

CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC  
DISTRICT OF LONGUEUIL  
DIVISION N°: 01-LONGUEUIL  
COURT N°: 500-11-007944-064  
FILE N°: 41-339436

IN THE MATTER OF THE PROPOSAL OF AVESTOR LIMITED  
PARTNERSHIP, a limited partnership having its head office at 1560 De Coulomb  
Street, Boucherville, Quebec, J4B 7Z7

DEBTOR

### **PROPOSAL**

We, **AVESTOR LIMITED PARTNERSHIP**, hereby submit the following proposal pursuant to the *Bankruptcy and Insolvency Act*:

1. For the purposes hereof:

“**ACT**” means the *Bankruptcy and Insolvency Act*;

“**APPROVAL OF THE PROPOSAL**” means the approval of the PROPOSAL by the prescribed majority of the creditors of the PARTNERSHIP, and by an order of the COURT which is executory and for which all delays to appeal have expired;

“**COMMITTEE**” means the committee formed of at most three (3) individuals designated by the creditors at the PROPOSAL MEETING;

“**CONTRIBUTION**” means the amount of \$ 15,000,000 which will be made available to the PARTNERSHIP for the purpose hereof by the general partners of the PARTNERSHIP, namely Gestion IndusTech HQ Inc. and Kerr-McGee Québec ULC, in the fifteen (15) days following the APPROVAL OF THE PROPOSAL;

“**COURT**” means the Superior Court of Quebec, District of Longueuil;

“**FIRST DISBURSEMENT**” means the amount of the CONTRIBUTION less an amount of \$2,000,000 (as a reserve), less the amount required to pay each ORDINARY CREDITOR the lesser of \$2,500 or its UNSECURED CLAIM, the amounts required to pay SECURED CLAIMS, and the amounts required to pay the PRIORITY CLAIMS;

**"NET AMOUNT"** means the NET AMOUNT OF THE CONTRIBUTION AND THE TRANSACTION and cash balance on the day that all the assets of the PARTNERSHIP will have been sold and that all accounts receivable of the PARTNERSHIP will have been collected or deemed to be uncollectible, after payment of all PROPOSAL COSTS, POST-FILING OBLIGATIONS, the amount required to pay each ORDINARY CREDITOR the lesser of \$2,500 or its UNSECURED CLAIM, the applicable SECURED CLAIMS, the PRIORITY CLAIMS, and all other amounts to be paid in priority to the UNSECURED CLAIMS;

**"NET AMOUNT OF THE CONTRIBUTION AND THE TRANSACTION"** means the amount generated by the CONTRIBUTION and the TRANSACTION, less all amounts disbursed in order to put the CONTRIBUTION and the TRANSACTION into effect;

**"NOTICE OF INTENTION"** means the notice of intention to make a proposal pursuant to the ACT, which notice was filed on October 31, 2006;

**"ORDINARY CREDITORS"** means those persons having unsecured claims against the PARTNERSHIP which are claims provable pursuant to the ACT;

**"PARTNERSHIP"** means Avestor Limited Partnership;

**"POST-FILING OBLIGATIONS"** means all unpaid obligations incurred by the PARTNERSHIP in the course of its activities since the filing of the NOTICE OF INTENTION, and those which it foresees up to the moment of execution of the PROPOSAL;

**"PRIORITY CLAIMS"** means all claims which must by the ACT be paid in priority to all other claims sharing in the estate of an insolvent debtor;

**"PROPOSAL"** means the present proposal;

**"PROPOSAL COSTS"** means all fees, costs, undertakings and obligations of the TRUSTEE, and all the legal fees due to its advisors or those of the PARTNERSHIP, and accounting fees relating to or resulting from the NOTICE OF INTENTION, the PROPOSAL, the CONTRIBUTION or the TRANSACTION;

**"PROPOSAL MEETING"** means the meeting of creditors of the PARTNERSHIP in order to consider the PROPOSAL;

**"SECURED CLAIMS"** means claims of secured creditors within the meaning of the ACT;

**"TRANSACTION"** means one or more transactions whereby funds are generated by the sale of all or part of the assets of the PARTNERSHIP.

“**TRUSTEE**” means RSM Richter Inc. licensed trustee, acting as trustee to the PROPOSAL;

“**UNSECURED CLAIMS**” means the claims of ORDINARY CREDITORS, including claims of any kind whatsoever, whether due or not on the date of the filing of the NOTICE OF INTENTION, including contingent or unliquidated claims resulting from any transaction concluded by the PARTNERSHIP prior to the filing of the NOTICE OF INTENTION and, as the case may be, all damages or other amounts due to the coming into force of the PROPOSAL that could be claimed by any creditor of the PARTNERSHIP;

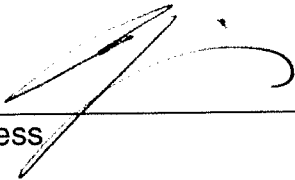
2. The SECURED CLAIMS shall be paid in accordance with arrangements between the PARTNERSHIP and the holders of SECURED CLAIMS or according to any agreement which might be reached between the PARTNERSHIP and the holders of SECURED CLAIMS. For greater certainty, the PARTNERSHIP acknowledges that the present document shall have no effect on the rights of the holders of SECURED CLAIMS.
3. The amounts:
  - (a) due to Her Majesty the Queen in right of Canada or of any province, which are subject to a demand under subsection 224(1.2) of the *Income Tax Act* or of any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or of any provision of provincial legislation essentially similar to the foregoing provisions as provided in paragraph 60(1.1)(c) of the ACT, and that were outstanding at the time of the filing of the NOTICE OF INTENTION shall be paid in their entirety, without interest, within six (6) months after the APPROVAL OF THE PROPOSAL;
  - (b) which employees (past and present) would be entitled to receive pursuant to paragraph 136(1)(d) of the ACT if their employer had been declared bankrupt on the date of the APPROVAL OF THE PROPOSAL shall be paid in their entirety immediately after the APPROVAL OF THE PROPOSAL.
4. The PROPOSAL COSTS shall be paid in priority to all PRIORITY CLAIMS and all UNSECURED CLAIMS.
5. The PRIORITY CLAIMS, without interest or penalty, shall be paid in their entirety in priority to all UNSECURED CLAIMS, within sixty (60) days following the APPROVAL OF THE PROPOSAL.

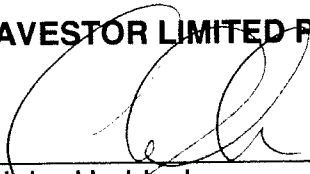
6. The POST-FILING OBLIGATIONS shall be paid in the ordinary course of business and according to usual commercial terms or according to agreements between the PARTNERSHIP and the holders thereof.
7. Each of the ORDINARY CREDITORS shall receive, in full and final payment of its UNSECURED CLAIM, without interest or penalty:
  - (a) the lesser of \$2,500 or the amount of its proof of claim, payable within thirty (30) days of the APPROVAL OF THE PROPOSAL;
  - (b) with respect to the balance of its UNSECURED CLAIM, if any, a pro rata share of the NET AMOUNT, as follows:
    - (i) a first portion payable out of the FIRST DISBURSEMENT payable within thirty (30) days of the APPROVAL OF THE PROPOSAL; and
    - (ii) a second portion payable once the TRANSACTION shall have been completed, which is to say that all of the assets of the PARTNERSHIP have been sold.
8. The PARTNERSHIP consents to the creation of a committee which shall be formed of at most three (3) individuals (the "**COMMITTEE**") designated by the creditors at the PROPOSAL MEETING. The COMMITTEE shall have the following powers:
  - (a) to advise the TRUSTEE with respect to the administration of the PROPOSAL;
  - (b) waive any default in the execution of the PROPOSAL;
  - (c) to confirm that the PARTNERSHIP has satisfied all of the terms and conditions of the PROPOSAL; and
  - (d) adjourn the payment of all dividends to ORDINARY CREDITORS provided for hereunder.
9. By the APPROVAL OF THE PROPOSAL, all creditors of the PARTNERSHIP waive all recourses which they had, have, or could have had pursuant to sections 91 to 101 of the ACT.

10. By the APPROVAL OF THE PROPOSAL, all creditors of the PARTNERSHIP give full and final discharge of all rights, claims or other recourses of any nature whatsoever which they had, have, or could have had against the PARTNERSHIP, its directors, management, representatives, agents and assigns, the general partners of the PARTNERSHIP, namely Gestion IndusTech HQ Inc. and Kerr-McGee Québec ULC, their directors, management, representatives, agents and assigns, and the shareholders of the general partners of the PARTNERSHIP, namely Hydro-Québec IndusTech Inc. and Kerr-McGee Stored Power Corporation, their directors, management, representatives, agents and assigns.
11. By the APPROVAL OF THE PROPOSAL, all creditors of the PARTNERSHIP give full and final discharge of all claims against directors, management, representatives and agents of the PARTNERSHIP that arose before the commencement of proceedings under the ACT and that relate to the obligations of the PARTNERSHIP where the directors, management or persons acting in a similar capacity are by law liable in such capacity for the payment of such obligations.
12. Upon the APPROVAL OF THE PROPOSAL and in consideration of the foregoing discharge by the creditors of the PARTNERSHIP, Gestion IndusTech HQ Inc., Kerr-McGee Québec ULC and 9174-2049 Québec Inc. shall waive their rights to receive any dividend to which they would otherwise be entitled under the PROPOSAL, to the extent that the NET AMOUNT does not allow UNSECURED CLAIMS by ORDINARY CREDITORS (other than Gestion IndusTech HQ Inc., Kerr-McGee Québec ULC, 9174-2049 Québec Inc., Hydro-Québec IndusTech Inc. and Kerr-McGee Stored Power Corporation) to be paid in their entirety, without interest or penalty.
13. Upon the APPROVAL OF THE PROPOSAL and in consideration of the foregoing discharge by the creditors of the PARTNERSHIP, Hydro-Québec IndusTech Inc. and Kerr-McGee Stored Power Corporation shall waive their rights to receive any dividend to which they would otherwise be entitled under the PROPOSAL and to the exercise of their rights under any guaranty or security granted to them by the PARTNERSHIP, to the extent that the NET AMOUNT does not allow UNSECURED CLAIMS by ORDINARY CREDITORS (other than Gestion IndusTech HQ Inc., Kerr-McGee Québec ULC, 9174-2049 Québec Inc., Hydro-Québec IndusTech Inc. and Kerr-McGee Stored Power Corporation) to be paid in their entirety, without interest or penalty.
14. All amounts payable under the PROPOSAL shall be remitted to the TRUSTEE so that it may distribute the dividends pursuant to the PROPOSAL.

IN CASE OF DISCREPANCY BETWEEN THE FRENCH AND ENGLISH  
VERSIONS OF THE PROPOSAL, THE FRENCH VERSION SHALL PREVAIL.

MADE IN MONTREAL, QUEBEC, THIS 6<sup>th</sup> DAY OF DECEMBER, 2006.

  
\_\_\_\_\_  
Witness

**AVESTOR LIMITED PARTNERSHIP**  
  
\_\_\_\_\_  
By: John Haddock  
Duly authorised