOTION RECORD  
(Returnable August 4, 2016)**

**MCINNES COOPER**  
Barristers & Solicitors  
Blue Cross Building, South Tower  
644 Main Street, Suite 400  
Moncton, NB E1C 1E2

Chris Keirstead  
Michael Costello

Tel: (506) 857-8970  
Fax: (506) 857-4095

**Lawyers for the Applicants**

**GOODMANS LLP**  
Barristers & Solicitors  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

Robert J. Chadwick  
Logan Willis

Tel: (416) 979-2211  
Fax: (416) 979-1234

**Lawyers for the Applicants**

# Index

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

**INDEX**

| <b>Tab</b> | <b>Document</b>   |
|------------|---|
| 1.         | Notice of Motion  |
| 2.         | Draft Sanction Order  |
| 3.         | Draft Disputed Claim Resolution Order                               |
| 4.         | Draft Stay Extension Order  |
| 5.         | Affidavit of Bryan Inglis sworn July 29, 2016                       |
| A.         | Affidavit of Bryan Inglis sworn June 24, 2015 (without exhibits).   |
| B.         | Amended Plan of Compromise and Arrangement dated July 19, 2016.     |
| C.         | Blackline showing changes to the Original Plan dated June 21, 2016. |
| D.         | Claims Procedure Order (without schedules).                         |
| E.         | Proof of Claim of the Committee dated July 24, 2016.                |
| F.         | Notice of Disallowance dated July 25, 2016.                         |

1

Court File No. SJM-98-15

IN THE COURT OF QUEEN'S BENCH OF  
NEW BRUNSWICK

TRIAL DIVISION

JUDICIAL DISTRICT OF SAINT JOHN

COUR DU BANC DE LA REINE DU  
NOUVEAU BRUNSWICK

DIVISION DE PREMIERE INSTANCE

CIRCONSCRIPTION JUDICIAIRE DE SAINT  
JOHN

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

**AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
CO-OP ATLANTIC, CO-OP ENERGY LTD.  
AND C A REALTY LTD. (the "Applicants")**

**NOTICE OF MOTION  
(FORM 37A)**

TO: The Service List attached as Schedule "A"

The Applicants will apply to the Court at the Saint John Court House, 10 Peel Plaza, Saint John, New Brunswick on the 4<sup>th</sup> day of August, 2016 at 12:00 p.m. Atlantic Time for an Order as set out hereunder.

You are advised that:

- (a) you are entitled to issue documents and present evidence at the hearing in English or French or both;
- (b) the Applicants intend to proceed in the English language; and
- (c) if you intend to proceed in the other official language, an interpreter may be required and you must so advise the clerk at least 7 days before the hearing.

**AVIS DE MOTION  
(FORMULE 37A)**

DESTINAIRE:

Le demandeur (*ou selon le cas*) demandera à la Cour à .....(*lieu précis*) ....., le ..... 19....., à ..... h ....., d'ordonner (*indiquer l'ordonnance demandée, les motifs à discuter et les renvois aux dispositions législatives ou règles qui seront invoquées*);

Sachez que:

- (a) vous avez le droit d'émettre des documents et de présenter votre preuve en français, en anglais ou dans les deux langues;
- (b) le demandeur a l'intention d'utiliser la langue anglais; et
- (c) si vous avez l'intention d'utiliser l'autre langue officielle, les services d'un interprète pourront être requis et vous devrez en aviser le greffier au moins 7 jours avant l'audience.

## NOTICE OF MOTION

1. Co-op Atlantic, Co-op Energy Ltd. and C A Realty Ltd. (collectively, the “**Applicants**”) make a motion pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for:<sup>1</sup>
  - (a) an Order substantially in the form attached at Tab 2 of the within Motion Record (the “**Sanction Order**”), *inter alia*, sanctioning the Applicants’ Amended Plan of Compromise and Arrangement dated July 19, 2016 (the “**Plan**”) pursuant to the CCAA;
  - (b) an Order substantially in the form attached at Tab 3 of the within Motion Record (the “**Disputed Claim Resolution Order**”), *inter alia*, setting out a process and timeline (the “**Resolution Process**”) for the resolution by this Court of a claim asserted against the Applicants and their directors and officers (the “**Committee Claim**”) by an ad hoc committee of certain non-unionized former employees and retirees of Co-op Atlantic (the “**Committee**”);
  - (c) an Order substantially in the form attached at Tab 4 of the within Motion Record (the “**Stay Extension Order**”) extending the Stay Period (as defined in the Initial Order) to and including October 31, 2016; and
  - (d) such further and other relief as this Court deems just.
2. The grounds for the motion are:
  - (a) on June 25, 2015, the Court granted the Initial Order, *inter alia*, (i) granting the Applicants a stay of proceedings under the CCAA and (ii) appointing KPMG Inc. as CCAA Monitor in respect of the Applicants (the “**Monitor**”);
  - (b) the Plan is the culmination of a restructuring process in which the Applicants have sold their core assets and businesses on a going-concern basis, achieved a global

---

<sup>1</sup> Capitalized terms that are not defined herein shall have the meanings given to them in the Affidavit of Bryan Inglis sworn July 29, 2016 (the “**Inglis Affidavit**”), attached at Tab 5 of the within Motion Record.

- 2 -

settlement among their key stakeholders and settled the claims of their secured creditors;

- (c) the Applicants have carried out a comprehensive process for calling and determining claims against the Applicants in accordance with the Claims Procedure Order granted by this Court on October 1, 2015;
- (d) the Plan includes certain amendments to the plan of compromise and arrangement dated June 21, 2016 filed with the Court in connection with the Applicants' motion for the Meeting Order, which amendments, *inter alia*, modify the scope of the releases in the Plan to reflect feedback received from certain of the Applicants' stakeholders and matters raised at the Court hearing on June 27, 2016;
- (e) the Meeting Order of this Court dated June 27, 2016 authorized the Applicants to hold a Meeting of their unsecured creditors to consider and vote on a resolution to approve the Plan;
- (f) at the Meeting held on July 25, 2016, the Plan was approved by 98% in number and 98% in value of the Applicants' Affected Unsecured Creditors with Proven Voting Claims;
- (g) the Plan is fair and reasonable and represents the optimal outcome for the Applicants and their stakeholders in the circumstances;
- (h) the Plan is consistent with and reflects the terms of the Court-approved Settlement Agreement;
- (i) the releases in the Plan are integral to the framework of compromises in the Settlement Agreement and the Plan and are necessary for the successful restructuring of the Applicants and their ability to preserve contingent future value for the benefit of the Pension Plan;

- 3 -

- (j) the Applicants wish to ensure that the CCAA process continues to move forward efficiently and believe that it is in the best interests of their stakeholders to seek Court approval of the Plan at this time;
- (k) the Committee Claim was submitted less than 24-hours before the Meeting and asserts a \$71.5 million claim against the Applicants, of which \$67.65 million is alleged to be secured by operation of provincial pension legislation;
- (l) the representative of the Committee that filed the Committee Claim has not provided any evidence that she had the legal authority to file the Committee Claim on behalf of other pension beneficiaries;
- (m) the Committee Claim was filed after the applicable claims bar date and is therefore barred by operation of the Claims Procedure Order;
- (n) the Applicants do not believe that the Committee Claim is valid and the Monitor has issued a Notice of Disallowance pursuant to the Claims Procedure Order;
- (o) the Resolution Process in the proposed Disputed Claim Resolution Order set outs an appropriate procedure and litigation timeline for the determination of the Committee Claim by this Court;
- (p) the terms of the proposed Sanction Order will enable the Applicants to continue to advance the CCAA proceedings and the actions necessary to implement the Plan while preserving the rights of the Committee pending the resolution of the Committee Claim;
- (q) the Monitor has concluded that the Plan is fair and reasonable and supports the relief sought by the Applicants;
- (r) the Applicants have continued to act in good faith and with due diligence with respect to all matters in these CCAA proceedings;
- (s) an extension of the Stay Period to October 31, 2016 will provide the Applicants with the time needed to resolve matters with respect to the Committee Claim and



- 4 -

enable the Applicants to complete the activities necessary to implement the Plan, make distributions to their unsecured creditors, and complete the CCAA proceedings in an orderly manner;

- (t) the circumstances that exist make it appropriate for the Court to grant the requested Orders;
- (u) the provisions of the CCAA and this Court's equitable and statutory jurisdiction thereunder;
- (v) paragraph 3 of the Initial Order and paragraph 9 of the Claims Procedure Order;
- (w) Rules 1.02, 1.02.1, 1.03(2), 3.02, 37, 37.01 and 37.04(1) of the *Rules of Court*; and
- (x) such further and other grounds as counsel may advise and this Court may permit.

3. The following documentary evidence will be used at the hearing of this motion:

- (a) the Inglis Affidavit;
- (b) the Eleventh Report of the Monitor, to be filed; and
- (c) such further and other materials as counsel may advise and this Court may permit.

- 5 -

Dated July 29, 2016

**MCINNES COOPER**  
Barristers & Solicitors  
Blue Cross Building, South Tower  
644 Main Street, Suite 400  
Moncton, NB E1C 1E2

Chris Keirstead  
Michael Costello

Tel: (506) 857-8970  
Fax: (506) 857-4095

Lawyers for the Applicants

**GOODMANS LLP**  
Barristers & Solicitors  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

Robert J. Chadwick  
Logan Willis

Tel: (416) 979-2211  
Fax: (416) 979-1234

Lawyers for the Applicants

**SCHEDULE A – SERVICE LIST**

Court File No. SJM-98-15

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN****IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED****AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

Applicants

**SERVICE LIST****TO: MCINNES COOPER**  
Blue Cross Building, South Tower  
644 Main Street, Suite 400  
Moncton, NB E1C 1E2

Fax: 506-857-4095

**Remy Boudreau**

Tel: 506-877-0849

Email: [remy.boudreau@mcinnescooper.com](mailto:remy.boudreau@mcinnescooper.com)**Chris Keirstead**

Tel: 506-877-0845

Email: [chris.keirstead@mcinnescooper.com](mailto:chris.keirstead@mcinnescooper.com)**Lawyers for the Applicants**

- 2 -

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

Fax: 416-979-1234

**Robert J. Chadwick**  
Tel: 416-597-4285  
Email: [rchadwick@goodmans.ca](mailto:rchadwick@goodmans.ca)

**Logan Willis**  
Tel: 416-597-6299  
Email: [lwillis@goodmans.ca](mailto:lwillis@goodmans.ca)

**Lawyers for the Applicants**

**AND TO: KPMG INC.**  
Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto, ON M5H 2S5

Fax: 416-777-3883

**Randy Benson**  
Tel: 416-777-8539  
Email: [rbenson@kpmg.ca](mailto:rbenson@kpmg.ca)

**Anamika Gadia**  
Tel: 416-777-3842  
Email: [agadia@kpmg.ca](mailto:agadia@kpmg.ca)

**The Monitor**

**KPMG INC.**  
KPMG Tower, 600 de Maisonneuve Boulevard West  
Suite 1500  
Montreal, QC H3A 0A3

Fax: 514-840-2442

**Carl Adjami**  
Tel: 514-840-2323  
Email: [cadjami@kpmg.ca](mailto:cadjami@kpmg.ca)

**The Monitor**

- 3 -

**AND TO: BLAKE, CASSELS & GRAYDON LLP**  
199 Bay Street  
Suite 4000, Commerce Court West  
Toronto, ON M5L 1A9

Fax: 416-863-2653

**Pamela Huff**

Tel: 416-863-2958

Email: [pamela.huff@blakes.com](mailto:pamela.huff@blakes.com)

**Bernard Boucher**

Tel: 514-982-4006

Email: [bernard.boucher@blakes.com](mailto:bernard.boucher@blakes.com)

**Chris Burr**

Tel: 416-863-3261

Email: [chris.burr@blakes.com](mailto:chris.burr@blakes.com)

**Lawyers for the Monitor**

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

Fax: 416-304-1313

**Grant B. Moffat**

Tel: 416-304-0599

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

**Michael Shakra**

Tel: 416-304-0332

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

**Lawyers for National Bank of Canada**

- 4 -

**AND TO: COX & PALMER LLP**  
Brunswick Square, Suite 1500  
1 Germain Street  
Saint John, NB E2L 4V1

Fax: 506-632-8809

**Josh McElman**

Tel: 506-633-2708

Email: [jmcelman@coxandpalmer.com](mailto:jmcelman@coxandpalmer.com)

**Lawyers for National Bank of Canada**

**AND TO: OFFICE OF THE ATTORNEY GENERAL**  
Legal Services Branch  
P.O. Box 6000  
Chancery Place  
675 King Street, 2<sup>nd</sup> Floor  
Fredericton, NB E3B 5H1

Fax: 506-453-3275

**Alan Rockwell**

Tel: 506-444-2453

Email: [alan.rockwell@gnb.ca](mailto:alan.rockwell@gnb.ca)

**Philippe Thériault**

Tel: 506-453-2222

Email: [philippe.theriault2@gnb.ca](mailto:philippe.theriault2@gnb.ca)

**Lawyers for Provincial Holdings Ltd.**

**AND TO: SUPERINTENDENT OF PENSIONS, FINANCIAL AND CONSUMER SERVICES COMMISSION**  
Andal Building  
225 King Street  
Fredericton, NB E3B 1E1

Fax: 506-457-7266

**Angela Mazerolle**

Email: [angela.mazerolle@fcbn.ca](mailto:angela.mazerolle@fcbn.ca)

**Jennifer Sutherland Green**

Email: [jennifer.sutherlandgreen@fcbn.ca](mailto:jennifer.sutherlandgreen@fcbn.ca)

- 5 -

**AND TO: BUSINESS DEVELOPMENT BANK OF CANADA**  
275 Main Street, Suite 205  
Bathurst, NB E2A 1A9

Fax: 506-548-7381

**Robert Haché**  
Tel: 506-548-6784  
Email: [robert.hache@bdc.ca](mailto:robert.hache@bdc.ca)

**AND TO: AIRD & BERLIS LLP**  
Brookfield Place, Suite 1800  
181 Bay Street  
Toronto, ON M5J 2T9

Fax: 416-863-1515

**Steven L. Graff**  
Tel: 416-865-7726  
Email: [sgraff@airdberlis.com](mailto:sgraff@airdberlis.com)

**Lawyers for Business Development Bank of Canada**

**AND TO: UNIFOR**  
National Office  
205 Placer Court  
Toronto, ON M2H 3H9

**Barry E. Wadsworth**  
Email: [barry.wadsworth@unifor.org](mailto:barry.wadsworth@unifor.org)

**AND TO: PINK LARKIN**  
1133 Regent Street, Suite 210  
Fredericton, NB E3B 3Z2

Fax: 506-458-1127

**Joël Michaud**  
Tel: 506-458-1989  
Email: [jmichaud@pinklarkin.com](mailto:jmichaud@pinklarkin.com)

**Dominic Caron**  
Tel: 506-458-1989  
Email: [dcaron@pinklarkin.com](mailto:dcaron@pinklarkin.com)

**Lawyers for Unifor**

- 6 -

**AND TO: UNITED FOOD AND COMMERCIAL WORKERS UNION (UFCW)**  
Suite 300, Sun Tower  
1550 Bedford Highway  
Bedford, NS B4A 1E6

**Mark Dobson**  
Atlantic Assistant to the Canadian Director  
Email: [ufcw@eastlink.ca](mailto:ufcw@eastlink.ca)

**AND TO: PINK LARKIN**  
1463 South Park Street, Suite 201  
P.O. Box 36036  
Halifax, NS B3J 3S9

Fax: 902-423-9588

**Ronald A. Pink, Q.C.**  
Tel: 902-423-7777  
Email: [rpink@pinklarkin.com](mailto:rpink@pinklarkin.com)

**Bettina Quistgaard**  
Tel: 902-423-7777  
Email: [bquistgaard@pinklarkin.com](mailto:bquistgaard@pinklarkin.com)

**Lawyers for United Food and Commercial Workers Canada and United  
Food and Commercial Workers Canada Locals 1288P and 864**

**AND TO: ECKLER LTD.**  
1969 Upper Water Street, Suite 503  
Halifax, NS B3J 3R7

**Derek M. Gerard**  
Tel: 902-490-3315  
Email: [dgerard@eckler.ca](mailto:dgerard@eckler.ca)

**Administrator of the Co-Op Atlantic Employees' Pension Plan**



- 7 -

**AND TO: STIKEMAN ELLIOTT LLP**

5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9

Fax: 416-947-0866

**Elizabeth Pillon**

Tel: 416-869-5623  
Email: [lpillon@stikeman.com](mailto:lpillon@stikeman.com)

**Maria Konyukhova**

Tel: 416-869-5230  
Email: [mkonyukhova@stikeman.com](mailto:mkonyukhova@stikeman.com)

**Andrea Boctor**

Tel: 416-869-5230  
Email: [aboctor@stikeman.com](mailto:aboctor@stikeman.com)

**Lawyers for Eckler Ltd.,  
Administrator of the Co-Op Atlantic Employees' Pension Plan**

**AND TO: HARRISON PENZA LLP**

450 Talbot Street  
London, ON N6A 5J6

Fax: 519-667-3362

**Tom Robson**

Tel: 519-661-6766  
Email: [trobson@harrisonpensa.com](mailto:trobson@harrisonpensa.com)

**Michael Cassone**

Tel: 519-661-6765  
Email: [mcassone@harrisonpensa.com](mailto:mcassone@harrisonpensa.com)

**Lawyers for Farm Credit Canada**

- 8 -

**AND TO: NOVA SCOTIA DEPARTMENT OF JUSTICE**

Legal Services Division  
Joseph Howe Building  
1690 Hollis Street  
Halifax, NS B3J 3J9

Fax: 902-424-7120

**Sean Foreman**

Tel: 902-424-6969  
Email: [sean.foreman@novascotia.ca](mailto:sean.foreman@novascotia.ca)

**Glenna Campbell**

Tel: 902-424-5073  
Email: [glenna.campbell@novascotia.ca](mailto:glenna.campbell@novascotia.ca)

**Lawyers for Nova Scotia Business Incorporated  
(Successor of Nova Scotia Business Development Corporation)****AND TO: JOHN DEERE FINANCIAL INC.**

1001 Champlain Avenue, Suite 401  
Burlington, ON L7L 5Z4

Fax: 905-319-5866

**Steve A. Watson**

Tel: 905-319-4958  
Email: [watsonstevea@johndeere.com](mailto:watsonstevea@johndeere.com)

**AND TO: KELLOGG CANADA INC.**

5350 Creekbank Road  
Mississauga, ON L4W 5S1

**Blake Moran**

Tel: 905-290-5227  
Email: [blake.moran@kellogg.com](mailto:blake.moran@kellogg.com)

- 9 -

**AND TO: BENNETT JONES LLP**  
100 King Street West, Suite 3400  
Toronto, ON M5X 1A4

Fax: 416-863-1716

**Raj Sahni**

Tel: 416-777-4804

Email: [sahnir@bennettjones.com](mailto:sahnir@bennettjones.com)

**Mark Laugesen**

Tel: 416-777-4802

Email: [laugesenm@bennettjones.com](mailto:laugesenm@bennettjones.com)

**Lawyers for Irving Oil**

**AND TO: BENNETT JONES LLP**  
100 King Street West, Suite 3400  
Toronto, ON M5X 1A4

Fax: 416-863-1716

**Ranjan Agarwal**

Tel: 416-777-6503

Email: [agarwalr@bennettjones.com](mailto:agarwalr@bennettjones.com)

**Mark Laugesen**

Tel: 416-777-4802

Email: [laugesenm@bennettjones.com](mailto:laugesenm@bennettjones.com)

**Lawyers for Nestle Canada Inc.**

**AND TO: WITTEN LLP, Barristers & Solicitors**  
Suite 2500, Canadian Western Bank Place  
10303 Jasper Avenue  
Edmonton, AB T5J 3N6

Fax: 780-429-2559

**Howard J. Sniderman, Q.C.**

Tel: 780-441-3203

Email: [hsniderman@wittenlaw.com](mailto:hsniderman@wittenlaw.com)

**Lawyers for Medicine Shoppe Atlantic Corporation  
and Medicine Shoppe Canada Corporation**

- 10 -

**AND TO: GORMAN NASON**  
121 Germain Street  
P.O. Box 7286, Station A  
Saint John, NB E2L 4S6

Fax: 506-634-8685

**Peter H. MacPhail**  
Tel: 506-636-7324  
Email: [peter.macphail@gormannason.com](mailto:peter.macphail@gormannason.com)

**James L. Mockler**  
Tel: 506-636-7320  
Email: [james.mockler@gormannason.com](mailto:james.mockler@gormannason.com)

**Lawyers for the Superintendent of Pensions for New Brunswick**

**AND TO: DE LAGE LANDEN FINANCIAL SERVICES CANADA INC.**  
3450 Superior Court, Unit 1  
Oakville, ON L6L 0C4

Fax: 866-318-3447

**Faseeh Ahmad**  
Tel: 855-732-2818  
Email: [fahmad@leasedirect.com](mailto:fahmad@leasedirect.com)

**AND TO: COMINAR REAL ESTATE INVESTMENT TRUST**  
Complexe Jules-Dallaire  
2820 Laurier Boulevard – T3  
Québec, QC G1V 0C1

Fax: 418-681-2946

**Manon Deslauriers**  
Email: [manon.deslauriers@cominar.com](mailto:manon.deslauriers@cominar.com)

**Philippe Côté**  
Email: [philippe.cote@cominar.com](mailto:philippe.cote@cominar.com)

- 11 -

**AND TO: STEWART McKELVEY**  
Purdy's Wharf Tower One  
900 – 1959 Upper Water Street  
P.O. Box 997  
Halifax, NS B3J 2X2

Fax: 902-420-1417

**Maurice P. Chiasson, Q.C.**  
Tel: 902-420-3200  
Email: [mchiasson@stewartmckelvey.com](mailto:mchiasson@stewartmckelvey.com)

**Lawyers for Cominar Real Estate Investment Trust**

**AND TO: GOWLING LAFLEUR HENDERSON LLP**  
3700 – 1 Place Ville Marie  
Montréal, QC H3B 3P4

Fax: 514-876-9048

**François Viau**  
Tel: 514-392-9530  
Email: [francois.viau@gowlings.com](mailto:francois.viau@gowlings.com)

**Geneviève Cloutier**  
Tel: 514-392-9448  
Email: [genevieve.cloutier@gowlings.com](mailto:genevieve.cloutier@gowlings.com)

**Lawyers for Imperial Oil**

**AND TO: BINGHAM LAW**  
95 Foundry Street, Suite 300  
Moncton, NB E1C 5H7

Fax: 506-857-2017

**Edwin (Ted) Ehrhardt, Q.C.**  
Tel: 506-857-6309  
Email: [eehrhardt@bingham.ca](mailto:eehrhardt@bingham.ca)

**Lawyers for Imperial Oil**

- 12 -

**AND TO: WICKWIRE HOLM**  
1801 Hollis Street, Suite 1800  
Halifax, NS B3J 2X6

Fax: 902-429-8215

**Carl Holm**  
Tel: 902-429-7001  
Email: [cholm@wickwireholm.com](mailto:cholm@wickwireholm.com)

**Lawyers for HSBC**

**AND TO: McCARTHY TÉTRAULT LLP**  
1000 De La Gauchetière Street West, Suite 2500  
Montreal, QC H3B 0A2

Fax: 514-875-6246

**Alain N. Tardif**  
Tel: 514-397-4274  
Email: [atardif@mccarthy.ca](mailto:atardif@mccarthy.ca)

**Anne-Marie Naud**  
Tel: 418-521-3044  
Email: [anaud@mccarthy.ca](mailto:anaud@mccarthy.ca)

**Lawyers for La Coop Fédérée**

**AND TO: ATLANTIC POULTRY INCORPORATED**  
791 Belcher Street, RR1  
Port Williams, NS B0P 1T0

**Ian Blenkarn**  
Tel: 902-670-0616  
Email: [ianb@atlanticpoultry.com](mailto:ianb@atlanticpoultry.com)

**AND TO: PATTERSON LAW**  
10 Church Street  
Truro, NS B2N 3Z6

**George L. White**  
Tel: 902-896-6163  
Email: [gwhite@pattersonlaw.ca](mailto:gwhite@pattersonlaw.ca)

**Jennifer Hamilton Upham**  
Tel: 902-896-6192  
Email: [jupham@pattersonlaw.ca](mailto:jupham@pattersonlaw.ca)

- 13 -

**AND TO: TEVA CANADA LTD.**  
30 Novopharm Court  
Toronto, ON M1B 2K9

**Terry Reid**  
Legal Counsel  
Tel: 416-940-6798  
Email: [terry.reid@tevacanada.com](mailto:terry.reid@tevacanada.com)

**AND TO: FORBES ROTH BASQUE**  
814 Main Street, Suite 300  
P.O. Box 480  
Moncton, NB E1C 8L9

**Robert Basque**  
Tel: 506-857-4880  
Email: [grbasque@forbesrothbasque.nb.ca](mailto:grbasque@forbesrothbasque.nb.ca)

**Lawyers for Certain Residential Property Corporations**

**AND TO: COX & PALMER LLP**  
Brunswick Square, Suite 1500  
1 Germain Street  
St. John, NB E2L 4V1

Fax: 506-632-8809

**Peter R. Forestell, QC**  
Tel: 506-633-2715  
Email: [pforestell@coxandpalmer.com](mailto:pforestell@coxandpalmer.com)

**Jane E. MacEachern**  
Tel: 506-633-2777  
Email: [jmaceachern@coxandpalmer.com](mailto:jmaceachern@coxandpalmer.com)

**Lawyers for CST Canada Co.**

**AND TO: CONCENTRA FINANCIAL**  
333 3<sup>rd</sup> Ave N  
Saskatoon, SK S7K 2M2

Fax: 306-956-3003

**Val Lucyshyn**  
Tel: 306 956 1914  
Email: [val.lucyshyn@concentrafinancial.ca](mailto:val.lucyshyn@concentrafinancial.ca)

**Debenture Trustee**

- 14 -

**AND TO: CONCENTRA FINANCIAL**

333 3<sup>rd</sup> Ave N  
Saskatoon, SK S7K 2M2

Fax: 306-956-3003

**Kezia Sonntag**

Tel: 306-956-5170

Email: [kezia.sonntag@concentrafinancial.ca](mailto:kezia.sonntag@concentrafinancial.ca)

**Wayne Pederson**

Email: [wpederson@kmplaw.com](mailto:wpederson@kmplaw.com)

**Lawyers for Concentra Financial****AND TO: TRIPP BUSINESS LAW**

Place de l'Assomption  
770 Main Street, 10<sup>th</sup> Floor  
Box 6011  
Moncton, NB E1C 1E7

Fax: 888-316-4697

**Kevin Moreau**

Student-at-Law

Tel: 506-830-8747, ext. 203

Email: [km@tripplaw.ca](mailto:km@tripplaw.ca)

**Lawyers for Peak Foods LLC****AND TO: LAWSON CREAMER**

133 Prince William Street, Suite 801  
Saint John, NB E2L 2B5

Fax: 506-633-0465

**Kelly VanBuskirk**

Tel: 506-633-3535

Email: [kvanbuskirk@lawsoncreamer.com](mailto:kvanbuskirk@lawsoncreamer.com)

**Lawyers for Co-operators Group Limited**



- 15 -

**AND TO: AIRD & BERLIS LLP**

Brookfield Place  
181 Bay Street  
Suite 1800, Box 754  
Toronto, ON M5J 2T9

Fax: 416-863-1515

**Timothy M. Lowman**

Tel: 416-865-7715  
Email: [tlowman@airdberlis.com](mailto:tlowman@airdberlis.com)

**Ian Aversa**

Tel: 416-865-3082  
Email: [iaversa@airdberlis.com](mailto:iaversa@airdberlis.com)

**Lawyers for Kraft Canada Inc.****AND TO: BINGHAM LAW**

95 Foundry Street, Suite 300  
Moncton, NB 31C 5H7

Fax: 506-857-2017

**Michiel J. Vandenberg**

Tel: 506-383-6390  
Email: [mvandenberg@bingham.ca](mailto:mvandenberg@bingham.ca)

**Lawyers for Waycar Holdings Ltd.****AND TO: DELEHANTY RINZLER DRUCKMAN**

720 Main Street  
Moncton, NB E1C 1E4

Fax: 506-857-3592

**M. Morley Rinzler**

Tel: 506-858-1800  
Email: [rinzler@drdlaw.ca](mailto:rinzler@drdlaw.ca)

**Lawyers for 684318 NB Ltd.****AND TO: MRS. AVIS E. CHAPMAN**

19 Lawrence Street  
Amherst, NS B4H 3G5

Fax: 902-667-2754

- 16 -

**AND TO: MACPHERSON LESLIE & TYERMAN LLP**  
1500 – 410 22<sup>nd</sup> Street East  
Saskatoon, SK S7K 5T6

**Jeffrey M. Lee, Q.C.**  
Tel: 306-975-7136  
Email: [jmlee@mlt.com](mailto:jmlee@mlt.com)

**Paul Olfert**  
Tel: 306-956-6970  
Email: [polfert@mlt.com](mailto:polfert@mlt.com)

**Lawyers for Interprovincial Cooperative Limited**

**AND TO: NATHAN SEAMAN WATTS**  
24 Webster Court  
Kentville, NS B4N 1H2

Fax: 902-678-1615

**Peter D. Nathanson**  
Tel: 902-678-1616  
Email: [pnathanson@24webster.com](mailto:pnathanson@24webster.com)

**Lawyers for Scotian Gold Co-operative Limited**

**AND TO: PRIMESHARES WORLD MARKETS**  
261 Fifth Avenue, 22<sup>nd</sup> Floor  
New York, NY 10016

Fax: 212-889-2232

**Neil Desai**  
Tel: 212-889-3088  
Email: [nd@primeshares.com](mailto:nd@primeshares.com)

**AND TO: KOSKIE MINSKY LLP**  
20 Queen Street West, Suite 900  
Toronto, ON M5H 3R3

Fax: 416-204-2872

**Andrew J. Hatnay**  
Tel: 416-595-2083  
Email: [ahatnay@kmlaw.ca](mailto:ahatnay@kmlaw.ca)

**Lawyers for Murielle DiDomenicantonio**

- 17 -

**AND TO THE CO-OP ATLANTIC CCAA EMPLOYEES AND RETIREES  
COMMITTEE**

865 Coverdale Road  
Riverview, New Brunswick E1B 5E4

**Murielle DiDomicantonio**

Email: [murielledido@hotmail.com](mailto:murielledido@hotmail.com)

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

Court File No: SJM-98-15

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

Applicants

---

**COURT OF QUEEN'S BENCH OF  
NEW BRUNSWICK**

Proceeding filed in Saint John

---

**NOTICE OF MOTION  
(Returnable August 4, 2016)**

---

**MCINNES COOPER**

Barristers & Solicitors  
Blue Cross Building, South Tower  
644 Main Street, Suite 400  
Moncton, NB E1C 1E2

**Chris Keirstead / Michael Costello**

Tel: (506) 857-8970  
Fax: (506) 857-4095

**GOODMANS LLP**

Barristers & Solicitors  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

**Robert J. Chadwick / Logan Willis**

Tel: (416) 979-2211  
Fax: (416) 979-1234

Lawyers for the Applicants

2

Court File No. SJM-98-15

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN**

|                    |   |                               |
|--------------------|---|-------------------------------|
| THE HONOURABLE     | ) | THURSDAY, THE 4 <sup>TH</sup> |
|                    | ) |                               |
| JUSTICE STEPHENSON | ) | DAY OF AUGUST, 2016           |

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF CO-OP ATLANTIC, CO-OP ENERGY LTD.  
AND C A REALTY LTD.**

**PLAN SANCTION ORDER**

THIS MOTION, made by Co-op Atlantic (“**Co-op**”), Co-op Energy Ltd. and C A Realty Ltd. (collectively, the “**Applicants**”) for an Order (the “**Plan Sanction Order**”), pursuant to the *Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the “**CCAA**”), sanctioning the Amended Plan of Compromise and Arrangement dated July 19, 2016, which is attached as Schedule “A” hereto (and as it may be further amended, varied or supplemented from time to time in accordance with the terms thereof, the “**Plan**”), was heard this day at 10 Peel Plaza, Saint John, New Brunswick.

ON READING the Affidavit of Bryan Inglis sworn July 29, 2016 and the exhibits thereto and the Eleventh Report (the “**Eleventh Report**”) of KPMG Inc., in its capacity as CCAA monitor of the Applicants (the “**Monitor**”), and on hearing the submissions of counsel for the Applicants, the Monitor and such other counsel as were present and wished to be heard, and on reading the affidavit of service of Bradley Wiffen sworn July 29, 2016,

## DEFINED TERMS

1. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Plan Sanction Order shall have the meanings ascribed to such terms in the Plan and the Meeting Order granted by this Court on June 27, 2016 (the “**Meeting Order**”), as applicable.

## SERVICE, NOTICE AND MEETING

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record in support of this motion, and the Eleventh Report be and are hereby abridged and validated so that the motion is properly returnable today and service upon any interested party other than those parties served is hereby dispensed with.

3. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient notice, service and delivery of the Meeting Order, the Information Package and the Plan to all Persons upon which notice, service and delivery was required, and that the Meeting was duly convened and held on July 25, 2016, in conformity with the CCAA and the Meeting Order.

## SANCTION OF THE PLAN

4. **THIS COURT DECLARES** that the Plan has been approved by the Required Majorities of Affected Unsecured Creditors as required by the Meeting Order and in conformity with the CCAA.

5. **THIS COURT DECLARES** that the activities of the Applicants have been in compliance with the provisions of the CCAA, the Initial Order granted by this Court on June 25, 2015 (the “**Initial Order**”), the Claims Procedure Order granted by this Court on October 1, 2015 (the “**Claims Procedure Order**”) and the Meeting Order (together with the Initial Order and the Claims Procedure Order, the “**Orders**”), the Court is satisfied that the Applicants have not done or purported to do anything that is not authorized by the CCAA and the Plan and the transactions contemplated by the Plan are fair and reasonable.

6. **THIS COURT ORDERS AND DECLARES** that the Plan is hereby sanctioned and approved pursuant to section 6 of the CCAA.

## PLAN IMPLEMENTATION

7. **THIS COURT ORDERS** that each of the Applicants and the Monitor are authorized and directed to take all steps and actions, and do all things, necessary or appropriate to implement the Plan in accordance with its terms and to enter into, execute, deliver, complete, implement and consummate all of the steps, transactions, distributions, deliveries, allocations and agreements contemplated by the Plan. Neither the Applicants nor the Monitor shall incur any liability as a result of acting in accordance with the terms of the Plan and the Plan Sanction Order.

8. **THIS COURT ORDERS AND DECLARES** that, on the Plan Implementation Date, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby shall be deemed to be implemented, binding and effective in accordance with the provisions of the Plan, and the steps required to implement the Plan shall be deemed to occur and to take effect in the sequential order and at the times contemplated in the Plan, without any further act or formality, on the Plan Implementation Date, beginning at the Effective Time.

9. **THIS COURT ORDERS** that on the Plan Implementation Date, all Transferred Assets shall be transferred to AssetCo together with any and all Encumbrances in respect of such Transferred Assets, and any and all Affected Unsecured Claims in respect of the Transferred Assets shall be fully, finally, irrevocably and forever released, waived, discharged, cancelled and barred on the Plan Implementation Date pursuant to and in accordance with section 5.3 of the Plan, provided that any litigation or enforcement process against the Applicants for a non-monetary remedy in respect of any such Transferred Assets may be continued against (and in the name of) AssetCo (and, for greater certainty, not against the Applicants). The style of cause of any such litigation or enforcement process in respect of such Transferred Assets shall be amended such that AssetCo, not the Applicants, is the party named in the applicable litigation or enforcement process. Notwithstanding anything to the contrary in this paragraph, the Applicants may, with the consent of the Monitor, elect to have C A Realty serve as AssetCo. The corporate name of AssetCo shall be confirmed in the Monitor's Certificate (as defined below).

10. **THIS COURT ORDERS** that on the Plan Implementation Date, the Pension Plan shall become entitled to the Contingent Entitlements in accordance with section 5.5 of the Plan



without set-off or reduction. The Applicants are hereby Ordered to pay any and all amounts constituting Contingent Entitlements to the Pension Plan (or as otherwise directed by the Pension Administrator in writing) promptly following receipt thereof, and the applicable Applicant that has received an amount constituting a Contingent Entitlement shall be deemed to hold such amount in trust for the Pension Plan until the payments referred to in the immediately foregoing sentence has been made. Following the Plan Implementation Date, the Applicants shall consult with the Pension Administrator in good faith concerning the Contingent Entitlements as reasonably requested by the Pension Administrator, and the Applicants shall provide information in respect of the Contingent Entitlements in response to reasonable requests from the Pension Administrator.

11. **THIS COURT ORDERS** that, pursuant to section 6(2) of the CCAA and section 289 of the *Canada Cooperatives Act*, the Articles shall be altered to (i) provide that the Membership Shares shall have no par value effective as of the Plan Implementation Date, and (ii) if deemed advisable by Co-op, change the name of Co-op to a name provided on a certificate to be filed with the Court by Co-op on or prior to the Plan Implementation Date.

12. **THIS COURT ORDERS** that upon the satisfaction or waiver of the conditions precedent set out in section 8.1 of the Plan in accordance with the terms of the Plan, as confirmed by counsel to the Applicants and counsel to the Pension Administrator in writing to the Monitor (upon which the Monitor is entitled to rely), the Monitor is authorized and directed to deliver to counsel to the Applicants a certificate substantially in the form attached hereto as Schedule “B” (the “**Monitor’s Certificate**”) signed by the Monitor, certifying that the Plan Implementation Date has occurred and that the Plan is effective in accordance with its terms and the terms of the Plan Sanction Order. The Monitor shall file the Monitor’s Certificate with this Court promptly following the Plan Implementation Date.

#### **EFFECT OF PLAN AND CCAA ORDERS**

13. **THIS COURT ORDERS** that, from and after the Plan Implementation Date, the Plan shall inure to the benefit of and be binding upon the Applicants, the Released Parties, the Affected Creditors, the Directors and Officers, any Person with a Director/Officer Claim or a Released Claim, and all other Persons and parties named or referred to in or affected by the Plan,

including, without limitation, their respective heirs, administrators, executors, legal representatives, successors, and assigns.

14. **THIS COURT ORDERS** that, without limiting the provisions of the Claims Procedure Order, any Person that did not file a Proof of Claim, a Notice of Dispute or a Notice of Dispute of Revision or Disallowance, as applicable, by the Claims Bar Date, the Restructuring Period Claims Bar Date or such other bar date provided for in the Claims Procedure Order, as applicable, whether or not such Person received direct notice of the claims process established by the Claims Procedure Order, shall be and is hereby forever barred from making any Claim or any Director/Officer Claim and shall not be entitled to any consideration under the Plan, and such Person's Claim or Director/Officer Claim, as applicable, shall be and is hereby forever barred and extinguished.

15. **THIS COURT ORDERS AND DECLARES** that, subject to performance by the Applicants of their obligations under the Plan and except as provided in the Plan, all obligations, agreements, leases, membership rights or arrangements to which any of the Applicants is a party on the Plan Implementation Date shall be and remain in full force and effect, unamended, as at the Plan Implementation Date and no party thereto shall on or following the Plan Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform, cancel or otherwise disclaim or resiliate its obligations or the Applicants' interests thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason: (i) of any event that occurred prior to, and is not continuing after, the Plan Implementation Date, or which is or continues to be suspended or waived under the Plan; (ii) that the Applicants are or were insolvent, or that the Applicants sought or obtained relief or have taken steps in connection with the Plan or under the CCAA; (iii) of any default or event of default arising as a result of the financial condition or insolvency of the Applicants on or prior to the Plan Implementation Date; (iv) of the effect upon the Applicants of the completion of any of the transactions approved in the CCAA proceedings or contemplated under the Plan; or (v) of any compromises, settlements, restructurings, recapitalizations or reorganizations effected pursuant to the Plan.

## THE MONITOR

16. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein and in the Orders and the Plan, shall be and is hereby authorized, directed and empowered to perform its functions and fulfill its obligations under the Plan to facilitate the implementation of the Plan.

17. **THIS COURT ORDERS** that: (i) in carrying out the terms of this Plan Sanction Order and the Plan, the Monitor shall have all the protections given to it by the CCAA, the Initial Order, the Meeting Order, the Claims Procedure Order, and as an officer of the Court, including the stay of proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of this Plan Sanction Order and/or the Plan and in performing its duties as Monitor in the CCAA Proceedings, save and except for any gross negligence or wilful misconduct on its part; (iii) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by the Applicants without independent investigation; and (iv) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information, or with respect to any such information disclosed to or provided by the Monitor, including with respect to reliance thereon by any Person.

18. **THIS COURT ACKNOWLEDGES** receipt of the fourth report of the Monitor, dated October 22, 2015, the fifth report of the Monitor, dated December 2, 2015, the supplement to the fifth report of the Monitor, dated December 2, 2015, the sixth report of the Monitor, dated January 22, 2016, the seventh report of the Monitor, dated March 28, 2016, the eighth report of the Monitor, dated April 25, 2016, the ninth report of the Monitor, dated May 24, 2016 and the tenth report of the Monitor, dated June 23, 2016 (collectively, the “**Reports**”), and acknowledges that the form of the Reports and the activities of the Monitor described therein are consistent with the role and duties of the Monitor prescribed by the CCAA, the Order of Mr. Justice Stephenson dated June 25, 2015, the Claims Procedure Order and the Meeting Order, as applicable.

## **BOARDS OF DIRECTORS OF THE APPLICANTS**

19. **THIS COURT ORDERS AND DECLARES** that those persons listed on a certificate to be filed with the Court by the Applicants prior to the Plan Implementation Date shall be deemed to be appointed, as applicable, to the boards of directors of the Applicants on the Plan Implementation Date. Concurrently with the appointment of such directors, all Directors serving immediately prior to the Plan Implementation Date shall be deemed to resign (unless they are re-appointed in accordance with this paragraph).

## **EFFECT, RECOGNITION AND ASSISTANCE**

20. **THIS COURT ORDERS** that the Applicants and the Monitor may apply to this Court for advice and direction with respect to any matter arising from or under the Plan or this Plan Sanction Order.

21. **THIS COURT ORDERS** that this Plan Sanction Order shall have full force and effect in all provinces and territories of Canada and abroad as against all persons and parties against whom it may otherwise be enforced.

22. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside Canada to give effect to this Order or to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants or the Monitor and their respective agents in carrying out the terms of this Order.

## **EFFECTIVENESS OF THIS ORDER**

23. **THIS COURT ORDERS** that this Plan Sanction Order shall become effective at 12:01 a.m. Atlantic Time on the date (the “**Effective Date**”) that is the earlier of:

- (a) the date on which the ad hoc committee of certain non-unionized former employees and retirees of Co-op (the “**Committee**”) consents in writing, with the consent of the Monitor, to the Plan Sanction Order becoming effective;
- (b) the date on which the Claims against the Applicants asserted in the Proof of Claim delivered by the Committee on July 24, 2016 (the “**Committee Proof of Claim**”) are withdrawn or disallowed by the Court; and
- (c) such other date as may be ordered by the Court.

The Applicants and the Monitor shall be permitted to rely on written communication from the president of the Committee and/or the Committee’s counsel for the purpose of establishing the consent referred to in paragraph 23(a) and the withdrawal of the Claims referred to in the Committee Proof of Claim referred to in paragraph 23(b).

24. **THIS COURT ORDERS** that the Monitor shall, promptly following the Effective Date, notify the Court and the Service List that the Effective Date has occurred by serving a letter confirming the occurrence of the Effective Date electronically on the Service List and filing such letter with the Court.

#### **GENERAL**

25. **THIS COURT ORDERS** that this Plan Sanction Order shall be posted on the Monitor’s Website and is only required to be served upon the parties on the Service List.

Dated at Saint John, New Brunswick this  
\_\_\_\_\_ day of August, 2016.

---

**Schedule "A"**

**Amended Plan of Compromise and Arrangement**

Court File No. SJM-98-15

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

Applicants

---

**AMENDED PLAN OF COMPROMISE AND ARRANGEMENT  
pursuant to the *Companies' Creditors Arrangement Act*  
concerning, affecting and involving**

**CO-OP ATLANTIC  
CO-OP ENERGY LTD. and  
C A REALTY LTD.**

---

July 19, 2016

## TABLE OF CONTENTS

|   |        |
|---|--------|
| ARTICLE 1 INTERPRETATION.....   | 1      |
| 1.1 Definitions.....  | 1      |
| 1.2 Certain Rules of Interpretation.....  | 9      |
| 1.3 Successors and Assigns.....   | 10     |
| 1.4 Governing Law .....   | 10     |
| 1.5 Schedules .....   | 10     |
| <br>ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN.....                                   | <br>10 |
| 2.1 Purpose.....  | 10     |
| 2.2 Persons Affected .....  | 11     |
| 2.3 Persons Not Affected .....  | 11     |
| <br>ARTICLE 3 CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED<br>MATTERS..... | <br>11 |
| 3.1 Claims Procedure .....  | 11     |
| 3.2 Classification of Creditors .....   | 11     |
| 3.3 Meeting .....   | 11     |
| 3.4 Unaffected Claims .....   | 11     |
| 3.5 Unresolved Claims.....  | 12     |
| 3.6 Director/Officer Claims .....   | 12     |
| 3.7 Extinguishment of Claims.....   | 12     |
| 3.8 Guarantees and Similar Covenants .....  | 13     |
| 3.9 Set-Off13   |        |
| <br>ARTICLE 4 PROVISIONS REGARDING DISTRIBUTIONS AND PAYMENTS .....                 | <br>13 |
| 4.1 Treatment of Creditors.....   | 13     |
| 4.2 Distributions to Affected Unsecured Creditors.....                              | 13     |
| 4.3 Modifications to Distribution Mechanics .....                                   | 14     |
| 4.4 Currency.....   | 14     |
| 4.5 Treatment of Undeliverable Distributions .....                                  | 14     |
| 4.6 Calculations.....   | 14     |
| <br>ARTICLE 5 RESTRUCTURING.....  | <br>14 |
| 5.1 Corporate Actions .....   | 14     |
| 5.2 AssetCo.....  | 15     |
| 5.3 Transfer of Assets to AssetCo.....  | 15     |
| 5.4 Sequence of Plan Implementation Date Transactions .....                         | 16     |
| 5.5 Contingent Entitlements.....  | 17     |
| 5.6 Issuances Free and Clear.....   | 18     |
| <br>ARTICLE 6 RELEASES.....   | <br>18 |
| 6.1 Plan Releases .....   | 18     |
| 6.2 Settlement Agreement Releases.....  | 18     |
| 6.3 Claims Not Released.....  | 18     |
| 6.4 Injunctions.....  | 19     |



|  |    |
|--|----|
| ARTICLE 7 COURT SANCTION.....                                | 19 |
| 7.1 Application for Sanction Order.....                      | 19 |
| 7.2 Sanction Order .....                                     | 19 |
| ARTICLE 8 CONDITIONS PRECEDENT AND IMPLEMENTATION.....       | 21 |
| 8.1 Conditions Precedent to Implementation of the Plan ..... | 21 |
| 8.2 Monitor’s Certificate.....                               | 23 |
| ARTICLE 9 GENERAL.....                                       | 23 |
| 9.1 Binding Effect.....                                      | 23 |
| 9.2 Waiver of Defaults .....                                 | 23 |
| 9.3 Deeming Provisions .....                                 | 24 |
| 9.4 Non-Consummation.....                                    | 24 |
| 9.5 Modification of the Plan .....                           | 24 |
| 9.6 Paramountcy .....  | 25 |
| 9.7 Severability of Plan Provisions.....                     | 25 |
| 9.8 Responsibilities of the Monitor.....                     | 25 |
| 9.9 Different Capacities .....                               | 25 |
| 9.10 Notices .....   | 26 |
| 9.11 Further Assurances.....                                 | 27 |

## AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

**WHEREAS** Co-op Atlantic (“**Co-op**”), Co-op Energy Ltd. (“**Co-op Energy**”) and C A Realty Ltd. (“**C A Realty**” and together with Co-op and Co-op Energy, the “**Applicants**”) are debtor companies under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”);

**AND WHEREAS** the Applicants obtained an order (as may be amended, restated or varied from time to time, the “**Initial Order**”) of the Court of Queen’s Bench of New Brunswick (the “**Court**”) under the CCAA (the date of such Initial Order being the “**Filing Date**”);

**AND WHEREAS** the Applicants obtained an order of the Court dated June 27, 2016 that, among other things, (i) authorized the Applicants to file the Plan of Compromise and Arrangement dated June 21, 2016 and (ii) hold a meeting of the Unsecured Creditors Class (as defined below) for the purpose of considering and voting on a resolution to approve the Plan of Compromise and Arrangement (as it may be amended) (as such Order may be amended, restated or varied from time to time, the “**Meeting Order**”).

**AND WHEREAS**, following the issuance of the Meeting Order, the Applicants have engaged in further consultations with certain stakeholders concerning the terms of the Plan of Compromise and Arrangement dated June 21, 2016 and have made certain amendments to the Plan of Compromise and Arrangement in accordance with its terms and the terms of the Meeting Order. Those amendments are reflected in this Amended Plan of Compromise and Arrangement.

**AND WHEREAS** the Applicants file this Amended Plan of Compromise and Arrangement with the Court pursuant to the CCAA and hereby propose and present this Amended Plan of Compromise and Arrangement to the Unsecured Creditors Class under and pursuant to the CCAA.

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

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

“**Affected Claim**” means any Claim that is not an Unaffected Claim and, for greater certainty includes any Affected Unsecured Claim and any Equity Claim.

“**Affected Creditor**” means any Creditor with an Affected Claim, but only with respect to and to the extent of such Affected Claim.

“**Affected Unsecured Claim**” means any Affected Claim against the Applicants that is not secured by a valid security interest over assets or property of the Applicants and is not an Equity Claim.

“**Affected Unsecured Creditor**” means any Creditor with an Affected Unsecured Claim against the Applicants.

- 2 -

“**Applicable Law**” means any law, statute, order, decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law whether in Canada or any other country, or any domestic or foreign state, county, province, city or other political subdivision of any Governmental Entity.

“**Articles**” means the articles of amalgamation of Co-op.

“**Assessments**” has the meaning ascribed thereto in the Claims Procedure Order.

“**AssetCo**” means a new corporation to be incorporated by Co-op pursuant to section 5.2 hereof.

“**AssetCo Shares**” means the common shares of AssetCo to be issued pursuant to section 5.2 hereof.

“**Business Day**” means a day, other than Saturday and Sunday, on which banks are generally open for business in Moncton, New Brunswick.

“**By-Laws**” means the Co-op Atlantic By-Laws.

“**C A Realty**” has the meaning ascribed thereto in the recitals.

“**CCAA**” has the meaning ascribed thereto in the recitals.

“**CCAA Proceeding**” means the proceeding commenced by the Applicants pursuant to the CCAA, identified by Court File No. SJM-98-15.

“**CGL Shares**” means the membership shares in The Cooperators Group Limited held by Co-op prior to the Plan Implementation Date.

“**Charges**” means the Administration Charge and the Directors’ Charge, each as defined in the Initial Order.

“**Claim**” means:

- (a) any right or claim of any Person against any one or more of the Applicants, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of any one or more of the Applicants in existence on the Filing Date, and any interest accrued thereon or costs payable in respect thereof, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessment and any 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 that existed prior to the Filing Date and any other claims that would have been claims provable in bankruptcy had such Applicant become bankrupt on the Filing Date, including for greater

- 3 -

certainty any Equity Claim and any claim against any of the Applicants for indemnification by any Director or Officer in respect of a Director/Officer Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as defined in the Initial Order));

- (b) any right or claim of any Person against any one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any such Applicant to such Person arising out of (A) the restructuring, disclaimer, resiliation, termination or breach by such Applicant on or after the Filing Date of any contract, lease or other agreement whether written or oral, or (B) any other action taken by one or more of the Applicants on or after the Filing Date; and
- (c) any right or claim of any Person against one or more of the Directors and/or Officers howsoever arising, whether or not such right or claim is 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 any Assessment and any 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, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer (each a "**Director/Officer Claim**", and collectively, the "**Director/Officer Claims**").

"**Claims Bar Date**" has the meaning ascribed thereto in the Claims Procedure Order.

"**Claims Procedure Order**" means the Order under the CCAA granted October 1, 2015 establishing a claims procedure in respect of the Applicants, as same may be further amended, restated or varied from time to time.

"**Company Advisors**" means Goodmans LLP, McInnes Cooper, Osler Hoskin & Harcourt LLP and KPMG Corporate Finance Inc.

"**Contingent Entitlements**" means the entitlements of the Pension Plan described in section 5.5 of the Plan.

"**Continuing NBC Claims**" means (i) the obligations of the Applicants pursuant to the operation of account and similar agreements in respect of the accounts maintained by each the Applicants with National Bank (collectively, the "**Accounts**"); and (ii) any losses or liabilities which National Bank may incur at any time as a result of any deposits, cheques or similar instruments for the payment of money which have been credited to any of the Accounts both before and after April 21, 2016, which are returned to National Bank as dishonoured, discredited, reversed or returned, together with all reasonable legal fees and disbursements incurred by National Bank in connection with the foregoing.

"**Co-op**" has the meaning ascribed thereto in the recitals.

- 4 -

“**Co-op Energy**” has the meaning ascribed thereto in the recitals.

“**Court**” has the meaning ascribed thereto in the recitals.

“**Creditor**” means any Person having a Claim, but only with respect to and to the extent of such Claim, including the transferee or assignee of a transferred Claim that is recognized as a Person having a Claim in accordance with the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver and manager or other Person acting on behalf of or through such Person.

“**De Minimus Entitlement**” has the meaning ascribed thereto in section 4.2(c) hereof.

“**Director/Officer Claim**” has the meaning ascribed thereto within the definition of “**Claim**” above.

“**Directors**” means all current and former directors of the Applicants, in such capacity, and “**Director**” means any one of them.

“**Distribution Date**” means the date or dates from time to time set by the Monitor to effect distributions in respect of the Proven Distribution Claims, which date or dates may be on or after the Plan Implementation Date. There shall not be more than two Distributions Dates without the consent of the Applicants, the Monitor and the Pension Administrator.

“**Effective Time**” means 12:01 a.m. (Atlantic Time) on the Plan Implementation Date or such other time on such date as the Applicants may determine.

“**Employees**” means the present and former employees of the Applicants.

“**Encumbrance**” means any charge, mortgage, lien, pledge, hypothec, security interest or other encumbrance whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights and shall be construed in the widest possible terms and principles known under the law applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood under the laws of the Province of New Brunswick.

“**Equity Claim**” means a Claim that meets the definition of “equity claim” in section 2(1) of the CCAA.

“**Equity Claimants**” means any Person with an Equity Claim, but only in such capacity.

“**Equity Interests**” has the meaning ascribed thereto in section 2(1) of the CCAA and includes the Membership Shares and Investment Shares, but, for greater certainty, does not include the AssetCo Shares or the Contingent Entitlements.

“**Existing Co-op Members**” means the Persons holding the Membership Shares as of the Plan Implementation Date.

“**Filing Date**” has the meaning ascribed thereto in the recitals.

- 5 -

**“Final Order”** means any order, ruling or judgment of the Court, or any other court of competent jurisdiction, (i) that is in full force and effect; (ii) that has not been reversed, modified or vacated and is not subject to any stay; and (iii) in respect of which all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving such order, ruling or judgment wholly operable.

**“Governmental Entity”** means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

**“Individual Plan Entitlement”** means, with respect to each Affected Unsecured Creditor with a Proven Distribution Claim, its entitlement to receive its respective individual portion of the Unsecured Creditors Distribution Pool, the quantum of which entitlement shall be calculated as follows at the relevant time:

(A) the Proven Distribution Claim of such Affected Unsecured Creditor

divided by

(B) the total amount of all Proven Distribution Claims and Unresolved Claims of Affected Unsecured Creditors,

multiplied by

(C) the amount of the Unsecured Creditors Distribution Pool.

**“Information Statement”** means the information statement to be distributed by the Applicants concerning the Plan, the Meeting and the hearing in respect of the Sanction Order, as contemplated in the Meeting Order.

**“Initial Order”** has the meaning ascribed thereto in the recitals.

**“Investment Shares”** means the non-voting equity investment shares issued by Co-op.

**“Meeting Date”** means the date on which the Meeting is held in accordance with the Meeting Order.

**“Meeting”** means the meeting of Affected Unsecured Creditors having Proven Voting Claims or Unresolved Claims called for the purpose of considering and voting on this Plan in accordance with the terms of the CCAA and the Meeting Order.

**“Meeting Order”** has the meaning ascribed thereto in the recitals.

**“Membership Shares”** means the voting equity shares issued by Co-op to the members of Co-op.

- 6 -

“**Monitor**” means KPMG Inc., in its capacity as the Court-appointed monitor of the Applicants in the CCAA Proceeding.

“**National Bank**” means National Bank of Canada.

“**Officers**” means all current and former officers of the Applicants, in such capacity, and “**Officer**” means any one of them.

“**Order**” means any order of the Court made in connection with the CCAA Proceeding.

“**Pension Administrator**” means Eckler Ltd., in its capacity as administrator of the Pension Plan.

“**Pension Plan**” means the Co-op Employees’ Pension Plan.

“**Person**” means any individual, partnership, limited partnership, joint venture, trust, corporation, unincorporated organization, government or agency or instrumentality thereof, or any other corporate, executive, legislative, judicial, regulatory or administrative entity howsoever designated or constituted, including, without limitation, any present or former shareholder, supplier, customer, employee, agent, client, contractor, lender, lessor, landlord, sub-landlord, tenant, sub-tenant, licensor, licensee, partner or advisor.

“**Plan**” means this Amended Plan of Compromise and Arrangement filed by the Applicants pursuant to the CCAA, as it may be amended, supplemented or restated from time to time in accordance with the terms hereof.

“**Plan Implementation Date**” means the Business Day on which the Plan becomes effective, which shall be the Business Day on which, pursuant to section 8.2, the Applicants or their counsel deliver written notice to the Monitor that the conditions set out in section 8.1 have been satisfied or waived in accordance with the terms hereof.

“**Post-Filing Trade Payables**” means trade payables that were incurred by any of the Applicants (a) after the Filing Date but before the Plan Implementation Date; and (b) in compliance with the Initial Order and other Orders.

“**Proof of Claim**” has the meaning ascribed thereto in the Claims Procedure Order.

“**Proven Distribution Claim**” means a Claim finally determined, settled or accepted for distribution purposes in accordance with the provisions of the Claims Procedure Order, the Meeting Order and this Plan, as applicable.

“**Proven Voting Claim**” means a Claim finally determined, settled or accepted for voting purposes in accordance with the provisions of the Claims Procedure Order, the Meeting Order and this Plan, as applicable.

“**Released Claims**” means any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of

- 7 -

action of whatever nature, including claims for contribution or indemnity, 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, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan, that constitute or are in any way relating to, arising out of or in connection with any Claims, any Director/Officer Claims and any indemnification obligations with respect thereto, the Pension Plan, the Settlement Agreement, the Equity Interests, the Restructuring, the Plan, the CCAA Proceeding or any document, instrument, matter or transaction involving any of the Applicants taking place in connection with the Restructuring or the Plan, provided that the “Released Claims” do not include any of the claims, liabilities, rights and other matters that are expressly not released pursuant to sub-sections 6.3(a) and 6.3(b) hereof.

“**Released Director/Officer Claim**” means any Director/Officer Claim that is released pursuant to section 6.1.

“**Released Party**” and “**Released Parties**” have the meaning ascribed thereto in section 6.1.

“**Required Majority**” means with respect to the Unsecured Creditors Class, a majority in number of Affected Unsecured Creditors with Proven Voting Claims representing at least two thirds in value of the Proven Voting Claims of Affected Unsecured Creditors, in each case who are entitled to vote at the Meeting in accordance with the Meeting Order and who are present and voting in person or by proxy on the resolution approving the Plan at the Meeting.

“**Restructuring**” means the transactions contemplated by the Plan.

“**Sanction Order**” means the Order of the Court sanctioning and approving the Plan.

“**Settlement Agreement**” means the Settlement Agreement executed by the Applicants and certain other parties dated as of April 21, 2016 that was approved by the Court pursuant to an Order dated April 28, 2016.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended.

“**Total Proceeds**” means the aggregate amount of cash held by the Applicants on the Plan Implementation Date, plus (i) any amounts received from repayment of the holdbacks from the sale of Co-op’s agriculture business to 9330-2578 Québec Inc., plus (ii) any tax or other refunds pertaining to the period prior to the Plan Implementation Date, plus (iii) any proceeds from assets sold or otherwise disposed of by the Applicants prior to the Plan Implementation Date.

“**Transferred Assets**” means all of the assets of the Applicants, including those assets listed on Schedule A hereto, but excluding (i) cash and accounts receivable, (ii) those assets listed on Schedule B hereto and (iii) any assets sold or otherwise disposed of by the Applicants prior to the Plan Implementation Date.

“**Unaffected Claim**” means any:

- (a) Claim secured by any of the Charges;



- 8 -

- (b) Continuing NBC Claims;
- (c) Post-Filing Trade Payables;
- (d) Claim that is not permitted to be compromised pursuant to section 19(2) of the CCAA; and
- (e) the Contingent Entitlements.

“**Unaffected Creditor**” means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim.

“**Undeliverable Distribution**” has the meaning ascribed thereto in section 4.5 hereof.

“**Unresolved Claim**” means any Claim or any Proof of Claim that is, at the relevant time, in dispute for voting and/or distribution purposes pursuant to the Claims Procedure Order.

“**Unresolved Claims Reserve**” means cash reserved from the Total Proceeds and held in one or more separate non-interest bearing accounts, in the aggregate amount sufficient to pay each holder of an Unresolved Claim the lesser of: (a) the amount of cash that such holder would have been entitled to receive under this Plan if such Unresolved Claim had been a Proven Distribution Claim on the Plan Implementation Date; and (b) such amount as the Court may otherwise determine.

“**Unsecured Creditors Class**” means a class of Persons consisting of those Affected Unsecured Creditors having Proven Voting Claims established in accordance with Article 3 hereof.

“**Unsecured Creditors Distribution Pool**” means, collectively, the Total Proceeds, less:

- (a) any amounts attributable to Co-op’s ownership of the CGL Shares and any amounts arising from Co-op’s membership in The Cooperators Group Limited pertaining to the period prior to the Plan Implementation Date;
- (b) restructuring costs and Post-Filing Trade Payables as determined by the Monitor;
- (c) an amount determined by the Monitor that is reserved to address the reasonable fees and expenses of the Company Advisors, the Monitor and the Monitor’s counsel following the Plan Implementation Date, provided that any unused portion of such amount shall be included in the Unsecured Creditors Distribution Pool; and
- (d) any amounts required to be paid by the Applicants to repay and discharge any Unaffected Claim.

## 1.2 Certain Rules of Interpretation

For the purposes of the Plan:

- (a) any reference in the Plan to a contract, instrument, release, indenture or other agreement or 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 the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (c) unless otherwise specified, all references to currency are in Canadian dollars;
- (d) the division of the Plan into “articles” and “sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “articles” and “sections” intended as complete or accurate descriptions of the content thereof;
- (e) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of the Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (f) 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 but is not limited to” and “including but not limited to”, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean Atlantic Time and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. (Atlantic Time) on such Business Day;
- (h) unless otherwise specified, time periods 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;
- (i) unless otherwise provided, any 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

- 10 -

- (j) references to a specified “article” or “section” shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of the Plan, whereas the terms “the Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions shall be deemed to refer generally to the Plan and not to any particular “article”, “section” or other portion of the Plan and include any documents supplemental hereto.

### **1.3 Successors and Assigns**

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person or party directly or directly named or referred to in or subject to the Plan.

### **1.4 Governing Law**

The Plan shall be governed by and construed in accordance with the laws of the Province of New Brunswick and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions shall be subject to the jurisdiction of the Court.

### **1.5 Schedules**

The following are the Schedules to the Plan, which are incorporated by reference into the Plan and form a part of it:

|            |                                     |
|------------|-------------------------------------|
| Schedule A | Assets to be Transferred to AssetCo |
| Schedule B | Assets Not Transferred to AssetCo   |

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

### **2.1 Purpose**

The purpose of the Plan is:

- (a) to implement a restructuring of the Applicants;
- (b) to provide for an orderly distribution of the Unsecured Creditors Distribution Pool for the benefit of Affected Unsecured Creditors having Proven Distribution Claims; and
- (c) to provide for a settlement, discharge and release of all Affected Claims,

in the expectation that the Persons who have an economic interest in the Applicants will derive a greater benefit from the implementation of the Plan than they would derive from any other alternative in respect of the Applicants.

- 11 -

## **2.2 Persons Affected**

The Plan provides for a full and final release and discharge of the Affected Claims and Released Claims, the distribution of consideration for all Proven Distribution Claims and a restructuring of the Applicants. The Plan will become effective at the Effective Time in accordance with its terms and in the sequence set forth in section 5.4 and shall be binding on and enure to the benefit of the Applicants, the Affected Creditors, the Released Parties and all other Persons directly or indirectly named or referred to in or subject to Plan.

## **2.3 Persons Not Affected**

The Plan does not affect the Unaffected Creditors. Nothing in the Plan shall affect the Applicants' or the Pension Administrator's rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

### **ARTICLE 3**

#### **CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED MATTERS**

### **3.1 Claims Procedure**

The procedure for determining the validity and quantum of the Affected Claims for voting and distribution purposes under the Plan shall be governed by the Claims Procedure Order, the Meeting Order, the CCAA, the Plan and any further Order of the Court.

### **3.2 Classification of Creditors**

In accordance with the Meeting Order, there shall be one class of Creditors for the purpose of considering and voting on this Plan, being the Unsecured Creditors Class. For greater certainty, Equity Claimants shall constitute a separate class but shall not be entitled to attend the Meeting, vote on the Plan or receive any distributions under or in respect of the Plan.

### **3.3 Meeting**

The Meeting shall be held in accordance with the Meeting Order and any further Order of the Court. The only Persons entitled to attend and vote at the Meeting are those specified in the Meeting Order.

### **3.4 Unaffected Claims**

- (a) Unaffected Claims shall not be compromised, released, discharged, cancelled or barred by the Plan.
- (b) Unaffected Creditors will not receive any consideration or distributions under the Plan in respect of their Unaffected Claims, and they shall not be entitled to vote on the Plan at the Meeting in respect of their Unaffected Claims.

- 12 -

### **3.5 Unresolved Claims**

- (a) Any Affected Unsecured Creditor with an Unresolved Claim shall not be entitled to receive any distribution hereunder with respect to such Unresolved Claim unless and until such Claim becomes a Proven Distribution Claim.
- (b) An Unresolved Claim shall be resolved in the manner set out in paragraphs 10 and 19 of the Claims Procedure Order. Distributions pursuant to section 4.2 hereof shall be made in respect of any Unresolved Claim that is finally determined to be a Proven Distribution Claim in accordance with the Claims Procedure Order.
- (c) On the date that all Unresolved Claims have been finally resolved in accordance with paragraphs 10 and 19 of the Claims Procedure Order, the Applicants shall, with the consent of the Monitor, release all remaining cash, if any, from the Unresolved Claims Reserve and shall be entitled to distribute such cash to the Affected Unsecured Creditors with Proven Distribution Claims in accordance with section 4.2(b) and 4.2(c) hereof.

### **3.6 Director/Officer Claims**

All Released Director/Officer Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred on the Plan Implementation Date. Any Director/Officer Claim that is not a Released Director/Officer Claim will not be compromised, released, discharged, cancelled and barred. For greater certainty, any Claim of a Director or Officer against the Applicants for indemnification or contribution in respect of any Director/Officer Claim (other than any such claim for indemnification that is covered by the Directors' Charge) shall be treated for all purposes under the Plan as an Affected Unsecured Claim that is compromised, released and discharged pursuant to the Plan.

### **3.7 Extinguishment of Claims**

On the Plan Implementation Date, in accordance with the terms and in the sequence set forth in section 5.4 and in accordance with the provisions of the Sanction Order, the treatment of Affected Claims and Released Claims, in each case as set forth herein, shall be final and binding on the Applicants, all Affected Creditors and any Person having a Released Claim (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns), and all Affected Claims and all Released Claims shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred, and the Applicants and the Released Parties shall thereupon have no further obligation whatsoever in respect of the Affected Claims or the Released Claims; *provided that* nothing herein releases the Applicants or any other Person from their obligations to make distributions in the manner and to the extent provided for in the Plan and *provided further* that such discharge and release of the Applicants shall be without prejudice to the right of a Creditor in respect of an Unresolved Claim to prove such Unresolved Claim in accordance with the Claims Procedure Order so that such Unresolved Claim may become a Proven Distribution Claim that is entitled to receive consideration under section 4.2 hereof.

- 13 -

### **3.8 Guarantees and Similar Covenants**

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim that is compromised and released under the 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 a Claim that is compromised under the Plan shall be entitled to any greater rights than the Person whose Claim is compromised under the Plan.

### **3.9 Set-Off**

The law of set-off applies to all Claims.

## **ARTICLE 4 PROVISIONS REGARDING DISTRIBUTIONS AND PAYMENTS**

### **4.1 Treatment of Creditors**

For purposes of this Plan, the Affected Unsecured Creditors shall receive the treatment provided in this Article 4 and, on the Plan Implementation Date, all Affected Claims will be compromised in accordance with the terms of this Plan.

### **4.2 Distributions to Affected Unsecured Creditors**

- (a) Each Affected Unsecured Creditor having a Proven Distribution Claim shall become entitled to its Individual Plan Entitlement on the Plan Implementation Date without any further steps or actions by the Applicants, such Affected Unsecured Creditor or any other Person.
- (b) On the applicable Distribution Date, Co-op shall calculate the amount of the Unsecured Creditors Distribution Pool to be paid to each applicable Affected Unsecured Creditor with a Proven Distribution Claim. Co-op shall also calculate the amount of Unsecured Creditors Distribution Pool that is not to be distributed as a result of Unresolved Claims that remain outstanding, if any. Co-op shall then distribute the applicable amount by way of cheque sent by prepaid ordinary mail to each Affected Unsecured Creditor with a Proven Distribution Claim. With respect to any portion of the Unsecured Creditors Distribution Pool that is reserved in respect of Unresolved Claims, Co-op shall segregate such amounts and hold such amounts in the Unresolved Claims Reserve.
- (c) Notwithstanding anything to the contrary herein, to minimize administration costs, the Applicants shall have no obligation at any time to make distributions in respect of any Individual Plan Entitlement that is less than \$20 (a “**De Minimus Entitlement**”), and the fact that the Applicants do not make a distribution in respect of any such De Minimus Entitlement shall not abrogate, derogate from or otherwise affect any other term of the Plan. The aggregate of all De Minimus Entitlements shall be distributed to the Pension Plan on the final Distribution Date.

- 14 -

### **4.3 Modifications to Distribution Mechanics**

Subject to the consent of the Monitor, the Applicants shall be entitled to make such additions and modifications to the process for making distributions pursuant to the Plan as the Applicants deem necessary or desirable in order to achieve the proper distribution and allocation of consideration to be distributed pursuant to the Plan, and such additions or modifications shall not require an amendment to the Plan or any further Order of the Court.

### **4.4 Currency**

Unless specifically provided for in the Plan, all monetary amounts referred to in the Plan shall be denominated in Canadian dollars and, for the purposes of distributions under the Plan, Claims shall be denominated in Canadian dollars and all payments and distributions provided for in the Plan shall be made in Canadian dollars. Any Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada noon exchange rate in effect at the Filing Date.

### **4.5 Treatment of Undeliverable Distributions**

If any Affected Unsecured Creditor's distribution under this Article 4 is returned as undeliverable (an "**Undeliverable Distribution**"), no further distributions to such Creditor shall be made unless and until the Applicants are notified by such Affected Unsecured Creditor of such Affected Unsecured Creditor's current address, at which time all such distributions shall be made to such Affected Unsecured Creditor. All claims for Undeliverable Distributions must be made on or before the date that is six months following the final Distribution Date, after which date any entitlement with respect to such Undeliverable Distribution shall be forever discharged and forever barred, without any compensation therefor, notwithstanding any federal, state or provincial laws to the contrary, at which time any such Undeliverable Distributions shall be distributed to the Pension Plan. Nothing contained in the Plan shall require the Applicants or the Monitor to attempt to locate any Person to whom a distribution is payable. No interest is payable in respect of an Undeliverable Distribution.

### **4.6 Calculations**

All amounts of consideration to be received hereunder will be calculated to the nearest cent (\$0.01). All calculations and determinations made by the Monitor and/or the Applicants and agreed to by the Monitor for the purposes of the Plan, including, without limitation, the allocation of consideration, shall be conclusive, final and binding upon the Affected Creditors and the Applicants.

## **ARTICLE 5 RESTRUCTURING**

### **5.1 Corporate Actions**

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate actions of the Applicants will occur and be effective as of the Plan Implementation Date, and shall be deemed to be authorized and approved under the Plan and by the Court, where applicable, as part of the Sanction Order, in all respects

- 15 -

and for all purposes without any requirement of further action by members, shareholders, directors or officers of the Applicants. All necessary approvals to take actions shall be deemed to have been obtained from the directors, officers, shareholders or members of the Applicants, as applicable, including the deemed passing by any members of any resolution or special resolution, and any members' agreement or agreement between a member and another Person limiting in any way the right to vote shares held by such member or members with respect to any of the steps contemplated by the Plan shall be deemed to have no force or effect.

## 5.2 AssetCo

Co-op shall incorporate AssetCo prior to the Plan Implementation Date. At the time that AssetCo is incorporated, AssetCo shall issue one AssetCo Share to Co-op, as the sole shareholder of AssetCo. Co-op shall have no liability whatsoever for any liability or obligation of AssetCo. Notwithstanding anything to the contrary herein, the Applicants may at any time prior to the Plan Implementation Date, and with the consent of the Monitor, elect to have C A Realty serve the functions of AssetCo under this Plan. If the Applicants so elect, all references herein to "AssetCo" herein shall be deemed to refer to C A Realty.

## 5.3 Transfer of Assets to AssetCo

- (a) On the Plan Implementation Date, immediately prior to the initiation of the sequence of steps and transactions referred to in section 5.4 hereof, all Transferred Assets shall be transferred to AssetCo together with (and, for greater certainty, not free and clear of) any and all Encumbrances in respect of such Transferred Assets. Any and all Affected Unsecured Claims in respect of the Transferred Assets shall be fully, finally, irrevocably and forever released, waived, discharged, cancelled and barred on the Plan Implementation Date, provided that any litigation or enforcement process against the Applicants for a non-monetary remedy in respect of any such Transferred Assets may be continued against (and in the name of) AssetCo (and, for greater certainty, not against the Applicants). The style of cause of any such litigation or enforcement process in respect of such Transferred Assets shall be amended such that AssetCo, not the Applicants, is the party named in the applicable litigation or enforcement process. Without limiting the generality of this section 5.3(a):
  - (i) If Business Development Bank of Canada ("**BDC**") has not enforced its secured Claims against assets and property of the Applicants that are subject to Encumbrances held by BDC (the "**BDC Property**") prior to the Plan Implementation Date, then the BDC Property shall be transferred to AssetCo on the Plan Implementation Date. All of BDC's rights and remedies against the Applicants under such Encumbrances and all Claims against the Applicants shall be fully, finally and irrevocably released, waived, discharged, cancelled and barred on the Plan Implementation Date, provided that all of BDC's secured Claims and all rights and remedies under BDC's Encumbrances shall continue as against AssetCo and all of BDC's Encumbrances shall continue as against the BDC Property.



- 16 -

- (ii) The transfer of the Transferred Asset to AssetCo shall not affect the *lis pendens* registered against the property located at 17 Lawrence Street, Amherst, Nova Scotia (PID# 25376625) (the “**Amherst Property**”) by Mrs. Avis Chapman (the “**Plaintiff**”), and such *lis pendens* shall continue to be registered against such property notwithstanding the transfer of such property to AssetCo. All Claims of the Plaintiff against the Applicants shall be treated as Affected Unsecured Claims pursuant to this Plan and shall be fully, finally and irrevocably released, waived, discharged, cancelled and barred on the Plan Implementation Date, provided that the Plaintiff shall be permitted to continue to pursue any rights, remedies, claims or actions regarding the Amherst Property, including in respect of boundary, title or encroachment matters concerning the Amherst Property, against AssetCo.
  - (iii) If Nova Scotia Business Development Corporation (“**NSBDC**”) has not enforced its secured Claims against assets and property of the Applicants that are subject to Encumbrances held by NSBDC (the “**NSBDC Property**”) prior to the Plan Implementation Date, then the NSBDC Property shall be transferred to AssetCo on the Plan Implementation Date. All of NSBDC’s rights and remedies against the Applicants under such Encumbrances and all Claims against the Applicants (other than any unsecured deficiency claims that have been accepted as Proven Distribution Claims and are treated as Affected Unsecured Claims hereunder) shall be fully, finally and irrevocably released, waived, discharged, cancelled and barred on the Plan Implementation Date, provided that all of NSBDC’s secured Claims and all rights and remedies under NSBDC’s Encumbrances shall continue as against AssetCo and all of NSBDC’s Encumbrances shall continue against the NSBDC Property.
- (b) The Applicants shall be permitted to transfer to AssetCo prior to the Plan Implementation Date an amount sufficient to provide for the costs associated with the liquidation and dissolution of AssetCo, provided that such amount shall not exceed \$25,000 without the consent of the Monitor.

#### **5.4 Sequence of Plan Implementation Date Transactions**

The following steps, compromises and releases to be effected in the implementation of the Plan shall occur, and be deemed to have occurred, in the following order in five minute increments (unless otherwise noted), without any further act or formality on the Plan Implementation Date beginning at the Effective Time:

- (a) each Affected Unsecured Creditor with a Proven Distribution Claim shall become entitled to its Individual Plan Entitlement (as it may be adjusted based on the final determination of Unresolved Claims in the manner set forth herein) in full consideration for the irrevocable, final and full compromise, satisfaction and release of such Affected Unsecured Creditor’s Affected Unsecured Claim;

- 17 -

- (b) all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any liability, payment or other compensation in respect thereof;
- (c) all Equity Interests, other than the Membership Shares, shall be cancelled, and the rights and entitlements of the Existing Co-op Members shall be as set forth in the Articles, as amended, in accordance herewith;
- (d) in accordance with section 6(2) of the CCAA and section 289 of the *Canada Cooperatives Act*, the Articles shall be altered to (i) provide that the Membership Shares have no par value effective as of the Plan Implementation Date, and (ii) if deemed advisable by Co-op, change the name of Co-op to a name provided on a certificate to be filed with the Court by Co-op on or prior to the Plan Implementation Date;
- (e) all current Directors shall be deemed to have resigned from the board of directors of each of the Applicants, and the Persons named on a certificate to be filed with the Court by the Applicants on or prior to the Plan Implementation Date shall be appointed to the board of directors of each of the Applicants; and
- (f) the releases set forth in Article 6 shall become effective.

The steps described in sub-section (d) of this section 5.4 will be implemented pursuant to section 6(2) of the CCAA and shall constitute a valid amendment of the Articles pursuant to the *Canada Cooperatives Act*.

### **5.5 Contingent Entitlements**

Notwithstanding anything to the contrary herein, the Pension Plan shall be entitled to receive the following contingent entitlements, and such amounts shall be paid to the Pension Administrator for the sole benefit of the beneficiaries of the Pension Plan:

- (a) any monetary benefit of Co-op's membership in The Cooperators Group Limited pertaining to the period prior to the Plan Implementation Date;
- (b) any value attributable to the CGL Shares;
- (c) any surplus, dividend, proceeds or other amounts or value that the Applicants may become entitled to receive from AssetCo;
- (d) any tax or other refunds pertaining to the period after the Plan Implementation Date that relate specifically to the CCAA Proceeding or the Restructuring; and
- (e) any amounts allocated to the Pension Plan in respect of the De Minimus Entitlements referred to in section 4.2(c) or the Undeliverable Distributions referred to in section 4.5,

provided that the aggregate of such payments shall not exceed the total amount of the Affected Unsecured Claims of the Pension Plan. Following the Plan Implementation Date, Co-op shall

- 18 -

provide information in response to reasonable requests from the Pension Administrator in respect of the Contingent Entitlements.

### **5.6 Issuances Free and Clear**

Any issuance of any consideration pursuant to the Plan will be free and clear of any Encumbrances. Nothing in this section affects the rights of the Pension Plan to receive the Contingent Entitlements in accordance with section 5.5 hereof.

## **ARTICLE 6 RELEASES**

### **6.1 Plan Releases**

On the Plan Implementation Date, in accordance with the sequence set forth in section 5.4, the Applicants, the Applicants' present and former employees and contractors, the Directors and Officers, the Company Advisors, the Monitor, the Monitor's counsel, Eckler Ltd. (in its capacities as Pension Administrator and actuary of the Pension Plan) and each and every present and former shareholder, affiliate, subsidiary, director, officer, member, partner, employee, auditor, financial advisor, legal counsel and agent of any of the foregoing Persons referred to in this section 6.1 (each of such Persons referred to in this section 6.1, in their capacity as such, being herein referred to individually as a "**Released Party**" and all referred to collectively as "**Released Parties**") shall be released and discharged from any and all Released Claims, and all Released Claims shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, all to the fullest extent permitted by Applicable Law.

### **6.2 Settlement Agreement Releases**

The release in favour of National Bank of Canada, Farm Credit Canada, Concentra Trust and Provincial Holdings Limited that was ordered pursuant to paragraph 15 of the Order of the Court approving the Settlement Agreement dated April 28, 2016 is incorporated by reference herein and is ratified and confirmed to be effective and binding on the Affected Creditors as of the Plan Implementation Date.

### **6.3 Claims Not Released**

Notwithstanding anything to the contrary herein:

- (a) Nothing herein waives, discharges, releases, cancels or bars (a) the right to enforce the Applicants' obligations under the Plan, (b) the Applicants from or in respect of any Unaffected Claim or any Claim that is not permitted to be released pursuant to section 19(2) of the CCAA or (c) any Director or Officer from any Director/Officer Claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.
- (b) Nothing herein releases Eckler Ltd. in respect of compliance with the *Pension Benefits Act* (New Brunswick) (and, to the extent applicable, the pension minimum standards in other jurisdictions to which the Pension Plan is subject),

- 19 -

including common law or fiduciary duties stemming therefrom, if any, to the members and beneficiaries of the Pension Plan, as applicable to:

- (i) actuarial calculations and valuations performed by Eckler Ltd. that are unrelated to the Settlement Agreement;
- (ii) actions taken or omitted by Eckler Ltd. from and after the date hereof in its capacity as Pension Administrator; or
- (iii) any loss, damage, expense, cost, charge, liability, complaint or claim caused by or resulting from Eckler Ltd.'s willful misconduct or resulting from Eckler Ltd.'s bad faith in the performance of its engagement on behalf of Co-op Atlantic.

#### **6.4 Injunctions**

All Persons 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 any of 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 any of the Released Parties or their property; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of the Plan; provided, however, that the foregoing shall not apply to the enforcement of any obligations under the Plan.

### **ARTICLE 7 COURT SANCTION**

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

If the Required Majority of the Affected Unsecured Creditors in the Unsecured Creditors Class approves the Plan, the Applicants shall apply for the Sanction Order on or before the date set for the hearing of the Sanction Order or such later date as the Court may set.

#### **7.2 Sanction Order**

The Applicants shall seek a Sanction Order that, among other things:

- (a) declares that (i) the Plan has been approved by the Required Majority of Affected Unsecured Creditors in the Unsecured Creditors Class in conformity with the CCAA; (ii) the activities of the Applicants have been in reasonable compliance with the provisions of the CCAA and the Orders of the Court made in this CCAA Proceeding in all respects; (iii) the Court is satisfied that the Applicants have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;

- 20 -

- (b) declares that as of the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved pursuant to section 6 of the CCAA, and are binding and effective as herein set out upon and with respect to the Applicants, all Affected Creditors, the Directors and Officers, any Person with a Director/Officer Claim, the Released Parties and all other Persons named or referred to in or subject to Plan;
- (c) declares that the steps to be taken and the compromises and releases to be effective on the Plan Implementation Date are deemed to occur and be effected in the sequential order contemplated by section 5.4 on the Plan Implementation Date, beginning at the Effective Time;
- (d) declares that, subject to performance by the Applicants of their obligations under the Plan and except as provided in the Plan, all obligations, agreements, membership rights or arrangements to which any of the Applicants is a party on the Plan Implementation Date shall be and remain in full force and effect, unamended, as at the Plan Implementation Date and no party thereto shall on or following the Plan Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform, cancel or otherwise disclaim or resiliate its obligations or the Applicants' interests thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect thereof by reason:
  - (i) of any event which occurred prior to, and is not continuing after, the Plan Implementation Date, or which is or continues to be suspended or waived under the Plan;
  - (ii) that the Applicants are or were insolvent, or that the Applicants sought or obtained relief or have taken steps as part of the Plan or under the CCAA;
  - (iii) of any default, event of default or circumstance of non-compliance arising as a result of the financial condition or insolvency of the Applicants;
  - (iv) of the effect upon the Applicants of the completion of any of the transactions approved in the CCAA Proceeding or contemplated by the Plan; or
  - (v) of any compromises, settlements, restructurings, recapitalizations or reorganizations effected pursuant to the Plan;
- (e) authorizes and gives effect to the transfer by Co-op of the Transferred Assets to AssetCo in accordance with section 5.3 hereof;
- (f) declares that the Pension Plan shall be entitled to the Contingent Entitlements in accordance with section 5.5 of the Plan without set-off or reduction;
- (g) authorizes the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan;

- 21 -

- (h) subject to payment of any amounts secured thereby, declares that each of the Charges shall be terminated, discharged and released upon a filing of the Monitor of a certificate confirming the termination of the CCAA Proceedings;
- (i) declares that the Applicants and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan; and
- (j) declares that the Persons to be appointed to the boards of directors of the Applicants on the Plan Implementation Date shall be the Persons named on a certificate to be filed with the Court by the Applicants on or prior to the Plan Implementation Date.

## **ARTICLE 8**

### **CONDITIONS PRECEDENT AND IMPLEMENTATION**

#### **8.1 Conditions Precedent to Implementation of the Plan**

The implementation of the Plan shall be conditional upon satisfaction of the following conditions prior to or at the Effective Time, each of which is for the benefit of the Applicants and may be waived only by the Applicants:

- (a) the Plan shall have been approved by the Required Majority of the Unsecured Creditors Class;
- (b) all orders made and judgments rendered by any competent court of law, and all rulings and decrees of any competent regulatory body, agent or official in relation to the CCAA Proceeding, the Restructuring or the Plan shall be satisfactory to the Applicants, including all court orders made in relation to the Restructuring, and without limiting the generality of the foregoing:
  - (i) the Sanction Order shall have been made on terms acceptable to the Applicants, and it shall have become a Final Order; and
  - (ii) any other Order deemed necessary by the Applicants for the purpose of implementing the Restructuring shall have been made on terms acceptable to the Applicants, and any such Order shall have become a Final Order;
- (c) all definitive agreements in respect of the Restructuring and the amended Articles, By-laws and other constating documents of the Applicants, and all definitive legal documentation in connection with all of the foregoing shall be in a form satisfactory to the Applicants;
- (d) all documents, agreements, orders and other instruments necessary to give effect to the Contingent Entitlements and to ensure the payment of the Contingent Entitlements, if any, to the Pension Plan shall be in form and in substance satisfactory to the Applicants;

- 22 -

- (e) all material agreements, consents and other documents relating to the Restructuring and the Plan shall be in form and in content satisfactory to the Applicants;
- (f) any and all court-imposed charges on any assets, property or undertaking of the Applicants (including the Charges) shall have been discharged as at the Effective Time on terms acceptable to the Applicants, acting reasonably;
- (g) the Continuing NBC Claims shall have been discharged or otherwise addressed in a manner satisfactory to the Applicants;
- (h) all fees and expenses owing to the Company Advisors, the Monitor and the Monitor's counsel as of the Plan Implementation Date shall have been paid, and the Applicants shall be satisfied that adequate provision has been made for any fees and expenses due or accruing due to the Company Advisors from and after the Plan Implementation Date;
- (i) the Applicants shall be satisfied that the Transferred Assets have been (or will be on the Plan Implementation Date) effectively transferred to AssetCo in accordance with section 5.3 hereof;
- (j) all material filings under Applicable Laws shall have been made and any material regulatory consents or approvals that are required in connection with the Restructuring shall have been obtained and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated; and
- (k) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application shall have been made to any Governmental Entity, and no action or investigation shall have been announced, threatened or commenced by any Governmental Entity, in consequence of or in connection with the Restructuring or the Plan that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit), the Restructuring or the Plan or any part thereof or requires or purports to require a variation of the Restructuring or the Plan.

In addition to the foregoing conditions precedent in favour of the Applicants, the implementation of the Plan shall be conditional upon satisfaction of the following conditions prior to or at the Effective Time, each of which is for the benefit of the Pension Administrator and may be waived only by the Pension Administrator:

- (l) the Sanction Order shall have been made on terms acceptable to the Pension Administrator, and it shall have become a Final Order;
- (m) all material agreements, consents and other documents relating to the Restructuring and the Plan that affect the Pension Plan or the Pension Administrator shall be in form and in content satisfactory to the Pension Administrator;

- 23 -

- (n) all documents, agreements, orders and other instruments necessary to give effect to the Contingent Entitlements and to ensure the payment of the Contingent Entitlements, if any, to the Pension Plan shall be in form and in substance satisfactory to the Pension Administrator; and
- (o) the Continuing NBC Claims shall have been discharged or otherwise addressed in a manner satisfactory to the Pension Administrator.

## **8.2 Monitor's Certificate**

Upon delivery of written notice from the Company Advisors (on behalf of the Applicants) of the satisfaction or waiver of the conditions set out in section 8.1, the Monitor shall forthwith deliver to the Company Advisors a certificate stating that the Plan Implementation Date has occurred and that the Plan is effective in accordance with its terms and the terms of the Sanction Order. As soon as practicable following the Plan Implementation Date, the Monitor shall file such certificate with the Court.

## **ARTICLE 9 GENERAL**

### **9.1 Binding Effect**

The Plan will become effective on the Plan Implementation Date. On the Plan Implementation Date:

- (a) the treatment of Affected Claims and Released Claims under the Plan shall be final and binding for all purposes and shall be binding upon and enure to the benefit of the Applicants, all Affected Creditors, any Person having a Released Claim and all other Persons directly or indirectly named or referred to in or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (b) all Affected Claims shall be forever discharged and released;
- (c) all Released Claims shall be forever discharged and released; and
- (d) each Affected Creditor and each Person holding a Released Claim shall be deemed to have executed and delivered to the Applicants and to the Released Parties, as applicable, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

### **9.2 Waiver of Defaults**

From and after the Plan Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicants then existing or previously committed by any of the Applicants, or caused by any of the Applicants, by any of the provisions in the Plan or steps or transactions contemplated in the Plan or the Restructuring, or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, by-law, article, credit document, indenture, note, lease,



- 24 -

guarantee or agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and any of the Applicants, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the Applicants from performing their obligations under the Plan or be a waiver of defaults by any of the Applicants under the Plan and the related documents.

### **9.3 Deeming Provisions**

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

### **9.4 Non-Consummation**

The Applicants reserve the right to revoke or withdraw the Plan at any time prior to the Plan Implementation Date. If the Applicants revoke or withdraw the Plan, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against any of the Applicants or any other Person; (ii) prejudice in any manner the rights of the Applicants or any other Person in any further proceedings involving any of the Applicants; or (iii) constitute an admission of any sort by any of the Applicants or any other Person. Nothing in this section abrogates, derogates from or otherwise affects the terms of the Settlement Agreement.

### **9.5 Modification of the Plan**

- (a) The Applicants reserve the right, at any time and from time to time, to amend, modify and/or supplement the Plan, provided that any such amendment, restatement, modification or supplement must be contained in a written document and (i) if made prior to or at the Meeting, is communicated to the Affected Unsecured Creditors attending the Meeting in person or by proxy; and (ii) if made following the Meeting, is approved by the Court following notice to the Affected Creditors.
- (b) Notwithstanding section 9.5(a), any amendment, restatement, modification or supplement may be made by the Applicants with the consent of the Monitor and without further Court Order or approval, provided that it concerns a matter which, in the opinion of the Applicants, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or to cure any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors.
- (c) Any amendment, restatement, modification or supplement of or to the Plan that affects the Pension Plan, the rights of the Pension Administrator or the Contingent Entitlements shall require the consent of the Pension Administrator.

- 25 -

- (d) Any amended, restated, modified or supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this section, approved by the Court, shall, for all purposes, be and be deemed to constitute the Plan.

#### **9.6 Paramountcy**

From and after the Effective Time on the Plan Implementation Date, any conflict between:

- (a) the Plan or any Order in the CCAA Proceeding; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, by-law, article, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicants as at the Plan Implementation Date or the notice of articles, articles or bylaws of the Applicants at the Plan Implementation Date,

will be deemed to be governed by the terms, conditions and provisions of the Plan and the applicable Order, which shall take precedence and priority.

#### **9.7 Severability of Plan Provisions**

If, prior to the Sanction Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants and with the consent of the Monitor, shall have the power to either (a) sever such term or provision from the balance of the Plan and provide the Applicants with the option to proceed with the implementation of the balance of the Plan; (b) alter and interpret such term or provision to make it valid or 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; or (c) cause the Applicants to withdraw the Plan. Provided that the Applicants proceed with the implementation of the Plan, then notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. No actions taken in respect of the Plan pursuant to this section shall be inconsistent with or otherwise abrogate, derogate from or otherwise affect the terms of the Settlement Agreement.

#### **9.8 Responsibilities of the Monitor**

KPMG Inc. is acting in its capacity as Monitor in the CCAA Proceeding with respect to the Applicants, the CCAA Proceedings and this Plan and not in its personal or corporate capacity, and will not be responsible or liable for any obligations of the Applicants under the Plan or otherwise.

#### **9.9 Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided to the contrary herein, a Person will be entitled to participate hereunder in

- 26 -

each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Applicants and the Person in writing or unless its Claims overlap or are otherwise duplicative.

### 9.10 Notices

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

If to the Applicants:

Co-op Atlantic  
123 Halifax Street  
Moncton, New Brunswick E1C 9R6

Attention: Bryan Inglis  
Fax: (506) 858-6264  
Email: bryan.inglis@coopatlantic.ca

with a copy to:

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

Attention: Robert J. Chadwick / Logan Willis  
Fax: (416) 979-1234  
Email: rchadwick@goodmans.ca / lwillis@goodmans.ca

If to an Affected Creditor, to the mailing address, facsimile address or email address provided on such Affected Creditor's Proof of Claim.

If to the Monitor:

KPMG Inc.  
Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto, ON M5H 2S5

Attention: Randy Benson / Anamika Gadia  
Fax: (416) 777-3883  
Email: rbenson@kpmg.ca / agadia@kpmg.ca

with a copy to:

- 27 -

Blake, Cassels & Graydon LLP  
199 Bay Street  
Suite 4000, Commerce Court West  
Toronto, ON M5L 1A9

Attention: Pamela Huff / Chris Burr  
Fax: (416) 863-2653  
Email: [pamela.huff@blakes.com](mailto:pamela.huff@blakes.com) / [chris.burr@blakes.com](mailto:chris.burr@blakes.com)

or to such other address as any party may from time to time notify the others in accordance with this section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 5:00 p.m. (Moncton, New Brunswick time) on such day; otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

#### **9.11 Further Assurances**

Each of the Persons directly or indirectly named or referred to in or subject to Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

**DATED** as of the 19<sup>th</sup> day of July, 2016.

6591820

## SCHEDULE A

### Real Property:

1. Worthington Avenue, Moncton, NB PID#70254040
2. Amberwood Court, Moncton, NB PID#70012232
3. Union Street, Sussex, NB PID#30114961
4. 17 Lawrence Street, Amherst, NS PID#25376625 (Note 1, Note 3)
5. 7925 No. I Highway, Ardoise, NS
6. 11554 Highway 1, Brickton, NS
7. 303 Highway, Conway, NS
8. 451 Merigomish Road, New Glasgow, NS (Note 1)
9. 440 Keltic Drive, Sydney, NS (Note 2)
10. 503 Prince Street, Sydney, NS
11. 543 O'Brien Street, Windsor, NS

### Other Assets:

12. Mortgage Receivable from Melmik Holdings (Note 1)
13. Shares in Atlantic Broadcasting

---

Note 1: These properties are subject to Encumbrances in favour of BDC.

Note 2: This property is subject to Encumbrances in favour of NSBC.

Note 3: This property is subject to a *lis pendens* in favour of Mrs. Avis Chapman.

**SCHEDULE B**

Membership shares in co-operative organizations, including:

1. Membership Shares in The Cooperators Group Limited
2. Membership Shares in Agro Co-operative
3. Membership Shares in Federated Co-op
4. Membership Shares in Atlantic Cooperative Publishing

**Schedule “B”****Monitor’s Certificate of Plan Implementation**

Court File No. SJM-98-15

**IN THE COURT OF QUEEN’S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN****IN THE MATTER OF THE *COMPANIES’ CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED****AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF CO-OP ATLANTIC, CO-OP ENERGY LTD.  
AND C A REALTY LTD.****CERTIFICATE OF KPMG INC.  
AS THE COURT-APPOINTED MONITOR OF CO-OP ATLANTIC,  
CO-OP ENERGY LTD. AND C A REALTY LTD.****Plan Implementation**

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Amended Plan of Compromise and Arrangement concerning, affecting and involving Co-op Atlantic, Co-op Energy Ltd. and C A Realty Ltd. (collectively, the “**Applicants**”) dated July 19, 2016 (the “**Plan**”), which is attached as Schedule “A” to the Plan Sanction Order of the Honourable Justice Stephenson made in these proceedings on August 4, 2016 (the “**Plan Sanction Order**”), as the Plan may be further amended, varied or supplemented from time to time in accordance with its terms.

Pursuant to section 8.2 of the Plan and paragraph 12 of the Plan Sanction Order, KPMG Inc., in its capacity as the Court-appointed monitor of the Applicants (the “**Monitor**”) delivers this certificate and hereby certifies that:

1. The Monitor has received written confirmation from counsel to the Applicants and counsel to the Pension Administrator that the conditions precedent set out in section 8.1 of the Plan have been satisfied or waived, as applicable.

2. Pursuant to the terms of the Plan, the Plan Implementation Date has occurred.
3. The Plan is effective in accordance with its terms.
4. Counsel to the Applicants has advised the Monitor that the corporate name of AssetCo (as defined in the Plan) is ●.
5. This Certificate will be filed with the Court.

**DATED** at the City of Toronto, in the Province of Ontario, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

**KPMG INC.**, in its capacity as Court-appointed Monitor of  
the Applicants

By:

\_\_\_\_\_  
Name:

Title:



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

Court File No. SJM98-15

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

---

**COURT OF QUEEN'S BENCH OF NEW  
BRUNSWICK**

Proceeding filed in Saint John

---

**PLAN SANCTION ORDER**

---

**MCINNES COOPER**

Barristers & Solicitors  
Blue Cross Building, South Tower  
644 Main Street, Suite 400  
Moncton, NB E1C 1E2

**Chris Keirstead / Michael Costello**

Tel: (506) 857-8970  
Fax: (506) 857-4095

**GOODMANS LLP**

Barristers & Solicitors  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

**Robert J. Chadwick / Logan Willis**

Tel: (416) 979-2211  
Fax: (416) 979-1234

**Lawyers for the Applicants**

3

Court File No. SJM-98-15

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN**

|                    |   |                               |
|--------------------|---|-------------------------------|
| THE HONOURABLE     | ) | THURSDAY, THE 4 <sup>TH</sup> |
|                    | ) |                               |
| JUSTICE STEPHENSON | ) | DAY OF AUGUST, 2016           |

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF CO-OP ATLANTIC, CO-OP ENERGY LTD.  
AND C A REALTY LTD.**

**DISPUTED CLAIM RESOLUTION ORDER**

THIS MOTION, made by Co-op Atlantic, Co-op Energy Ltd. and C A Realty Ltd. (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 10 Peel Plaza, Saint John, New Brunswick.

ON READING the affidavit of Bryan Inglis sworn July 29, 2016 and the exhibits thereto (the "**Inglis Affidavit**") and the Eleventh Report of KPMG Inc. in its capacity as CCAA monitor of the Applicants (the "**Monitor**"), and on hearing the submissions of counsel for the Applicants, the Monitor and such other counsel as were present and wished to be heard, and on reading the affidavit of service of Bradley Wiffen sworn July 29, 2016,

**SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the service and notice of this Motion are hereby abridged and validated and this Motion is properly returnable today without further service or notice thereof.

2. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meanings given to them in the Claims Procedure Order of this Court dated October 1, 2015 (the “**Claims Procedure Order**”).

### **RESOLUTION PROCESS FOR COMMITTEE CLAIMS**

3. **THIS COURT ORDERS** that the Claims (the “**Committee Claims**”) asserted in the Proof of Claim dated July 24, 2016 (the “**Committee Proof of Claim**”) submitted on behalf of the ad hoc committee of certain non-unionized former employees and retirees of Co-op Atlantic (the “**Committee**”) are referred to this Court pursuant to paragraph 9 of the Claims Procedure Order for resolution in accordance with the process set forth in this Order (the “**Resolution Process**”).

4. **THIS COURT ORDERS** that the Resolution Process shall address:

- (a) the validity, quantum and priority, if any, of the Committee Claims and whether the Committee Claims are barred by operation of the Claims Procedure Order; and
- (b) the effect, if any, of the Committee Claims on the results of the meeting of the Applicants’ unsecured creditors held on July 25, 2016 to consider and vote on the Applicants’ Amended Plan of Compromise and Arrangement dated July 19, 2016 (the “**Plan**”).

5. **THIS COURT ORDERS** that the Committee shall have the onus of proving the validity, quantum and priority, if any, of the Committee Claims and that the Committee Claims are not barred by operation of the Claims Procedure Order.

6. **THIS COURT ORDERS** that, notwithstanding and without prejudice to the right of the Applicants and any other interested stakeholder to argue that the Committee Claims are barred by operation of the Claims Procedure Order, the schedule for the Resolution Process set forth in Schedule “A” to this Order (the “**Litigation Schedule**”) is hereby approved and this Court directs the Applicants, the Committee, Eckler Ltd., in its capacity as administrator (the “**Pension Administrator**”) of the Co-op Employees’ Pension Plan (the “**Pension Plan**”), the Monitor and

any other interested stakeholder that wishes to participate in the Resolution Process to abide by the Litigation Schedule.

7. **THIS COURT ORDERS** that, notwithstanding paragraph 6 of this Order, the determination by this Court of the Director/Officer Claim asserted in the Committee Proof of Claim may, at the option of the Directors and Officers, proceed concurrently with the hearing of the other Committee Claims or at such later date as may be determined by the Court.

#### **COMPOSITION AND AUTHORITY OF THE COMMITTEE**

8. **THIS COURT ORDERS** that, on or before August 12, 2016, the Committee shall provide the Applicants, the Monitor and this Court, on a confidential basis, with written evidence from each member of the Committee confirming that:

- (a) such person consents to the advancement of the Committee Claims by the Committee (the “**Consenting Committee Members**”); and
- (b) such person consents to the Committee’s opposition to the Plan.

#### **COSTS AND EXPENSES OF THE RESOLUTION PROCESS**

9. **THIS COURT ORDERS** that, in the event that the Committee Claims are disallowed by this Court or withdrawn at any time after August 16, 2016, the Applicants shall be entitled to seek a cost award against the Consenting Committee Members equal to the amount by which the financial position of the Pension Plan is diminished as a result of the reasonable legal and professional fees, expenses and disbursements incurred by the Applicants, the Monitor and the Pension Administrator after the date of this Order in connection with the Resolution Process. Any such cost award shall be payable directly to the Pension Plan. The Applicants shall be permitted to apply to this Court to seek security or other financial assurance from any Consenting Committee Member or counsel to the Committee with respect to such amount.

#### **GENERAL**

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside Canada to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out

the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Standard/Daylight Time on the date of this Order.

Dated at Saint John, New Brunswick this  
\_\_\_\_\_ day of August, 2016.

---

**SCHEDULE A**  
**LITIGATION SCHEDULE**

| <b>Date</b>                   | <b>Applicable Deadline</b>                                   |
|-------------------------------|--|
| August 19, 2016               | Materials from Committee in support of the Committee Claims. |
| September 2, 2016             | Responding materials in opposition to the Committee Claims.  |
| September 7-8, 2016           | Examinations, if any.  |
| September 9, 2016             | Factum in support of Committee Claims.                       |
| September 13, 2016            | Facta in opposition to Committee Claims.                     |
| September 15, 2016            | Reply factum.  |
| September 16, 2016            | Monitor's Report.  |
| Week of September 19-23, 2016 | Court hearing.   |

**IN THE MATTER OF THE *COMPANIES' CREDITORS*  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**  
**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

---

**COURT OF QUEEN'S BENCH OF NEW  
BRUNSWICK**

Proceeding filed in Saint John

---

**DISPUTED CLAIM RESOLUTION ORDER**

---

**MCINNES COOPER**

Barristers & Solicitors  
Blue Cross Building, South Tower  
644 Main Street, Suite 400  
Moncton, NB E1C 1E2

**Chris Keirstead / Michael Costello**

Tel: (506) 857-8970  
Fax: (506) 857-4095

**GOODMANS LLP**

Barristers & Solicitors  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

**Robert J. Chadwick / Logan Willis**

Tel: (416) 979-2211  
Fax: (416) 979-1234

**Lawyers for the Applicants**



4

Court File No. SJM-98-15

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN**

|                    |   |                               |
|--------------------|---|-------------------------------|
| THE HONOURABLE     | ) | THURSDAY, THE 4 <sup>TH</sup> |
|                    | ) |                               |
| JUSTICE STEPHENSON | ) | DAY OF AUGUST, 2016           |

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF CO-OP ATLANTIC, CO-OP ENERGY LTD.  
AND C A REALTY LTD.**

**STAY EXTENSION ORDER**

THIS MOTION, made by Co-op Atlantic, Co-op Energy Ltd. and C A Realty Ltd. (collectively, the “**Applicants**”), pursuant to the *Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36*, as amended (the “**CCAA**”) was heard this day at 10 Peel Plaza, Saint John, New Brunswick.

ON READING the affidavit of Bryan Inglis sworn July 29, 2016 and the exhibits thereto and the Eleventh Report of KPMG Inc. in its capacity as CCAA monitor of the Applicants (the “**Monitor**”), and on hearing the submissions of counsel for the Applicants, the Monitor and such other counsel as were present and wished to be heard, and on reading the affidavit of service of Bradley Wiffen sworn July 29, 2016,

**SERVICE**

1. **THIS COURT ORDERS** that the service and notice of this Motion are hereby abridged and validated and this Motion is properly returnable today without further service or notice thereof.

**EXTENSION OF THE STAY OF PROCEEDINGS**

2. **THIS COURT ORDERS** that the Stay Period (as such term is defined in and used throughout the Initial Order of this Court in these proceedings dated June 25, 2015 (as amended, the “**Initial Order**”)) be and is hereby extended to and including 11:59 p.m. on October 31, 2016, and that all other terms of the Initial Order shall remain in full force and effect, unamended, except as may be required to give effect to this paragraph or as otherwise expressly provided in this Order.

**GENERAL**

3. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside Canada to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

4. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Standard/Daylight Time on the date of this Order.

Dated at Saint John, New Brunswick this  
\_\_\_\_\_ day of August, 2016.

---

**IN THE MATTER OF THE *COMPANIES' CREDITORS*  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**  
**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

---

**COURT OF QUEEN'S BENCH OF NEW  
BRUNSWICK**

Proceeding filed in Saint John

---

**STAY EXTENSION ORDER**

---

**MCINNES COOPER**

Barristers & Solicitors  
Blue Cross Building, South Tower  
644 Main Street, Suite 400  
Moncton, NB E1C 1E2

**Chris Keirstead / Michael Costello**

Tel: (506) 857-8970  
Fax: (506) 857-4095

**GOODMANS LLP**

Barristers & Solicitors  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

**Robert J. Chadwick / Logan Willis**

Tel: (416) 979-2211  
Fax: (416) 979-1234

**Lawyers for the Applicants**

5

Court File No. SJM-98-15

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

Applicants

**AFFIDAVIT OF BRYAN INGLIS**  
(sworn July 29, 2016)

Court File No. SJM-98-15

**IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK**  
**TRIAL DIVISION**  
**JUDICIAL DISTRICT OF SAINT JOHN**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF CO-OP ATLANTIC, CO-OP ENERGY LTD. AND C A REALTY LTD.**

Applicants

**AFFIDAVIT OF BRYAN INGLIS**  
(sworn July 29, 2016)

I, Bryan Inglis, of the City of Moncton, in the Province of New Brunswick, MAKE  
OATH AND SAY:

**I. INTRODUCTION**

1. I am the interim Chief Executive Officer of Co-op Atlantic ("**Co-op**") and have served in that capacity since November 2014. I have been employed by Co-op since 1986 and have served in a variety of executive roles prior to becoming interim Chief Executive Officer, including as Vice-President of Co-op's wholesale food business and Vice-President of Co-op's agricultural business. As such, I have personal knowledge of the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. This motion is sworn in support of a motion by Co-op, Co-op Energy Ltd. ("**Co-op Energy**") and C A Realty Ltd. ("**C A Realty**") and, together with Co-op and Co-op Energy, the "**Applicants**") for three Orders:

- (a) an Order (the “**Sanction Order**”), among other things, sanctioning the Applicants’ Amended Plan of Compromise and Arrangement dated July 19, 2016 (the “**Plan**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”);
- (b) an Order (the “**Disputed Claim Resolution Order**”), among other things, setting out a process and timeline (the “**Resolution Process**”) for the resolution by this Court of certain claims against the Applicants and their directors and officers, the resolution of which will be necessary before the Sanction Order can become effective; and
- (c) an Order (the “**Stay Extension Order**”) extending the Stay Period, as defined in the Initial Order of this Court dated June 25, 2015 (as amended, the “**Initial Order**”), to and including October 31, 2016.

3. Capitalized terms used but not otherwise defined in this affidavit have the meanings given to them, as applicable, in my initial affidavit sworn June 24, 2015 (the “**Initial Affidavit**”) or in the Plan. A copy of my Initial Affidavit is attached hereto (without exhibits) as Exhibit “A”. A copy of the Plan is attached hereto as Exhibit “B”.

4. The Plan includes certain amendments to the plan of compromise and arrangement dated June 21, 2016 (the “**Original Plan**”) filed with this Court in connection with the Applicants’ motion for the Meeting Order heard on June 27, 2016. The principal purpose of the amendments is to modify the scope of the releases in the Plan to reflect feedback received from certain of the Applicants’ stakeholders and matters raised at the Court hearing on June 27, 2016. The



amendments also include certain other minor corrections and non-substantive changes to the Plan. A blackline showing the revisions to the Original Plan is attached hereto as Exhibit “C”.

5. The Plan is the culmination of a restructuring process in which the Applicants successfully sold their core assets and businesses on a going-concern basis, achieved a global settlement among their key stakeholders and settled the claims of their secured creditors. If approved by this Court, the Plan will result in the distribution of remaining proceeds to the Applicants’ unsecured creditors, permit Co-op to continue its corporate existence free of its existing liabilities, and enable the Applicants to advance towards the completion of these CCAA proceedings in an efficient and orderly manner. The Applicants believe that the Plan represents the best outcome available for the Applicants and their stakeholders in the circumstances and that it is superior to all available alternatives.

6. By Order dated June 27, 2016 (the “**Meeting Order**”), the Court authorized the Applicants to call and conduct a meeting (the “**Meeting**”) of the Applicants’ unsecured creditors to consider and vote on a resolution to approve the Plan. At the Meeting held on July 25, 2016, the Plan was approved by 98% in number and 98% in value of the Applicants’ Affected Unsecured Creditors with Proven Voting Claims who voted at the Meeting. Accordingly, the Plan has received very strong and widespread support from the Applicants’ affected creditors.

7. There is one remaining claim (the “**Committee Claim**”) that will need to be resolved before the Sanction Order (if it is granted by the Court) can become effective. The Committee Claim was filed by an ad hoc committee of certain non-unionized former employees and retirees of Co-op (the “**Committee**”) that is represented by Koskie Minsky LLP. The Committee Claim was submitted less than 24-hours before the Meeting. It asserts a \$71.5 million claim against the

Applicants, of which \$67.65 million is alleged to be secured by operation of provincial pension legislation. The Committee Claim is discussed in detail below. The Applicants do not believe that the Committee Claim is valid and the Monitor has issued a Notice of Disallowance pursuant to the Claims Procedure Order.

8. The Applicants wish to ensure that the CCAA process continues to move forward efficiently and believe that it is in the best interests of their stakeholders to seek Court approval of the Plan at this time. Consequently, the Applicants are seeking the Sanction Order concurrently with the Disputed Claim Resolution Order. To ensure that proceeding with the proposed Sanction Order does not prejudice the rights of the Committee, it is proposed that the effectiveness of the Sanction Order would be conditional upon the consent of the Committee to the effectiveness of the Sanction Order or the withdrawal or disallowance by the Court of the Committee Claim. For the reasons set forth in this affidavit, the Applicants are of the view that the Plan is fair and reasonable and offers the best available outcome for the Applicants and their stakeholders in the circumstances.

9. The Monitor concluded in its Tenth Report dated June 23, 2016 (the “**Tenth Report**”) that the Original Plan was fair and reasonable and, if approved, would provide for the optimal outcome available for the Applicants’ stakeholders. The Monitor has confirmed that it supports the amendments to the Plan and supports the approval of the Plan by this Court. Subject to the Committee Claim, the Plan has received the overwhelming approval of the Applicants’ unsecured creditors, garnering 98% in value and 98% in number of the votes cast in respect of proven claims at the Meeting. Accordingly, the Applicants respectfully request that this Court grant the Sanction Order to enable the Applicants to take the steps and actions necessary to

implement the Plan and make distributions to their unsecured creditors in a timely and efficient manner following the resolution of matters with respect to the Committee Claim.

## II. BACKGROUND

### A. Sale and Restructuring Process

10. The Applicants obtained CCAA protection on June 25, 2015 in connection with their efforts to explore and pursue a variety of alternatives to address their financial challenges (the “**Sale and Restructuring Process**”). Prior to the sale of substantially all of their assets in connection with the Sale and Restructuring Process, the Applicants had three core lines of business, being the Food and Gas Business, the Energy Business and the Agriculture Business.

11. The Applicants, with the assistance of their financial advisor, KPMG Corporate Finance, and, since its appointment, the Monitor, carried out the Sale and Restructuring Process commencing in the fall of 2014 to achieve transactions to maximize value for the Applicants and their stakeholders. Specifically, the Applicants have successfully completed the following going-concern sale transactions within the Sale and Restructuring Process:

- (a) on June 20, 2015, the Applicants completed the sale of their Food and Gas Business to Sobeys Capital Incorporated (the “**Sobeys Transaction**”);
- (b) on October 15, 2015, the Applicants completed the sale of their Energy Business to CST Canada Co.;
- (c) on December 14, 2015, the Applicants completed the sale of two retail farm stores in Brooklyn, Nova Scotia and Pictou County, Nova Scotia to Scotian Gold Co-operative Limited; and

- (d) on January 8, 2016, the Applicants completed the sale of substantially all of the assets and property comprising their Agriculture Business to an affiliate of La Coop Fédérée, Atlantic Farm Services Inc.

12. The Applicants have completed a number of additional transactions, including the transfer of their residential property management operations on November 28, 2015 and the sale of their equity interests in Country Ribbon Inc. to Atlantic Poultry Inc. on December 18, 2015.

13. All of the Applicants' core assets have now been sold and the Applicants have no remaining business operations. The Applicants hold a small amount of residual assets that, to date, they have been unable to sell as part of the Sale and Restructuring Process. As described below, the Plan provides a solution for liquidating these remaining assets if they cannot be sold prior to the implementation of the Plan.

#### **B. Integrated Structure of the Applicants**

14. As set out in additional detail in my Initial Affidavit, Co-op Energy and C A Realty are directed and controlled by boards of directors comprised of the same directors that serve on the board of directors of Co-op, and the Applicants have historically had common senior management. There has been a high level of integration in the operations, management and assets of the Applicants, including:

- (a) the majority of Co-op's secured indebtedness, including all of its indebtedness to National Bank of Canada ("**National Bank**"), was guaranteed by, and secured against the assets of, Co-op Energy and C A Realty;

- (b) prior to its sale, the Food and Gas Business was jointly operated by Co-op and Co-op Energy. The proceeds realized from the Sobeys Transaction were not allocated to the specific assets of Co-op and Co-op Energy due to the high degree of integration of the two entities and the time and resources required to undertake and complete such an allocation;
- (c) Co-op Energy has a management agreement with Co-op, pursuant to which Co-op provided managerial services to Co-op Energy, such as accounting, payroll and human resource management services;
- (d) C A Realty provided real estate and mortgage-related services to support the businesses operated by Co-op and Co-op Energy, and approximately 75% of C A Realty's revenue was generated through the provision of these intercompany services; and
- (e) Co-op operates an integrated cash management system on behalf of the other Applicants and it is not possible to separate the banking and financing functions performed by Co-op from the other Applicants.

### **C. The Claims Procedure**

15. On October 1, 2015, the Court granted an Order (the "**Claims Procedure Order**") establishing a process for the identification and determination of claims against the Applicants and their directors or officers (the "**Claims Procedure**"). A copy of the Claims Procedure Order (without schedules) is attached hereto as Exhibit "D".

16. The Applicants, with the assistance of the Monitor, have conducted the Claims Procedure and have reviewed the claims received in accordance with the Claims Procedure Order. The Monitor has provided a detailed update on the results of the Claims Procedure in its Eighth Report dated April 25, 2016 and in the Tenth Report. I understand that the Monitor will be providing a further update with respect to the Claims Procedure in the Eleventh Report.

17. All secured claims against the Applicants have been satisfied from the consolidated proceeds from the sale transactions noted above or otherwise addressed to the satisfaction of the secured parties. The outstanding claims against the Applicants are those of the Applicants' unsecured creditors. These include the claims of trade creditors, landlords, former employees, equipment lessors and the Pension Administrator's remaining claim for the residual amounts owing to the Pension Plan that was confirmed by the Court pursuant to the Settlement and Distribution Order dated April 28, 2016. The foregoing is subject to the resolution of the Committee Claim, which is discussed further below.

#### **D. The Global Settlement**

18. Following the initial review of claims in the Claims Procedure, it was apparent that there was a disagreement between certain significant secured creditors, on the one hand, and Eckler Ltd., in its capacity as administrator (the "**Pension Administrator**") of the Co-op Atlantic Employees' Pension Plan (the "**Pension Plan**"), Unifor, UFCW and the Superintendent of Pensions for New Brunswick (the "**Superintendent**"), on the other, with respect to the quantum, validity, and relative priority of the claims filed on behalf of the Pension Plan.

19. The Applicants, with the assistance of the Monitor, engaged in negotiations with the Pension Administrator, Unifor, UFCW, the Superintendent and the secured creditors for several

months in an effort to achieve a consensual overall resolution that would be fair and reasonable and that would result in the delivery of distributions to the Applicants' creditors as soon as possible.

20. On April 21, 2016, the Applicants executed a Settlement Agreement (the "**Settlement Agreement**") with National Bank, Concentra Trust in its capacity as trustee of the secured debentures issued by Co-op (in such capacity, "**Concentra**"), Farm Credit Canada ("**FCC**"), Provincial Holdings Limited ("**PHL**" and together with National Bank, Concentra and FCC, the "**Secured Creditor Parties**") and the Pension Administrator. Although Unifor, UFCW and the Superintendent were not signatories to the Settlement Agreement, they were involved throughout the negotiations and supported the Settlement Agreement. The Settlement Agreement provides that, among other things, (i) each of National Bank, FCC and Concentra would receive distributions at a discount to their proven claims, (ii) the Pension Plan would receive a distribution in respect of a portion of its claims and the balance of the Pension Plan claim would be treated as a general unsecured claim, (iii) PHL would pay a portion of its guarantee to National Bank, and (iv) the remaining proceeds (after payment of post-CCAA payables and other restructuring costs) would be available for distribution to the Applicants' unsecured creditors pursuant to the Plan.

21. On April 28, 2016, the Applicants sought and obtained an Order (the "**Settlement and Distribution Order**") of the Court, which, *inter alia*:

- (a) approved and gave effect to the terms of the Settlement Agreement;
- (b) authorized the Applicants to make distributions to their secured creditors and the Pension Plan in accordance with the Settlement Agreement;

- (c) approved the residual Pension Plan claims as allowed unsecured claims, with no secured, priority or deemed trust status; and
  - (d) approved certain releases of claims against the Secured Creditor Parties and the Pension Administrator.
22. The Settlement and Distribution Order was not appealed. In accordance with the Settlement and Distribution Order, the Applicants made distributions to each of National Bank, FCC, Concentra, the Pension Plan and Interprovincial Cooperative Limited.
23. At this time, there are two secured claims remaining against the Applicants (not including the secured claim advanced by the Committee as part of the Committee Claim):
- (a) the claims of Business Development Bank of Canada (“**BDC**”). These claims are secured against certain specific assets and real properties and will be satisfied by a consensual enforcement by BDC of its security over those assets and properties; and
  - (b) the claim of Nova Scotia Business Development Corporation (“**NSBDC**”). This claim is secured against certain specific real property and will be satisfied by a consensual enforcement by NSBDC of its security over that property.
24. As detailed in the Eleventh Report, the Applicants, with the assistance of the Monitor, have allowed 912 unsecured claims against the Applicants in the aggregate amount of \$124,459,699. At this time, there are eight Unresolved Claims in the alleged aggregate amount of \$3,388,023 (not including the Committee Claim, which is addressed separately below). The residual unsecured claims of the Pension Plan (as filed by the Pension Administrator and



confirmed in the Settlement and Distribution Order) account for approximately 60% of all Proven Distribution Claims.

### **III. THE PLAN**

#### **A. Requirements in the Settlement Agreement**

25. The Settlement Agreement set forth certain required terms for the Applicants' Plan, including:

- (a) defining parameters of the proceeds that would be available for distribution to the unsecured creditors;
- (b) confirming the treatment of the remaining Pension Plan claims as general unsecured claims in the Plan;
- (c) providing that the Applicants' unsecured creditors would share *pro rata* in the amount available for distribution to unsecured creditors under the Plan, which amount is currently estimated to be \$2.5 million to \$3.5 million in the aggregate, assuming the Plan is approved and the CCAA proceedings are completed in an efficient manner;
- (d) providing that any contingent future value derived from Co-op's membership shares in The Cooperators Group Limited ("CGL") and any benefits of Co-op's membership in CGL pertaining to the period prior to the Plan Implementation Date would be allocated to the Pension Plan; and

- (e) providing the Plan would contain releases of the Applicants, the Applicants' present and former directors, officers and employees, the Secured Creditor Parties and the Pension Administrator.

26. The Plan reflects the terms required by the Settlement Agreement and is the product of consultation between the Applicants and their stakeholders, including the Pension Administrator, Unifor and UFCW. I understand from counsel to the Applicants that the Superintendent also consulted directly with the Pension Administrator, Unifor and UFCW with respect to the terms of the Plan. The Monitor participated in the development of the Plan and supports the terms of the Plan.

#### **B. The Amended Plan**

27. The Original Plan was filed with the Court in connection with the Applicants' motion for the Meeting Order. Following the granting of the Meeting Order and in advance of the Meeting, the Applicants made certain modifications to the Original Plan to reflect:

- (a) matters raised at the Court hearing on June 27, 2016;
- (b) feedback received from certain of the Applicants' stakeholders following the Court hearing on June 27, 2016; and
- (c) certain other minor updates and corrections.

28. The following is a summary of the principal amendments to the Original Plan:

- (a) Section 6.1 has been amended to remove the Secured Creditor Parties from the release provision in Section 6.1. The Secured Creditor Parties are now addressed

in new Section 6.2, which provides that the releases in favour of the Secured Creditor Parties pursuant to paragraph 15 of the Settlement and Distribution Order are confirmed to be effective against Affected Creditors as of the Plan Implementation Date. In other words, the prior Court-ordered release of these parties is incorporated by reference and brought forward to be effective concurrently with the implementation of the Plan.

- (b) A new Section 6.3 titled “Claims Not Released” has been added. This section enumerates claims that are not released under the Plan. The list of claims not released has been expanded to include certain matters relating to Co-op Atlantic’s Pension Plan. I understand from counsel to the Applicants that the language in Section 6.3(b) relating to the Pension Plan was negotiated and agreed by Unifor, UFCW, the Pension Administrator and the Superintendent.
- (c) The definition of “Released Claims” has been amended to reflect matters raised at the July 27, 2016 Court hearing and to clarify that the Released Claims do not include the Claims that are expressly not released pursuant to the new Section 6.3.
- (d) Section 5.4(d) has been amended to clarify that the Membership Shares in Co-op Atlantic will have no par value after the Plan Implementation Date (rather than a par value of \$0.01 as set out in the Original Plan). This amendment conforms the language in the Plan to the statutory language governing that matter in the *Canada Cooperatives Act*.
- (e) Language has been added in Section 5.3(a)(ii) of the Plan to clarify the scope of the reservation of rights of the Plaintiff with respect to the Amherst Property.

- (f) The amendments also include certain other typographical corrections and minor edits.

29. I am informed by counsel to the Applicants that the amended Plan, a blackline showing the amendments to the Original Plan, and a letter from counsel summarizing the amendments to the Original Plan was served on the CCAA service list on July 19, 2016. The amended Plan was also posted on the Monitor's website. The amendments to the Plan were also explained in detail to those in attendance at the Meeting prior to the vote being taken on the resolution to approve the Plan.

30. The amendments to the Original Plan are intended to improve the Original Plan and do not, to my knowledge, have any adverse consequence on any party affected by the Plan relative to the terms of the Original Plan. The amendments are supported by the Monitor and I am advised by the Applicants counsel that they were made in compliance with the amendment provisions in Section 9.5 of the Original Plan and paragraph 6 of the Meeting Order. The amendments do not affect creditors' entitlements or distributions under the Plan. The Applicants believe that the amendments are appropriate in the circumstances and that none of the Applicants' stakeholders are prejudiced by the amendments.

### **C. Treatment of Claims and Creditors**

31. The following is a brief summary of the key terms of the Plan:<sup>1</sup>

- (a) the purposes of the Plan are to: (i) provide for distributions to the Applicants' Affected Unsecured Creditors; (ii) provide for the discharge and release of all any

---

<sup>1</sup> The following is a summary only and reference should be made to the Plan itself for the full terms and conditions of the Plan.

Affected Claims; and (iii) implement a restructuring that will enable Co-op to continue as a cooperative organization;

- (b) there is one class of creditors for the purpose of receiving distributions under the Plan, being the Unsecured Creditors Class;
- (c) each Affected Unsecured Creditor with a Proven Distribution Claim will be entitled to its *pro rata* share of the Unsecured Creditors Distribution Pool (which is the total amount available for distribution to the Applicants' Affected Unsecured Creditors). However, in order to minimize administration costs, the Applicants will be under no obligation to make a distribution to an Affected Unsecured Creditor where such distribution is less than \$20. The aggregate of all distribution entitlements that are less than \$20 will instead be paid to the Pension Plan. On the Plan Implementation Date, all Affected Claims will be compromised, discharged and released;
- (d) Persons with Equity Claims will not receive any consideration or distributions under the Plan in respect of their Equity Claims. All Equity Claims will be compromised, discharged and released on the Plan Implementation Date. All Equity Interests, other than the Membership Shares (i.e. the membership of Co-op's existing co-operative members), will be cancelled;
- (e) any Affected Unsecured Creditor with an Unresolved Claim will not be entitled to receive any distribution under the Plan with respect to such Unresolved Claim unless and until such Claim becomes a Proven Distribution Claim in accordance with the Claims Procedure Order; and

- (f) the Plan does not affect Unaffected Claims, and Unaffected Creditors will not receive any consideration or distributions under the Plan in respect of their Unaffected Claims. Unaffected Claims include any: (i) Claims secured by any of the Court-ordered charges granted in the CCAA proceedings; (ii) Continuing NBC Claims (i.e. rights and claims of National Bank arising from the operation of the Applicants' bank accounts and the provision of other banking services); (iii) trade payables incurred after the CCAA filing date; (iv) Claims that are not permitted to be compromised pursuant to subsection 19(2) of the CCAA; and (v) the Contingent Entitlements (described below).

#### **D. Releases under the Plan**

32. The Plan provides for the release and discharge of the Released Parties with respect to the Released Claims. The Released Parties are: the Applicants and their present and former employees and contractors, advisors and Directors and Officers; the Monitor and the Monitor's counsel; Eckler Ltd., in its capacities as Pension Administrator and actuary of the Pension Plan; and certain persons related to the foregoing parties. Subject to Section 6.3, the Released Claims include any claims against the Released Parties that constitute or that arise in connection with any Claims, any Director/Officer Claims, the Pension Plan, the Settlement Agreement, the Equity Interests, the Restructuring, the Plan or the CCAA proceeding.

33. As a result of the amendments to the Original Plan, the Secured Creditor Parties are no longer "Released Parties" for purposes of Section 6.1 of the Plan. The Secured Creditor Parties are now addressed in the new Section 6.2 of the Plan, which provides that the release in favour of

the Secured Creditor Parties in the Settlement and Distribution Order will be brought forward and become effective and binding on the Affected Creditors as of the Plan Implementation Date.

34. Pursuant to Section 6.3 of the Plan, the Plan does not release:

- (a) the right to enforce the Applicants' obligations under the Plan;
- (b) the Applicants from or in respect of any Unaffected Claim or any Claim that is not permitted to be released pursuant to section 19(2) of the CCAA;
- (c) any Director or Officer from any Director/Officer Claim that is not permitted to be released pursuant to subsection 5.1(2) of the CCAA; or
- (d) Eckler Ltd. in respect of compliance with the *Pension Benefits Act* (New Brunswick) (and, to the extent applicable, the pension minimum standards in other jurisdictions to which the Pension Plan is subject), including common law or fiduciary duties stemming therefrom, if any, to the members and beneficiaries of the Pension Plan, as applicable to:
  - (i) actuarial calculations and valuations performed by Eckler Ltd. that are unrelated to the Settlement Agreement;
  - (ii) actions taken or omitted by Eckler Ltd. from and after July 19, 2016 in its capacity as Pension Administrator; or
  - (iii) any claims caused by or relating to Eckler Ltd.'s wilful misconduct or bad faith in the performance of its engagement on behalf of Co-op Atlantic.

35. The amended release provisions in the Plan are intended to reflect matters raised at the June 27, 2016 Court hearing and to address stakeholder feedback in a manner that is consistent with the terms of the Court-approved Settlement Agreement.

36. The releases provided for in the Plan are integral to the framework of compromises in the Settlement Agreement and the Plan. Paragraph 18 of the Restructuring Outline attached as Schedule “B” to the Settlement Agreement provides that the Plan will contain comprehensive releases of the Applicants, the Applicants’ present and former directors, officers and employees, and each of the other parties to the Restructuring Outline. Tangible and meaningful contributions for the benefit of unsecured creditors were made by the Applicants’ secured creditors in agreeing to accept a discount on the amounts that were owed to them on their senior-ranking secured claims and by the Pension Administrator in agreeing to the resolution of the pension litigation. The inclusion of these parties in the Plan releases was a negotiated condition of the contributions made by them for the benefit of other creditors. A distribution to unsecured creditors would not likely have been possible without the compromises agreed to by the parties to the Settlement Agreement. The terms of the Settlement Agreement were approved by the Court pursuant to the Settlement and Distribution Order.

37. The releases provided for in the Plan are also necessary for the successful restructuring of the Applicants and their ability to preserve contingent future value for the benefit of the Pension Plan. One of the fundamental purposes of the Plan is to preserve the ability of Co-op to continue holding its membership shares in CGL for the benefit of the Pension Plan. To ensure that any future value of these shares is available to the Pension Plan, it is necessary to ensure that Co-op continues to meet the eligibility requirements for membership in CGL. Among other things, this requires Co-op to be and remain solvent from and after the Plan Implementation Date.



38. To ensure that the release of claims against Co-op is effective, restructured Co-op must be free from potential claims by third parties for indemnification or contribution in relation to matters occurring prior to the Plan Implementation Date. Accordingly, the Plan provides a release of claims against the Applicants' employees, agents and advisors, the Directors and Officers, the Monitor and its counsel, and Eckler Ltd. to ensure that there is no possibility of a future claim by those parties against the Applicants that could imperil the successful restructuring of the Applicants.

39. The release of these parties is integral to the Plan and the restructuring of the Applicants. The releases of these parties were negotiated as part of the overall restructuring of the Applicants and are expressly contemplated in the Court-approved Settlement Agreement. These parties have made a substantial contribution to the restructuring of the Applicants both before and during the CCAA proceedings, including in connection with the Sale and Restructuring Process and the development and negotiation of the Settlement Agreement and the Plan.

40. The Original Plan filed with the Court and attached to the Meeting Order contained releases in similar, though more expansive, form as the releases in the amended Plan. The Information Statement, which summarized and described the terms of the releases, was posted on the Monitor's website and sent to all Affected Unsecured Creditors. This notification process ensured that the Applicants' stakeholders had knowledge of the releases. Following this initial notification process, the scope of the releases was modified to reflect observations by the Court at the June 27, 2016 hearing and consultation between the Applicants and their stakeholders. The amended Plan, together with a blackline to the Original Plan and a letter describing the key modifications, was delivered to the service list on July 19, 2016 and posted on the Monitor's

website. Counsel to the Applicants also explained the releases to those in attendance at the Meeting prior to the vote being taken on the Plan.

41. Accordingly, the Applicants' unsecured creditors were provided with appropriate information to understand the nature and scope of the releases in the Plan. As noted above, the Plan received overwhelming support from the unsecured creditors with proven claims voting at the Meeting.

42. Overall, I believe that the releases provided for in the Plan are integral to the framework of compromises in the Settlement Agreement and the Plan. The releases are critical to a comprehensive restructuring of the Applicants that will allow the Applicants to preserve contingent future value for beneficiaries of the Pension Plan.

#### **E. Additional Terms of the Plan**

##### *(i) Amendment to the Co-op Articles*

43. Section 5.4 of the Plan provides that, in accordance with subsection 6(2) of the CCAA and section 289 of the *Canada Cooperatives Act*, the articles of Co-op will be altered to: (i) provide that the Membership Shares have no par value; and (ii) if deemed advisable by Co-op, change its legal name to a name to be provided on a certificate to be filed with the Court on or prior to the Plan Implementation Date. The amendments to the par value of the Membership Shares (which are not being cancelled under the Plan) allow Co-op to preserve its cooperative organizational structure in a manner that is consistent (from an economic perspective) with the treatment of all other Equity Interests (which are being cancelled under the Plan).

(ii) AssetCo

44. Although the Applicants have sold substantially all of their assets and businesses, they continue to own certain miscellaneous and residual assets. The Applicants will continue their efforts to monetize the residual assets prior to the Plan Implementation Date; however, there needs to be a solution for dealing with any residual assets that cannot be disposed of prior to the Plan Implementation Date.

45. Accordingly, the Plan contemplates that the Applicants' residual assets will be transferred on the Plan Implementation Date to a new corporation to be incorporated and wholly-owned by Co-op ("**AssetCo**"), from which the assets can be liquidated following the Plan Implementation Date. All of the assets of the Applicants, other than: (i) cash and accounts receivable; (ii) membership shares held by Co-op in CGL and other co-operative organizations; and (iii) any assets sold or otherwise disposed of by the Applicants prior to the Plan Implementation Date (the "**Transferred Assets**") will be transferred to AssetCo on the Plan Implementation Date together with all Encumbrances in respect of the Transferred Assets. Affected Claims in respect of the Transferred Assets will be released and discharged on the Plan Implementation Date, provided that any litigation or enforcement process against the Applicants for a non-monetary remedy in respect of any such Transferred Assets may be continued against (and in the name of) AssetCo.

46. The Transferred Assets include properties subject to mortgages held by BDC and NSBDC. If BDC and NSBDC have not enforced their respective mortgages by the Plan Implementation Date, (i) the properties will be transferred to AssetCo, (ii) the Applicants will be released of any further claims by BDC and NSBDC, and (iii) BDC and NSBDC will have continuing rights against AssetCo to enforce their mortgages in respect of the applicable properties.

47. The Plan also provides that the Applicants are permitted to transfer to AssetCo prior to the Plan Implementation Date an amount sufficient to provide for the costs associated with the liquidation and dissolution of AssetCo, provided that such amount does not exceed \$25,000 without the consent of the Monitor.

(iii) Contingent Entitlements

48. The Plan enables the Applicants to preserve the possibility of distributing additional contingent value after the Plan Implementation Date. Firstly, the liquidation of the Transferred Assets by AssetCo could potentially yield some modest additional value after the Plan Implementation Date.

49. Secondly, Co-op holds 2,200 membership shares in CGL (the “**CGL Shares**”), each having a par value of 10 cents for a total par value of \$220. I understand from counsel to the Applicants that, by operation of the applicable cooperatives legislation, the CGL Shares cannot be transferred or redeemed at greater than par value. Accordingly, the CGL Shares do not have any material market value that can be realized through a transfer or a redemption at this time. However, it is possible that Co-op could potentially receive value greater than the par value of the CGL Shares if there is a dissolution or change to the organizational structure of CGL in the future. The Applicants do not have reason to anticipate that CGL will dissolve or change its organizational structure in the near term (if at all). However, if Co-op is restructured pursuant to the Plan and maintains its co-operative organizational structure, it can potentially preserve its ability to hold the CGL Shares and the corresponding right to receive any such contingent value in the future.

50. CGL has expressed to the Applicants and the Monitor that it reserves the right to terminate Co-op's membership in CGL (and redeem the CGL Shares at par value) if Co-op does not continue to meet the eligibility requirements for membership in CGL. To that end, Co-op intends to continue to meet these eligibility requirements going forward following the completion of its restructuring under the CCAA.

51. In accordance with the terms of the Settlement Agreement, any contingent future value from the liquidation of AssetCo and any contingent future value from the CGL Shares will be allocated to the Pension Plan (the "**Contingent Entitlements**"). In addition to being an approved commercial term of the Settlement Agreement, the allocation of such contingent value to the Pension Plan is sensible from a practical perspective. Specifically, this contingent value may not arise (if at all) until long after the Plan Implementation Date, at which point it may not be possible or cost-effective to locate and make distributions to the existing Affected Unsecured Creditors. The allocation of any such value to a single recipient, the Pension Plan, will be comparatively more straight-forward from a practical perspective, and will still indirectly benefit a large number of creditors (i.e. the pensioners of the Applicants).

#### **F. Conditions for Implementation of Plan**

52. The implementation of the Plan is conditional upon satisfaction of, among others, the following key conditions prior to the Effective Time:

- (a) the Plan shall have been approved by the Required Majority of the Unsecured Creditors Class (which has occurred, subject to the withdrawal or disallowance by the Court of the Committee Claim);

- (b) the Sanction Order shall have been made on terms acceptable to the Applicants and the Pension Administrator, and it shall have become a final Order;
- (c) any other Order deemed necessary by the Applicants for the purpose of implementing the restructuring contemplated by the Plan shall have been made on terms acceptable to the Applicants, and any such Order shall have become a final Order; and
- (d) all definitive agreements in respect of the Restructuring shall be in a form satisfactory to the Applicants, and all definitive agreements with respect to the Contingent Entitlements shall be in form and substance satisfactory to the Applicants and the Pension Administrator.

#### **IV. MEETING**

53. The Meeting Order authorized the Applicants to convene a meeting of the Affected Unsecured Creditors to consider and vote on the Plan. The Meeting Order approved the form of the Information Package and required the Monitor, as soon as practicable after the granting of the Meeting Order, to post a copy of the Information Package on its website, to send a copy of the Information Package to all Affected Unsecured Creditors known to the Monitor (provided that the Monitor was permitted to provide notification to certain parties through delivery of the Information Package to the Pension Administrator and counsel to Unifor and UFCW), and to cause the Notice of Meeting to be published in the newspapers prescribed in the Meeting Order. The Applicants and the Monitor have complied with the notice, mailing and other requirements set forth in the Meeting Order, and I understand that the actions taken by the Monitor to provide notice of the Meeting will be set out more fully in the Eleventh Report.

54. The Meeting was held on July 25, 2016. I understand that the Monitor will be providing a comprehensive review of the results of the Meeting in the Eleventh Report. In brief, not including the Committee Claim (which is discussed in detail below), 98% in number and 98% in value of Affected Unsecured Creditors present and voting at the meeting (in person or by proxy) voted to approve the Plan.

55. In accordance with the Meeting Order, the Pension Administrator voted at the Meeting in respect of all Affected Unsecured Claims of the Pension Plan, and each of Unifor and UFCW voted at the Meeting on behalf of the Unionized Employees that it represents.

56. There are currently eight Unresolved Claims in respect of Affected Unsecured Claims (not including the Committee Claim). I understand from the Monitor that all creditors with Unresolved Claims who voted at the Meeting voted in favour of the Plan (not including the Committee Claim).

## **V. COMMITTEE CLAIM AND THE DISPUTED CLAIM RESOLUTION ORDER**

### **A. The Co-op Atlantic CCAA Employees and Retirees Committee**

57. The Committee Claim was filed by Ms. DiDomicantonio, who is the retired former employee of Co-op who initially retained Koskie Minsky LLP, the law firm that sought a representative counsel Order at the most recent Court hearing on June 27, 2016. Ms. DiDomicantonio has indicated that she is the president of the Committee.

58. Ms. DiDomicantonio has stated in written communications to the Monitor that the Committee was formed in June 2016 and consists of 123 non-unionized retirees of Co-op Atlantic. The Applicants have reviewed the list of Committee members and it appears that

certain of the listed Committee members are in fact unionized former employees who are already represented in these proceedings by Pink Larkin LLP, which acts as counsel to Unifor, UFCW and their respective present and former members, pursuant to the representative counsel Orders of this Court dated July 20, 2015.

59. The Committee is distinct from the Co-op Atlantic Retirees Association, which is a registered not-for-profit organization of approximately 275 retirees of Co-op (the “**Retirees Association**”). I understand from representatives of the Retirees Association that its leadership took an active interest in the CCAA proceedings and consulted extensively with the Pension Administrator on various matters arising from the CCAA proceedings. I understand from correspondence received from the President of the Retirees Association that the Retirees Association established a steering committee for the purpose of providing feedback to the Pension Administrator during the CCAA proceedings in relation to matters affecting the Pension Plan. I also understand from representatives of the Retirees Association that the Retirees Association declined an offer from Koskie Minsky LLP to represent the Retirees Association in March 2016, and that it declined a further request to support the engagement of Koskie Minsky LLP in June 2016 out of a concern that actions that disrupt the settlements previously achieved in the CCAA process could have negative outcomes for the Pension Plan. The Retirees Association has advised Ms. DiDomenicantonio, on behalf of the Committee, in writing that it is concerned that the Committee’s actions will result in less money for the Pension Plan due to the fees that will be expended in dealing with the Committee Claim.

60. I do not know whether the members of the Committee consented to the filing of the Committee Claim or authorized Ms. DiDomenicantonio or the Committee to represent their interests or vote the Committee Claim on their behalf. Ms. DiDomenicantonio and two other



representatives of the Committee attended the Meeting; however, I am advised by the Monitor that they did not present any proxies at the Meeting authorizing them to vote on behalf of the other Committee members at the Meeting.

**B. The Committee Claim**

61. The Committee's proof of claim was filed with the Monitor on the afternoon of Sunday, July 24, 2016, less than 24 hours prior to the Meeting, which was scheduled for 10:30 a.m. Monday, July 25, 2016. A copy of the Committee's proof of claim (with the names of the Committee members removed to protect their privacy) is attached hereto as Exhibit "E".

62. The Committee Claim asserts a \$71.5 million claim against the Applicants and a \$71.5 million claim against the Applicants' directors and officers. The \$71.5 million claim against the Applicants consists of:

- (a) a \$67.65 million claim for entitlements in respect of the Pension Plan, which are alleged to be secured by operation of provincial pension legislation and the CCAA; and
- (b) a \$3.85 million unsecured claim for unpaid termination and severance amounts.

63. There is no explanation for the claims against the directors and officers.

64. The Applicants and the Monitor reviewed the Committee Claim promptly upon receipt and determined that it should be disallowed for both voting and distribution purposes. The Monitor issued a Notice of Disallowance prior to the commencement of the Meeting on July 25, 2016.

65. A copy of the Notice of Disallowance is attached hereto as Exhibit "F". The Notice of Disallowance states that the Committee Claim was disallowed for the following reasons:

- (a) The Committee Claim was not properly filed in accordance with the Claims Procedure Order.
- (b) There is no legal authority for Ms. DiDomenicantonio or the Committee to make a claim on behalf of the other pension beneficiaries.
- (c) The Committee Claim in relation to pension entitlements is properly characterized as a claim against the Pension Plan, not a claim against Co-op Atlantic or its directors and officers.
- (d) The Committee Claim is duplicative of claims that were validly filed by the Pension Administrator. The Pension Administrator's claims have already been quantified and accepted pursuant to the Settlement Agreement dated April 21, 2016. A distribution to the Pension Plan of \$5.5 million has already been made and the balance of the Pension Administrator's claims have been confirmed as unsecured claims pursuant to the Settlement and Distribution Order dated April 28, 2016.
- (e) The claims for unpaid severance and termination pay included in the Committee Claim were previously quantified and accepted in November 2015 in accordance with the Claims Procedure Order. The Applicants sent letters to the applicable employees in October 2015 to assist those employees with the valuation and submission of those claims.

- (f) There is no known basis for the claim against the directors and officers.
- (g) The Committee Claim was not filed on or prior to the Claims Bar Date (or the Restructuring Period Claims Bar Date) and is therefore barred by operation of the Claims Procedure Order.

66. The Committee has provided no financial or actuarial analysis in support of the Committee Claim.

**C. Treatment of the Committee Claim at the Meeting**

67. As noted above, \$67.5 million of the Committee Claim is alleged to be secured. In addition, the Committee Claim has been filed in an amount that would be sufficient to block the approval of the Plan by the Applicants' remaining creditors (if it is determined by the Court that the Committee Claim is valid, the quantum is proved and it was properly filed and properly voted at the Meeting).

68. At the time of the Meeting, there were (and continue to be) many uncertainties concerning the Committee Claim. Among other things:

- (a) the Applicants and the Monitor were not provided proxies or any other authority for Ms. DiDomenicantonio or the Committee to file or vote the Committee Claim on behalf of the members of the Committee or otherwise legally bind the members of the Committee;
- (b) the Committee appears to include certain unionized former employees; consequently, the Committee Claim appears to have been filed and voted on behalf of certain unionized former employees whose interests were already

represented by Unifor and UFCW pursuant to representative counsel Orders of this Court, and Unifor and UFCW were expressly authorised by the Court to file claims and vote on behalf of those people; and

- (c) the Committee Claim is duplicative of (i) Pension Plan claims that have already been accepted and approved pursuant to the Settlement and Distribution Order; and (ii) claims for termination and severance pay that were previously quantified and accepted by the Applicants at the outset of the Claims Procedure.

69. In the circumstances, and given that the Committee Claim was filed less than 24-hours prior to the Meeting, the Applicants were not in a position to determine whether the Committee Claim could properly be characterized as an “Unresolved Claim” within the terms of the Meeting Order for purposes of voting at the Meeting. In particular, the Applicants were concerned about the absence of legal authority for the Committee to file and vote the Committee Claim on behalf of multiple individuals.

70. As a result, the Applicants and the Monitor proceeded with the Meeting and held the vote of Proven Voting Claims and Unresolved Claims as contemplated by the Meeting Order. That vote resulted in approval of the Plan by 98% in value and 98% in number of those who voted. However, to ensure there was no prejudice to the rights of the Committee or its members, the Applicants and the Monitor allowed Ms. DiDomenicantonio and two other representatives of the Committee who attended the Meeting to register their support or objection to the Plan separately from the formal vote taken at the Meeting.

71. The representatives of the Committee did not have counsel present at the Meeting, so the Applicants and the Monitor offered the representatives of the Committee the option of

registering their support or objection with the Monitor by email following the conclusion of the Meeting so that the representatives of the Committee would have the opportunity to consult with their counsel before deciding how to proceed. Counsel for the Applicants contacted counsel to the Committee by telephone during the Meeting to confirm this approach.

72. Later in the day on July 25, 2016, Ms. DiDomenicantonio confirmed to the Monitor by email that the Committee did not support the approval of the Plan.

#### **D. Determination of the Committee Claim**

73. Due to the nature and amount of the Committee Claim, the validity, quantum and priority of the Committee Claim will need to be determined by the Court. In addition, it is the Applicants' position that the Committee Claim is barred by the Claims Procedure Order. Given the introduction of the Committee Claim at this very late stage in the proceedings, the Applicants believe that it is in the best interests of all stakeholders for the Applicants to proceed with their request for the Sanction Order while concurrently pursuing the determination of the Committee Claim in an efficient manner. Accordingly, the Applicants are requesting that this Court issue the Sanction Order on a conditional basis together with a Disputed Claim Resolution Order that would establish a litigation timeline and process for the determination of the Committee Claim.

74. The proposed Disputed Claim Resolution Order includes a requirement that the Committee shall provide the Applicants, the Monitor and the Court on a confidential basis with written evidence from each member of the Committee confirming that: (i) such person consents to the advancement of the Committee Claim on his or her behalf and (ii) such person has authorized the Committee to oppose the Plan on his or her behalf. The purpose of this requirement is to enable the Applicants, the Monitor and the Court to determine the extent to

which the Committee had the legal authority to take the actions it purported to take on behalf of the other Committee members.

75. The Applicants believe that the Committee Claim is invalid, without merit and the Committee may lack the legal authority to take the actions it has taken. The Applicants are concerned that litigation required to resolve these issues, which will be duplicative of the issues raised in the litigation process concerning the Pension Administrator's claim (which was settled), will result in the Applicants, the Monitor and the Pension Administrator incurring significant unnecessary costs that will ultimately reduce the remaining proceeds available for distribution to the Applicants' unsecured creditors, including the Pension Plan. Accordingly, the proposed Disputed Claim Resolution Order provides that, in the event that the Committee Claim is dismissed by the Court or withdrawn at any time after August 16, 2016, the Applicants will be entitled to seek a costs award against the Committee members who consent to the advancement of the Committee Claim. Any such costs award would be payable directly to the Pension Plan, for the sole benefit of the pension beneficiaries.

76. The Applicants believe that this arrangement is fair and reasonable given the circumstances in which the Committee Claim has been brought forward and the fact that the costs of resolving the Committee Claim will have a direct negative effect on the recoveries of all unsecured creditors, including the Pension Plan.

## **VI. REQUEST FOR COURT APPROVAL OF THE PLAN**

77. The Plan is the culmination of a restructuring process in which the Applicants have successfully sold their core assets and businesses and achieved a global settlement among their

key stakeholders. If approved by this Court, the Plan will result in the distribution of proceeds to the Applicants' unsecured creditors and preserve potential future value for the Pension Plan.

78. The Applicants, with the assistance of their advisors, have considered the terms of the Plan and have determined in their business judgment that the Plan represents the optimal outcome available to the Applicants and their stakeholders in the circumstances. The Plan is the product of extensive consultation between the Applicants and their stakeholders and reflects the terms of the Court-approved Settlement Agreement, which definitively established the treatment of the Pension Plan claims for purposes of the Plan. The Plan has received near unanimous support from the Applicants' unsecured creditors with proven voting claims at the Meeting.

79. A comprehensive restructuring of the Applicants pursuant to the Plan will give Co-op the opportunity to continue its membership in CGL and thereby potentially preserve contingent future value associated with the CGL Shares and the disposition of the Transferred Assets for the benefit of the Pension Plan. The Plan provides a solution for disposing of the Applicants' remaining residual assets in an efficient manner without prolonging these proceedings and for making distributions to the Applicants' unsecured creditors in an efficient and orderly manner.

80. For these reasons, the Applicants believe that the Plan is superior to other available alternatives and that the approval and implementation of the Plan is in the best interests of the Applicants and their stakeholders. For the reasons set out above, the Applicants are seeking the issuance of the proposed Sanction Order on a conditional basis pending the resolution of the Committee Claim.

## **VII. EXTENSION OF THE STAY PERIOD**

81. The Applicants' CCAA stay of proceedings expires on August 5, 2016. The Applicants are seeking an extension of the Stay Period until October 31, 2016 to resolve matters with respect to the Committee Claim and to enable the Applicants to complete the activities necessary to implement the Plan, make distributions to their unsecured creditors, and complete these CCAA proceedings in an orderly manner.

82. The Applicants are hopeful that these matters will be completed well prior to October 31, 2016, but are seeking an extension of the Stay Period to that date to avoid the costs of bringing forward another motion to extend the Stay Period in the interim.

83. The Applicants have continued to act diligently and in good faith in respect of all matters relating to the CCAA proceedings. If the Court grants the proposed Sanction Order, the Applicants, with the assistance of the Monitor, will take the steps and actions necessary to resolve the Committee Claim and, if applicable, to implement the Plan in an efficient and expedited manner once the Committee Claim is resolved and the proposed Sanction Order becomes effective.

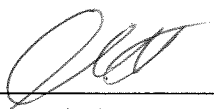
84. As set out in the updated cash flow forecast to be attached to the Monitor's Eleventh Report, the Applicants expect to have sufficient liquidity through the requested extension of the Stay Period.

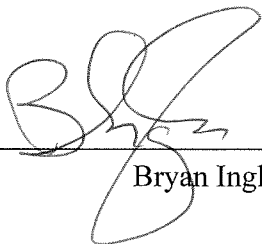
## **VIII. CONCLUSION**

85. For the reasons set out herein, I respectfully request that this Court grant the Sanction Order, the Disputed Claim Resolution Order, and the Stay Extension Order.



SWORN before me in the City of Moncton,  
in the Province of New Brunswick, on  
July 29, 2016.

  
\_\_\_\_\_  
A Commissioner of Oaths, Being a Solicitor  
Name: Chris G. Keirstead

  
\_\_\_\_\_  
Bryan Inglis