



Court File No. CV-14-10573-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)
)
JUSTICE WILTON-SIEGEL) THURSDAY, THE 13th DAY
)
) OF NOVEMBER, 2014

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF KK PRECISION INC.

ORDER

THIS MOTION made by the applicant, KK Precision Inc. ("**KKP**" or the "**Company**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things:

- (i) abridging the time for service of the Notice of Motion and related materials and validating service of same;
- (ii) approving the report of Richter Advisory Group Inc. ("**Richter**") in its capacity as proposed monitor dated May 29, 2014 (the "**Pre-Filing Report**"), the first report of Richter as the Court-appointed monitor of the Company (in such capacity, the "**Monitor**") dated June 24, 2014 (the "**First Report**"), the second report of the Monitor dated July 25, 2014 (the "**Second Report**"), the supplement to the Second Report of the Monitor dated July 31, 2014 (the "**Supplemental Report**"), the third report of the Monitor dated September 11, 2014 (the "**Third Report**"), the fourth report of the Monitor dated November 6, 2014 (the "**Fourth Report**"), and the activities of Richter and the Monitor as set out therein;

- (iii) approving the professional fees and disbursements of the Monitor and legal counsel to the Monitor, Chaitons LLP, including an accrual of fees and disbursements to be incurred to the completion of these proceedings (the "**CCAA Proceedings**");
- (iv) vesting in Rolls Royce Canada Limited ("**Rolls Royce**") the Company's right, title and interest in, if any, and to:
 - a. the tooling as listed on **Schedule 'A'** attached hereto for the manufacture of Rolls Royce component parts by the Company (collectively, the "**Rolls Royce Tooling**"), and
 - b. the intellectual property related to the manufacture of Rolls Royce component parts by the Company as listed on **Schedule 'B'** attached hereto (the "**Rolls Royce IP**");
- (v) authorizing and directing the Company and the Monitor to distribute, without further order of this Court, all funds held by the Company or the Monitor in trust including, without limitation, all of the proceeds received pursuant to the liquidation services agreement between KKP and Infinity Asset Solutions Inc., dated July 25, 2014 (the "**LSA**") which have not been previously distributed in accordance with the order of The Honourable Mr. Justice Penny, made September 16, 2014 as follows:
 - a. first, to satisfy any claims secured by the Administration Charge granted by order of The Honourable Mr. Justice Wilton-Siegel, made May 30, 2014 (the "**Initial Order**");
 - b. second, to satisfy any claims secured by the Directors' Charge, if any, granted by the Initial Order;
 - c. third, a payment, as set out in the Fourth Report, to the Monitor to be held in trust and to satisfy any expenses; and

- d. lastly, the remaining funds to Bank of Montreal and BMO Capital Partners, in their capacity as secured creditors of the Company (the “**Secured Lenders**”);
- (vi) terminating the Administration Charge and the Directors’ Charge upon the filing by the Monitor with this Court of a certificate certifying that all matters to be attended to in connection with the CCAA Proceedings have been completed to the satisfaction of the Monitor (the “**Monitor's Discharge Certificate**”);
- (vii) terminating the CCAA Proceedings upon the filing of the Monitor's Discharge Certificate with this Court;
- (viii) discharging Richter as Monitor and releasing Richter from any and all liability that Richter has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Monitor upon the filing of the Monitor's Discharge Certificate with this Court;
- (ix) approving and authorizing the destruction of any records relating to the business of the Company that are more than 7 years old; and
- (x) unsealing of materials filed with this Court pursuant to the Initial Order and the Order granted by this Court on June 25, 2014,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit Garth Wheldon sworn November 5, 2014 (the “**Wheldon Affidavit**”), the Pre-Filing Report, the First Report, the Second Report, the Supplemental Report, the Third Report, and the Fourth Report, the affidavit of A. Adessky sworn November 6, 2014 (the “**Richter Fee Affidavit**”), the affidavit Harvey Chaiton sworn November 5, 2014 (the “**Chaitons Fee Affidavit**”) and on hearing the submissions of counsel for the Company, the Monitor and the Secured Lenders, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Sinikka Berglund-Yates sworn November 7, 2014, filed:

SERVICE

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion, the Motion Record and the Fourth Report be and is hereby abridged such that this motion is properly returnable today and that all parties entitled to notice of the motion have been duly served, and that any requirement for service of the Notice of Motion, the Motion Record and the Fourth Report upon any party other than the parties served is unnecessary and hereby dispensed with and that the service of the Notice of Motion, the Motion Record and the Fourth Report is hereby validated in all respects.

APPROVAL OF ACTIVITIES AND PROFESSIONAL FEES

2. **THIS COURT ORDERS** that the Pre-Filing Report, the First Report, the Second Report, the Supplemental Report, the Third Report, and the Fourth Report, each filed in the within CCAA Proceedings, and the actions, conduct and activities of Richter and the Monitor as described therein, be and are hereby approved.

3. **THIS COURT ORDERS AND DECLARES** that Richter has duly and properly discharged and performed its obligations, liabilities, responsibilities and duties in its capacity as Monitor pursuant to the Initial Order, any other Order of this Court in the within CCAA Proceedings, the CCAA or otherwise, subject to the completion of the outstanding administrative matters described in the Fourth Report and the Wheldon Affidavit.

4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, Chaitons LLP, as each are set out in the Richter Fee Affidavit and the Chaitons Fee Affidavit respectively, be and are hereby approved.

5. **THIS COURT ORDERS** that a fee accrual in the amount of \$90,000, exclusive of applicable HST, for estimated fees and disbursements of the Monitor and its legal counsel, Chaitons LLP, for the period from November 1, 2014 to the termination of the CCAA Proceedings, be and is hereby approved.

VESTING OF ASSETS

6. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to Rolls Royce substantially in the form attached as **Schedule "C"** hereto (the

"Monitor's Tooling and IP Certificate"), all of the Company's right, title and interest in, if any, and to the Rolls Royce Tooling for the manufacture of the Rolls Royce component parts and the Rolls Royce IP, shall vest absolutely in Rolls Royce, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "Encumbrances").

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Tooling and IP Certificate, forthwith after delivery thereof.

DISTRIBUTION OF PROCEEDS

8. **THIS COURT ORDERS AND DIRECTS** the Company and the Monitor to distribute, without further order of this Court, all funds held by the Company or held by the Monitor in trust including, without limitation, all of the proceeds received pursuant to the LSA as follows:

- (a) first, to satisfy any claims secured by the Administration Charge granted by the Initial Order;
- (b) second, to satisfy any claims secured by the Directors' Charge, if any, granted by the Initial Order;
- (c) third, a payment of \$250,000 to the Monitor to be held in trust and to satisfy any expenses; and
- (d) lastly, the remaining funds to the Secured Lenders.

MONITOR'S DISCHARGE AND TERMINATION OF CCAA PROCEEDINGS

9. **THIS COURT ORDERS** that, upon the filing by the Monitor of the Monitor's Discharge Certificate substantially in the form attached as **Schedule "D"** hereto certifying that all matters to be attended to in connection with the CCAA Proceedings have been completed to the satisfaction of the Monitor:

- (a) Richter be and is hereby discharged and relieved from any further obligations, liabilities, responsibilities or duties in its capacity as Monitor pursuant to the Initial Order, any other Order of this Court in the within the CCAA Proceedings, the CCAA or otherwise;
- (b) the Administration Charge and the Directors' Charge (as both are defined in, and established by, the Initial Order) be and are hereby terminated, released and discharged; and
- (c) the CCAA Proceedings be and are hereby terminated.

10. **THIS COURT ORDERS** that, in addition to the protections in favour of the Monitor as set out in the Initial Order, any other Order of this Court or reasons provided by this Court in the within the CCAA Proceedings, or the CCAA, the Monitor shall not be liable for any act or omission on the part of the Monitor, including with respect to any reliance thereof, including, without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of the Monitor's duties in the CCAA Proceedings or with respect to any other duties or obligations of the Monitor under the CCAA or otherwise, save and except for any claim or liability arising out of any gross negligence or willful misconduct on the part of the Monitor. Subject to the foregoing and in addition to the protections of the Monitor as set out in the Orders of this Court or any reasons provided by this Court in the CCAA Proceedings and the CCAA, any claims against Richter in connection with the performance of its duties as Monitor are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

11. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against Richter in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court and on seven (7) days' prior written notice to Richter and upon further order securing, as security for costs, the full indemnity costs of the Monitor in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate.

12. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, nothing contained in this Order shall affect, vary, derogate from or amend any of the rights, approvals

and protections in favour of the Monitor pursuant to the Initial Order, any other Order of this Court or reasons provided by this Court in the CCAA Proceedings, the CCAA or otherwise, all of which are expressly continued and confirmed.

RECORDS RETENTION

13. **THIS COURT ORDERS** that the Company shall retain the documents and records relating to the business of the Company that the Company, in consultation with the Monitor, believes may be required for audit or due diligence purposes and the Company shall destroy, or cause to be destroyed, any records relating to the business of the Company that are or become more than 7 years old or the Company believes will not be required for audit or due diligence purposes.

SEALING ORDERS

14. **THIS COURT ORDERS** that the provisions of the Initial Order and the Order granted by this Court on June 25, 2014 dealing with the sealing of materials filed with this Court (the “**Sealing Orders**”) are hereby vacated, and the materials sealed by the Sealing Orders are hereby unsealed.

GENERAL

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

ENTERED AT 11:00 AM TORONTO
ON / 2014
LE / 2014 IS REG. NO.

NOV 13 2014

MB

W. Ben - del J.

SCHEDULE "A"
ROLLS ROYCE TOOLING

KKF-10231	MILLING FIXTURE	YM11918
KKF-10237	T/M FIXTURE	TRN14779
KKF-10246	T/M FIXTURE-TRAN14779-1	TRN14779
KKF-10259	Assembly tool for bearing installation	TRN101927
N/A	Turning Fixture	TRN15327-op20
N/A	Turning Fixture	TRN15327-op80
N/A	Turning Fixture	LW102158
KKF-10010	MF	TRN101025
KKF-10014	General Tooling	TRN16097
KKF-10032	Polishing Fixt	TRN17598
KKF-10130	Turning Fixture	TRN14694
KKF-10108	Milling Fixture	TRN101682
	Slitting	TRN15566 & TRN14820
	80 Duplicate fixture	TRN15267
	Plasm Turn Ring Fictures	TRN15566
	Milling Tooling for Aerofolis	TRN14640

SCHEDULE "B"
ROLLS ROYCE IP

For each part number:

- All CNC programs and source files and models
- All tooling lists and associated documentation and set up sheets and drawings
- KK Precision internal routing including operation times, operation sheets and source files
- Detailed methodology and process management (including distortion management where appropriate) and detail on sub
- Quality history, control plans and visual instructions
- Process history

SCHEDULE "C"

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SUPERIOR COURT OF JUSTICE
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ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF KK PRECISION INC.**

MONITOR'S TOOLING AND IP CERTIFICATE

RECITALS

- A. Pursuant to an Order of The Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 30, 2014, KK Precision Inc. ("**KKP**" or the "**Company**") was granted relief under the *Companies' Creditors Arrangement Act* and Richter Advisory Group Inc. ("**Richter**") was appointed as the Monitor of the Company (the "**Monitor**").
- B. Pursuant to an Order of the Court dated May 30, 2014, the Court approved the accommodation agreement dated May 26, 2014 (the "**Rolls Royce Accommodation Agreement**") between the Company and Rolls-Royce Canada Limited, Rolls-Royce Power Engineering Plc. (together with Rolls-Royce Canada Limited, "**Rolls Royce**"), Bank of Montreal and BMO Capital Partners and provided for the vesting in Rolls Royce of the Company's right, title and interest in, if any, and to the tooling as listed on Schedule 'A' (collectively, the "**Rolls Royce Tooling**") to the Order of the Honourable Justice • dated November 13, 2014 (the "**November 13 Order**"), and the intellectual property related to the manufacture of Rolls Royce component parts by the Company as listed on Schedule 'B' to the November 13 Order (the "**Rolls Royce IP**"), which vesting with respect to the Rolls Royce IP is to be effective upon the receipt of the IP Purchase Price and which vesting with respect to the Rolls Royce Tooling is to be effective (i)

SCHEDULE "D"

Court File No. CV-14-10573-00CL

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF KK PRECISION INC.

MONITOR'S DISCHARGE CERTIFICATE

RECITALS

- A. Pursuant to an Order of The Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 30, 2014, KK Precision Inc. ("**KKP**" or the "**Company**") was granted relief under the *Companies' Creditors Arrangement Act* and Richter Advisory Group Inc. ("**Richter**") was appointed as the Monitor of the Company (the "**Monitor**").
- B. Pursuant to an Order of this Court dated November 30, 2014 (the "**CCAA Termination Order**"), Richter was discharged as Monitor of the Company to be effective upon the filing by the Monitor of this certificate with this Court certifying that all matters to be attended to in connection with the CCAA Proceedings have been completed to the satisfaction of the Monitor.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the CCAA Termination Order.

THE MONITOR CERTIFIES that all matters to be attended to in connection with the CCAA Proceedings have been completed to the satisfaction of the Monitor.

This Certificate was delivered by the Monitor at _____ on _____, 2014.

Richter Advisory Group Inc., in its capacity as the Court-appointed monitor of the KK Precision Inc., and not in its corporate or personal capacity

Per: _____
Name:
Title:

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

ORDER
(November 13, 2014)

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF KK PRECISION INC.

Nov 13/14

November 13/14

I. Aversa for Bank of Montreal

B. Moran for the applicants

S. Pappas for the Monitor

*All papers have been served on me
objection removed. Order to go on
the form attached.
C. Van-holt,*

ONTARIO
SUPERIOR COURT OF JUSTICE
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Proceeding commenced at TORONTO

MOTION RECORD
(returnable November 13, 2014)

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