

Court") for the sale (the "Sale") of substantially all of the Debtors' assets, (the "Purchased Assets"), save and except for the carpet and rug runner inventory and the associated racking and displays (the "Excluded Assets"), to Loxscreen Canada Ltd. d/b/a M-D Canada, a subsidiary of M-D Building Products, Inc. ("MD" or the "Purchaser") pursuant to the asset purchase agreement with MD (the "Purchase Agreement," a redacted copy of which is attached as **Exhibit C**)² (b) approving, under section 363 of the Bankruptcy Code, the Sale of the Debtors' right, title, and interest in and to the Purchased Assets to the Purchaser, free and clear of all liens, claims, encumbrances and other interests; and (c) granting related relief. In support of this Motion, the Foreign Representative relies on and incorporates by reference (a) the *Declaration of Mario Petraglia*, a copy of which is attached as **Exhibit D**, (b) the *Motion for Issuance of an Order Extending the Stay of Proceedings and Approval and Vesting Order* (the "AVO Motion")³ filed by the Debtors in the Canadian Court, a copy of which is attached as **Exhibit E**, and (c) the *Declaration of Mario Petraglia in Support of (I) Chapter 15 Petitions for Recognition of Foreign Main Proceeding; (II) Motion of Foreign Representative for Entry of Provisional and Final Relief in Aid of Foreign Main Proceeding; and (III) Certain Related Relief* filed on January 18, 2018 at Docket No. 3, and further respectfully states as follows:

² The purchase price and deposit amounts under the Purchase Agreement are redacted pursuant to the Canadian Court's order sealing such terms. Once the sale has closed in Canada, the Foreign Representative anticipates that it will be able to file an unredacted copy of the Purchase Agreement disclosing the purchase price and deposit amounts in advance of the hearing on this Motion.

³ Capitalized terms not otherwise defined herein are defined in the AVO Motion.

PRELIMINARY STATEMENT

1. The Debtors own and operate a business that markets and distributes products for home/window insulation and weatherization and sealing, flooring, and hardware and seasonal applications. The Debtors' products are sold through do-it-yourself retailers.

2. The Debtors began marketing efforts to initiate a sale as a going concern in September 2017. Those sale efforts continued after the Debtors commenced proceedings (the "Canadian Proceeding") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") in the Canadian Court on November 21, 2017.

3. Unfortunately, the Debtors recently learned that two of their largest customers have taken steps to end their business relationships with the Debtors and move their business to a competitor of the Debtors. Despite the Debtors' best efforts to preserve these important customer relationships, the Debtors have not been able to retain these customers.

4. As a result of the significant and unanticipated loss in business, the Debtors were forced to expedite the sale process in order to preserve the remaining value of their business. The Debtors therefore sought and obtained expedited sale relief before the Canadian Court approving the sale of substantially all of their assets to MD. Furthermore, because the Sale includes assets within the territorial jurisdiction of the United States, the Debtors are also seeking expedited sale relief from this Court.

5. The Purchase Agreement requires that the Canadian portion of the Sale closes on or before March 9, 2018, with the funding for U.S.-located Purchased Assets placed into escrow, held in trust by the Court-appointed monitor, Ernst & Young Inc., (the "Monitor"), pending approval by this Court. Final approval from this Court must be obtained before March 21, 2018, or the funds are released back to MD. As described in more detail herein, the Foreign

Representative believes approving the Sale on an expedited basis is the best—and likely only—chance to preserve and maximize value.

JURISDICTION AND VENUE

6. This Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. Recognition of a foreign proceeding and other matters under chapter 15 of the Bankruptcy Code are core matters under 28 U.S.C. § 157(b)(2)(P).

7. The Foreign Representative consents to the entry of final orders or judgments by the Court if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

8. Venue in this district is proper under 28 U.S.C. §§ 1410(1) and (3).

9. The statutory predicates for the relief requested herein are sections 105(a), 363, 365, 1501, 1514, 1520 and 1521 the Bankruptcy Code, as supplemented by Bankruptcy Rules 2002, 6004, 6006 and 9014.

BACKGROUND

Procedural History

10. On November 21, 2017, the Debtors commenced the Canadian Proceeding in the Canadian Court.

11. On the same date, the Canadian Court issued an initial order (as amended and restated on January 16, 2018, the “Initial Order”) that, among other things, granted a stay of proceedings against the Debtors. The Initial Order authorized the Debtors to conduct a sale and investor solicitation process to solicit offers for the purchase of either a part of or all of the

Debtors' business. Additionally, under the Initial Order, the Monitor was appointed as monitor of the Debtors in the Canadian Proceeding.

12. On January 16, 2018, the Initial Order was amended and restated to authorize RCR to act as the foreign representative of the Debtors, and to grant RCR authority to apply for recognition of the Canadian Proceeding in the United States.

13. On January 18, 2018, RCR, as Foreign Representative, filed petitions in this Court under chapter 15 of the Bankruptcy Code for recognition of the Canadian Proceeding as a foreign main proceeding, thereby commencing the Debtors' chapter 15 cases.

14. On February 14, 2018, this Court entered a final order (D.I. 18) granting recognition of the Canadian Proceeding as a foreign main proceeding.

The Sale and Investor Solicitation Process ("SISP")

Pre-filing SISP

15. The Debtors engaged Lincoln International LLC (the "Financial Advisor") on September 11, 2017, to assist in the review and consideration of potential strategic alternatives. The Bank of Montreal ("BMO"), as the Debtors' secured lender, was consulted during the selection of the Financial Advisor and the Debtors have kept BMO regularly apprised throughout the sale process.

16. The Debtors and the Financial Advisor worked together to prepare detailed marketing materials including, a confidentiality agreement for potential buyers, a teaser letter, a financial model and a confidential information presentation (the "CIP").

17. A total of 168 potential buyers were contacted and approximately 35% of these potential buyers executed a confidentiality agreement and were provided with the CIP. At the deadline for submitting indications of interest ("IOI"), the Financial Advisor received six

IOIs, four from strategic buyers and two from financial buyers. The Debtors and the Financial Advisor reviewed the IOIs with BMO.

Phase 1 of the SISP

18. The Phase 1 Bid Deadline was December 21, 2017. During Phase 1 of the SISP, the Debtors and the Financial Advisor, with the assistance of the Monitor: (i) arranged for notice of the SISP in the *Globe and Mail* (National Edition) and in *Le Devoir*, (ii) engaged 98 new potential bidders and re-engaged 87 potential bidders that participated in the pre-filing sale process, (iii) updated the CIP, (iv) held due diligence calls, (v) set up and provided access to the data room, and (vi) hosted management presentations and facility tours with potential bidders.

19. During this time, 15 potential bidders were active in the data room performing due diligence on the Debtors and some of those potential bidders started to make due diligence requests. The Debtors, with the assistance of the Financial Advisor and the Monitor, worked diligently to satisfy all reasonable requests.

20. The Phase 1 Bid Deadline culminated in a total of 13 Phase 1 Bids from both strategic and financial bidders. After a thorough review of the Phase 1 Bids by the Debtors, with the assistance of the Financial Advisor and the Monitor, and in consultation with BMO, all Phase 1 Bidders were included in Phase 2 of the SISP.

Phase 2 of the SISP

21. At the outset of Phase 2 of the SISP, the Financial Advisor provided feedback and discussed the relative competitiveness of Phase 1 Bids with certain Phase 1 Bidders to provide those Phase 1 Bidders with the best opportunity to make a competitive Phase 2 Bid.

22. After the Phase 1 Deadline, one party involved in the pre-filing sale process delivered a Phase 1 Bid. The Debtors, with the assistance of the Financial Advisor and the Monitor, decided to allow this bidder to proceed to Phase 2 of the SISP.

23. Two additional parties approached the Financial Advisor after the Phase 1 Bid Deadline with interest in some or all of the Business. After consultation with the Financial Advisor and the Monitor, the Debtors allowed the two parties to participate in Phase 2, but these two parties were informed that they needed to submit a binding Phase 2 Bid by January 26, 2018.

24. During Phase 2, the Debtors, with the assistance of the Financial Advisor, among other things: (i) hosted 12 management presentations in Boucherville and New York City; (ii) conducted 11 site tours at the Debtors' Quebec facilities and coordinated four physical inventory inspections; and (iii) held over 35 diligence calls with Phase 2 Bidders and answered over 150 distinct diligence questions.

25. Throughout the SISP, the Debtors, the Financial Advisor and the Monitor held weekly update calls with BMO to keep BMO apprised of any developments and solicited feedback from BMO with respect to the SISP and the ongoing efforts to sell the business.

26. The above efforts culminated in the Debtors receiving seven binding Phase 2 Bids on the Phase 2 Bid Deadline.

27. While the Debtors were considering the next steps to maximize the value of a transaction under the SISP, the Debtors learned that their largest two customers in the Insulation and Ceiling Division had taken steps to award their business to a competitor of the Debtors. The Debtors immediately contacted the customers' representatives to see if these customers would reconsider their decisions. These efforts were unsuccessful.

28. Once the loss of business was confirmed, the Debtors, through the Financial Advisor, reached out to the Phase 2 Bidders to convey the information and suggested that certain Phase 2 Bidders consider and deliver a revised Phase 2 Bid. The Debtors, with the

assistance of the Financial Advisor and the Monitor, consulted with BMO through this process and sought its input on the revised direction of the SISP.

29. Revised Phase 2 Bids were received from five Phase 2 Bidders. The Debtors, with the assistance of the Financial Advisor and the Monitor, and in consultation with BMO, reviewed and considered the revised Phase 2 Bids.

30. On February 7, 2018, the Debtors, through the Financial Advisor, notified two Phase 2 Bidders of their selection as Successful Bidders through the SISP. One Successful Bidder was interested in purchasing substantially all of the assets related to the Flooring Division and the Hardware and Seasonal Division and the other Successful Bidder was interested in purchasing substantially all of the assets related to the Insulation and Sealing Division.

31. Thereafter, the Debtors, with the assistance of the Financial Advisor and the Monitor, commenced negotiations with each of the Successful Bidders with a goal to finalize and enter into separate asset purchase agreements for the respective Divisions.

32. However, during the negotiation of the definitive agreements, the Successful Bidder interested in purchasing the Flooring and Hardware and Seasonal Divisions delayed in advancing the agreements and communicated to the Financial Advisor that it would lower the purchase price for the Flooring and Hardware and Seasonal Divisions. The Debtors, the Financial Advisor and the Monitor became concerned that this Successful Bidder would no longer close the transaction before further value eroded in respect of these Divisions.

33. While the Debtors considered their options, the Financial Advisor approached MD with respect to purchasing the Flooring and Hardware and Seasonal Divisions. MD indicated its interest in purchasing a majority of the assets related to both Divisions. With a

view to closing the MD transaction as quickly as possible and maximize value, the Debtors worked diligently to finalize the MD transaction.

34. Pursuant to the terms the Purchase Agreement, the Sale must close by March 9, 2018. Furthermore, if the Sale is not recognized and enforced in the United States by March 21, 2018, a portion of the purchase price held in escrow will be returned to MD rather than released to the Debtors.

THE MD TRANSACTION

35. Pursuant to the Purchase Agreement, MD seeks to acquire substantially all of the Debtors' fixed assets, rolling stock, inventories (including raw materials, packaging and work-in-progress), intellectual property, marketing materials and other assets, tangible or intangible, in respect of the Business, save and except for the Excluded Assets. A redacted copy of the Purchase Agreement is attached to this Motion as **Exhibit C**.

36. The salient terms of the Purchase Agreement are:

- (a) a cash payment related to the Intellectual Property and all other Purchased Assets other than the Excluded Assets;
- (b) payment in full of prepaid deposits for In-Transit Inventory;
- (c) payment in full of In-Transit Inventory, net of Inventory Deposits and Post-Filing Accounts Payable relating to In-Transit Inventory;
- (d) payment of 40% of the value of all On-Hand Inventory, valued at the lower of the most recent cost or current manufactured cost;
- (e) the assumption of all liabilities and obligations relating to the Purchased Assets (as defined in the Purchase Agreement);
- (f) the reimbursement by MD to the Debtors of \$2,443 CAD per day, reflecting 50% of the occupancy costs relating to the Boucherville Warehouse from the Closing Date to May 1, 2018, to facilitate the removal of Inventory prior to May 1, 2018;
- (g) the disclaimer of the current lease for the Longueuil Warehouse and the reimbursement by MD to the Debtors for \$74,686,

reflecting 100% of the occupancy costs relating to the Longueuil Warehouse for the 30 day period between the Closing Date and the Lease Termination Date;

- (h) the execution of a Transactional Trademark License Agreement (as defined in the Purchase Agreement) to all the Debtors to use certain trademarks while the Debtors liquidate the Carpet Inventory with six months of the Closing Date, using commercially reasonable efforts; and
- (i) the execution of a Transition Services Agreement (as defined in the Purchase Agreement) to assist MD with the removal of Inventory from the Boucherville Warehouse.

37. Under the Purchase Agreement, a certain amount of the purchase price shall be segregated and held by the Monitor in trust relating to the value of assets located in the United States (the "Escrow Amount"). The Escrow Amount shall be released to the Debtors upon the issuance of the Proposed Order attached to this Motion as **Exhibit A** (the "Debtors' Escrow Release Event"). If the Debtors' Escrow Release Event does not occur by March 21, 2018, the Monitor shall remit the Escrow Amount to MD and the inventory located in the United States is deemed to be removed from the Purchased Assets (the "Purchaser's Escrow Release Event").

38. The Purchase Agreement is subject to the following main conditions:

- (a) the Purchase Agreement is approved and a vesting order is issued in the CCAA proceedings within three business days of its execution;
- (b) the Purchase Agreement is approved and a vesting order is issued in these chapter 15 cases within 21 days after the service of this Motion, and in all events prior to March 21, 2018;
- (c) no amounts shall be owing by the Debtors to JBS Logistics, Inc. under the Warehouse Services Agreement dated October 1, 2017;
- (d) the execution of the Intellectual Property Assignment Agreement (as defined in the Purchase Agreement);

- (e) the execution of the Transitional Trademark License Agreement (as defined in the Purchase Agreement);
- (f) the execution of the Transition Services Agreement (as defined in the Purchase Agreement);
- (g) the disclaimer of the lease for the Boucherville Warehouse; and
- (h) closing by March 9, 2018.

39. There is no financing condition as part of the Purchase Agreement. MD has sufficient cash from immediately available sources (including existing committed financing sources) for the entire amount of the purchase price and does not require additional external financing to complete the transaction.

40. The Purchase Agreement can be terminated by mutual written consent or by MD: (i) for a material breach of the MD Agreement, (ii) the failure to satisfy any of the closing conditions, or (iii) at MD's election if the Purchased Assets, or a portion of them, are materially damaged, destroyed, appropriated, expropriated or seized.

Additional Disclosures Under Local Rule 6004-1(b)(iv)

41. Consistent with the requirements of Local Rule 6004-1(b)(iv), the Foreign Representative makes the following additional disclosures concerning the MD transaction:

Sale to Insider	MD is not an insider of the Debtors.
Agreements with Management	MD has no agreements with management of the Debtors.
Releases	The Purchase Agreement does not provide for a release of claims.
Private Sale/No Competitive Bidding	As described above, the Sale was conducted through a robust multi-phase marketing process, under the supervision of the Monitor and the Canadian Court, with the secured lender, Bank of Montreal, apprised of developments and was subject to higher and better bids.

Closing and Other Deadlines The Sale must close by March 9, 2018. Furthermore, the Foreign Representative must obtain entry of the Proposed Order by March 21, 2018, or all amounts held in escrow relating to the U.S. Purchased Assets will be released to MD, not to the Debtors.

Good Faith Deposit MD has tendered a deposit of \$[REDACTED] CAD to the Monitor. In trust, the Deposit will be applied on Closing in satisfaction of an equivalent amount of the Purchase Price. If the Closing does not occur for any reason other than solely as a result of a failure of Purchaser to satisfy the conditions of Closing in Section 9.2(f), Section 9.2(g), Section 9.2(h) or Section 9.2(i) (collectively, the "Deposit Conditions") including if Purchaser terminates the Purchase Agreement in accordance with Section 11.3 thereof, the full amount of the Deposit together with all accrued interest accrued thereon, if any, shall be immediately returned by the Monitor to the Purchaser. If the Closing does not occur solely as a result of a failure of Purchaser to satisfy the Deposit Conditions, the full amount of the Deposit, together with all interest accrued thereon, shall become the property of, and be retained by, the Debtors.

Interim Arrangements with Proposed Buyers The Purchase Agreement does not provide for interim arrangements of the nature contemplated by Local Rule 6004-1(b)(iv)(G).

Use of Proceeds The net proceeds of each sale will be distributed pursuant to the Canadian Sale Order, which require that such net proceeds be remitted to the Monitor and then distributed in accordance with applicable law.

The Canadian Sale Order provides that liens, claims and encumbrances existing on the Purchased Assets before Closing shall attach to the Net Proceeds to the same extent and priority they had with respect to Purchased Assets immediately prior to Closing, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the Sale.

Record Retention The Purchase Agreement provides that, for a period of seven years from the Closing Date or for such longer period as may be required by Law, the Purchaser will retain all original Books and Records that are transferred to such Purchaser. So long as any such Books and Records are retained by the Purchaser pursuant to the Purchase Agreement, upon

reasonable notice and for any proper purpose, the Debtors and their respective assigns and representatives shall have the right to access, inspect and make copies (at their own expense) of such Books and Records during normal business hours and without undue interference to the conduct of Business. The Purchaser has the right to have its representatives present during any such inspection.

Sale of Avoidance Actions Not applicable. Chapter 5 avoidance actions are not available under chapter 15 of the Bankruptcy Code.

Sale Free and Clear of Unexpired Leases Not applicable. Neither of the Debtors leases or subleases property to a third party.

Credit Bid Not applicable.

Relief from Bankruptcy Rule 6004(h) Given the need to obtain final approval of the Sale in the United States by no later than March 21, 2018, the Foreign Representative seeks to waive the 14-day stay under Bankruptcy Rule 6004(h).

RELIEF REQUESTED

42. The Foreign Representative seeks the entry of an order, substantially in the form of the Proposed Order, pursuant to sections 105(a), 363(b), (f), (m) and (n), 365, 1501, 1514, 1520 and 1521 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006 and 9014, and Local Rule 6004-1: (i) recognizing and enforcing the Canadian Sale Order in the United States; (ii) approving the Sale of the Purchased Assets to the Purchaser free and clear of all liens, claims, encumbrances and other interests; and (iii) granting related relief.

BASIS FOR RELIEF

I. The Court Should Recognize and Enforce the Canadian Sale Order and Approve the Sale Pursuant to Section 363 of the Bankruptcy Code.

43. Based on the extensive, multi-phase sale process conducted under the supervision of the Monitor and the Canadian Court, and the exigent circumstances that have developed as a result of the loss of two key customers, the Foreign Representative believes that

the Sale of the Purchased Assets in accordance with the terms and conditions of the Purchase Agreement represents the best realization of value for the Debtors' creditors and other stakeholders under the circumstances. Pursuant to the Purchase Agreement, entry of the Proposed Order, substantially in the form attached hereto, is a condition precedent to consummation of the Sale. This Court's recognition and enforcement of the Canadian Sale Order, and approval of the Sale under section 363 of the Bankruptcy Code, will permit the Debtors to sell the Purchased Assets without disruption and in a timely and efficient manner, and will prevent further erosion of value that would occur if additional customers left the Debtors' business as a result of the uncertainty caused by their restructuring proceedings. Absent the relief requested herein, the Debtors and their creditors will potentially suffer significant, if not irreparable, harm due to an inability to close the Sale with respect to the U.S. assets.

A. Section 363 of the Bankruptcy Code is Applicable upon Recognition Pursuant to Section 1520(a) of the Bankruptcy Code.

44. Section 1520(a)(2) of the Bankruptcy Code provides, in relevant part, that “[u]pon recognition of a foreign proceeding that is a foreign main proceeding . . . section[] 363 appl[ies] to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States to the same extent that the section[] would apply to property of an estate.” 11 U.S.C. § 1520(a)(2). Moreover, section 1520(a)(3) provides that upon recognition of a foreign main proceeding “unless the court orders otherwise, the foreign representative may operate the debtor’s business and may exercise the rights and powers of a trustee under and to the extent provided by section[] 363.” 11 U.S.C. § 1520(a)(3); *see also In re Elpida Memory, Inc.*, No. 12-10947 (CSS), 2012 Bankr. LEXIS 5367, at *18 (Bankr. D. Del. Nov. 16, 2012) (holding that section 363 of the Bankruptcy Code applies to transfers of assets located within the United States outside of the ordinary course of business in connection with cases commenced

under chapter 15 of the Bankruptcy Code); *In re Fairfield Sentry Ltd.*, 768 F.3d 239, 244 (2d Cir. 2014) (same). Section 363(b) provides, in pertinent part, that “the trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1).

B. Entry into the Purchase Agreement is Warranted under Section 363(b) of the Bankruptcy Code.

45. Although section 363 of the Bankruptcy Code does not specify a standard for determining when it is appropriate for a court to authorize the use, sale or lease of property of the estate outside the ordinary course of business, courts in this Circuit and elsewhere have found that a debtor’s sale or use of assets outside the ordinary course of business should be approved if the debtor can demonstrate a sound business justification for the proposed transaction. *See e.g. In re Martin*, 91 F.3d 389, 395 (3d Cir. 1996); *In re Abbotts Dairies of Penn., Inc.*, 788 F.2d 143 (3d Cir. 1986); *In re Grand Prix Assocs.*, 2009 Bankr. LEXIS 1779 (Bankr. D.N.J. June 26, 2009); *In re Summit Global Logistics, Inc.*, 2008 Bankr. LEXIS 896 (Bankr. D.N.J. Mar. 26, 2008). Once the Foreign Representative, on behalf of the Debtor, articulates a valid business justification, “[t]he business judgment rule is a presumption that in making the business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.” *In re S.N.A. Nut Co.*, 186 B.R. 98, 102 (Bankr. N.D. Ill. 1995) (internal quotations omitted); *In re Johns-Manville Corp.*, 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) (“a presumption of reasonableness attaches to a debtor’s management decisions”).

46. The “sound business judgment” test requires a proponent of a sale to establish four elements in order to justify the sale or lease of property outside the ordinary course

of business. These factors are (a) that a “sound business purpose” justifies the sale of assets outside the ordinary course of business, (b) that adequate and reasonable notice has been provided to interested persons, (c) that the trustee or debtor in possession has obtained a fair and reasonable price, and (d) that the purchaser has acted in good faith. *In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143 (3d Cir. 1986); *In re Exaeris Inc.*, 380 B.R. 741, 744 (Bankr. D. Del. 2008); *Titusville Country Club v. Pennbank (In re Titusville Country Club)*, 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991); *In re Sovereign Estates, Ltd.*, 104 B.R. 702, 704 (Bankr. E.D. Pa. 1989).⁴

47. The Foreign Representative submits that ample business justification exists to sell the Purchased Assets to the Purchaser under the terms of the Purchase Agreement. The Sale satisfies all four conditions set forth in *Abbotts Dairies*. First, sound business purposes justify the Sale. The Foreign Representative believes that the Sale presents the best opportunity for the Debtors to maximize the value of the Purchased Assets. Second, the Foreign Representative believes that the Sale establishes a fair and reasonable price for the Purchased Assets and that the purchase price is the best offer received in view of the recent losses of key customers and the need for a prompt closing to avoid additional loss of customers. Third, fair and reasonable notice has been provided to parties interested in the Sale. Pursuant to the multi-phase sale process supervised by the Monitor and the Canadian Court, the Debtors and their advisors engaged in extensive negotiations to solicit higher and better offers for the Purchased

⁴ Additionally, section 105(a) of the Bankruptcy Code provides a bankruptcy court with broad powers in the administration of a case. Section 105(a) states that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a). Provided that a bankruptcy court employs its equitable powers to achieve a result consistent with the Bankruptcy Code, the exercise of its section 105(a) power is proper. *In re Fesco Plastics Corp.*, 996 F.2d 152, 154 (7th Cir. 1993); *Pincus v. Graduate Loan Ctr. (In re Pincus)*, 280 B.R. 303, 312 (Bankr. S.D.N.Y. 2002).

Assets from interested parties. Moreover, all known creditors, stakeholders and parties in interest are being served with a copy of this Motion by overnight delivery or other comparable expedited delivery in accordance with the *Order (I) Specifying Form and Manner of Service of Notice Under Sections 105(a), 1514 and 1515 of the Bankruptcy Code and Bankruptcy Rules 2002 and 9007, and (II) Scheduling Hearing* (D.I. 5). Fourth, as discussed more fully below, the negotiation process undertaken in connection with the Sale satisfies the good faith requirement. Put simply, the Sale is the product of good faith and arm's-length negotiations among the parties.

48. Moreover, courts in this Circuit have granted relief similar to the relief requested in this Motion and approved the sale of assets in ancillary proceedings pursuant to sale processes conducted in foreign proceedings. *See e.g. In re Elpida Memory, Inc.*, Case No. 12-10947 (CSS) (Bankr. D. Del. Jan. 16, 2013) (approving sale of debtor's U.S. assets under section 363 pursuant to sale process in Japan); *In re Xchange Technology Group LLC*, Case No. 13-12809 (KG) (Bankr. D. Del. November 25, 2013) (recognizing and enforcing sale order entered by Canadian court and separately authorizing and approving sale free and clear of any and all liens, claims, encumbrances and other interests under section 363); *Arctic Glacier International Inc.*, Case No. 12-10605 (KG) (Bankr. D. Del. July 17, 2012) (same); *In re EarthRenew IP Holdings LLC*, Case No. 10-13363 (CSS) (Bankr. D. Del. February 18, 2011) (same); *In re Grant Forest Products*, Case No. 10-11132 (PJW) (Bankr. D. Del. April 26, 2010) (same); *In re Destinator Technologies Inc.*, Case No. 08-11003 (CSS) (Bankr. D. Del. July 8, 2008) (same).

49. This Court's recognition and enforcement of the Canadian Sale Order and approval of the Sale under section 363 is not only warranted but is critical to achieving the anticipated results of the Sale, as it will permit the Debtors to sell the Purchased Assets without disruption and provide further certainty to the Sale and to the Purchaser, thereby maximizing the

value that can be achieved under the circumstances. Absent the relief requested herein, the Debtors will likely suffer substantial, if not irreparable, harm from the inability to sell the Purchased Assets without interference and in a manner that will allow the Debtors to maximize recoveries for all creditors and other stakeholders. If the Sale is not approved by this Court on or before March 21, 2018, the Debtors will forfeit a significant amount of the purchase price held in escrow.

50. For all of the foregoing reasons, the Foreign Representative respectfully submits that there is more than ample justification for this Court to enter the Proposed Order, thereby recognizing and enforcing the Canadian Sale Order in the United States and authorizing the Sale pursuant to section 363 of the Bankruptcy Code.

C. The Court Should Approve the Sale Free and Clear of Liens, Claims, Encumbrances and Other Interests Pursuant to Section 363(f) of the Bankruptcy Code.

51. The Foreign Representative also respectfully requests that this Court authorize the Sale free and clear of liens, claims, encumbrances and other interests. Under section 363(f) of the Bankruptcy Code, a trustee or a debtor in possession may sell all or any part of a debtor's property free and clear of any and all liens, claims, encumbrances and other interests in such property if (i) such a sale is permitted under applicable non-bankruptcy law, (ii) the party asserting such a lien, claim or interest consents to such sale, (iii) the interest is a lien and the purchase price for the property is greater than the aggregate amount of all liens on the property, (iv) the interest is the subject of a bona fide dispute, or (v) the party asserting the lien, claim or interest could be compelled, in a legal or equitable proceeding, to accept a money satisfaction for such interest. 11 U.S.C. § 363(f); *Citicorp Homeowners Serv., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988) (noting that section 363(f) of the Bankruptcy Code is

written in the disjunctive; therefore, a court may approve a sale “free and clear” provided at least one of the subsections is met). In addition, a court may authorize the sale of a debtor’s assets free and clear of any liens, claims, encumbrances and other interests under section 105 of the Bankruptcy Code. See *Volvo White Truck Corp. v. Chambersburg Beverage, Inc. (In re White Motor Credit Corp.)*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) (“Authority to conduct such sales [free and clear of liens] is within the court’s equitable powers when necessary to carry out the provisions of Title 11.”).

52. The Foreign Representative respectfully submits that a sale of the Purchased Assets other than one free and clear of all liens, claims, encumbrances and other interests would yield substantially less value for the Debtors and their creditors than the Sale will, and that the Sale free and clear of all liens, claims, encumbrances and other interests is in the best interests of the Debtor, its creditors, and other parties in interest. Moreover, the Purchaser would not have entered into the purchase agreement and would not consummate the Sale contemplated thereby, thus affecting the Debtors, their creditors, and other parties in interest, if the Sale of the Purchased Assets to the Purchaser was not free and clear of all liens, claims, encumbrances and other interests. With respect to any and all creditors that may assert an interest in the Purchased Assets, the Foreign Representative submits that at least one of the subsections of 363(f) applies to such creditors and, in most cases, more than one of the subsections of 363(f) is satisfied. Moreover, insofar as the Foreign Representative is aware, BMO holds the only liens that exist on the Debtors’ property located within the territorial jurisdiction of the United States, and BMO has consented to the Sale. Furthermore, the property that exists within the territorial jurisdiction of the United States consists of inventory supplied to W.J. Dennis by RCR. As a result, the Foreign Representative does not believe there are any

third parties that could assert liens or other encumbrances on the inventory as purchase money security interests or through reclamation demands or otherwise.

53. Accordingly, the Foreign Representative submits that the Sale of the Purchased Assets free and clear of all liens, claims, encumbrances and other interests satisfies the statutory prerequisites of section 363(f) of the Bankruptcy Code.

D. The Court Should Afford the Purchaser All Protections under Sections 363(m) and (n) of the Bankruptcy Code as a Good Faith Purchaser.

54. In addition to the relief requested above, the Foreign Representative requests that the Purchaser receive the protections set forth in sections 363(m) and (n) of the Bankruptcy Code. Specifically, section 363(m) of the Bankruptcy Code provides:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m). While the Bankruptcy Code does not define “good faith,” courts have stated that “the phrase encompasses one who purchases in good faith and for value.” *In re Abbots Dairies of Pa.*, 788 F.2d at 147 (internal quotations omitted). Courts have held that in order to demonstrate a lack of good faith, a party would have to show “fraud or collusion between the purchaser and [seller] or an attempt to take grossly unfair advantage [of other potential purchasers.]” *Id.*

55. The Purchase Agreement was negotiated without fraud or collusion, in good faith and from an arm’s-length bargaining position, and was not entered into for the purpose of hindering, delaying, or defrauding present or future creditors of the Debtors under the

Bankruptcy Code or under the laws of the United States, any state, territory, possession thereof, the District of Columbia or Canada. To the best of the Foreign Representative's knowledge, no party has engaged in any conduct that would cause or permit the Sale to be set aside under section 363(n) of the Bankruptcy Code. Accordingly, the Foreign Representative seeks a finding that the Purchaser is a good faith purchaser under section 363(m) of the Bankruptcy Code and has not violated section 363(n) of the Bankruptcy Code.

II. Waiving the Stays Imposed by Bankruptcy Rules 6004(h) and 6006(d) is Necessary and Appropriate Under the Circumstances.

56. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Similarly, Bankruptcy Rule 6006(d) provides that an "order authorizing the trustee to assign an executory contract or unexpired lease under § 365(f) is stayed until the expiration of 14 days after the entry of the order, unless the court orders otherwise." The Foreign Representative requests that the Proposed Order, once entered, be effective immediately by providing that, to the extent applicable, the 14-day stay under Bankruptcy Rules 6004(h) and 6006(d) is waived. Time is of the essence with respect to the Proposed Order due to the structure of the Sale transaction. The Purchaser has made clear to the Foreign Representative that recognition of the Sale on an expedited basis is a key consideration in entering into the Purchase Agreement. Should the Proposed Order not be entered by March 21, 2018, the Debtors will forfeit the Escrow Amount to the Purchaser. Forfeiting the Escrow Amount will deprive the creditors of significant value resulting from the transaction. In order to sell the Purchased Assets to the Purchaser in an expedient manner, the 14-day stay set forth in Bankruptcy Rules 6004(h) and 6006(d) should be waived. Such a waiver will benefit the Debtors and creditors by assuring

that value is realized before additional losses are suffered or the Escrow Amount is forfeited to the Purchaser.

NOTICE

57. The Foreign Representative will serve a copy of this Motion by overnight delivery, email, or other comparable expedited delivery in accordance with the *Order (I) Specifying Form and Manner of Service of Notice Under Sections 105(a), 1514 and 1515 of the Bankruptcy Code and Bankruptcy Rules 2002 and 9007, and (II) Scheduling Hearing* (D.I. 5). In light of the nature of the relief requested, the Foreign Representative submits that no further notice is required.

WHEREFORE, the Foreign Representative respectfully requests that the Court: (a) enter the Proposed Order, substantially in the form attached hereto as **Exhibit A**; and (b) grant such other and further relief as it deems just and proper under the circumstances.

[Signature follows]

Dated: February 28, 2018
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Matthew B. Harvey

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*Counsel for RCR International Inc., in its capacity as
Foreign Representative of RCR International Inc. and
W.J. Dennis & Company*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re)	Chapter 15
)	
RCR INTERNATIONAL INC., <i>et al.</i> ,)	Case No. 18-10112 (LSS)
)	
Debtors in a Foreign Proceeding. ¹)	Jointly Administered
)	
)	<u>Requested Hearing Date:</u>
)	On or before March 13, 2018
)	<u>Requested Objection Deadline:</u>
)	Noon one business day prior to
)	the Hearing Date

NOTICE OF MOTION OF THE FOREIGN REPRESENTATIVE UNDER SECTIONS 105(A), 363, 365, 1501, 1514, 1520 AND 1521 OF THE BANKRUPTCY CODE, AND BANKRUPTCY RULES 2002, 6004, 6006 AND 9014, FOR ENTRY OF AN ORDER (I) RECOGNIZING AND ENFORCING THE CANADIAN APPROVAL AND VESTING ORDER, (II) APPROVING THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS’ ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES, AND (III) GRANTING RELATED RELIEF

PLEASE TAKE NOTICE that the Foreign Representative of the above-captioned debtors has today filed and served the attached **Motion of the Foreign Representative Under Sections 105(a), 363, 365, 1501, 1514, 1520 and 1521 of the Bankruptcy Code, and Bankruptcy Rules 2002, 6004, 6006 And 9014, for Entry of an Order (I) Recognizing and Enforcing the Canadian Approval and Vesting Order, (II) Approving the Sale of Substantially All of the Debtors’ Assets Free and Clear of Liens, Claims and Encumbrances, and (III) Granting Related Relief** (the “Motion”).

PLEASE TAKE FURTHER NOTICE THAT THE FOREIGN REPRESENTATIVE HAS REQUESTED THAT A HEARING ON THE MOTION BE HELD **ON OR BEFORE MARCH 13, 2018** (THE “HEARING”) BEFORE THE HONORABLE LAURIE SELBER SILVERSTEIN AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 6TH FLOOR, COURTROOM NO. 2, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE that the Foreign Representative has requested that the Court require any party wishing to oppose the Motion to file a response or

¹ The Debtors in these jointly administered cases are RCR International Inc. and W.J. Dennis & Company. The Debtors’ mailing address is 180, rue de Normandie, Boucherville (Québec), J4B 5S7, Canada. RCR International Inc.’s Canadian Business Registration Number is 104424031RC0002 and the last four digits of W.J. Dennis & Company’s U.S. federal EIN are 3775.

objection **by noon one business day prior to the Hearing** (the “**Objection Deadline**”). If you make a written objection, such objection must be filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, at or before the Objection Deadline. At the same time, you must serve such Objection on the undersigned counsel to the Foreign Representative so as to be received by the Objection Deadline.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: February 28, 2018
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Matthew B. Harvey _____

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*Counsel for RCR International Inc., in its capacity as
Foreign Representative of RCR International Inc. and
W.J. Dennis & Company*

EXHIBIT B

Canadian Sale Order

**SUPERIOR COURT
(Commercial Division)**

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-053555-179

DATE: February 27, 2018

BEFORE THE HONOURABLE DAVID COLLIER , J.S.C.

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

RCR INTERNATIONAL INC.

-and-

W.J. DENNIS & COMPANY

Applicants

-and-

**THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL
RIGHTS**

-and-

BANK OF MONTREAL

-and-

LOXCREEN CANADA LTD.

Mis-en-Cause

-and-

ERNST & YOUNG INC.

Monitor

APPROVAL AND VESTING ORDER

- [1] **ON READING** the Applicants' Motion for the Issuance of an Order Extending the Stay of Proceedings and an Approval and Vesting Order (the "**Motion**"), the affidavit and the exhibits in support thereof, as well as the Report of the Monitor dated February 26, 2018 (the "**Report**");
- [2] **CONSIDERING** the representations of counsel;
- [3] **CONSIDERING** the provisions of the CCAA;
- [4] **CONSIDERING** that it is appropriate to issue an order approving the transaction(s) (the "**Transaction**") contemplated by the agreement entitled Asset Purchase Agreement (the "**MD Agreement**") by and between the Applicants (the "**Vendors**") as vendors, and Loxcreen Canada Ltd., dba M-D Canada (the "**Purchaser**"), as purchaser, copy of which was filed as Exhibit R-6 to the Motion, and vesting in the Purchaser the assets described in the MD Agreement (the "**Purchased Assets**").

THE COURT HEREBY:

- [5] **GRANTS** the Motion.

Service

- [6] **ORDERS** that any prior delay for the presentation of this Motion is hereby abridged and validated so that this Motion is properly presentable and hereby **DISPENSES** with further service thereof.
- [7] **PERMITS** service of this Order at any time and place and by any means whatsoever.

Sale Approval

- [8] **APPROVES** the Transaction.
- [9] **AUTHORIZES** the Vendors to execute the MD Agreement, with such non-material alterations, changes, amendments, deletions or additions thereto as may be agreed to between the Vendors and the Purchaser, but only with the consent of the Monitor.

Execution of Documentation

- [10] **AUTHORIZES** the Vendors, the Monitor and the Purchaser to perform all acts, sign all documents and take any necessary action to execute any agreement, contract, deed, provision, transaction or undertaking stipulated in the MD Agreement (Exhibit R-6) and any other ancillary document which could be required or useful to give full and complete effect thereto.

Authorization

- [11] **ORDERS** and **DECLARES** that this Order shall constitute the only authorization required by the Vendors to proceed with the Transaction and that no shareholder, other corporate approval or regulatory approval, if applicable, shall be required in connection therewith.

Vesting of Purchased Assets

- [12] **ORDERS** and **DECLARES** that upon the issuance of a Monitor's certificate substantially in the form appended as Schedule A hereto (the "**Certificate**"), all rights, title and interest in and to the Purchased Assets shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, interests, prior claims, security interests (whether contractual, statutory or otherwise), liens, charges, hypothecs, mortgages, pledges, trusts (including any deemed or constructive trust), assignments, rights of retention, judgments, executions, writs of seizure or execution, notices of sale, options, adverse claims, levies, rights of first refusal or other pre-emptive rights in favour of third parties, restrictions on transfer of title, taxes, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Encumbrances**"), including without limiting the generality of the foregoing all charges, security interests or charges evidenced by registration, publication or filing pursuant to the Civil Code of Québec or any other applicable legislation providing for a security interest in personal or movable property;

- [13] For greater certainty, **ORDERS** that all of the Encumbrances affecting or relating to the Purchased Assets be expunged and discharged as against the Purchased Assets, in each case effective as of the applicable time and date of the Certificate.

- [14] **ORDERS** the Monitor to file with the Court a copy of the Certificate, forthwith after issuance thereof.

Partial Discharge of Security Registrations

- [15] **ORDERS** the Quebec Personal and Movable Real Rights Registrar, upon presentation of the required form with a true copy of this Order and the Certificate, to partially discharge the registration numbers listed below in

connection with the Purchased Assets in order to allow the transfer to the Purchaser of the Purchased Assets free and clear of such registrations.

Nature of Security	Registration Number	Date	Secured Party
Conventional hypothec without delivery	14-0528087-0001 / 14-0528087-0002	2014-06-12	Bank of Montréal

Net Proceeds

- [16] **ORDERS** that the net proceeds from the sale of the Purchased Assets (the "Net Proceeds") shall be remitted to the Monitor and shall be distributed in accordance with applicable legislation.
- [17] **ORDERS** that for the purposes of determining the nature and priority of the Encumbrances, the Net Proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that upon payment of the Purchase Price (as defined in the MD Agreement) by the Purchaser, all Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

Successor Employer

- [18] **DECLARES** that the Purchaser shall not be deemed to be an employer or a joint or successor employer or a related or common employer or payor within the meaning of the *Act Respecting Labour Standards*, the *Civil Code of Québec* or any other applicable legislation governing employment or labour standards or pension benefits or health and safety or other statute, regulation or rule of law or equity and for greater certainty, shall not incur any successorship liabilities whatsoever.

Validity of the Transaction

- [19] **ORDERS** that notwithstanding:
- (a) the pendency of these proceedings;
 - (b) any petition for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* ("BIA") and any order issued pursuant to any such petition; or
 - (c) the provisions of any federal or provincial legislation;

the vesting of the Purchased Assets contemplated in this Order, as well as the execution of the MD Agreement pursuant to this Order, are to be binding on any


trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, as against the Vendors, the Purchaser or the Monitor.

Limitation of Liability

[20] **DECLARES** that nothing herein contained shall require the Monitor to occupy or to take control, or to otherwise manage all or any part of the Purchased Assets. The Monitor shall not, as a result of this Order, be deemed to be in possession of any of the Purchased Assets within the meaning of environmental legislation, the whole pursuant to the terms of the CCAA.

[21] **DECLARES** that no action lies against the Monitor by reason of this Order or the performance of any act authorized by this Order, except by leave of the Court. The entities related to the Monitor or belonging to the same group as the Monitor shall benefit from the protection arising under the present paragraph.

Sealing

[22] **ORDERS** that Exhibits R-4 and R-5 to the Motion be kept confidential and under seal with the Court. *And R-6* 

General

[23] **ORDERS** that the Purchaser, the Vendors or the Monitor shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.

[24] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.

[25] **DECLARES** that RCR International Inc. ("RCR") shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and, without limitation to the foregoing, an order under Chapter 15 of the U.S. Bankruptcy Code, for which RCR shall be the foreign representative of the Applicants. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to RCR as may be deemed necessary or appropriate for that purpose.

[26] **REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States of America or elsewhere, to give effect to this Order and to assist this Court in carrying out the terms of the Order.

[27] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.

[28] **THE WHOLE** without costs.

COPIE CERTIFIÉE CONFORME
AU DOCUMENT DÉTENU PAR LA COUR



David Collier, J.S.C.

MTRE. REBECCA KENNEDY
(THORNTON GROUT FINNIGAN LLP)
COUNSEL TO THE APPLICANTS

MTRE. GILLES PAQUIN
(FISHMAN FLANZ MELAND PAQUIN LLP)
COUNSEL TO THE MONITOR

MTRE. JULIEN MORISSETTE
(OSLER HOSKIN & HARCOURT LLP)
COUNSEL TO THE PURCHASER

Hearing date: February 27, 2018

SCHEDULE A
DRAFT CERTIFICATE OF THE TRUSTEE

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

File No.: 500-11-053555-179

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

RCR INTERNATIONAL INC.

-and-

W.J. DENNIS & COMPANY

Applicants

-and-

THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL
RIGHTS

Mis-en-Cause

-and-

ERNST & YOUNG INC.

Monitor

CERTIFICATE OF THE MONITOR

RECITALS:

WHEREAS on November 21, 2017, the Superior Court of Québec (the "**Court**") issued an Order (as amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of RCR International Inc. and W.J. Dennis & Company (the "**Applicants**");

WHEREAS pursuant to the terms of the Initial Order, Ernst & Young Inc. (the "Monitor") was named Monitor of the Applicants;

WHEREAS on February 27, 2018, the Court issued an Order (the "MD Vesting Order") thereby, *inter alios*, authorizing and approving the execution by the Applicants of an agreement entitled *Asset Purchase Agreement* (the "MD Agreement") by and between the Applicants, as vendors (the "Vendors") and Loxscreen Canada Ltd., d/b/a M-D Canada as purchaser (the "Purchaser"), copy of which was filed in the Court record, and into all the transactions contemplated therein (the "Transaction") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to between the Vendors and the Purchaser with the consent of the Monitor; and

WHEREAS the MD Vesting Order contemplates the issuance of this Certificate of the Monitor once the (a) the MD Agreement has been executed and delivered; and (b) the Purchase Price (as defined in the MD Agreement) has been paid by the Purchaser; and (c) and all the conditions to the closing of the Transaction have been satisfied or waived by the parties thereto.

THE MONITOR CERTIFIES THAT IT HAS BEEN ADVISED BY THE VENDORS AND THE PURCHASER AS TO THE FOLLOWING:

- (a) the MD Agreement has been executed and delivered;
- (b) the Purchase Price (as defined in the MD Agreement) payable upon the closing of the Transaction and all applicable taxes have been paid; and
- (c) all conditions to the closing of the Transaction have been satisfied or waived by the parties thereto.

This Certificate was issued by the Monitor on _____ [DATE].

ERNST & YOUNG INC., in its capacity as Monitor, and not in its personal capacity.

Per: _____

Name: _____

Title: _____

EXHIBIT C

Purchase Agreement

**RCR INTERNATIONAL INC.
W.J. DENNIS & COMPANY**

as Vendors

and

LOXCREEN CANADA LTD.

as Purchaser

ASSET PURCHASE AGREEMENT

Dated February 25, 2018

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ASSET PURCHASE AGREEMENT

Asset Purchase Agreement dated February 25, 2018, among RCR International Inc., an entity organized and existing under the Laws of Canada ("**RCR**"), and W.J. Dennis & Company, an entity organized and existing under the Laws of Delaware ("**WJD**", and collectively with RCR, "**Vendors**") and Loxcreen Canada Ltd., an entity organized and existing under the Laws of Canada (including any permitted assignee thereof hereunder, "**Purchaser**").

RECITALS:

- (a) Vendors own and operate a business specialized in the marketing and distribution of home/window insulation and weatherization and sealing products, flooring products and hardware and seasonal products sold through the do-it-yourself retail channel (the "**Purchased Business**").
- (b) On November 21, 2017, Vendors commenced proceedings (the "**CCAA Proceedings**") in the Superior Court of Québec (Commercial Division) (the "**CCAA Court**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") and the CCAA Court granted an initial order (as amended from time to time, the "**Initial Order**") in the CCAA Proceedings on the same date.
- (c) The Initial Order approved a sale and investment solicitation process which outlines a timeline and a two phase bidding procedure for the solicitation of interest in the direct or indirect acquisition by a person of all or a majority of the assets or operations of Vendors or 50% or more of the equity of Vendors (the "**SISP**").
- (d) On January 18, 2018, Vendors commenced proceedings (the "**Chapter 15 Proceedings**") in the United States Bankruptcy Court for the District of Delaware ("**U.S. Bankruptcy Court**") under Chapter 15 of title 11 of the United States Code (the "**Bankruptcy Code**") and the U.S. Bankruptcy Court granted a provisional order recognizing, among other things, the CCAA Proceedings as a foreign main proceeding and granted related relief under Chapter 15 of the Bankruptcy Code on January 24, 2018.
- (e) Purchaser has submitted a Successful Bid (as defined in the SISP) in respect of the Purchased Business.
- (f) Vendors have agreed to bring a motion to obtain a CCAA Vesting Order and a Vesting Recognition Order to, among other things, authorize Vendors to enter into this Agreement, designate Purchaser as a Successful Bidder in accordance with the SISP and approve this Agreement, in each case in respect of the transfer of certain assets and the

assumption of certain liabilities relating to the Purchased Business as more specifically set forth in this Agreement.

IN CONSIDERATION OF THE ABOVE AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

- (a) "**Affiliate**" of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly, and "**control**" and any derivation thereof means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities or otherwise.
- (b) "**Agreement**" means this Asset Purchase Agreement as it may from time to time be amended, restated, replaced, supplemented or novated.
- (c) "**Authorization**" means, with respect to any Person, any order, decree, permit, certificate, registration, license, Consent, agreement or similar authorization of any Governmental Entity having jurisdiction over the Person.
- (d) "**Books and Records**" means a copy of all files, documents, instruments, papers and books and records of Vendors relating to the Purchased Business, the Purchased Assets and the Assumed Liabilities that are in the possession of Vendors, including books of account, sales and purchase records, customer and supplier lists and technical documents, whether in written or electronic form, and excluding any Corporate Records and Tax Returns.
- (e) "**Branded Inventory**" means all Inventory owned and warehoused by Vendors that consists of those brands owned by M-D Building Products, Inc. or its affiliates.
- (f) "**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which banks are closed for business in Montréal, Quebec, Canada and New York, New York, United States.
- (g) "**Carpet Inventory**" means all of the Vendors' inventory of carpet as of the Closing Date, including any raw materials, packaging, work in process and finished goods, whether such inventory is in-transit to Vendors or in the manufacturing process at Vendors' suppliers as at the Closing Date or on Vendors' premises or premises operated by JBS Logistics, Inc. as at the Closing Date.
- (h) "**CCAA Vesting Order**" means the approval and vesting order to be issued by the CCAA Court: (i) designating Purchaser as a Successful Bidder in accordance with the

SISP, (ii) approving the purchase and sale transactions contemplated by this Agreement and (iii) vesting in and to Purchaser the Purchased Assets, free and clear of and from any and all Liens, which approval and vesting order shall be in form and substance satisfactory to Purchaser, acting reasonably.

- (i) "**Closing**" means the completion of the purchase and sale transactions contemplated by this Agreement.
- (j) "**Consent**" means any approval, consent or waiver.
- (k) "**Contingent Rebate Obligations**" means credits relating to the Accounts Receivable based on quarterly or annual volumes that cannot be taken by the customer prior to the Closing Date.
- (l) "**Contract**" means any agreement, contract or instrument, excluding all Software Licences.
- (m) "**Corporate Records**" means the corporate records of each Vendor including: (i) all constating documents and by-laws; (ii) all minutes of meetings and resolutions of shareholders and directors (and any committees); (iii) the share certificate book, securities register, register of transfers and register of directors; and (iv) any corporate seal.
- (n) "**Credits**" means all credits relating to the Accounts Receivable other than payments from customers or Contingent Rebate Obligations, and for greater certainty shall include early payment discounts, fines, penalties, buybacks, resets, advertising, co-op, customer support, defectives, returns, pricing errors, volume rebates, transportation and shipping credits, and any and all other credits deducted by or owed to customers as a reduction of their receivable balance.
- (o) "**Data Room Information**" means all information made available (by Vendors, the Monitor, the financial advisor or otherwise) for Purchaser's review in electronic form in relation to Vendors and/or the Purchased Assets.
- (p) "**Employees**" means all the individuals who are employed by a Vendor in the Purchased Business, whether on a full time, a part time or an occasional basis, including, without limitation, any employees on temporary layoff.
- (q) "**Escrow Amount**" means the portion of the On-Hand Inventory Purchase Price relating to the On-Hand Inventory that is located at premises operated by JBS Logistics, Inc. as at the Closing Date, together with all applicable Transfer Taxes.
- (r) "**ETA**" means the *Excise Tax Act*, R.S.C., 1985, c. E-15.
- (s) "**Excluded Litigation**" means the action filed on August 2, 2017, at the Superior Court of Quebec, under the court docket 500-17-099755-178, to claim from Southfield Capital LLC and Southfield SARL an aggregate amount of \$4,012,330.86.

- (t) "**Final**" with respect to any order of any court of competent jurisdiction means that such order shall not have been stayed, appealed, varied (except with the consent of Purchaser and Vendors) or vacated, and all time periods within which such order could at law be appealed shall have expired.
- (u) "**Final Recognition Order**" means the final order of the U.S. Bankruptcy Court dated February 14, 2018, Docket No. 12, recognizing, among other things, the CCAA Proceedings as foreign main proceedings and granting related relief under Chapter 15 of the Bankruptcy Code.
- (v) "**Governmental Entity**" means (i) any governmental or public department, central bank, court, commission, board, bureau, agency, commissioner, minister, governor-in-council, cabinet, tribunal or instrumentality whether international, multinational, national, federal, provincial, state, municipal, local or other; (ii) any subdivision or authority of any of the above; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.
- (w) "**GST**" means the federal goods and services tax and harmonized sales tax imposed under the ETA.
- (x) "**Intellectual Property**" means all domestic and foreign intellectual property rights relating to the Purchased Business, including:
- (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications;
 - (ii) copyrights, copyright registrations and applications for copyright registrations;
 - (iii) designs, design registrations, design registration applications, industrial designs, industrial design registrations, industrial design registration applications, integrated circuit topographies, mask works, mask work registrations and applications for mask work registrations; and
 - (iv) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade-mark applications, trade dress and logos, and the goodwill associated with any of the foregoing.
- (y) "**Interim Period**" means the period between the close of business on the date of this Agreement and Closing.
- (z) "**In-Transit Inventory**" means Inventory that relates to the Purchased Business and that is in transit to Vendors or in the manufacturing process at Vendors' suppliers as at the Closing Date.
- (aa) "**Laws**" means: all (i) constitutions, treaties, laws, statutes, codes, ordinances, principles of common law, orders, notices, decrees, rules, regulations and municipal by-laws,

whether domestic, foreign or international; (ii) all judgments, orders, writs, injunctions, decisions, sanctions and awards of any Governmental Entity; and (iii) all policies, protocols and guidelines of any Governmental Entity to the extent they have the force of law.

- (bb) "**Lien**" means any security interest (whether contractual, statutory or otherwise), hypothec, mortgage, charge, pledge, trust (including any deemed or constructive trust), prior claim, assignment, lien, Bank Act security, servitude, easement, conditional sale, resolutive condition, title retention agreement, reservation of ownership, or other encumbrance, arrangement or condition of any nature which, in substance, secures payment or performance of an obligation, action, claim, demand or equity of any nature whatsoever and howsoever arising and any rights and privileges capable of becoming any of the foregoing.
- (cc) "**Marketing Materials**" means marketing and sale materials, point of purchase materials, display racks, signage, catalogs and other marketing and sales supplies related to the Purchased Business.
- (dd) "**Monitor**" means Ernst & Young Inc., in its capacity as the CCAA Court-appointed monitor of Vendors in the CCAA Proceedings and not in its personal or corporate capacity.
- (ee) "**On-Hand Inventory**" means Inventory (excluding Branded Inventory) that relates to the Purchased Business and that is located on Vendors' premises or premises operated by JBS Logistics, Inc. as at the Closing Date.
- (ff) "**Outside Date**" means March 9, 2018.
- (gg) "**Party**" means any one of Purchaser, Vendors and, subject to Section 12.12, their respective successors and permitted assigns.
- (hh) "**Person**" means an individual, partnership, corporation, company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns are to have a similarly extended meaning.
- (ii) "**Post-Filing Accounts Payable**" means accounts payable of Vendors relating to In-Transit Inventory solely to the extent such accounts payable were incurred by any Vendor on or after November 21, 2017.
- (jj) "**QST**" means the sales tax imposed under the QSTA.
- (kk) "**QSTA**" means the *Act Respecting the Quebec Sales Tax*, R.S.Q. c T-0.1.
- (ll) "**Secured Lender**" means the Bank of Montreal, as secured lender under that certain loan agreement dated June 13, 2014.
- (mm) "**SISP**" has the meaning ascribed to it in the recitals, as amended from time to time, substantially in the form attached hereto as Exhibit "D".

- (nn) **"Software"** means computer software and programs and all Software Licences.
- (oo) **"Software Licences"** means all licences of Vendors relating to computer software and programs.
- (pp) **"Tax Act"** means the *Income Tax Act*, R.S.C. 1985 (5th Supp.) c. 1.
- (qq) **"Tax Returns"** means any and all returns, reports, declarations and elections filed or required to be filed in respect of Taxes.
- (rr) **"Taxes"** means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity; and (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii).
- (ss) **"Vesting Recognition Order"** means an order issued by the U.S. Bankruptcy Court (i) recognizing and giving effect to the CCAA Vesting Order and (ii) vesting in and to Purchaser the Purchased Assets free and clear of and from any and all Liens, which order shall be in form and substance satisfactory to Purchaser, acting reasonably.

1.2 Other Defined Terms

In addition to the defined terms in Section 1.1, each of the following capitalized terms has the meaning ascribed thereto in the corresponding Section:

<u>Terms</u>	<u>Sections</u>
Assumed Liabilities	3.1
Bankruptcy Code	Recitals
Boucherville Warehouse	8.4
Business	Recitals
Cash	2.2(b)
CCAA	Recitals
CCAA Court	Recitals
CCAA Proceedings.....	Recitals
Chapter 15 Proceedings	Recitals
Closing Date	10.1
Deposit.....	4.2(a)
Deposit Conditions	4.2(b)
Excluded Assets	2.1
Excluded Liabilities	3.2
In-Transit Inventory Purchase	4.1(a)(iii)
Price.....	
Initial Order	Recitals
Intellectual Property Assignment Agreement	9.1(i)(vi)
Inventory	2.1(c)
Inventory Deposits	4.1(a)(ii)
Lease Termination Date.....	8.5(b)

<u>Terms</u>	<u>Sections</u>
Longueuil Lease.....	8.5(a)
Longueuil Warehouse	8.5(a)
Notice.....	12.3
On-Hand Inventory Purchase Price	4.1(a)(iv)
Purchase Price	4.1
Purchased Assets	2.1
Purchased Business.....	Recitals
Purchased Business Data	8.2(c)
Purchaser.....	Preamble
Purchaser's Closing Certificate	9.2(d)(iii)
RCR.....	Preamble
Transfer Taxes	4.6(a)
Transition Services Agreement.....	8.4(d)
U.S. Bankruptcy Court	Recitals
Vendors	Preamble
Vendors' Closing Certificate.....	9.1(e)(iii)
WJD.....	Preamble

1.3 Gender and Number

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and *vice versa*.

1.4 Headings, etc.

The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Agreement. The recitals to this Agreement are an integral part of this Agreement.

1.5 Currency

All references in this Agreement to "dollars" or to "\$" are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Certain Phrases

In this Agreement (i) the words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation"; and (ii) the words "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". The expression "Article", "Section" and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Agreement.

1.7 Accounting Terms

Unless otherwise specified, all accounting terms used in this Agreement are to be interpreted in accordance with generally accepted accounting principles in effect in Canada (as recommended in Part II – Accounting Standards for Private Enterprises of the CPA Canada Handbook – Accounting of the Chartered Professional Accountants of Canada).

1.8 Incorporation of Schedules and Exhibits

The following schedules and exhibits attached to this Agreement are an integral part of this Agreement:

<u>Schedules/Exhibits</u>	<u>Title</u>
Schedule 2.1(a)	Machinery, Spare Parts, Equipment, Tools
Schedule 2.1(b)	Automobiles, Trucks, Trailers and Other Rolling Stock
Schedule 2.1(e)	Intellectual Property
Schedule 5.6	Tax Matters
Exhibit "A"	Form of Purchase Price Allocation
Exhibit "B"	Form of Intellectual Property Assignment Agreement
Exhibit "C"	SISP

1.9 References to Persons

Any reference in this Agreement to a Person includes its successors and permitted assigns.

1.10 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended, re-enacted or replaced.

1.11 Non-Business Days

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment must be made or such action must be taken on or not later than the next succeeding Business Day.

1.12 Computation of Time Periods

If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Agreement, then the first day of the period is not counted, but the day of its expiry is counted.

1.13 Legal Representation; No Presumption Against Party that Stipulated the Obligation

Each Party acknowledges that such Party has been represented by counsel in connection with the negotiation and execution of this Agreement and related matters, and that the terms of this Agreement and related matters have been negotiated by it. Any rule of law (including Article 1432 of the *Civil Code of Québec*) or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the Party that stipulated the obligation has no application and any such right is expressly waived by the Parties.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets

Subject to the terms and conditions of this Agreement and the CCAA Vesting Order and the Vesting Recognition Order, as applicable, at Closing on the Closing Date, each Vendor agrees to sell, assign and transfer to Purchaser and Purchaser agrees to purchase from each Vendor, free and clear of all Liens, all of Vendors' right, undertaking, title and interests in and to, the following assets (collectively, the "**Purchased Assets**"):

- (a) all fixed assets owned by any Vendor and used in the Purchased Business, including those that are listed in Schedule 2.1(a);
- (b) all automobiles, trucks, trailers and other rolling stock owned by any Vendor and used in the Purchased Business, including those that are listed in Schedule 2.1(b);
- (c) all inventories of the Purchased Business, including any raw materials, packaging, work in process and finished goods (the "**Inventory**"), including In-Transit Inventory, On-Hand Inventory and Branded Inventory;
- (d) all deposits relating to In-Transit Inventory;
- (e) the Intellectual Property owned by any Vendor and used in the Purchased Business, including the Intellectual Property listed in Schedule 2.1(e) and any engineer drawings used or created in connection with the Purchased Business;
- (f) all computer records and digital files related to the Purchased Business, including item set up, websites, artwork, packaging, labels, customer data, marketing, product suppliers, product specifications and product manufacturing;
- (g) all manufacturer Universal Product Codes belonging to or used by Vendors related to the Purchased Business;
- (h) all trade show booths used to display any and all products for the Purchased Business;
- (i) all Marketing Materials related to the Purchased Business;

- (j) all Software and all computers, technology and communications hardware and infrastructure, furniture, furnishings and office equipment; and
- (k) the Books and Records.

2.2 Excluded Assets

The Purchased Assets shall not include Vendors' right, title, undertaking or interests in and to any other assets other than the Purchased Assets (collectively, the "Excluded Assets"). For greater certainty, the Excluded Assets shall include:

- (a) the Excluded Litigation;
- (b) the Carpet Inventory;
- (c) all cash and cash equivalents, bank deposits and short term investments of any Vendor ("**Cash**");
- (d) all accounts receivable, trade accounts and other debts of the Business owing or accruing to any Vendor (the "**Accounts Receivable**") and related Credits;
- (e) all Contracts of Vendors;
- (f) all Authorizations owned by or issued to any Vendor;
- (g) the Corporate Records;
- (h) personal items owned by directors, officers and employees of any Vendor;
- (i) all of the issued and outstanding shares in the capital of any of the subsidiaries of any Vendor;
- (j) any amounts payable by a Vendor to another Vendor;
- (k) income Tax refunds and other Tax refunds or receivables of any Vendor (including credits receivable) and Taxes paid in advance by any Vendor;
- (l) all Tax Returns of any Vendor;
- (m) all amounts relating to prepaid insurance and all insurance policies; and
- (n) Vendors' rights under this Agreement.

2.3 Accounts Receivable

All cash collected on or after the Closing Date from any Accounts Receivable, to the extent any, will belong to, and if received by Purchaser, will be received in trust for the benefit and the account of, the Secured Lender. Purchaser shall, on a weekly basis, transfer and remit to

the Secured Lender all such amounts received by or paid to Purchaser on or after the Closing Date, to the extent any.

ARTICLE 3 ASSUMPTION OF LIABILITIES

3.1 Assumption of Liabilities

Subject to the Closing, Purchaser shall, as part of the consideration for the Purchased Assets, assume, discharge, satisfy, perform and fulfill in a timely manner, in accordance with their terms, (i) all liabilities and obligations of Vendors relating to the Purchased Assets arising or accruing after the Closing Date, and (ii) all Post-Filing Accounts Payable (collectively, the "**Assumed Liabilities**").

3.2 Excluded Liabilities

Other than the Assumed Liabilities, Purchaser will not assume or be liable for, and Vendors will retain and remain responsible for any liability or obligation of Vendors, or any of them, or in connection with the Purchased Assets, of any nature whatsoever, whether known or unknown, direct, indirect, absolute, contingent or otherwise (collectively, the "**Excluded Liabilities**"). Without limiting the generality of the foregoing, Purchaser shall not assume or be liable for any of the following Excluded Liabilities:

- (a) liabilities or obligations relating to the Purchased Assets arising or accruing on or prior to the Closing Date;
- (b) liabilities and obligations relating to the Excluded Assets, including Contingent Rebate Obligations and Credits and any other customer credits or deductions related to business operations on or prior to the Closing Date;
- (c) liabilities for Taxes relating to the Purchased Assets or the Purchased Business arising on or prior to the Closing Date, other than liabilities for Transfer Taxes arising on the Closing Date;
- (d) all liabilities to any Employees, including on account of wages, vacation pay, termination and/or severance pay;
- (e) accounts payable of Vendors, excluding accounts payable relating to In-Transit Inventory;
- (f) indebtedness of Vendors; and
- (g) any fees and expenses payable by Vendors to any advisor in connection with the transactions contemplated by this Agreement.

**ARTICLE 4
PURCHASE PRICE**

4.1 Purchase Price

- (a) The aggregate purchase price (the "**Purchase Price**") payable by Purchaser for the Purchased Assets is as follows:
- (i) ██████████; plus
 - (ii) the Canadian Dollar value of all deposits relating to In-Transit Inventory (the "**Inventory Deposits**"); plus
 - (iii) the Canadian Dollar value of In-Transit Inventory, net of (i) the Inventory Deposits and (ii) any outstanding Post-Filing Accounts Payable, converted to Canadian Dollars at the Bank of Canada noon-spot rate of exchange in effect on the date that is one (1) Business Day before the Closing Date (the net amount, the "**In-Transit Inventory Purchase Price**"); plus
 - (iv) forty percent (40%) of the Canadian Dollar value of the On-Hand Inventory, valued at the lower of (A) most recent cost thereof as shown on a purchase order dated the prior trailing twelve months of the date of this Agreement and (B) the current manufactured cost thereof (the "**On-Hand Inventory Purchase Price**"); plus
 - (v) \$0 for Branded Inventory and Marketing Materials; plus
 - (vi) the assumption of the Assumed Liabilities.

4.2 Deposit

- (a) Vendors acknowledge receipt by the Monitor, in trust, from Purchaser of a deposit (the "**Deposit**") in the amount of ██████████.
- (b) The Deposit will be applied on Closing in satisfaction of an equivalent amount of the Purchase Price. If the Closing does not occur for any reason other than solely as a result of a failure of Purchaser to satisfy the conditions of Closing in Section 9.2(b), Section 9.2(d), Section 9.2(g) or Section 9.2(h) (collectively, the "**Deposit Conditions**"), including if Purchaser terminates this Agreement in accordance with Section 11.3, the full amount of the Deposit together with all accrued interest accrued thereon, if any, shall be immediately returned by the Monitor to Purchaser. If the Closing does not occur solely as a result of a failure of Purchaser to satisfy the Deposit Conditions, the full amount of the Deposit, together with all interest accrued thereon, shall become the property of, and be retained by, Vendors.

4.3 Allocation of Purchase Price

Vendors and Purchaser will allocate the Purchase Price among the Purchased Assets as mutually agreeable to Purchaser and Vendors. Vendors and Purchaser agree to execute and file all Tax Returns and prepare all financial statements and other instruments on the basis of this allocation. Vendors and Purchaser agree to complete, at the Closing, Internal Revenue Service Form 8594 based upon Exhibit "A".

4.4 Payment of Purchase Price

On the Closing Date, Purchaser shall pay to the Monitor, in trust, the Purchase Price as follows:

- (a) as to the amount of the Deposit, by application of such amount together with all accrued interest thereon;
- (b) by paying to the Monitor the following amount by wire transfer of immediately available funds to an account designated in writing by the Monitor to Purchaser prior to the Closing Date:
 - (i) ██████████, plus
 - (ii) the In-Transit Inventory Purchase Price, as communicated by Vendors to Purchaser one (1) Business Day prior to the Closing Date, plus
 - (iii) the On-Hand Inventory Purchase Price, as communicated by Vendors to Purchaser one (1) Business Day prior to the Closing Date, less
 - (iv) the amount set out in Section 4.4(a), less
 - (v) the Loaned Equipment Replacement Value, if the Loaned Equipment does not form part of the Purchased Assets in accordance with Section 8.8(b); and
- (c) by assuming the Assumed Liabilities.

4.5 Escrow Amount

- (a) Vendors shall communicate the Escrow Amount to Purchaser and the Monitor one (1) Business Day prior to the Closing Date. On the Closing Date, the Monitor shall segregate the Escrow Amount from Purchase Price paid by Purchaser to the Monitor pursuant to Section 4.4 and shall hold the Escrow Amount, in trust, until the earlier of (a) the issuance and entry of the Vesting Recognition Order by the U.S. Bankruptcy Court (the "**Vendors' Escrow Release Event**") and (b) March 21, 2018 (the "**Purchaser's Escrow Release Event**").
- (b) Upon the occurrence of the Vendors' Escrow Release Event, the Monitor shall forthwith remit the Escrow Amount, together with all accrued interest thereon, if any, to Vendors.

- (c) Upon the occurrence of the Purchaser's Escrow Release Event:
- (i) the Monitor shall forthwith remit the Escrow Amount, together with all accrued interest thereon, if any, to Purchaser;
 - (ii) the On-Hand Inventory that was located at premises operated by JBS Logistics, Inc. shall be deemed to be removed from the list of Purchased Assets conveyed to by Vendors to Purchaser as at the Closing Date and shall form part of the Excluded Assets retained by Vendors; and
 - (iii) the Purchase Price allocation and all other documents prepared in accordance with Sections 4.3 and 4.6(c) shall reflect the foregoing revision to the Purchased Assets.

4.6 Taxes

- (a) Purchaser will be liable for and will pay all sales Taxes (including all federal and provincial sales Taxes, including any GST, QST and retail sales taxes) and all other similar Taxes, duties, registration fees or other like charges properly payable upon and in connection with the sale, assignment and transfer of the Purchased Assets from Vendors to Purchaser ("**Transfer Taxes**"). Where Vendor is required under applicable Law to collect Transfer Taxes from the Purchaser, Purchaser will pay the amount of such Transfer Taxes to the Monitor, in trust.
- (b) Purchaser hereby indemnifies and holds each Vendor, the Monitor and their respective directors, shareholders, officers, agents and employees harmless from and against any and all claims, assessments and demands for payment of Transfer Taxes properly payable by Purchaser, but not paid by Purchaser to the Monitor, in trust, as required under Section 4.6(a) of this Agreement, in connection with the transfer of the Purchased Assets by Vendors to Purchaser (whether or not an exemption is claimed or an election is filed in respect thereof), including penalties and interest thereon, and any liability or cost incurred in connection therewith. This Section 4.6(b) shall survive the termination of this Agreement.
- (c) Purchaser shall be responsible for preparing and filing any required forms with respect to any Transfer Taxes for which it is responsible under this Section 4.5, whether required to report a Tax due or to claim an exception. If any such form must, under applicable Law, be signed or filed by a Vendor, Purchaser shall prepare such form and provide a completed form to the applicable Vendor for signature at least 10 days prior to the required filing date.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF VENDORS

Each Vendor represents and warrants to Purchaser as follows, and acknowledges that Purchaser is relying upon such representations and warranties in connection with the purchase by Purchaser of the Purchased Assets and its assumption of the Assumed Liabilities:

5.1 Incorporation and Corporate Power

Each Vendor is a corporation incorporated and existing under the Laws of its jurisdiction of incorporation and, subject to the CCAA Vesting Order and the Vesting Recognition Order, has all requisite corporate power, authority and capacity to enter into and perform its obligations under this Agreement.

5.2 Corporate Authorization

Subject to the issuance of the CCAA Vesting Order and the Vesting Recognition Order, the execution, delivery and performance by each Vendor of this Agreement and the consummation of the transactions contemplated by it have been duly authorized by all necessary corporation action on the part of each Vendor.

5.3 Required Authorizations

Except for the issuance of the CCAA Vesting Order and the Vesting Recognition Order, no filing with, notice to, or Authorization of, any Governmental Entity is required on the part of Vendors or any of their affiliates as a condition to the lawful completion of the transactions contemplated by this Agreement where the failure to make the filing, give the notice or obtain the Authorization would have a material adverse effect.

5.4 Execution and Binding Obligation

This Agreement has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of, enforceable against, each Vendor in accordance with its terms subject to: (i) any limitation on enforcement under applicable Laws relating to bankruptcy, winding-up, insolvency, arrangement and other Laws of general application affecting the enforcement of creditors' rights; (ii) the discretion that a court may exercise in the granting of extraordinary remedies such as specific performance and injunction; and (iii) the issuance of the the CCAA Vesting Order and the Vesting Recognition Order.

5.5 No Other Agreements to Purchase

Except for Purchaser's rights under this Agreement, no Person has any contractual right or privilege for: (i) the purchase of the Purchased Business; or (ii) the purchase of any of the Purchased Assets other than in the ordinary course of business.

5.6 Tax Matters

- (a) RCR is not a non-resident of Canada within the meaning of the Tax Act.
- (b) RCR is registered for GST and QST on the date hereof within the meaning of Part IX of the ETA and Chapter VIII of the QSTA and its registration numbers are set forth in Schedule 5.6(b).
- (c) WJD is not a foreign corporation within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

- (d) None of the Purchased Assets held by WJD are taxable Canadian property within the meaning of the Tax Act.
- (e) WJD is a non-resident person within the meaning of the ETA.
- (f) WJD has not, at any time, been a registrant or carried on a business in Canada within the meaning of Part IX of the ETA and has not, at any time, been a registrant within the meaning of Chapter VIII of the QSTA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Vendors as follows and acknowledges that Vendors are relying on such representations and warranties in connection with the sale by Vendors of the Purchased Assets:

6.1 Incorporation and Corporate Power

Purchaser is a corporation incorporated and existing under the Laws of its jurisdiction of incorporation and has all requisite corporate power, authority and capacity to enter into and perform its obligations under this Agreement.

6.2 Corporate Authorization

The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated by it have been duly authorized by all necessary corporation action on the part of Purchaser.

6.3 Required Authorizations

Except for the issuance of the CCAA Vesting Order and the Vesting Recognition Order, no filing with, notice to, or Authorization of, any Governmental Entity is required on the part of Purchaser or any of its affiliates as a condition to the lawful completion of the transactions contemplated by this Agreement where the failure to make the filing, give the notice or obtain the Authorization would have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

6.4 Execution and Binding Obligation

This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser, enforceable against it in accordance with its terms subject to: (i) any limitation under applicable Laws relating to bankruptcy, winding-up, insolvency, arrangement and other Laws of general application affecting the enforcement of creditors' rights; (ii) the discretion that a court may exercise in the granting of extraordinary remedies such as specific performance and injunction; (iii) the issuance of the CCAA Vesting Order and the Vesting Recognition Order.

6.5 Purchaser's Financing

Purchaser has, and will have at Closing, all funds on hand necessary to pay the Purchase Price.

6.6 Registration

Purchaser is registered for GST on the date hereof within the meaning of Part IX of the ETA and its registration number is 100469279.

6.7 No Brokers, etc.

No broker, finder, agent or similar intermediary has acted on behalf of Purchaser in connection with this Agreement or the transactions contemplated hereby, and there are no brokerage commissions, finders' fees or similar fees or commissions payable by Purchaser in connection with this Agreement or the transactions contemplated hereby.

ARTICLE 7 AS IS, WHERE IS; SURVIVAL

7.1 No Other Representation and Warranty

None of Vendors, the Monitor nor any of their representatives makes any representations or warranties except as expressly set forth in Article 5, and in particular, and without limiting the generality of the foregoing, Vendors disclaim and neither Vendors nor any of their representatives shall be liable for any representation or warranty which may have been made or alleged to be made in any instrument or document related hereto, or in any statement or information made or communicated to Purchaser in any manner including any opinion, information, or advice which may have been provided to Purchaser by Vendors, the Monitor or any of their representatives in connection with the Purchased Assets or in relation to the transactions contemplated hereby. For greater certainty, except as expressly set forth in Article 5, neither Vendors, the Monitor nor any of their representatives makes any condition, representation or warranty, express or implied, with respect to:

- (a) the Data Room Information or any other data or information supplied by Vendors, the Monitor or any of their representatives in connection with the Purchased Assets, including by way of management presentations or otherwise;
- (b) the validity or enforceability of the Intellectual Property;
- (c) the value of any of the Purchased Assets or the future cash flow therefrom;
- (d) the quality, condition, description, fitness for purpose, suitability, serviceability or merchantability of the Purchased Assets; or
- (e) the sufficiency of the Purchased Assets to conduct the Purchased Business.

Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Civil Code of Québec*, or similar legislation do not apply hereto and have been waived by Purchaser. The description of any of the Purchased Assets contained herein is for purpose of identification only.

7.2 As Is, Where Is

Purchaser acknowledges and confirms that it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets and that it is relying on its own investigations concerning the Purchased Assets and it has not relied on advice from Vendors, the Monitor or any of their representatives with respect thereto, including with respect to the matters specifically enumerated in Section 7.1 in connection with the purchase of the Purchased Assets. Purchaser further acknowledges and agrees that it is acquiring the Purchased Assets at its sole risk, on an "as is, where is" basis as they shall exist at the Closing Date. Purchaser acknowledges and agrees that it is familiar with the condition of the Purchased Assets, that it is a sophisticated party capable of making its own assessments in respect of the subject matter forming part of this Agreement and that Vendors and the Monitor have provided Purchaser with a reasonable opportunity to inspect the Purchased Assets at the sole cost, risk and expense of Purchaser and that Purchaser is not relying upon any representation or warranty of Vendors or the Monitor as to the condition or sufficiency of the Purchased Assets.

7.3 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall not survive the Closing. Any provision of this Agreement which contemplates performance or the existence of obligations after the Closing Date shall not be deemed to be merged into or waived by the execution, delivery or performance of this Agreement or documents delivered in connection herewith or Closing, but shall expressly survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement and shall be binding upon the Party or Parties obligated thereby (including any trustee-in-bankruptcy appointed in respect of such Party) in accordance with the terms of this Agreement.

ARTICLE 8 COVENANTS OF THE PARTIES

8.1 Conduct of Business Prior to Closing

During the Interim Period, except as provided in this Agreement, as required by Law, as required by any order of the CCAA Court or the U.S. Bankruptcy Court, as required by the terms of any Contract to which any Vendor is party or as required by any Authorization which any Vendor enjoys, or as consented to by Purchaser in writing (which consent may not be unreasonably withheld or delayed), each Vendor:

- (a) will use commercially reasonable efforts, in connection with the Purchased Business:

- (i) to conduct the Purchased Business in accordance with generally accepted industry practices having regard to the interests of Purchaser under this Agreement;
 - (ii) not to acquire, sell, lease, transfer, alienate or dispose of any Purchased Assets other than in the ordinary course of business; and
 - (iii) not to cancel or reduce any of its insurance coverage or adjust any of its insurance deductibles; and
- (b) shall not issue new purchase orders related to the Purchased Business without the prior written consent of the Purchaser.

Notwithstanding the foregoing nothing set forth in this Section 8.1 shall require Vendors to take any action that is prohibited by operation of the Bankruptcy Code or any applicable orders of the CCAA Court or U.S. Bankruptcy Court. In no event will any failure to take any act barred by the Bankruptcy Code or any applicable order of the CCAA Court or U.S. Bankruptcy Court be considered a breach of this Section 8.1.

8.2 Interim Reporting and Data Files

- (a) During the Interim Period, Vendors shall furnish to Purchaser, at Purchaser's request, copies of all reports to senior management of Vendors pertaining to daily/weekly sales and margins, inventory levels, shortage reports, backlog reports and other similar reports. Vendors shall provide Purchaser with access to the senior management of Vendors, at Purchaser's request, during the Interim Period to discuss the foregoing reports, obtain business updates and discuss any material changes to the Purchased Business.
- (b) Vendors shall cooperate with Purchaser as necessary during the Interim Period to permit Purchaser to create and test records relating to the Purchased Assets prior to the Closing Date, including creating and delivering to Purchaser as soon as practicable following the execution of this Agreement computer files in a format acceptable to Purchaser, acting reasonably, detailing customer information, marketing, artwork, packaging and label specifications, engineer drawings, Universal Product Codes, detail inventory by sku and other information necessary for Purchaser to immediately begin operations upon the Closing Date.
- (c) Vendors shall provide Purchaser with access, in a form and manner acceptable to the Purchaser, acting reasonably, to all data requested in connection with Section 8.2(b) relating to the Purchased Business immediately upon execution of this Agreement (the "**Purchased Business Data**").
- (d) Vendors shall be permitted to create copies of data residing on Vendors' computer systems and any external storage devices prior to and as of the Closing Date at no cost to facilitate the collection of the Accounts Receivable following the Closing Date or as may be required for tax or general corporate purposes.

Vendors shall consult with and obtain Purchaser's prior written consent with respect to data to be copied by Vendors in accordance with this Section 8.2(d). Purchaser shall provide each Vendor and the Monitor with access to and copies of all documents at no cost as may be required for each Vendor to submit Tax Returns and to respond to any inquiries from Governmental Entities pursuant to any potential audit or notice of assessment.

- (e) Vendors shall provide reports to Purchaser one (1) Business Day prior to the Closing Date separately detailing the calculation of the In-Transit Inventory Purchase Price and the On-Hand Inventory Purchase Price, as contemplated in Section 4.4(b)(ii) and 4.4(b)(iii).

8.3 Court Approvals

Court approvals of the transactions contemplated by this Agreement shall be sought in accordance with the following:

- (a) The Parties acknowledge that (i) Vendors' obligations under this Agreement are subject to approval of the CCAA Court pursuant to the CCAA Vesting Order and approval of the U.S. Bankruptcy Court pursuant to the Vesting Recognition Order, and (ii) Closing is subject to the issuance of the CCAA Vesting Order and the Vesting Recognition Order.
- (b) As soon as practicable after the execution of this Agreement, Vendors shall file motion materials in the CCAA Court seeking the issuance of the CCAA Vesting Order, with such order to be obtained within three (3) Business Days thereafter, subject to CCAA Court availability. As soon as practicable after the execution of this Agreement, Vendors shall file motion materials seeking the issuance of the Vesting Recognition Order, such order to be obtained within 21 days after the service of such motion materials, subject to the U.S. Bankruptcy Court availabilities.
- (c) Vendors and Purchaser shall cooperate with filing and prosecuting the motion for issuance and entry of the CCAA Vesting Order and the Vesting Recognition Order.
- (d) If the CCAA Vesting Order or the Vesting Recognition Order or any other order relating to this Agreement shall be appealed by any Person (or a petition for certiorari or motion for rehearing, re argument or stay shall be filed with respect thereto), Vendors shall take all commercially reasonable steps, and use their reasonable best efforts to defend against such appeal, petition or motion, and Purchaser agrees to cooperate in such efforts. Each of the Parties hereby agrees to use its reasonable best efforts to obtain an expedited resolution of such appeal.
- (e) Prior to Closing, Vendors shall, from time to time, at the request of Purchaser, request such further order or orders from the CCAA Court or the U.S. Bankruptcy Court as Purchaser may, acting reasonably, reasonably request as necessary to give effect to this Agreement and the transactions contemplated

hereby. The terms of any such requested orders shall be satisfactory to Vendors and Purchaser, each acting reasonably. Upon any such request, each of Vendors and Purchaser, acting reasonably, shall cooperate with each other, as necessary or as may be reasonably requested, in order to obtain such further order or orders.

8.4 Boucherville Warehouse

- (a) Purchaser shall remove all Purchased Assets from the Vendors' premises located at 180 Rue de Normandie, Boucherville, Québec J4B 5S7 (the "**Boucherville Warehouse**") no later than May 1, 2018.
- (b) Purchaser shall reimburse Vendors an amount of \$2,443 per day, reflecting fifty percent (50%) of the occupancy costs relating to the Boucherville Warehouse (including rent, real property tax, property insurance, utilities, snow removal, and all other operating expenses (including shared forklifts)), for the period from the Closing Date up to and including May 1, 2018, which amount Purchaser shall remit to the Monitor, in trust, on the Closing Date.
- (c) From and after the Closing Date, Vendors shall allow Purchaser and its agents and representatives access to the Boucherville Warehouse at no charge from Monday to Friday on a non-exclusive basis from 9:00 a.m. to 5:00 p.m. (local time) to remove the Purchased Assets. Purchaser shall bear all expenses relating to post-Closing removal of the Purchased Assets, including all labour and equipment costs.
- (d) Vendors and Purchaser shall enter into a transition services agreement, in form and substance satisfactory to Vendors and Purchaser, acting reasonably, (the "**Transition Services Agreement**") pursuant to which certain of the Employees shall assist Purchaser with removal of Purchased Assets from the Boucherville Warehouse post-Closing. The Transition Services Agreement shall provide that Purchaser shall reimburse Vendors for their payroll costs (including salary, wages, vacation and holiday pay, employment insurance contributions, workers' compensation, employer health tax or other payroll taxes) solely relating to the transition services period from the Closing Date up to and including May 1, 2018 relating to any Employees of the Vendors whose services are required for the completion of the services under this Transition Services Agreement, but for greater certainty Purchaser shall not reimburse Vendors or otherwise be liable for any payroll costs (including any accrued but unpaid vacation pay) for any Employees relating to the period prior to the Closing Date or any termination or severance pay or other amounts relating to any Employees or any other employees of Vendors.

8.5 Longueuil Warehouse

- (a) Immediately upon Closing, Vendors shall provide written notice of disclaimer of the current lease for Vendors' premises located at 2295 Rue de la Métropole, Longueuil, Québec, J4G 1E5 (the "**Longueuil Warehouse**") to which Vendors, or

the applicable Vendor, is a party (the “**Longueuil Lease**”) pursuant to section 32 of the CCAA.

- (b) Purchaser shall reimburse Vendors an amount of \$74,686, reflecting one hundred percent (100%) of the occupancy costs relating to the Longueuil Warehouse for the period between the Closing Date and the day that is 30 days after the Closing Date (the “**Lease Termination Date**”) (including rent, real property tax, property insurance, utilities, snow removal, and all other operating expenses (including shared forklifts)), which amount Purchaser shall remit to the Monitor, in trust, on the Closing Date.
- (c) In the event Purchaser does not enter into its own lease arrangements for the Longueuil Warehouse with the landlord thereof commencing following the Lease Termination Date, Purchaser shall remove all Purchased Assets from the Longueuil Warehouse by no later than 5:00 pm (local time) on the Lease Termination Date.

8.6 Change of Vendors’ Names

Forthwith following the completion of the purchase and sale of the Purchased Assets under this Agreement, Vendors shall discontinue use of the names “RCR” and “W.J. Dennis”, except where legally required to identify Vendors until their names have been changed to another name. Each Vendor shall deliver at Closing articles of amendment to change the corporate name of such Vendors to another name not including “RCR” or “W.J. Dennis” and otherwise not confusingly similar to its present name. Each Vendor shall file such articles of amendment with the applicable Governmental Entity immediately following the Closing.

8.7 Satisfaction of Conditions

Each Vendor will use its commercially reasonable efforts to ensure the satisfaction of all of the conditions set forth in Section 9.1 and Purchaser will use its commercially reasonable efforts to ensure the satisfaction of all of the conditions set forth in Section 9.2.

8.8 Risk of Loss

From the date hereof until Closing, the Purchased Business and the Purchased Assets will be and will remain at the risk of Vendors. If the Purchased Assets, or a portion of them, are damaged or destroyed or appropriated, expropriated or seized by any Person, on or prior to the Closing Date, Vendors shall give Purchaser notice of such event forthwith after such event comes to their attention and Purchaser shall have the option:

- (a) to reduce the Purchase Price by an amount equal to the cost of repair or, if appropriate, expropriated, seized, destroyed or damaged beyond repair, by an amount equal to the replacement cost of such assets and to complete the purchase, in which event Vendors shall be entitled to all proceeds of insurance and all proceeds and claims relating to the applicable event;

- (b) to reduce the Purchase Price by an amount not recoverable under the relevant insurance policies and to complete the purchase, in which event, all proceeds of insurance (to the extent received by Vendors) shall be paid to Purchaser on Closing and all rights and claims of Vendors to any insurance proceeds not paid on Closing (if any) shall be unconditionally assigned to Purchaser effective as of the Closing Date subject to the consent of the insurers; or
- (c) to terminate this Agreement by notice in writing to Vendors in the event that such damage, destruction, appropriate, expropriation or seizure, individually or in the aggregate, is material.

8.9 Liquidation of Carpet Inventory

Vendors shall use their commercially reasonable efforts to liquidate the Carpet Inventory within six months of the Closing Date at their sole expense. In connection therewith, Vendors and Purchaser shall enter into a transitional trademark license agreement on the Closing Date providing for a six month license by Purchaser to Vendors of certain trademarks, in form and substance satisfactory to Purchaser and Vendors, acting reasonably (the **"Transitional Trademark License Agreement"**).

8.10 Books and Records

For a period of seven years from the Closing Date or for such longer period as may be required by Law, Purchaser will retain all original Books and Records that are transferred to Purchaser under this Agreement. So long as any such Books and Records are retained by Purchaser pursuant to this Agreement, upon reasonable notice and for any proper purpose, Vendors and their respective assigns and representatives shall have the right to access, inspect and make copies (at their own expense) of such Books and Records during normal business hours and without undue interference to the conduct of Purchaser's business. Purchaser has the right to have its representatives present during any such inspection.

ARTICLE 9 CONDITIONS OF CLOSING

9.1 Conditions for the Benefit of Purchaser

The purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities is subject to the following conditions to be fulfilled or performed at or prior to the Closing Date, which conditions are for the exclusive benefit of Purchaser and may only be waived, in whole or in part, by Purchaser, in its sole discretion:

- (a) the Final Recognition Order shall have been issued and entered, in form and substance satisfactory to Purchaser, acting reasonably, and shall be Final;
- (b) all Purchased Business Data, wherever situate, shall have been provided to Purchaser in a format readily accessible by and acceptable to Purchaser, acting reasonably;

- (c) the CCAA Vesting Order shall have been issued and entered, in form and substance satisfactory to Purchaser, acting reasonably, executory notwithstanding appeal, and shall not have been stayed, amended, modified, reversed or dismissed as at the Closing Date;
- (d) the Vesting Recognition Order shall have been issued and entered, in form and substance satisfactory to Purchaser, acting reasonably;
- (e) truth of Representations and Warranties and Performance of Covenants:
 - (i) the representations and warranties of Vendors contained in this Agreement must be true and accurate in all material respects on the Closing Date with the same force and effect as if made at and as of the Closing Date. However, if a representation and warranty is qualified by materiality, it must be true and correct in all respects after giving effect to such qualification;
 - (ii) the covenants contained in this Agreement to be performed or complied with by Vendors on or prior to the Closing Date must be performed or complied with in all material respects; and
 - (iii) Purchaser will have received a certificate from Vendors confirming the matters set forth in Section 9.1(e) (the "**Vendors' Closing Certificate**");
- (f) no court order initiated by any Person (other than Vendors or Purchaser) to enjoin or prohibit any of the transactions contemplated by this Agreement shall be outstanding;
- (g) no Law shall have been enacted, enforced, promulgated or issued by any Governmental Entity, that makes illegal or otherwise directly or indirectly enjoins or prohibits any of the transactions contemplated by this Agreement;
- (h) there shall be no amounts due and unpaid by Vendors as at the Closing Date to JBS Logistics, Inc. pursuant to the Warehouse Services Agreement between such parties dated October 1, 2017 (as amended, restated, supplemented or modified from time to time); and
- (i) Purchaser must have received the following:
 - (i) Vendors' Closing Certificate;
 - (ii) the originals of the Books and Records to the extent that each Vendor is not required to maintain possession of such original Books and Records under applicable Laws, and copies of all other such Books and Records;
 - (iii) the Purchased Assets, which shall be delivered *in situ* wherever located as of the Closing Date;

- (iv) a copy of the CCAA Vesting Order, as entered by the CCAA Court;
- (v) a copy of the Vesting Recognition Order, as entered by the U.S. Bankruptcy Court;
- (vi) an intellectual property assignment agreement providing for the transfer and assignment of the Intellectual Property owned by Vendors, substantially in the form of Exhibit "B" (the "**Intellectual Property Assignment Agreement**"), duly executed by Vendors;
- (vii) a copy of the written notice of the disclaimer of the Longueuil Lease pursuant to section 32 of the CCAA;
- (viii) the Transitional License Agreement, duly executed by Vendors; and
- (ix) the Transition Services Agreement, duly executed by Vendors.

9.2 Conditions for the Benefit of Vendors

The purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities is subject to the following conditions to be fulfilled or performed at or prior to the Closing Date, which conditions are for the exclusive benefit of Vendors and may only be waived, in whole or in part, by Vendors, in their sole discretion:

- (a) the Final Recognition Order shall have been issued and entered, in form and substance satisfactory to Vendors, acting reasonably, and shall be Final;
- (b) the CCAA Vesting Order shall have been issued and entered, in form and substance satisfactory to Vendors, acting reasonably, executory notwithstanding appeal, and shall not have been stayed, amended, modified, reversed or dismissed as at the Closing Date;
- (c) the Vesting Recognition Order shall have been issued and entered, in form and substance satisfactory to Vendors, acting reasonably, and shall be Final;
- (d) truth of Representations and Warranties and Performance of Covenants
 - (i) the representations and warranties of Purchaser contained in this Agreement must be true and accurate in all material respects on the Closing Date with the same force and effect as if made at and as of the Closing Date. However, if a representation and warranty is qualified by materiality, it must be true and correct in all respects after giving effect to such qualification;
 - (ii) the covenants contained in this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date must be performed or complied with in all material respects; and

- (iii) Vendors will have received from Purchaser a certificate confirming the matter set forth in Section 9.2(d)(the "**Purchaser's Closing Certificate**");
- (e) No court order initiated by any Person (other than Vendors or Purchaser) to enjoin or prohibit any of the transactions contemplated by this Agreement shall be outstanding;
- (f) No Law shall have been enacted, enforced, promulgated or issued by any Governmental Entity, that makes illegal or otherwise directly or indirectly enjoins or prohibits any of the transactions contemplated by this Agreement;
- (g) Purchaser will have delivered the Purchase Price payable on the Closing Date to the Monitor, in trust, in accordance with Section 4.4;
- (h) Purchaser will have delivered the amounts payable in respect of the Boucherville Warehouse and the Longueuil Warehouse to the Monitor, in trust, in accordance with Sections 8.4(b) and 8.5(b); and
- (i) Vendors must have received the following:
 - (i) certified copies of (i) the constating documents and by-laws of Purchaser; and (ii) all resolutions of the board of directors, and if required, the shareholders of Purchaser approving the entering into and completion of the transactions contemplated by this Agreement;
 - (ii) a recent certificate of status, compliance, good standing or similar certificate with respect to Purchaser issued by the appropriate government officials of its jurisdiction of incorporation;
 - (iii) Purchaser's Closing Certificate;
 - (iv) the Intellectual Property Assignment Agreement, duly executed by Purchaser;
 - (v) the Transitional License Agreement, duly executed by Purchaser; and
 - (vi) the Transition Services Agreement, duly executed by Purchaser.

ARTICLE 10 CLOSING

10.1 Date, Time and Place of Closing

The Closing will take place at the offices of Stikeman Elliott LLP, 1155 René-Lévesque Blvd. West, Suite 4100, Montréal, Quebec H3B 3V2, as soon as reasonably practicable after the

conditions to Closing set forth in Article 9 (excluding conditions that, by their terms, cannot be satisfied until the Closing) have been satisfied (or waived by the Party entitled to waive such condition) or at such other place, on such other date and at such other time as may be agreed upon in writing by the Parties (the date the Closing occurs being referred to in this Agreement as the "**Closing Date**").

ARTICLE 11 TERMINATION

11.1 Mutual Termination

- (a) This Agreement shall automatically terminate at any time prior to the Closing by the mutual written consent of Vendors and Purchaser.
- (b) Subject to Section 11.3, upon termination of this Agreement pursuant to this Section 11.1, the Parties will be released from all of their obligations under this Agreement and there will be no liability on the part of any Party, except for their respective obligations and liabilities under Sections 12.5 (Public Disclosure), 12.6 (Confidentiality) and 12.8 (Expenses) which will survive any termination of this Agreement; provided, however, that (i) no Party shall be relieved or released from any liabilities or damages arising out of fraud, fraudulent or willful misconduct, or intentional or gross fault by it under this Agreement and (ii) the provisions of this Agreement related to the Deposit shall survive such termination.

11.2 Termination by Vendors

Prior to the Closing, Vendors may terminate this Agreement by notice in writing to Purchaser if:

- (a) there has been a material breach to perform any representation, warranty, covenant or agreement made by Purchaser pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 9.2 and such breach either cannot be cured or continues uncured for 15 days after the date on which Vendors provide Purchaser with written notice of such breach (or until the Outside Date, if earlier), except if Purchaser can reasonably expect to cure such breach prior to the Outside Date (and Purchaser confirms in writing to Vendors that Purchaser is continuing to exercise commercially reasonable efforts to cause such breach to be cured), Vendors may not terminate this Agreement on account of such breach prior to the Outside Date (and then, Vendors may only terminate this Agreement to the extent that such breach is not cured on or before the Outside Date); or
- (b) any of the conditions set forth in Section 9.2 has not been satisfied on or prior to Outside Date and Vendors have not waived such conditions on or prior to the Outside Date;

provided that Vendors will not be entitled to terminate this Agreement if the failure or impossibility of satisfaction of the condition was as a result of the breach by Vendors of any of their obligations under this Agreement. Upon termination of this Agreement by Vendors pursuant to this Section 11.2, the Parties will be released from all of their obligations under this Agreement and there will be no liability on the part of any Party, except for their respective obligations and liabilities that survive termination as described further in Section 11.1(b).

11.3 Termination by Purchaser

Prior to the Closing, Purchaser may terminate this Agreement by notice in writing to Vendor if:

- (a) there has been a material breach to perform any representation, warranty, covenant or agreement made by Vendors pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 9.1 and such breach either cannot be cured or continues uncured for 15 days after the date on which Purchaser provide Vendors with written notice of such breach (or until the Outside Date, if earlier), except if Vendors can reasonably expect to cure such breach prior to the Outside Date (and Vendors confirm in writing to Purchaser that Vendors are continuing to exercise commercially reasonable efforts to cause such breach to be cured), Purchaser may not terminate this Agreement on account of such breach prior to the Outside Date (and then, Purchaser may only terminate this Agreement to the extent that such breach is not cured on or before the Outside Date);
- (b) any of the conditions set forth in Section 9.1 has not been satisfied on or prior to Outside Date and Purchaser has not waived such conditions on or prior to the Outside Date; or
- (c) at Purchaser's election as set forth in Section 8.8;

provided that Purchaser will not be entitled to terminate this Agreement if the failure or impossibility of satisfaction of the condition was as a result of the breach, default or violation by Purchaser of any of its obligations under this Agreement. Upon termination of this Agreement by Purchaser pursuant to this Section 11.3, the Parties will be released from all of their obligations under this Agreement and there will be no liability on the part of any Party, except for their respective obligations and liabilities that survive termination as described further in Section 11.1(b).

ARTICLE 12 MISCELLANEOUS

12.1 Further Assurances

From time to time after the Closing Date, each Party shall, at the request of any other Party, execute and deliver, or cause to be executed and delivered, such additional conveyances, transfers and other assurances and take, or cause to be taken, all such action as is reasonably

required to effectively transfer the Purchased Assets and Assumed Liabilities to Purchaser and carry out the purposes and intent of this Agreement.

12.2 Cooperation on Tax Matters

The Parties agree after the Closing Date to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Purchased Assets, the Assumed Liabilities and the Purchased Business as is reasonably necessary for the filing of all Tax Returns, the preparation for any audit by any Governmental Entity and the defence of any claim relating to Taxes. The Parties shall cooperate with each other after the Closing Date in the conduct of any audit or other proceeding related to Taxes involving the Purchased Assets or the Purchased Business.

12.3 Notices

All notices and other communications given pursuant to this Agreement (each a "Notice") must be in writing (regardless of the fact that a specific provision of this Agreement specifies or fails to specify that a particular notice must be in writing) and will be deemed given only if (i) delivered personally, or by same-day courier; (ii) sent by facsimile, electronic or digital transmission method with confirmation of successful transmission received by the sender; (iii) sent by a Canadian or internationally-recognized overnight courier; or (iv) mailed by registered mail to the Parties at the addresses set forth below or to such other address as the Party to whom Notice is to be given may have furnished to the other Parties in writing in accordance with this Section 12.3. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be deemed not to be changed. A copy of each Notice under this Agreement must be provided to the Monitor.

(a) If to Vendors, at:

RCR International Inc.
180, rue de Normandie
Boucherville QC J4B 5S7

Attention: Mario Petraglia
Facsimile: (450) 670-0757
Email: mpetraglia@rcrint.com

with a copy to Stikeman Elliott LLP, at:

1155 René-Lévesque Blvd. W.
Suite 4000
Montréal, Quebec
H3B 3V2

Attention: Joseph Reynaud and Claire Zikovsky
Facsimile: (514) 397 3222
Email: jreynaud@stikeman.com / czikovsky@stikeman.com

with a copy to Thornton Grout Finnigan LLP, at:

100 Wellington St W
Suite 3200,
Toronto, ON
M5K 1K7

Attention: Rebecca Kennedy and Mitchell Grossell
Facsimile: (416) 304-1313
Email: rkennedy@tgf.ca / mgrossell@tgf.ca

(b) If to Purchaser, at:

Loxcreen Canada Ltd.
5720 Ambler Drive
Mississauga, ON
L4W 2B1

Attention: Giuseppe Comitale, President
Facsimile: (905) 625-3396
Email: joe.c@mdteam.com

with a copy to Osler, Hoskin & Harcourt LLP, at:

1 First Canadian Place
Suite 2600
Toronto, ON
M5X 1B8

Attention: Marc Wasserman and Andrea Lockhart
Facsimile: (416) 862-6666
Email: mwasserman@osler.com / alockhart@osler.com

(c) If to Monitor, at:

Ernst & Young Inc., as CCAA Court-appointed Monitor for RCR International
Inc. and W.J. Dennis & Company
800 René-Lévesque Blvd. W.
Suite 1900
Montréal, Quebec
H3B 1X9

Attention: Martin P. Rosenthal, Alex Morrison and Martin Carrière
Facsimile: (514) 395-4933
Email: martin.rosenthal@ca.ey.com / alex.f.morrison@ca.ey.com /
martin.carriere@ca.ey.com

with a copy to Fishman Flanz Meland Paquin LLP, at:

1250 René-Lévesque Blvd. W.
Suite 4100
Montréal, Quebec
H3B 4W8

Attention: Gilles Paquin
Facsimile: (514) 932-4170
Email: gpaquin@ffmp.ca

A Notice will be deemed to have been delivered and received (i) in the case of personal delivery or same-day courier, on the date of such delivery, except that if the same-day courier delivery is made at or after 4:00 p.m. (local time in place of receipt), then the Notice will be deemed to have been delivered and received on the next Business Day; (ii) in the case of facsimile, electronic or other digital transmission, on the date sent provided confirmation of transmission is received, except that if the facsimile, electronic or digital transmission is received at or after 4:00 p.m. (local time in place of receipt), then the Notice will be deemed to have been delivered and received on the next Business Day; (iii) in the case of a Canadian or internationally-recognized overnight courier in circumstances under which such courier guarantees next Business Day delivery, on the next Business Day after the date when sent; and (iv) in the case of mailing, on the third Business Day following that on which the envelope containing such communication is posted. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send or deliver a copy of a Notice to legal counsel does not invalidate any Notice given under this Section 12.3.

12.4 Time of the Essence

Time is of the essence of this Agreement. The mere lapse of time in the performance of the terms of this Agreement by any Party will have the effect of putting such Party in default in accordance with Articles 1594 to 1600 of the *Civil Code of Québec*.

12.5 Public Disclosure

Neither Party nor any of their directors, officers, employees and their respective representatives will make any public disclosure concerning the matters set forth in this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other Party, except if required by Law or rules of applicable stock exchanges in which case the Party required to make the disclosure will use commercially reasonable efforts to give the other Party an opportunity to review and comment on any such disclosure in advance of public release. Purchaser agrees that this paragraph has no application with respect to any disclosure which Vendors consider is required in relation to the application for the CCAA Vesting Order, the CCAA Proceedings, the Vesting Recognition Order or the Chapter 15 Proceedings.

12.6 Confidentiality

Except as required by Law (unless the Law permits non-disclosure of information for confidentiality or other purposes and if such non-disclosure is not permitted, the receiving

Party seeking to disclose such information shall notify the other Party and shall seek confidential treatment of such information), Purchaser, its affiliates, and each Vendor will receive and maintain all information received from the others strictly in confidence and will not disclose to any Person or make public or authorize the disclosure of any such information and will not use such information for any purpose except for the purpose contemplated by this Agreement unless: (i) the specific information is now or hereafter publicly disclosed other than as a result of breach of this provision; (ii) the specific information was already in the possession of the receiving Party prior to the receipt by it of such information from the other Party; (iii) the specific information is disclosed to the receiving Party by a third Person having no obligation of confidentiality to the disclosing party with regard to the information; or (iv) the specific information is independently generated by the receiving Party without the use and not as a consequence of the disclosure by the other Party. If this Agreement is terminated, each Party must immediately return all confidential information that was furnished to it to the disclosing Party of such information, without retaining any copy thereof.

12.7 Third Party Beneficiaries

Except as specifically provided in this Agreement, the Parties intend that this Agreement will not benefit or create any right, stipulation for the benefit of, delegation open for acceptance by, or cause of action in favour of, any Person, other than the Parties. No Person, other than the Parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum, except as specifically provided in this Agreement.

12.8 Expenses

Each Party will pay for its own fees and expenses incurred in connection with this Agreement.

12.9 Amendments

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by each Party.

12.10 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar) or be deemed to be a waiver with respect to any other future instance involving the same provisions. Except as expressly provided for in this Agreement, no waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any further exercise of that right or the exercise of any other right it may have.

12.11 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations, correspondence and discussions, whether oral or written, of the

Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, conventional, legal or otherwise, among the Parties in connection with the subject matter of this Agreement, except as specifically set forth in Articles 5, 6 and 7 of this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

12.12 Successors and Assigns

- (a) This Agreement is binding upon and enures to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.
- (b) Purchaser shall be entitled, upon giving notice to Vendors at any time not less than two (2) Business Days prior to the Closing Date, to assign all of its rights and obligations under this Agreement to any Affiliate of Purchaser. In such case, such assignee shall have and may exercise all of the rights, and shall assume all of the obligations, of Purchaser under this Agreement, all references to Purchaser in this Agreement shall mean to refer to such assignee; provided, however that Purchaser shall not be relieved of its obligations under this Agreement. Except for such permitted assignment above, no Party may assign this Agreement without the prior written consent of the other Parties.

12.13 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable, in whole or in part, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision or part thereof will be severed from this Agreement and the remaining part of such provision and all other provisions will continue in full force and effect.

12.14 Governing Law

- (a) This Agreement is governed by, and shall be interpreted and enforced in accordance with the Laws of the province of Quebec and the federal Laws of Canada applicable therein.
- (b) The Parties agree that the courts of the District of Montréal, Province of Quebec, Canada, will have exclusive jurisdiction for the adjudication of any and all disputes or controversies arising out of or relating directly or indirectly to this Agreement, and waive any objections to the assertion or exercise of jurisdiction by such courts, including any objection based on *forum non conveniens*.

12.15 Counterparts

This Agreement may be executed and delivered in any number of counterparts (including by facsimile, email or other electronic means), each of which is deemed to be an original, and such counterparts together constitute one and the same agreement.

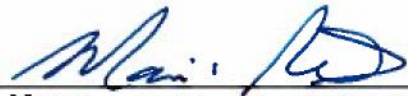
12.16 English Language

The Parties have agreed that this Agreement as well as any Notice, document or instrument relating to it be drawn up in English only but without prejudice to any such Notice, document or instrument which may from time to time be drawn up in French only or in both French and English. *Les parties aux présentes ont convenu que la présente convention ainsi que tous autres avis, actes ou documents s'y rattachant soient rédigés en anglais seulement mais sans préjudice à tous tels avis, actes ou documents qui pourraient à l'occasion être rédigés en français seulement ou à la fois en anglais et en français.*

[signature page follows]

The Parties have signed this Asset Purchase Agreement as of the date first written above.

RCR INTERNATIONAL INC.

By: 
Name: MARIO PETRAGLIA.
Title: CEO

W.J. DENNIS & COMPANY

By: 
Name: MARIO PETRAGLIA.
Title: CEO.

LOXCREEN CANADA LTD.

By: _____
Name:
Title:

The Parties have signed this Asset Purchase Agreement as of the date first written above.

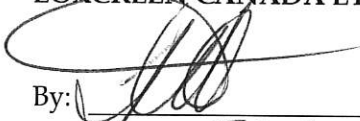
RCR INTERNATIONAL INC.

By: _____
Name:
Title:

W.J. DENNIS & COMPANY

By: _____
Name:
Title:

LOXCREEN CANADA LTD.

By:  _____
Name: JOE COMITALE
Title: PRESIDENT

EXECUTION COPY

The undersigned acknowledges and agrees to accept its duties under Sections 4.2 and 11.3 of this Agreement.

ERNST & YOUNG INC., in its capacity as
Monitor of RCR International Inc. and W.J.
Dennis & Company and not in its personal or
corporate capacity

By: 

Name: *MARTIN ROSENTHAL*
Title: *SR. VP.*

EXECUTION COPY

EXHIBIT "A"

FORM OF PURCHASE PRICE ALLOCATION

RCR INTERNATIONAL INC. and W.J. DENNIS & COMPANY

Purchase price allocation

As of _____

(\$CAD)

	RCR INTERNATIONAL INC.	W.J. DENNIS & COMPANY	Total
2.1 (a) Fixed assets (Note 1)			
2.1 (b) Rolling stock			-
2.1 (c) Inventories (Note 2)			-
2.1 (d) Deposits re Inventories			
2.1 (e) Intellectual Property			-
2.1 (f)-(i) Other			
Total purchase price	-	-	-

Note 1: Excludes rolling stock.**Note 2:** Net of applicable reserves.

EXECUTION COPY

EXHIBIT "B"

FORM OF INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

TRANSITIONAL TRADEMARK LICENSE AGREEMENT

THIS LICENSING AGREEMENT dated February [●], 2018 (the “**Effective Date**”) is made

BETWEEN:

LOXCREEN CANADA LTD., an entity organized and existing under the Laws of Canada, having an address at 5720 Ambler Drive, Mississauga, ON L4W 2B1

(the “**Licensor**”)

AND:

RCR INTERNATIONAL INC., an entity organized and existing under the Laws of Canada, having an address at 180, rue de Normandie, Boucherville, QC J4B 5S7

(the “**Licensee**”)

RECITALS:

- (a) The Licensor (as purchaser) and the Licensee (as vendor), have entered into an Asset Purchase Agreement dated February [●], 2018 (the “**Asset Purchase Agreement**”) pursuant to which the Licensor agreed to purchase, and the Licensee agreed to sell, the Purchased Assets (as defined in the Asset Purchase Agreement).
- (b) It is a condition of closing of the transaction(s) contemplated by the Asset Purchase Agreement that the Licensor enter into this transitional trademark license agreement with the Licensee in order to permit the Licensee to use the Licensed Marks (as defined below), in connection with the manufacturing and sale of the Carpet Inventory (as defined in the Asset Purchase Agreement), for a transitional period following such closing.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties to this Agreement (the “**Parties**”)), the Parties agree as follows:

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

Definitions

- 1.1 In this Agreement, including the Recitals hereto, all capitalized terms not otherwise defined herein have the meaning given to them in the Asset Purchase Agreement;

“**Agreement**” means this transitional trademark license agreement, and all schedules attached to this agreement, in each case as they may be supplemented or amended from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this agreement, and unless otherwise indicated, references to Sections are to Sections in this agreement;

“**Licensed Marks**” means the common law trademarks, trademark registrations, trademark applications, trade dress and logos owned by the Licensor as more particularly set out in Schedule “A”; and

“**Term**” has the meaning set out in Section 2.2.

“**Territory**” means Canada and the United States, as set out in Section 2.3.

Interpretation

1.2 In this Agreement:

- (a) the inclusion of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;
- (b) unless the context otherwise requires, words in the singular include the plural and vice versa, and words in one gender include all genders; and
- (c) the word “including” is not limiting, whether or not non-limiting language such as “without limitation” or “but not limited to” or other words of similar import are used with reference thereto.

ARTICLE 2 TRADEMARK LICENSE AND RELATED PROVISIONS

Schedules

2.1 The following schedules are attached to and form part of this Agreement:

Schedule “A” – Licensed Marks

Term of the Agreement

2.2 This Agreement shall commence as of the Effective Date and shall continue for a term of six (6) months from and after the Effective Date, or such earlier date upon which the Agreement is terminated by written agreement of the Parties or in accordance with the provisions of this Agreement (the “**Term**”).

Trademark License

2.3 Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee, a royalty-free, non-exclusive, non-sublicensable license to use the Licensed

Marks in Canada and the United States (collectively, the “Territory”) during the Term in association with the manufacturing and sale of the Carpet Inventory only.

- 2.4 Licensee hereby covenants and agrees that its use of the Licensed Marks during the Term:
- (a) shall be only with respect to goods and/or product lines that were manufactured, sold, marketed, advertised, offered or provided by RCR INTERNATIONAL INC. prior to the Effective Date;
 - (b) shall be with goods of a level of quality equal to or greater than the quality of goods with respect to which RCR INTERNATIONAL INC. used the Licensed Marks immediately prior to the Effective Date; and
 - (c) shall not be for any new product lines that were not manufactured, sold, marketed, advertised, offered or provided by the Licensee prior to the Effective Date
- 2.5 Licensee hereby agrees that it shall not use the Licensed Marks except for the purposes provided for herein.
- 2.6 For greater certainty, the Parties agree that nothing in this Agreement shall preclude or restrict Licensor from manufacturing, selling, marketing, advertising, offering or providing goods in association with the Licensed Marks, and nothing in this Agreement shall preclude or restrict Licensor from sub-licensing to others the right to manufacture, sell, market, advertise, offer or provide goods in association with the Licensed Marks.

No Grant or Rights to Use Licensed Marks as a Trade Name or Domain Name

- 2.7 Licensee shall not use the Licensed Marks (or any confusingly similar derivation, translation, adaptation, combination or variation thereof) in any company name, business name or domain name.

Standards Set by Licensor

- 2.8 With respect to the character and quality of the goods in respect of which the Licensed Marks are used by the Licensee, the Licensee shall meet or exceed such standards as existed immediately prior to the Effective Date. Without limiting the foregoing, the Licensee shall ensure that the goods in respect of which it uses one or more of the Licensed Marks comply with all applicable laws.
- 2.9 In order to ensure that the Licensee is complying with its obligations hereunder, including particularly the quality standards and use requirements in this Agreement, the Licensee shall, upon reasonable request from the Licensor, provide the Licensor with a representative sample of goods that bear the Licensed Marks.

Ownership and Infringement

- 2.10 Licensee acknowledges that the Licensed Marks, and the goodwill associated therewith, are the exclusive property of Licensor, and Licensee agrees that any use of the Licensed Marks by Licensee and the goodwill arising from such use shall enure to the benefit of Licensor.
- 2.11 Except as provided in this Agreement, the Licensee shall have no rights in or to the any of the Licensed Marks and shall not seek to register in any jurisdiction any trade name, corporate or business name, trademark, tag-line, logo, trade dress, slogan, domain name, brand name or other source identifier that is a derivation, translation, adaptation, combination or variation of any of the Licensed Marks, or that is confusingly similar thereto.
- 2.12 Licensee shall not directly or indirectly contest Licensor's use or ownership of the Licensed Marks, or the validity or enforceability of any applications or registrations therefor, either during the term of this Agreement or at any time thereafter, nor shall it voluntarily assist in any action taken by any third party, an object of which action is to contest said use, ownership, validity or enforceability.
- 2.13 Licensee shall have no right to commence or maintain an action for infringement of or passing off with respect to any of the Licensed Marks in its own name, or in the name of Licensor without the prior written consent of Licensor.
- 2.14 If Licensee or Licensor has knowledge or becomes aware that the Licensed Marks are being infringed, such knowledge shall be promptly conveyed to the other Party. Licensor may, but shall not be obliged, to enter suit to prevent infringement or further infringement and to prosecute the suit. The Licensee agrees to provide such reasonable assistance, at Licensor's expense, as may be required by Licensor for the purpose of such suit and may, at its own expense, be represented by counsel of its own choosing. Subject to the terms of an order of a court of competent jurisdiction, the costs of the suit (other than the costs of Licensee's own counsel) shall be borne by Licensor and Licensor shall be solely entitled to the recovery of any damages or settlement monies.

Further Obligations of the Licensee

- 2.15 In addition to the obligations set out above, Licensee hereby agrees that it shall be subject to the following obligations:
- (a) to refrain from making any false or misleading representations, warranties or guarantees in respect of the Licensed Marks under any circumstances whatsoever;
 - (b) to refrain from holding itself out as having any right or authority to assume or to create any obligation or responsibility on behalf of or in the name of Licensor, or to bind Licensor in any manner whatsoever other than as may be expressly provided in this Agreement;

- (c) to promptly inform Licensor of any material complaints, whether verbal or written, which the Licensee has received from any Person with respect to the use of the Licensed Marks; and
- (d) to be solely responsible for the observance of any and all standards of quality or other regulatory requirements that may be set by law from time to time by any government or government agency relating to the use of the Licensed Marks.

Default and Notice of Termination

2.16 Upon default by Licensee in the performance of any obligation hereunder to be performed by Licensee, Licensor may give notice in writing to Licensee specifying the particulars of the default. Unless (i) such default be cured within thirty (30) days following the giving of such notice, or (ii) if such default cannot be cured within such thirty (30) day period, the necessary action for the cure thereof has been undertaken promptly upon receipt of default notice and diligently prosecuted thereafter, Licensor may give further written notice to Licensee terminating this Agreement on the date specified in such notice. Such termination rights shall be in addition to, and not in substitution for, any other remedies that may be available to Licensor against Licensee in default, and any failure in the exercise of such rights shall not relieve Licensee from any obligations accrued to the date of such termination, or relieve Licensee from liability and damages to Licensor for breach of this Agreement. Waiver by Licensor of a single default or a succession of defaults shall not deprive Licensor of any right to terminate this Agreement arising by reason of any subsequent default.

Effects of Termination

- 2.17 Upon termination:
- (a) Licensee shall immediately cease and discontinue any and all uses of the Licensed Marks, whether or not in combination with other words or symbols, and all trade names, corporate or business names, trademarks, tag-lines, logos, trade dress, slogans, domain names, brand names and other source identifiers confusingly similar to, or embodying any of, the Licensed Marks, whether or not in combination with other words, symbols or other distinctive or non-distinctive elements; and
 - (b) all rights granted herein in connection with the licensing arrangements shall automatically revert to Licensor.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Mutual Representations and Warranties

3.1 Each Party to this Agreement represents and warrants to the other Party that:

- (a) it is not under any legal obligation that would prevent it from entering into this Agreement or that would prevent or hinder the carrying out of its terms; and
- (b) all internal authorizations required for the entering into of this Agreement have been or will be made, including any required authorizations by its Board of Directors or Managers, as the case may be, or otherwise.

Licensor Disclaimer of All Other Warranties

- 3.2 Licensor expressly disclaims and excludes all express or implied representations and warranties, whether statutory or otherwise.

**ARTICLE 4
GENERAL PROVISIONS**

Confidentiality

- 4.1 All non-public information relating to either Party hereto, their properties and other assets or their business or operations (including, without limitation, property information, business plans, data, reports, documents, business secrets, financial information and all information of any other kind) ("**Confidential Information**") received by a Party hereto (a "**Recipient**"), shall be received and maintained in confidence by the Recipient.
- 4.2 The obligations of limited use and nondisclosure contained under this heading of "Confidentiality" will not:
- (a) restrict the disclosure of Confidential Information to a Recipient's attorneys, tax advisors, accountants, other professional advisors, consultants, or to any of the Recipient's employees, agents, financiers, auditors, or representatives who have a reason to have access to such Confidential Information in connection with their duties and responsibilities to the Recipient, the Recipient being responsible for any breach by any such Person as if any such Person was a Recipient;
 - (b) restrict the disclosure of Confidential Information by the Recipient, to the extent such disclosure is required by any governmental or regulatory authority or court entitled by law to such disclosure, or that is required by law to be disclosed, provided that the Recipient shall notify the other Party and shall seek confidential treatment of the Confidential Information to be disclosed;
 - (c) restrict the disclosure of Confidential Information by the Recipient to the extent permitted with the written consent of the Party to whom such Confidential Information pertains; or
 - (d) apply to information that was publicly known or part of the public domain or otherwise known to the Recipient prior to the time it was disclosed to the Recipient by the other Party or its representatives, or agents and was not otherwise subject to any restriction on disclosure by the Recipient or is or

subsequently becomes publicly known or part of the public domain through no act or omission by the Recipient or any Person acting on the Recipient's behalf, or otherwise becomes known to the Recipient without breach of this Agreement (other than through disclosure by the other Party or its representatives or agents) or any other contractual, legal, or fiduciary obligation owing to the other Party.

The Recipient agrees that all Confidential Information is and will be the property of the Party to whom it pertains, and upon the written request of such Party, the Recipient shall promptly return, delete or destroy all Confidential Information prepared by or on behalf of such Party and delivered to the Recipient, including all copies thereof, held by the Recipient, unless otherwise required by applicable law.

Allocation of Costs

- 4.3 Unless otherwise agreed, each Party will bear the costs and expenses which it will incur as a result of the rights and obligations contained herein.

Damages Not Adequate Remedy

- 4.4 Licensee acknowledges and agrees that any breach by Licensee of its obligations under this Agreement is likely to cause substantial and irreparable damage to Licensor, such that money damages may not be an adequate remedy. Accordingly, Licensor shall be entitled to seek injunctive and other equitable relief, in addition to all other remedies available to it at law or at equity, without the necessity of posting bond or other undertaking. In the event that any action is brought to enforce the provisions of this Section 4.4, Licensee hereby agrees that it will not allege (and Licensee hereby waives the defense or counterclaim), that there is an adequate remedy at law.

Assignment

- 4.5 Licensee may assign this Agreement to a subsequent purchaser and/or distributor of part or all of the Carpet Inventory with the prior written consent of Licensor, which consent shall not be unreasonably withheld. Any attempt to assign this Agreement in contravention of the preceding sentence shall be void. The Licensor may assign this Agreement and its rights hereunder to any Person.

Notices

- 4.6 All notices and other communications given pursuant to this Agreement (each a "Notice") must be in writing (regardless of the fact that a specific provision of this Agreement specifies or fails to specify that a particular notice must be in writing) and will be deemed given only if (i) delivered personally, or by same-day courier; (ii) sent by facsimile, electronic or digital transmission method with confirmation of successful transmission received by the sender; (iii) sent by a Canadian or internationally-recognized overnight courier; or (iv) mailed by registered mail to the Parties at the addresses set forth below or to such other address as the Party to whom Notice is to be given may have furnished to the other Parties in writing in accordance with this Section 4.6. Any subsequent Notice must be sent to the Party at its changed address. Any

element of a Party's address that is not specifically changed in a Notice will be deemed not to be changed. Notices shall be addressed as follows:

(a) if to Licensor, at:

Loxcreen Canada Ltd.
5720 Ambler Drive
Mississauga, ON
L4W 2B1

Attention: Giesepe Comitale, President
Facsimile: (905) 625-3396
Email: joe.c@mdteam.com

with a copy to Osler, Hoskin & Harcourt LLP, at:

1 First Canadian Place
Suite 2600
Toronto, ON
M5X 1B8

Attention: Marc Wasserman and Andrea Lockhart
Facsimile: (416) 862-6666
Email: mwasserman@osler.com / alockhart@osler.com

(b) if to Licensee, at:

RCR International Inc.
180, rue de Normandie
Boucherville, QC
J4B 5S7

Attention: Mario Petraglia
Facsimile: (450) 670-0757
Email: mpetraglia@rcrint.com

with a copy to Stikeman Elliott LLP, at

1155 René-Lévesque Blvd. W.
Suite 4000
Montréal, QC
N3B 3V2

Attention: Joseph Reynaud and Claire Zikovsky
Facsimile: (514) 397-3222
Email: jreynaud@stikeman.com / czikovsky@stikeman.com

Time of Essence

4.7 Time is of the essence of this Agreement in all respects.

Further Assurances

4.8 Each Party shall use reasonable efforts to take all such steps, prepare and/or execute all such documents and do all such acts and things as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

Entire Agreement

4.9 This Agreement, together with the Asset Purchase Agreement (including the agreements contemplated thereby), constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions with respect to the subject matter hereof, whether oral or written, between the Parties, and there are no warranties, representations or agreements between the Parties in connection with such subject matter hereof.

Amendment

4.10 This Agreement shall not be amended or modified unless such amendment or modification is unanimously agreed to in writing by all of the Parties, and each Party shall execute a written instrument giving effect to such amendment or modification.

Waiver

4.11 Except as expressly provided in this Agreement, no waiver of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

Severability

4.12 If any provision of this Agreement is determined to be illegal, invalid or unenforceable, in whole or in part, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision or part thereof will be severed from this Agreement and the remaining part of such provision and all other provisions will continue in full force and effect.

Governing Law

4.13 This Assignment is governed by, and shall be interpreted and enforced in accordance with the Laws of the province of Quebec and the federal Laws of Canada applicable therein. The Parties agree that the courts of the District of Montréal, Province of Quebec, Canada, will have exclusive jurisdiction for the adjudication of any and all disputes or controversies arising out of or relating directly or indirectly to this Agreement, and

waive any objections to the assertion or exercise of jurisdiction by such courts, including any objection based on *forum non conveniens*.

Enurement

4.14 This Agreement is binding upon and ensures to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

Counterparts

4.15 This Agreement may be executed and delivered in separate counterparts (including by facsimile, email or other electronic means), each of which is deemed to be an original, and such counterparts together constitute one and the same agreement.

English Language

4.16 The Parties have agreed that this Assignment as well as any Notice, document or instrument relating to it be drawn up in English only but without prejudice to any such Notice, document or instrument which may from time to time be drawn up in French only or in both French and English. *Les parties aux présentes ont convenu que la présente convention ainsi que tous autres avis, actes ou documents s'y rattachant soient rédigés en anglais seulement mais sans préjudice à tous tels avis, actes ou documents qui pourraient à l'occasion être rédigés en français seulement ou à la fois en anglais et en français.*

Miscellaneous

4.17 No Party shall be, or shall be deemed to be, the agent or legal representative of the other Party for any purpose whatsoever. No Party is granted any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of or in the name of the other Party or to bind the other Party in any manner whatsoever.

4.18 Whenever a period of time is prescribed for the taking of an action by a Party, the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes, acts of God, acts of state, war, terrorists acts, civil disturbances and other causes beyond the reasonable control of the performing party (collectively, "**force majeure**"), excluding the performing Party's financial impecuniosity. Should a Party be unable to perform any obligation as a result of force majeure, it shall inform the other Party, as soon as possible following the occurrence of such event, of the situation and the reason(s) for the non-performance, so as to minimize any losses incurred by any other Person as a consequence thereof. Such Party shall use reasonable efforts to eliminate any obstacles resulting from the force majeure, thereby minimizing its adverse effects, as well as any resulting losses.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Assignment to be duly executed by their respective authorized officers.

LOXCREEN CANADA LTD.

By: _____

Name:

Title:

Date:

RCR INTERNATIONAL INC.

By: _____

Name:


Title:

Date:

SCHEDULE "A"

Licensed Marks

1. Canadian Trademark Registrations and Applications

Trademark	Logo	Registration No.	Application No.
ESSENTIA		TMA984,241	1,759,832
ESSENTIA			1,827,195
RCR & DESIGN		TMA150,345	297,088
W.J. DENNIS			1,784,980

2. United States Trademark Registrations and Applications


Trademark	Logo	Registration No.	Serial No. Number
ESSENTIA			86-853072
ESSENTIA			87-374627
RCR		4,758,841	86-332769
W.J. DENNIS			87-062088

EXHIBIT "C"

SALE AND INVESTMENT SOLICITATION PROCESS

Sale and Investment Solicitation Process

Introduction

On November 20, 2017, RCR International Inc. and W.J. Dennis & Company (together, the “**Debtors**”) filed an *Application for the Issuance of an Initial Order* (as amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) before the Quebec Superior Court of Justice (Commercial Division) (the “**Court**”). Amongst other things, the Initial Order:

- (a) stays all proceedings against the Debtors, their assets and their directors and officers;
- (b) appoints Ernst & Young Inc. (the “**Monitor**”) as the monitor of the Debtors;
- (c) authorizes the Debtors to enter into a debtor-in-possession financing agreement (the “**DIP Financing**”) with the Bank of Montreal (“**BMO**” or the “**DIP Lender**”) whereby BMO agreed to provide \$3.0 million in financing to the Debtors, as well as the charge (the “**DIP Charge**”) over all of the present and future assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”); and
- (d) authorizes the Debtors, with the assistance of their financial advisor, Lincoln International LLC (the “**Financial Advisor**”) and the Monitor, to pursue all avenues of sale of their assets or business, in whole or in part, subject to prior approval of the Court before any material sale.

In this regard, the Debtors, with their Financial Advisor, will conduct the sale and investment solicitation process (“**SISP**”) described herein, under the supervision of the Monitor with the approval of the Court pursuant to the Initial Order. Under the SISP, all qualified interested parties will be provided with an opportunity to participate in the SISP. The SISP is intended to continue the pre-filing efforts of the Debtors and the Financial Advisor in soliciting interest in an acquisition of the business or a sale of the assets and/or the business of the Debtors by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction.

This document (the “**SISP Procedure**”) outlines the SISP, comprised of two phases (“**Phase 1**” and “**Phase 2**”, respectively).

Opportunity

1. The SISP is intended to solicit interest in, and opportunities for, the direct or indirect acquisition by a person or group in a single transaction or a series of transactions, of (i) all or a majority of the assets or operations of the Debtors, or (ii) 50% or more of the equity of the Debtors (the “**Opportunity**”). The Opportunity may include one or more of a merger, reorganization, recapitalization, primary equity issuance or other similar transaction of the business and affairs of the Debtors as a going concern or a sale of all,

or substantially all or one or more components of the Debtors' assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.

2. Prior to the date of the Initial Order, the Debtors, with the assistance of the Financial Advisor, conducted a review of strategic alternatives, including a sale and investment solicitation process that was approved by the board of directors of RCR (the "**Review of Strategic Alternatives**"). From and after the date of the Initial Order, the Review of Strategic Alternatives will be continued under and be governed by this SISP Procedure. Any non-disclosure or confidentiality agreement delivered to the Financial Advisor in relation to the Review of Strategic Alternatives that has not expired will continue to remain in effect during this SISP. Further, and for greater certainty, any party that submitted a non-binding indication of interest must deliver a LOI (as defined below) and a binding offer in accordance with this SISP Procedure in order to participate in the SISP as a bidder.
3. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Debtors, the Financial Advisor, or any of their respective agents, advisors or representatives, and, in the event of a sale, all of the right, title and interest of the Debtors in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to a Court order, except as otherwise provided in such Court order.

Timeline

4. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Phase 1 Bid Deadline	December 21, 2017
Phase 2 Bid Deadline	January 26, 2018
Closing Date Deadline	February 28, 2018

Subject to the terms of the DIP Financing and the dates contained therein and any order of the Court, the dates set out in the SISP may be extended by the Debtors, with the consent of the DIP Lender and the approval of the Monitor.

Solicitation of Interest: Notice of the SISP

5. As soon as reasonably practicable, but in any event by no later than November 24, 2017:
 - (a) the Debtors and the Financial Advisor, in consultation with the Monitor and the DIP Lender, will prepare a list of potential bidders, including (i) parties that have approached the Debtors, the Financial Advisor or the Monitor indicating an

interest in the Opportunity, and (ii) local and international strategic and financial parties who the Debtors and the Financial Advisor, in consultation with the Monitor and the DIP Lender, believe may be interested in purchasing all or part of the Business and Property or investing in the Debtors pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document in the Review of Strategic Alternatives (collectively, "**Known Potential Bidders**");

- (b) the Debtors will arrange for a notice of the SISP (and such other relevant information which the Debtors, in consultation with the Financial Advisor and Monitor, considers appropriate) (the "**Notice**") to be published in The Globe and Mail (National Edition), Le Devoir and any other newspaper or journal as the Debtors and the Financial Advisor, in consultation with the Monitor, consider appropriate, if any;
 - (c) the Debtors will issue a press release with Canada Newswire setting out the information contained in the Notice and such other relevant information which the Debtors and the Financial Advisor, in consultation with the Monitor, consider appropriate designating dissemination in Canada and major financial centres in the United States; and
 - (d) the Financial Advisor and the Debtors, in consultation with the Monitor, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Debtors, the Financial Advisor and the Monitor, and their respective counsel, and consistent with the form and substance of the non-disclosure agreement previously executed by interested parties under the Review of Strategic Alternatives (an "**NDA**").
6. The Financial Advisor, with the assistance of the Debtors and the Monitor, will send the Teaser Letter and NDA to all Known Potential Bidders by no later than November 24, 2017 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Debtors, the Monitor or the Financial Advisor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

PHASE 1: NON-BINDING LOIs

Qualified Bidders and Delivery of Confidential Information Package

7. Any party who wishes to participate in the SISP (a "**Potential Bidder**") must provide to the Financial Advisor, unless the Financial Advisor confirms to such Potential Bidder that the below documents were already provided to the satisfaction of or are already available to the Debtors, Financial Advisor and Monitor:
- (a) an NDA executed by it, and which shall inure to the benefit of any purchaser of the Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full

disclosure of the direct and indirect principals of the Potential Bidder. If a Potential Bidder has previously delivered an NDA and letter of this nature to the Financial Advisor and the NDA remains in effect, the Potential Bidder is not required to deliver a new NDA or letter to the Financial Advisor unless otherwise requested by the Debtors or the Monitor; and

- (b) such form of financial disclosure and credit quality support or enhancement that allows the Debtors, the Financial Advisor and the Monitor to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Sale Proposal, or Investment Proposal, as applicable.
8. If the Debtors and the Financial Advisor determine, exercising their reasonable business judgment and in consultation of the Monitor and the DIP Lender and with the approval of the Monitor, that a Potential Bidder: (i) has delivered the documents contemplated in paragraph 7 above; and (ii) has the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP, then such Potential Bidder shall be deemed to be a "**Phase 1 Qualified Bidder**". For greater certainty, no Potential Bidder shall be deemed not to be a Phase 1 Qualified Bidder without the approval of the Monitor.
 9. At any time during Phase 1 of the SISP, the Debtors and the Financial Advisor may, in their reasonable business judgment and after consultation with the Monitor and the DIP Lender and with the consent of the Monitor, eliminate a Phase 1 Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a Phase 1 Qualified Bidder for the purposes of the SISP.
 10. The Financial Advisor, with the assistance of the Debtors and the Monitor, will prepare and send to each Phase 1 Qualified Bidder a confidential information package providing additional information considered relevant to the Opportunity (the "**Confidential Information Package**"). The Financial Advisor, the Debtors, the Monitor and their respective advisors make no representation or warranty as to the information contained in the Confidential Information Package or otherwise made available pursuant to the SISP, except to the extent expressly contemplated in any definitive sale or investment agreement with a successful bidder ultimately executed and delivered by the Debtors.
 11. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Debtors.

Due Diligence

12. The Debtors and the Financial Advisor, in consultation with the Monitor, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Phase 1 Qualified Bidder such access to due diligence materials and information relating to the Property and Business as they or the Monitor deem appropriate. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Phase 1 Qualified

Bidder may reasonably request and as to which the Debtors and the Financial Advisor, in their reasonable business judgment and after consulting with the Monitor, may agree. The Financial Advisor and the Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. None of the Debtors, the Financial Advisor and the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Phase 1 Qualified Bidders. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 1 Qualified Bidders if the Debtors and the Financial Advisor, in consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.

Non-Binding Letters of Intent from Phase 1 Qualified Bidders

13. A Phase I Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of interest (an "**LOI**") to the Financial Advisor and the Monitor at the addresses specified in Schedule "1" hereto (including by email or fax transmission), so as to be received by them not later than 5:00 PM (Eastern Time) on or before December 21, 2017 (the "**Phase 1 Bid Deadline**").
14. Subject to paragraph 15, an LOI so submitted will be considered a qualified LOI (a "**Qualified LOI**") only if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - (b) it contains an indication of whether the Phase 1 Qualified Bidder is offering to:
 - (i) acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"), or
 - (ii) make an investment in, restructure, reorganize or refinance the Business or the Debtors (an "**Investment Proposal**");
 - (c) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the purchase price or price range in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - (iii) a specific indication of the financial capability of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
 - (iv) a description of the conditions and approvals required for a final and binding offer;

- (v) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
 - (vi) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (d) in the case of an Investment Proposal, it identifies the following:
- (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Debtors in Canadian dollars;
 - (iii) the underlying assumptions regarding the pro forma capital structure;
 - (iv) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
 - (v) a description of the conditions and approvals required for a final and binding offer;
 - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (vii) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose; and
 - (viii) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (e) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Debtors and/or the Financial Advisor, in consultation with the Monitor.
15. The Debtors and the Financial Advisor, with the approval of the Monitor, may waive compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified LOI. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

16. Following the Phase 1 Bid Deadline, the Debtors and the Financial Advisor, in consultation with the Monitor and the DIP Lender, will assess the Qualified LOIs. If it is determined by the Debtors and the Financial Advisor, in consultation with the Monitor and the DIP Lender, that a Phase 1 Qualified Bidder that has submitted a Qualified LOI:
- (i) has a *bona fide* interest in completing a Sale Proposal or Investment Proposal (as the

case may be); and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided, then such Phase 1 Qualified Bidder will be deemed a "**Phase 2 Qualified Bidder**", provided that the Debtors and the Financial Advisor may, in their reasonable business judgment and after consultation with the Monitor and the DIP Lender and with the approval of the Monitor and the DIP Lender, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some or all bidders from the process) taking into account the factors identified in paragraph 17 below and any material adverse impact on the operations and performance of the Debtors. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP. The Monitor shall approve the elimination from the SISP of all Phase 1 Qualified Bidders that submitted a Qualified LOI that are deemed not to be a Phase 2 Qualified Bidder.

17. As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, the Debtors and the Financial Advisor, in consultation with and with the approval of the Monitor and after consultation with the DIP Lender, shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to: (i) the number of Qualified LOIs received, (ii) the extent to which the Qualified LOIs relate to the same Property or Business or involve Investment Proposals predicated on certain Property or Business, (iii) the scope of the Property or Business to which any Qualified LOIs may relate, and (iv) whether to proceed by way of sealed bid or auction (with or without a stalking horse bidder) with respect to some or all of the Property.
18. Upon the determination by the Debtors and the Financial Advisor, in consultation with the DIP Lender and with the approval of the Monitor, of the manner in which to proceed to Phase 2 of the SISP, the Debtors and the Financial Advisor, in consultation with and with the approval of the Monitor, will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), and the Bid Process Letter will be (i) sent by the Financial Advisor to all Phase 2 Qualified Bidders who are invited to participate in Phase 2 by December 22, 2017, and (ii) posted by the Monitor on the website that the Monitor maintains in respect of this CCAA proceeding.
19. Notwithstanding the process and deadlines outlined above with respect to Phase 1 of the SISP and the process to supplement Phase 2 by way of the Bid Process Letter, the Debtors may, in consultation with the Financial Advisor and with the consent of the Monitor and the DIP Lender, at any time bring a motion to seek approval of a stalking horse asset purchase agreement or a motion approving a transaction in respect of some or all of the Property and related bid procedures in respect of such Property or to establish further or other procedures for Phase 2.

PHASE 2: FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

20. Paragraphs 21 to 32 below and the conduct of Phase 2 are subject to paragraphs 16 to 19, above, any adjustments made to Phase 2 in accordance with the Bid Process Letter and any further Court order regarding the SISP.

Formal Binding Offers

21. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Debtors or their Property and Business shall submit a binding offer (the "**Phase 2 Bid**") that complies with all of the following requirements to the Financial Advisor and the Monitor at the addresses specified in Schedule "I" hereto (including by email or fax transmission), so as to be received by them not later than 5:00 PM (Eastern Time) on January 26, 2018 or as may be modified in the Bid Process Letter, in consultation with and with the approval of the Monitor and the DIP Lender (the "**Phase 2 Bid Deadline**"):
- (a) the bid shall comply with all of the requirements set forth in paragraph 14 in respect of Phase 1 Qualified LOIs;
 - (b) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Property or Business on terms and conditions reasonably acceptable to the Debtors and the Monitor;
 - (c) the bid includes a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (d) the bid includes duly authorized and executed transaction agreements, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto;
 - (e) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Debtors, with the assistance of the Financial Advisor and the Monitor to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
 - (f) the bid is not conditioned on: (i) the outcome of any further due diligence by the Phase 2 Qualified Bidder, apart from, if applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld in Phase 1 from the Phase 1 Qualified Bidder, or (ii) obtaining financing;
 - (g) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, that is participating in, or benefiting from such bid;
 - (h) for a Sales Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable deposit in the amount of not less than 10% of

the Purchase Price offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;

- (i) for an Investment Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable deposit in the amount of not less than 10% of the total new investment contemplated in the bid upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;
 - (j) the bid includes acknowledgments and representations from the Phase 2 Qualified Bidder that the Phase 2 Qualified Bidder: (i) has had an opportunity to conduct any and all due diligence regarding the Property, Business and the Debtors prior to making its offer (apart from, to the extent applicable, the disclosure of any due diligence materials representing proprietary or sensitive competitive information withheld in Phase 1 from the Phase 1 Qualified Bidder); (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and (iii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, Property, or the Debtors or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Debtors;
 - (k) the bid is received by the Phase 2 Bid Deadline; and
 - (l) the bid contemplates closing the transaction set out therein on or before February 28, 2018 (the “**Closing Date**”).
22. Following the Phase 2 Bid Deadline, the Debtors and the Financial Advisor, in consultation with the Monitor and the DIP Lender, will assess the Phase 2 Bids received. The Debtors and the Financial Advisor, in consultation with the Monitor and the DIP Lender and with the approval of the Monitor, will designate the most competitive bids that comply with the foregoing requirements (the “**Qualified Bids**”). The Monitor shall approve the disqualification of any Phase 2 Bids that are deemed not to be Qualified Bids. Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
23. The Debtors and the Financial Advisor, in consultation with the DIP Lender and with the approval of the Monitor, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Bid.
24. The Financial Advisor shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constituted a Qualified Bid within three (3) business days of the Phase 2 Bid Deadline, or at such later time as the Debtors and the Financial Advisor, in consultation with and with the approval of the Monitor, deem appropriate.
25. If the Debtors and the Financial Advisor, in consultation with the Monitor, are not satisfied with the number or terms of the Qualified Bids, the Debtors and the Financial Advisor may, in consultation with the DIP Lender and with the approval of the Monitor

and the DIP Lender, extend the Phase 2 Bid Deadline, or the Debtors may seek Court approval of an amendment to the SISP.

26. The Debtors and the Financial Advisor, may, in consultation with the Monitor and the DIP Lender and with the approval of the Monitor, aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one Qualified Bid.

Evaluation of Competing Bids

27. A Qualified Bid will be evaluated based upon several factors, including, without limitation, items such as: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions, (iii) the proposed transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Debtors, with the assistance of the Financial Advisor, and the Monitor and in consultation with the DIP Lender.
28. If one or more Qualified Bids are received, the Debtors and the Financial Advisor, in consultation with the DIP Lender, and with the approval of the Monitor, may choose to proceed with an auction process to determine the Successful Bid (the "**Auction**"). In the event that the Auction is held, the Debtors and the Financial Advisor, in consultation with the DIP Lender, and with the approval of the Monitor, shall send a process letter (the "**Process Letter**") to all Auction participants by no later than January 27, 2018, which shall include, *inter alia*, detailed bidding procedures, including bid assessment criteria.

Selection of Successful Bid

29. The Debtors and the Financial Advisor, in consultation with the DIP Lender, and with the approval of the Monitor will: (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Debtors, in consultation with the Financial Advisor and the Monitor, and the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations, and (b) identify the highest or otherwise best bid (the "**Successful Bid**", and the Phase 2 Qualified Bidder making such Successful Bid, the "**Successful Bidder**") for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Debtors, with the assistance of the Financial Advisor and the Monitor, in consultation with the DIP Lender, shall be subject to approval by the Court.
30. The Debtors shall have no obligation to enter into a Successful Bid and it reserves the right, after consultation with the Monitor, the DIP Lender and the Financial Advisor, to reject any or all Qualified Bids.

Sale Approval Motion Hearing

31. At the hearing of the motion to approve any transaction with a Successful Bidder (the "**Sale Approval Motion**"), the Debtors shall seek, among other things, approval from the

Court to consummate any Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Debtors on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

32. All discussions regarding a Sale Proposal, Investment Proposal, LOI, Phase 2 Bid, Qualified Bid or Successful Bid should be directed through the Financial Advisor. Under no circumstances should the management of the Debtors be contacted directly without the prior consent of the Financial Advisor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP.
33. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase 1 Qualified Bidders, Phase 2 Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Debtors, the Financial Advisor, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent that the Debtors and the Financial Advisor, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Phase I Qualified Bidders or Phase 2 Qualified Bidders.
34. The Financial Advisor and the Monitor may consult with any other parties with a material interest in the CCAA proceedings, including the DIP Lender, regarding the status and any material information and developments relating to the SISP to the extent considered appropriate by the Monitor in consultation with the Financial Advisor (subject to paragraph 33 and taking into account, among other things, whether any particular party is a Potential Bidder, Phase Qualified Bidder, Phase 2 Qualified Bidder or other participant or prospective participant in the SISP or involved in a bid) and as required by the DIP Financing, provided that such parties shall have entered into confidentiality arrangements satisfactory to the Debtors and the Monitor.

Supervision of the SISP

35. The Monitor shall oversee, in all respects, the conduct of the SISP by the Debtors and the Financial Advisor and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure and the Initial Order and is entitled to receive all information in relation to the SISP.
36. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Debtors, the Financial Advisor or the Monitor and any Phase I Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Debtors.
37. Without limiting the preceding paragraph, the Monitor and the Financial Advisor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, the Successful Bidder, the Debtors, the DIP Lender or any other creditor or other stakeholder of the

Debtors, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or wilful misconduct of the Monitor or the Financial Advisor. By submitting a bid, each Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor or the Financial Advisor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Monitor or the Financial Advisor.

38. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
39. Subject to the terms of the DIP Financing, the Debtors and the Financial Advisor shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) in consultation with the DIP Lender and with the prior written approval of the Monitor if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in this CCAA proceeding shall be advised of any substantive modification to the procedures set forth herein.

Schedule "1"

Addresses of Monitor and Financial Advisor

To the Monitor:

Ernst and Young Inc.
800 René-Lévesque Blvd W, Suite 1900
Montreal, QC H3B 1X9

Attention: Martin Rosenthal

Facsimile: +1 (514) 879-2600

Email: martin.rosenthal@ca.ey.com

To the Financial Advisor:

Lincoln International LLC
633 W 5th Street
Los Angeles, CA 90071

Attention: James Dailey

Facsimile: +1 (213) 283-3719

E-mail: ProjectPuck@lincolninternational.com

Schedule 2.1(a)

Machinery, Spare Parts, Equipment, Tools

Please see attached.

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	1	2	3
	Machine	Description	Name of RCR Work Cell
1	LT40M08	Surjeteuse	Carpet
2	LW18I00	Rouleuse mécan 2 (window kit)	Window Kits
3	LW18I00	Rouleuse mécan 3 (window kit)	Window Kits
4	LW18I14	Rouleuse Mécan 4 (window kit)	Window Kits
5	LW18I14	Rouleuse Mécan 5 (window kit)	Window Kits
6	LC26P05	Table air climatisé	Fabrication and assembly
7	LC14A12	Machine à écraser	Fabrication and assembly
8	LC12P01	Machine à coudre	Boudins / Sewing Machine
9	LC18P04	Machine à Boudin	Boudins / Sewing Machine
10	LC18P04	Machine à Boudin	Boudins / Sewing Machine
11	LC10A01	Slitter rubber	Fabrication and assembly
12	LC11A02	Colleuse 11130	Fabrication and assembly
13	LC11A03	Colleuse 11150	Fabrication and assembly
14	A33	Scie 113-115	Fabrication and assembly
15	n/a	Dust Colector	Fabrication and assembly
16	LC11B05	Colleuse foam+caoutc	Fabrication and assembly
17	LC13A13	Machine à ressort	Fabrication and assembly
18	LC15A04	Roll former 10070	Fabrication and assembly
19	LC15A05	Roll former 10080	Fabrication and assembly
20	LC15A06	Roll former garage	Fabrication and assembly
21	LC15A07	Roll former 1373	Fabrication and assembly
22	LC15A08	Roll former 2-17	Fabrication and assembly
23	LC15A09	Roll former 2700	Fabrication and assembly
24	LC15A29	Roll Former 4018	Fabrication and assembly
25	LC15A30	Roll Former V5	Fabrication and assembly
26	LC22A00	Table enfiler 7'	Fabrication and assembly
27	LC22A19	Table enfiler 3'	Fabrication and assembly
28	LC33A10	Machine à vis	Fabrication and assembly
29	LC33A11	Machine à clous	Fabrication and assembly
30	LC35A14	Punch 7' + 6'	Fabrication and assembly
31	LC35A15	Punch 7' WJ Dennis	Fabrication and assembly
32	LC35E01	Punch 3' (10190)	Fabrication and assembly
33	LC35E02	Punch 3' (10530)	Fabrication and assembly
34	LC35E03	Punch rubber alum	Fabrication and assembly
35	LC35E05	Punch industriel	Fabrication and assembly
36	LC37A00	ENFILAGE 3' (assis)	Fabrication and assembly
37	LF10K01	Faom slitter 2 shafts	Foam Rewind / Slicer / Pack foam
38	LF10K02	New foam slitter No.1	Foam Rewind / Slicer / Pack foam
39	LF10K03	New foam slitter No.2	Foam Rewind / Slicer / Pack foam
40	LF10K04	Slitter à foam	Foam Rewind / Slicer / Pack foam
41	LF10K05	Slitter à foam	Foam Rewind / Slicer / Pack foam
42	LF10K06	Slitter à foam	Foam Rewind / Slicer / Pack foam
43	LF10K07	Slitter à foam	Foam Rewind / Slicer / Pack foam
44	LF18I03	Rewinder foam	Foam Rewind / Slicer / Pack foam
45	LF34K00	Table pack foam No.1	Foam Rewind / Slicer / Pack foam
46	LF34K00	Table pack foam No.2	Foam Rewind / Slicer / Pack foam
47	LF34K00	Table pack foam No.3	Foam Rewind / Slicer / Pack foam
48	LF34K00	Table pack foam No.4	Foam Rewind / Slicer / Pack foam
49	LF34K00	Table pack foam No.5	Foam Rewind / Slicer / Pack foam
50	LC18H00	Rouleau EPDM	Packing
51	LC18H04	Machine à V-Strip	Packing
52	LC27E10	Table pack	Packing
53	LC27F00	Table pack	Packing
54	LC27H01	Table à RP	Packing

55	LC35E04	Punch (côté) U-Shape	Sealing
56	LC24A00	Table kit 7'	Sealing
57	LC24B02	Table kit 3'	Sealing
58	LC26A28	Table air climatisé	Sealing
59	LC29E00	Drop sealer	Sealing
60	LC36D01	Sealing 3'	Sealing
61	LC36G00	Sealing mouleurs à tapis (mat)	Sealing
62	LF36H06	L Bar Seal	Sealing
63	LC32I00	Emballeuse mini-pal.	Window Kits
64	LW19I12	Machine 25PI auto	Window Kits
65	LW19I13	Machine 25PI manuel	Window Kits
66	LW30I15	Cartonneuse	Window Kits
67	LW30I26	Mini cartonneuse	Window Kits
68	n/a	Cutter CSHARP45	Extrusion Cell
69	n/a	Cutter CSHARP25 No.1	Extrusion Cell
70	n/a	Cutter CSHARP25 No.2	Extrusion Cell
71	n/a	Puller CBH25-4V No.1	Extrusion Cell
72	n/a	Puller CBH25-4V No.2	Extrusion Cell
73	n/a	Puller CBH25-4V No.3	Extrusion Cell
74	n/a	Puller CBH25-4V No.4	Extrusion Cell
75	n/a	Puller cutter CCBVSH3-25 No.1	Extrusion Cell
76	n/a	Puller cutter CCBVSH3-25 No.2	Extrusion Cell
77	n/a	Saw CTS45-8 No.1	Extrusion Cell
78	n/a	Saw CTS45-8 No.2	Extrusion Cell
79	n/a	Saw CTS45-8 No.3	Extrusion Cell
80	n/a	Indexeur Cell 1	Extrusion Cell

81	n/a	Indexeur Cell 2	Extrusion Cell
82	n/a	Indexeur Cell 3	Extrusion Cell
83	n/a	Accumulator Cell 1	Extrusion Cell
84	n/a	Accumulator Cell 2	Extrusion Cell
85	n/a	Accumulator Cell 3	Extrusion Cell
86	n/a	Kitting table Cell 1	Extrusion Cell
87	n/a	Kitting table Cell 2	Extrusion Cell
88	n/a	Kitting table Cell 3	Extrusion Cell
89	n/a	Punch and nutch station Cell 1	Extrusion Cell
90	n/a	Punch and nutch station Cell 2	Extrusion Cell
91	n/a	Punch and nutch station Cell 4	Extrusion Cell
92	n/a	Punch and nutch station Cell 5	Extrusion Cell
93	n/a	PVC Grinder N0.1	Extrusion Cell
94	n/a	PVC Grinder N0.2	Extrusion Cell
95	n/a	PVC Grinder N0.3	Extrusion Cell
96	n/a	PVC Grinder N0.4	Extrusion Cell
97	n/a	New Pvc Extruder Cell 1	Extrusion Cell
98	n/a	New Pvc Extruder Cell 2	Extrusion Cell
99	n/a	New Pvc Extruder Cell 3	Extrusion Cell
100	n/a	New Pvc Extruder Cell 4	Extrusion Cell
101	n/a	Old PVC Extruder Cell 5	Extrusion Cell
102	n/a	COEX PVC extruder No.1	Extrusion Cell
103	n/a	COEX PVC extruder No.2	Extrusion Cell
104	n/a	COEX PVC extruder No.3	Extrusion Cell
105	n/a	COEX PVC extruder No.4	Extrusion Cell
106	n/a	22 x Long Cariage Trolley	Extrusion Cell
107	n/a	14 x Short Cariage Trolley	Extrusion Cell
108	n/a	Milling	Others
109	n/a	Lathe	Others
110	n/a	Surface Grinder	Others
111	n/a	Vertical Drill	Others
112	n/a	Horizontal Saw	Others
113	n/a	Vertical Saw	Others
114	n/a	Sand Blast	Others
115	n/a	Chiller No.1	Extrusion Cell
116	n/a	Chiller No.2	Extrusion Cell
117	n/a	Water Tank	Extrusion Cell
118	n/a	Atlas Copco Air compressor	Others
119	n/a	Hydrovane Air compressor	Others
120	n/a	Quincy Air compressor	Others
121	n/a	Air Dryer	Others
122	n/a	Stretch Machine automatic No.1	Others
123	n/a	Stretch Machine automatic No. 2 gear box broken	Others
124	n/a	Floor scale No.1	Others
125	n/a	Floor scale No.2	Others
126	n/a	Skyjack	Others
127	n/a	Racking	Others
128	n/a	Electricity Measurement System	Others
129	n/a	Stretch Machine manual	Others
130	LT11M07	Colleuse à tapis	Carpet Mini-Palette Boucherville
131	LT13L01	Clicker Tapis	Carpet Mini-Palette Boucherville
132	LT16M00	Brocheuse	Carpet Mini-Palette Boucherville
133	LT18M01	Table avec roll-up	Carpet Mini-Palette Boucherville
134	LT18M04	Rouleuse 3660/3648	Carpet Mini-Palette Boucherville
135	LT18M05	Rouleuse	Carpet Mini-Palette Boucherville
136	LT27M06	Table Pack Tapis	Carpet Mini-Palette Boucherville
137	LV20I00	Rouleuse 48" I23	Carpet Mini-Palette Boucherville
138	LV21I00	Rouleuse 72" I22	Carpet Mini-Palette Boucherville
139	N/A	Mini-Palette work cell	Carpet Mini-Palette Boucherville

140	N/A	stretch wrapping machine (Automated)	Carpet Mini-Palette Boucherville
141	N/A	stretch wrapping machine (Manual)	Carpet Mini-Palette Boucherville
142	N/A	stretch wrapping machine Wulftec(Automated)	Boucherville warehouse
143	N/A	stretch wrapping machine Muller (Automated)	Boucherville warehouse
144	N/A	stretch wrapping machine Muller (Automated)	Boucherville warehouse
145	N/A	ITW Air compressor QAPV-5051	Boucherville warehouse
146	N/A	Floor scale	Boucherville warehouse

Schedule 2.1(b)

Automobiles, Trucks, Trailers and Other Rolling Stock

Please see attached.



Forklifts and other rolling stock list

	Unit #	Serial Number	Model	Type	Ownership
Longueuil plant	1	ET-D-01-10478	RAYMOND REACH	Reach	RCR
	2	ET-D-02-11508	RAYMOND REACH	Reach	RCR
	3	ET-11-FF20517	RAYMOND REACH	Reach	RCR
	4	ET-11-FF20518	RAYMOND REACH	Reach	RCR
	5	BFGU15-33354	Toyota	Fork lift propane	RCR
	6		Zambani Tennant (dry)		RCR
	7-18		12 Truck hand pallet (jigger)		RCR
	19	MPB040ACN24T2748	Yale	Walking forklift	RCR
	20	E44-1E0268	Barrett Industrial Trucks Model EWP2	E	RCR

		Machine	Description	Name of RCR Work Cell
Boucherville	1	N/A	manual forklift 1	Carpet Mini-Palette Boucherville
	2	N/A	manual forklift 2	Carpet Mini-Palette Boucherville

Schedule 2.1(e) - Intellectual Property


1. Canadian Patents and Published Patent Applications

Patent / Patent Application No.	Title	Owner
2442220	DEVICE FOR CONCEALING CAULKING JOINT AND METHOD	RCR INTERNATIONAL INC.
2986737	WINDOW INSULATING FILM ROLL, KIT AND METHOD OF INSTALLATION	RCR INTERNATIONAL INC.
2986742	DOOR SWEEP	RCR INTERNATIONAL INC.

2. United States Patents and Published Patent Applications

Patent / Patent Application No.	Title	Owner
7,118,791	DEVICE FOR CONCEALING CAULKING JOINT AND METHOD	RCR INTERNATIONAL INC.
62/426,289 62/517,577 62/529,821	WINDOW INSULATING FILM ROLL, KIT AND METHOD OF INSTALLATION	RCR INTERNATIONAL INC.
62/426,292 62/426,277 62/426,278	DOOR SWEEP	RCR INTERNATIONAL INC.




3. Canadian Trademark Registrations and Applications

Trademark	Logo	Registration No.	Application No.
CLIMA 2000		TMA333,276	548,952
CLIMA-FOAM		TMA436,584	726,737
CLIMALOC		TMA227,814	404,484
CLIMALOC			404,484(02)
CLIMALOC PLUS		TMA963,043	1,681,374
CLIMALOC PRO-SPEC		TMA849,813	1,546,438
CLIMASHIELD		TMA694,504	1,226,895
CLIMASHIELD & DESSIN		TMA494,350	840,838

Trademark	Logo	Registration No.	Application No.
Comfort Plus		TMA785,994	1,415,236
easy screen		TMA710,165	1,349,339
ESKIMO		UCA14785	178,311
ESSENTIA		TMA984,241	1,759,832
ESSENTIA			1,827,195
GATORBACK		TMA497,231	848,573
PERMA STIK & DESIGN		TMA309,205	521,893
PERMA-STIK		TMA122,481	241,106
Polar Grip		TMA783,893	1,415,309
RCR & DESIGN		TMA150,345	297,088
SEAL-A CRACK		TMA463,505	666,372
SEASONPROOF YOUR HOME			1,805,002
T majuscule formé de 5 carreaux, autres lettres inscrites en italique		TMA789,242	1,468,414
TAGO & DESIGN		TMA499,657	859,103
TOPSI		TMA881,006	1,575,240
T-REX		TMA895,167	1,575,244
T-REX 3-IN-1 SYSTEM & DESIGN		TMA562,168	1,046,480
UNITRIM		TMA564,441	1,061,531
W.J. DENNIS			1,784,980

4. United States Trademark Registrations and Applications

Trademark	Logo	Registration No.	Serial No. Number
CLIMALOC		5,024,818	86-324908
CLIMALOC PLUS			86-323251
CLIMALOC PRO-SPEC		4,548,003	85-442065
COMFORT SEAL RCR D DENNIS		3,444,987	77-313322

Trademark	Logo	Registration No.	Serial No. Number
		2,284,589	75-387722
ESKIMO		2,275,336	75-357865
ESKIMO		4,801,820	85-682015
ESSENTIA			86-853072
ESSENTIA			87-374627
ITILE		4,192,369	77-953421
POLAR GRIP		4,797,907	86-301956
RCR		4,758,841	86-332769
SEASONPROOF YOUR HOME			87-211829
TOPSI		4,665,442	85-612545
T-REX		4,771,062	85-612585
W.J. DENNIS			87-062088

5. Domain Names

Site	Registrar	Hosting
Climaloc.ca	GoDaddy	Pagely
Climaloc.info	GoDaddy	No website, no redirection
Climaloc.net	GoDaddy	No website, no redirection
Climaloc.org	GoDaddy	No website, no redirection
climalocsolutions.ca	GoDaddy	No website, no redirection
climalocsolutions.com	GoDaddy	Pagely, same as Climaloc.ca
rcr-energysaving.com	GoDaddy	Ip Communication
rcr-essentia.com	GoDaddy	No website, no redirection
rcressentia.com	GoDaddy	No website, no redirection
rcrint.biz	GoDaddy	Redirection to rcrint.com
rcrint.ca	GoDaddy	Redirection to rcrint.com
rcrint.net	GoDaddy	Redirection to rcrint.com
rcrint.org	GoDaddy	Redirection to rcrint.com
rcrint.us	GoDaddy	Redirection to rcrint.com
rcrint.com	GoDaddy	Ip Communication
Wjdennis-rcr.com	GoDaddy	PowerDNN

Schedule 5.6

Tax Matters

GST: 104424031 RT0001

QST: 1010451309 TQ0001