

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
COURT NO: 500-11-045124-134
ESTATE NO: 41-1779027

SUPERIOR COURT
Commercial Division
"In matters of bankruptcy and insolvency"

IN THE MATTER OF THE PROPOSAL OF ROMATEC INC., an insolvent corporation duly incorporated according to law, having its head office and principal place of business at 9485, TransCanada Highway, in the City of Montréal, Province of Québec, H4S 1V3.

PROPOSAL

We, ROMATEC INC. (the "**Debtor**") hereby submit the following proposal under the *Bankruptcy and Insolvency Act*:

1. **Definitions:** For all purposes relating to the present proposal, the following terms shall have the following meanings:
 - 1.1 "**Act**": The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
 - 1.2 "**Cash Consideration**": means a total amount of \$300,000 to be paid to the Trustee by the Debtor in the following manner:
 - i. The first \$100,000 installment shall be disbursed 15 days following the approval of the Proposal by the Court;
 - ii. The second installment of \$100,000 on June 30, 2014; and
 - iii. The third installment of \$100,000 on December 15, 2014.
 - 1.3 "**Creditors' Committee**": A committee of up to five individuals to be named by the creditors at the general meeting of creditors called to consider the Proposal;
 - 1.4 "**Crown Claims**": For all purposes herein, Crown Claims shall be limited to the claims of Her Majesty in right of Canada or a province described in subsection 60(1.1) of the Act that were outstanding on the Date of the Proposal;
 - 1.5 "**Date of the Proposal**": For all purposes herein, the Date of the Proposal shall be deemed to be the date of the Notice of Intention, namely August 16, 2013;
 - 1.6 "**Employee Claims**": All amounts that employees or former employees would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Date of the Proposal;
 - 1.7 "**Landlords**": All persons of whom the Debtor was a commercial tenant under a lease of real property, as acknowledged by the Debtor;

- 1.8 “**Landlord Claims**”: The Ordinary Unsecured Claims of the Landlords for the actual losses resulting from the disclaimers of leases in accordance with section 65.2(4)b) of the Act, which claims shall be treated as Ordinary Unsecured Claims in accordance with section 65.2(5) of the Act;
- 1.9 “**Ordinary Unsecured Claims**”: The claims other than Secured Claims, Employee Claims, Crown Claims and Preferred Claims. For greater certainty, but without limiting the generality of the foregoing, the Ordinary Unsecured Claims shall include claims of any kind whatsoever, whether due or not for payment as at the Date of the Proposal, including contingent and unliquidated claims (once quantified) arising out of any transaction entered into by the Debtor prior to the Date of the Proposal as well as any Restructuring Claim. Furthermore, the Ordinary Unsecured Claims shall include claims for a breach of an obligation contracted before the Date of the Proposal, regardless of the date of the breach, to the extent that such breach occurred prior to the Date of the Proposal;
- 1.10 “**Ordinary Unsecured Creditors**”: All persons having an Ordinary Unsecured Claim;
- 1.11 “**Preferred Claims**”: The claims described in paragraphs 136(1)(a) to 136(1)(j) of the Act, being such claims directed by the Act to be paid in priority to all other claims in the distribution of the property of a bankrupt, excluding Employee Claims;
- 1.12 “**Preferred Creditor**”: A person having a Preferred Claim;
- 1.13 “**Professional Fees**”: The proper fees, expenses, liabilities and obligations of the Trustee and all legal fees, accounting fees and consulting fees pertaining to the Debtor incurred since the filing of the Notice of Intention;
- 1.14 “**Proposal**”: This proposal or any amendment thereto, which amendments may be made at any time prior to a vote by the creditors on the Proposal, or by the Court at the time of approval of the Proposal;
- 1.15 “**Proven Claim**”: Any claim for which a proof of claim is filed with the Trustee in accordance with section 124 of the Act and that is proven in accordance with section 135 of the Act;
- 1.16 “**Restructuring Claim**”: Any right of any person against the Debtor in connection with any indebtedness, liability or obligation of any kind owed to such person arising out of the restructuring, the disclaimer or the termination of any contract, lease, employment agreement, collective agreement or any other agreement, whether written or oral, after the Date of the Proposal, including any right of any person who receives a notice of repudiation or termination from the Debtor.

Without limiting the generality of the foregoing, a Restructuring Claim shall include the claim of a landlord whose lease has been disclaimed or terminated, the claim of an employee whose employment has been terminated after the Date of the Proposal and the claim of any tax authority related directly or indirectly to the acceptance or the approval of the Proposal.”

- 1.17 **“Secured Claims”**: The claims of the Secured Creditors;
- 1.18 **“Secured Creditors”**: As defined in section 2 of the Act;
- 1.19 **“Trustee”**: Richter Advisory Group Inc., a licensed trustee, having a place of business at 1981, McGill College Avenue, 11th floor, in the City of Montréal, Province of Québec, H3A 0G6;
2. **Employee Claims**: Employee Claims, if any, will be paid in full, immediately after approval by the Court of the Proposal.
3. **Crown Claims**: Crown Claims shall be paid in full, within six months of approval of the Proposal by the Court, or as may otherwise be arranged with the Crown.
4. **Professional Fees**: Professional Fees shall be paid in full by the Debtor in the normal course of business.
5. **Secured Claims**: Secured Creditors, if any, shall be paid in accordance with existing contracts, or as may otherwise be arranged with the Secured Creditors. For greater certainty, the Proposal is not addressed to the Secured Creditors and they shall not be bound by the Proposal in respect of their Secured Claim.
6. **Subsequent Claims**: The claims arising in respect of goods supplied, services rendered or other consideration given to the Debtor subsequent to the Date of the Proposal, including (without limitation) salaries and other compensation of employees, if any, shall be paid in full by the Debtor in the normal course of business, and on regular trade terms.
7. **Preferred Claims**: Preferred Claims shall be paid, without interest or penalty, in full, in priority to all claims of Ordinary Unsecured Creditors upon approval of the Proposal by the Court or as may be otherwise arranged with the Preferred Creditors or in accordance with clause 2 hereof if such Preferred Claim is also an Employee Claim.
8. **Ordinary Unsecured Creditors**: The Cash Consideration received by the Trustee shall be distributed as follows:
 - 8.1 In payment of the amounts provided in paragraphs 2, 3 and 7 above, if any;
 - 8.2 The excess in payment of:

- i. Each of the Ordinary Unsecured Creditors having a Proven Claim of less than \$500 will be paid the full amount of its Ordinary Unsecured Claim without interest or penalty, 30 days after approval by the Court of the Proposal; and
 - ii. Each of the Ordinary Unsecured Creditors having a Proven Claim of at least \$500 shall receive, after the distribution mentioned in paragraph 8.1 and 8.2i) herein and when the second and third installments of the Cash Consideration are available to the Trustee, in full and final payment of its Ordinary Unsecured Claim, without interest or penalty, its *pro rata* share of any amount remaining from the Cash Consideration.
9. **Release:** Upon the payment described in section 8 herein and the payment of the Professional Fees, the Debtor shall be released of any and all claims from the Ordinary Unsecured Creditors.
10. **Claims against directors:** In accordance with section 50(13) of the Act, the acceptance of the Proposal by the creditors shall definitively, without further payment release the directors in office as at the Date of the Proposal from any and all liability or obligation for which they may be liable by law in their capacity as directors, respecting any claim that arose before the Date of the Proposal as provided for by section 50(13) of the Act or otherwise. It is understood however, that nothing herein shall be interpreted as an acknowledgement of any liability or obligation whatsoever on the part of the directors in office as at the Date of the Proposal, any such liability or obligation being specifically denied.
11. **Creditors' Committee:** The powers of the Creditors' Committee contemplated herein, shall be limited to the following:
 - 10.1 To advise the Trustee in connection with the actions under the Proposal, as the Trustee may from time to time request;
 - 10.2 To advise the Trustee concerning any dispute which may arise as to the validity of claims under the Proposal;
 - 10.3 To receive reports regarding the operations of the Debtor, upon request and only through the Trustee, acting in his capacity; and
 - 10.4 To authorize the deferment of any payment under the terms of paragraphs 7 and 8 herein, either in whole or in part, and entirely at its discretion, providing that any such deferment is deemed by the Creditors' Committee to be in the interest of the Ordinary Unsecured Creditors and the Debtor.
12. **Reviewable Transactions, Preferential Payments, etc.:** The provisions of section 95 to 101 of the Act and any provision of provincial legislation having a similar objective (including but not limiting to articles 1631 to 1636 of the

Civil Code of Québec) shall not apply to the Proposal.

13. **Headings:** The headings or titles herein are provided solely for the convenience of the reader, They do not form part of the Proposal and have no authoritative meaning in interpreting the Proposal.

DATED AT WALNUT CREEK, CALIFORNIA, this 10th day of January 2014

ROMATEC INC.

Per: _____



See Attached
for
Notary Public

