

CANADA

SUPERIOR COURT

*Companies' Creditors Arrangement Act*

R.S.C., 1985, c. C-36

DISTRICT OF QUEBEC  
DIVISION NO: 01-MONTRÉAL  
COURT No.: 500-11-047820-143  
OFFICE No.: 144029-001  
IN THE MATTER OF THE PLAN  
OF ARRANGEMENT AND  
COMPROMISE OF:

**BÉTON BRUNET LTÉE, 7507852 CANADA INC. (DOING BUSINESS UNDER THE NAME OF NEXT POLYMERS), GESTIONS R.C.F.L. INC. (DOING BUSINESS UNDER THE NAME OF PRODUITS DE BÉTON SOULANGES), LES PRODUITS DE BÉTON CASAUBON INC., DISTRIBUTION BRUNET INC., BÉTON BRUNET 2001 INC./BRUNET CONCRETE 2001 INC., 7956517 CANADA INC. (DOING BUSINESS UNDER THE NAME OF INDUSTRIES B&X 6353851-CANADA INC., 9197-8379 QUÉBEC INC. AND 7507917 CANADA INC.**

Duly constituted corporations, having their main place of business located at 1625 Monseigneur-Langlois Blvd. in the city of Salaberry-de-Valleyfield, province of Quebec, J6S 1C2.

Hereafter, the "Brunet Debtors"

-and-

**RAYMOND CHABOT INC., (SR0163),**

Duly constituted corporation having its place of business at the National Bank Tower, 600 de La Gauchetière St. W., Montréal, Quebec H3B 4L8

Hereafter, the "Monitor"

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**REPORT TO THE CREDITORS ON THE PLAN OF ARRANGEMENT AND COMPROMISE  
AND THE STATE OF AFFAIRS AND FINANCES OF THE BRUNET DEBTORS**

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On February 3, 2015, the Court rendered the "Filing of the Plan of Arrangement and Creditors' Meeting Order", which authorized the filing of the Plan of Arrangement and Compromise of the Brunet Debtors dated January 30, 2015, as rectified on February 3, 2015 (as amended on February 6, 2015, hereafter the "**Plan of Arrangement**"). This report of the Monitor deals with the state of the affairs and finances of the Brunet Debtors and the Plan of Arrangement, including the recommendation of the Monitor to vote in favour of the Plan of Arrangement for the reasons provided below.

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## 1. INTRODUCTION

This report deals with the following subjects:

- Background (Section 2);
- Financial situation (Section 3);
- Summary of liabilities and evaluation of guarantees (Section 4);
- Estimated liquidation value in a bankruptcy or liquidation scenario (Section 5);
- Summary of the Plan of Arrangement;
- Conflicts of interest and preferential payments (Section 7);
- Conclusion and recommendations (Section 8);
- Instructions for voting on the Plan of Arrangement (Section 9).

## 2. BACKGROUND

Founded in 1923, the Brunet Debtors are a major group of corporations operating in a broad range of construction-related areas. Their headquarters is located at 1625 Monseigneur Langlois Blvd. in Salaberry-de-Valleyfield. The debtors are all wholly-owned subsidiaries of Groupe Béton Brunet 2001 Inc., whose sole director is Bernard Brunet. The Brunet Debtors carry on their activities through seven separate corporations:

- Béton Brunet ltée: Reinforced concrete pipe manufacturer. It is involved in most of the major infrastructure work sites in Quebec. It also has operations in road signage, reinforced steel manufacturing and installation and infrastructure work.
- 7507852 Canada Inc. (Next Polymers): PVC aqueduct, sewer and drainage pipes manufacturer;
- Gestions R.C.F.L. inc. (Produits de béton Soulanges): Corporation manufacturing various concrete products (culverts, headwalls, retaining walls, etc.) and large custom-made concrete products;
- Les Produits de béton Casaubon inc.: Corporation specialized in the manufacturing of manholes, drywells and other prefabricated concrete parts;
- Distribution Brunet inc.: Corporation operating a distribution network of products for aqueduct, sewer, drainage networks and all related products. It currently operates nine sites and places of business in Canada, including four in Quebec.
- Béton Brunet 2001 inc.: Corporation that produces and distributes ready-to-use concrete products for the residential, commercial and industrial markets, as well as for the execution of large-scale infrastructure and construction work. It currently operates 11 sites and places of business.
- 7956517 Canada Inc. (Industries B&X): Corporation specialized in the manufacturing of mechanized welding parts for oil refineries;
- 6353851 Canada inc., 9197-8379 Québec inc. and 7507917 Canada inc.: Corporations offering labour services to Béton Brunet 2001 inc. and Industries B&X.

Normally, and depending on the time of year, the Brunet Debtors employ between 400 and 700 people, half of whom are located in the Salaberry-de-Valleyfield region alone. The Brunet Debtors currently

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employ slightly fewer than 200 employees, considering the lower level of activities at this time of the year and the restructuring measures undertaken, which have led to a greater amount of temporary layoffs than usual.

On May 28, 2014, the Autorité des marchés financiers authorized Béton Brunet Ltée to tender for public contracts under the *Integrity in Public Contracts Act*.

Since 2010, after numerous years of lasting and profitable growth, the Brunet Debtors have faced a difficult micro- and macro-economic context, characterized by:

- The general economic slowdown of the infrastructure market: With the budget cuts at both the provincial and federal levels, infrastructure expenses have been considerably reduced. The slowdown was amplified in 2011 as the construction industry experienced difficulties (i.e., Charbonneau commission) which resulted in a significant reduction in, or postponement of, construction projects.
- Reduced profitability: Less construction work, and the resulting decrease in income for the Brunet Debtors, have reduced the corporation's ability to cover its fixed costs. Furthermore, in recent years, the Brunet Debtors have been faced with a new competitor in the field of reinforced concrete pipes, which has resulted in downward pressure on sale prices;
- Execution of unprofitable contracts: In the spring and summer 2013, the Brunet Debtors began two large contracts in respect of beam replacements for the Champlain bridge and highways 20 and 30 interchange, which resulted in estimated losses of \$2M. This was the Brunet Debtors' first experience on this market, and cost overruns and late penalties generated the estimated losses;
- Brunet Debtor' organizational under-performance: Since 2010, the Brunet Debtors acquired seven corporations and opened seven branches and production facilities. The difficult integration of the acquired companies and the pursuit of a growth strategy put great pressure on the Brunet Debtors' human, operational and financial resources, which resulted in operational under-performance issues.

These various issues, in combination with a late spring in 2014 that delayed activities by four to six weeks, resulted in a significant cash crisis and led to:

- Extensive pressure from suppliers who became more demanding and have been requiring payment on delivery for some time. This has had a material impact on the Brunet Debtors' cash resources and their ability to obtain supplies. Because of the lack of supplies, sales have been lost, a situation which continues. In fact, some activities were temporarily suspended a number of times, due to the lack of raw materials;
- Seasonal lay-offs occurred sooner than usual;
- Failure to satisfy the terms of the operating loans from HSBC Bank of Canada (hereafter "HSBC").

In order to address these difficulties, in the fall of 2014, the Brunet Debtors hired a restructuring advisor and a chief financial officer. Rationalization measures were initiated and management made considerable efforts to find additional financing. The attempts to obtain new financing were unsuccessful and the rationalization measures proved insufficient.

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As a result, on November 28, 2014, the Brunet Debtors obtained an initial Order under the *Companies' Creditors Arrangement Act* (hereafter "CCAA") and Raymond Chabot inc. was appointed as Monitor. The Order was extended once, on December 23, 2014 to February 4, 2015.

Since the initial Order, the Brunet Debtors' restructuring activities consisted in the following:

- Efforts were increased to collect receivables and free up the cash resources needed for operations;
- Numerous formal notices were sent out to ensure collection of certain substantial accounts receivable and prevent certain clients, sub-contractors or suppliers from interrupting the provision of contractual obligations;
- Several meetings and discussions were held and information was forwarded to a number of potential lenders to support the Brunet Debtors' financial restructuring and a return to full operations as of the 2015 season. Ten potential lenders were contacted, many of whom expressed an interest, and discussions are ongoing with eight of them.
- Representatives of the Brunet Debtors, the Monitor and HSBC representatives have held several meetings and discussions to arrive at a settlement agreement;
- Activities have been streamlined and improved controls have been introduced to reduce operating losses in the short term;
- Financial results as at October 31, 2014 have been analyzed in detail and potential areas for improvement have been pinpointed;
- Various restructuring scenarios have been analyzed, in consultation with the Monitor;
- Contracts with unfavourable economic terms and conditions were identified and seven advance notices of contract dissolution under the CCAA have been sent, with the Monitor's approval;
- Working with the Monitor, projected changes in cash and financial forecasts for the next two years were prepared, reflecting the potential improvements identified and various restructuring scenarios under consideration;
- The Plan of Arrangement was finalized by the Brunet Debtors and submitted to the creditors.

### 3. FINANCIAL SITUATION

We analyzed the financial statements for the years ended October 31, 2012, 2013 (draft) and 2014 (preliminary).

This analysis consisted primarily of enquiries, analytical procedures and discussions relating to information supplied by the management of the Brunet Debtors. This work does not constitute an audit and, accordingly, we do not express an opinion on these financial statements.

Earnings for the years ended October 31, 2012, 2013 (draft) and 2014 (preliminary) are summarized as follows (in thousands of dollars - unaudited). It should be noted that the results after October 31, 2014 are not very representative in light of the CCAA proceedings.

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	Oct. 31, 2014	Oct. 31, 2013	Oct. 31, 2012
Sales	79 155	93 567	100 565
Cost of sales	77 013	81 171	82 769
	2 142	12 396	17 796
	2,7%	13,2%	17,7%
Selling expenses	4 496	8 226	8 147
Administrative expenses	9 968	13 664	7 334
Financial expenses	2 189	2 382	1 729
Amortization	967	1 183	1 290
<b>Operating loss</b>	<b>(15 478)</b>	<b>(13 059)</b>	<b>(705)</b>
<b>Net profit (loss)</b>	<b>(14 283)</b>	<b>(8 681)</b>	<b>109</b>
<b>EBITDA</b>	<b>(12 322)</b>	<b>(9 494)</b>	<b>2 315</b>

The table demonstrates the following:

- Decrease in sales of \$21.4M or 21% from 2012 to 2014. This reflects the macro- and micro-economic difficulties mentioned in the previous section;
- Decrease in the gross margin, which is now 2.7%, a 15% decline since 2012. Lower income has hampered the Brunet Debtors' ability to support their fixed cost structure;
- Decrease in selling and administrative costs of \$7.4M from 2013 to 2014. The reduction is attributable to management's considerable efforts to reduce the Brunet Debtors' fixed costs;
- However, the fixed cost reduction has not been sufficient to offset lower sales and a reduced gross margin. In 2014 alone, operating losses amounted to \$15.5M and EBITDA (cash resources) was a negative \$12.3M;
- In the past three years, the Brunet Debtors have accumulated operating losses of almost \$30M (net loss of \$22.9M). In the same period, EBITDA (cash flow) was a negative amount of more than \$19.5M.

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The Brunet Debtors' combined summary balance sheets as at October 31, 2012, 2013 (draft) and 2014 (preliminary) are as follows (unaudited, in thousands of dollars):

	Oct. 31, 2014	Oct. 31, 2013	Oct. 31, 2012
<b>Assets</b>			
Short-term assets			
Accounts receivable	30 193	40 511	36 448
Inventory and work-in-progress	24 702	27 333	31 085
Prepaid expenses and other debtors	3 805	2 381	982
	58 701	70 225	68 516
Fixed assets	9 121	9 486	13 440
Other assets	4 271	2 535	4 710
	<b>72 093</b>	<b>82 246</b>	<b>86 667</b>
<b>Liabilities</b>			
Short-term liabilities			
Bank indebtedness	39 901	39 011	34 703
Accounts payable and other creditors	28 918	24 863	22 900
Short-term portion of long-term debt	5 087	5 847	1 313
	73 905	69 721	58 916
Long-term debt	-	595	6 858
Deferred taxes and other liabilities	708	169	450
	<b>74 613</b>	<b>70 484</b>	<b>66 223</b>
Shareholders' equity	(2 520)	11 763	20 443
	<b>72 093</b>	<b>82 246</b>	<b>86 667</b>
<b>Financial ratios</b>			
Working capital	0,79	1,01	1,16
Indebtedness	(29,61)	5,99	3,24

The table demonstrates the following:

- Ongoing losses have considerably weakened the Brunet Debtors' balance sheet, as indicated by the current ratio of 0.79 and shareholders' deficiency as at October 31, 2014;
- The \$15.5M operating loss in 2014 was primarily financed by reducing accounts receivable (\$10.3M) and inventories (\$2.6M) and increasing accounts payable (\$1.4M);
- The significant losses completely eliminated equity, which stood at over \$20M as at October 31, 2012;
- Capital assets were down by almost \$4M in 2013, following the sale of some equipment to related parties that then refinanced them through unrelated entities (e.g., Royal Bank of Canada). The refinancing proceeds were re-injected into the Brunet Debtors' operations;
- Capital assets as at October 31, 2014 are as follows:

	Oct. 31, 2014
Land and buildings	6 153
Equipment and rolling stock	2 018
Office equipment	551
Others	398
	<b>9 121</b>

- Other assets are primarily accounts receivable from related companies (\$3M) and future income taxes (\$1.2M).

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### 4. SUMMARY OF LIABILITIES AND EVALUATION OF GUARANTEES

Under the terms of the December 10, 2014 Claims Process Order, creditors had to prove their claims no later than January 21, 2015 in order to participate in any distribution (a February 3, 2015 Order authorized the late filing of 60 proofs of claim (no later than January 23, 2015) due to a number of technical difficulties on January 21, 2015).

The following table details claims received by the Monitor in connection with the claim processing process:

(in thousands of \$ - unaudited)	Brunet Debtors								Total (note 1)
	BBL	Next Polymers	PBS	Casaubon	DBI	BB2001	B&X	Autres	
<b>Secured creditors claims</b>									
HSBC (note 2)	46 272	46 272	46 272	46 272	46 272	46 272	46 272	-	S/O
Business Development Bank of Canada	3 750	1 799	2 194	3 750	2 194	3 750	-	-	S/O
Lucien Brunet	2 288	-	2 288	2 288	-	-	-	-	S/O
Desjardins	312	-	-	312	312	-	-	-	S/O
Economic Development Canada	259	-	-	259	259	-	-	-	S/O
City of Salaberry-de-Valleyfield	258	-	-	-	-	-	-	-	S/O
Others	66	45	1	0	7	25	0	-	S/O
	<b>53 206</b>	<b>48 117</b>	<b>50 755</b>	<b>52 881</b>	<b>49 044</b>	<b>50 047</b>	<b>46 272</b>	<b>-</b>	<b>53 284</b>
<b>Unsecured claims</b>									
Accepted claims	7 324	1 940	802	1 516	3 662	3 066	1 314	49	19 674
Claims under analysis	5 412	-	-	240	-	2 240	-	-	7 892
	<b>12 736</b>	<b>1 940</b>	<b>802</b>	<b>1 756</b>	<b>3 662</b>	<b>5 306</b>	<b>1 314</b>	<b>49</b>	<b>27 566</b>
Related party claims	7 691	261	785	1 932	10 458	2 892	4 468	3 039	31 525
	<b>86 368</b>	<b>52 258</b>	<b>53 145</b>	<b>58 325</b>	<b>66 826</b>	<b>63 551</b>	<b>53 369</b>	<b>3 137</b>	<b>139 942</b>

Note 1: The total of secured creditors' claims column eliminates proofs of claims filed against several of the Brunet Debtors.

Note 2: The HSBC claim amount is the full amount of its claim, i.e., the guaranteed and unsecured portions.

In addition to the above claims, since the initial Order, the Court has authorized the following charges on the universality of the Brunet Debtors' assets:

- HSBC: \$4M;
- Administrative expenses: \$750,000;
- Directors' charges: \$750,000;
- Essential suppliers of Next Polymers: \$500,000 (on the assets of Next Polymers only).

Some unsecured claims totalling about \$7.9M are still being analyzed by the Monitor to determine if they should be rejected in full or in part.

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The guarantees held by secured creditors are as follows:

Creditor	Lien / assets
HSBC	Universality of movable, tangible and intangible, current and future property and judicial charge on all movables and immovables.
Lucien Brunet	Land and buildings.
Business Development Bank of Canada	Land and buildings.
Desjardins	Land and buildings.
Economic Development Canada	Land and buildings.
Others	Various.

### Opinion on the validity of the guarantees

The Monitor has requested an independent opinion on the validity and applicability of the guarantees of the secured creditor Lucien Brunet considering that this creditor is related to the sole director of the Brunet Debtors.

## 5. ESTIMATED LIQUIDATION VALUE IN A BANKRUPTCY OR LIQUIDATION SCENARIO

A preliminary analysis of the results of an immediate bankruptcy and/or liquidation of the Brunet Debtors indicates the following:

(in thousands of \$ - unaudited)	Book value	Estimated realization value
Accounts receivable (excluding intercompany accounts)	20 970	7 789
Inventory	17 536	4 588
Work-in-progress	1 664	457
Fixes assets - land and buildings	6 153	6 926
Fixes assets - equipment and others	2 967	589
	49 291	20 350
<b>Legal charges</b>		
HSBC charge		(4 000)
Administrative charge		(750)
Administrator charge		(750)
Charge for certain critical suppliers of Next Polymers		(500)
<b>Amount available to secured creditors</b>		<b>14 350</b>
<b>Total of claims received from secured creditors (see above table)</b>		<b>53 284</b>

The estimated realizable value in a bankruptcy and/or liquidation is based on the following main assumptions:

- The realizable value of accounts receivable ranges from 20% to 60% based on the following criteria:
  - Type of operations (distribution, manufacturing, construction, etc.);
  - Type of manufacturing (delivered products, progress billing, etc.);
  - Suppliers who potentially made a denunciation or who otherwise potentially have a priority on accounts receivable;

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- Interruption of work sites;
  - Age of accounts;
  - Litigious matters or “extras”.
- Inventories include a wide range of extremely varied parts in numerous locations in Quebec, Ontario, Alberta and the Maritimes. We have assessed their realizable value at 20% to 50% of the carrying amount, depending on whether they are finished goods or raw materials;
  - Work in progress has been evaluated at 30% of the carrying amount based on the contractual context;
  - The realizable value of the buildings has been valued at 75% of their market value since many are for specific purposes and the sole occupant is one of the Brunet Debtors;<sup>1</sup>
  - Equipment and other supplies, including production equipment, computer equipment and office furniture, has been valued at 25% of the carrying amount.

In light of the proofs of claim received by the Monitor and described in the previous section, it appears that unsecured creditors of the various Brunet Debtors would not receive any dividend in the event of a bankruptcy or liquidation.

## 6. SUMMARY OF THE PLAN OF ARRANGEMENT

The Plan of Arrangement provides that, for voting and distribution purposes, all creditors are part of a single class under the Plan of Arrangement, as opposed to a plan of arrangement for each Brunet Debtor, even though there is no confusion on the ownership of assets of each Brunet Debtor. The Court, as part of the Filing of a Plan of Arrangement and Creditors’ Meeting Order, authorized this classification under a single category of debtors for the following reasons:

- The activities of the Brunet Debtors are inter-related and their management, particularly with respect to finance and operations, is performed by the same management team;
- The Brunet Debtors are owned and controlled by the same parties;
- The Brunet Debtors provided cross-guarantees for all of their obligations toward HSBC, which is by far the largest of the Brunet Debtors’ creditors;
- As demonstrated in the previous section, there would not be any equity to distribute to unsecured creditors in the event of the bankruptcy and/or liquidation of one or several Brunet Debtors;
- The filing of a joint Plan of Arrangement and the classification of creditors into a single category will facilitate administration of the implementation and execution of the Plan of Arrangement.

In addition to the classification matter, the Plan of Arrangement can be summarized as follows (in case of discrepancy, the wording of the Plan of Arrangement shall prevail over the following; the Monitor recommends that the creditors consult the Plan of Arrangement available on its website):

- A minimal lump sum amount of \$1M, to be paid in four equal amounts of \$250,000, will be paid by the Brunet Debtors to the Monitor 3, 9, 15 and 21 months after the implementation of the Plan of Arrangement. Alternatively, the fourth payment may be replaced by an amount equal to 10%

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<sup>1</sup> Altus Group Limited prepared a report on the market value of the buildings and land as at December 5, 2014.

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of the amount collected, net of legal fees, under a ruling or settlement (i) of the proceedings initiated against Hydro-Québec and (ii) of the proceedings to be initiated against Nouvelle Autoroute 30 CJV S.E.N.C. and other defendants (“Autoroute 30”) in connection with specific projects for which the Ministère des transports du Québec confirmed that it has withheld payment, should this 10% of net income be received at the latest 21 months following the implementation of the Plan of Arrangement (i.e., at the time of payment of the last portion) and be in excess of \$250,000. In any case, the total amount offered may not exceed \$7M;

- These payments are intended to pay the targeted unsecured claims as follows:
  - The first \$250 of the total claims of each creditor will be paid in full;
  - The balance will be distributed based on the pro rata amount of residual debts;
- In the event that the Plan of Arrangement is implemented, the HSBC and related corporations will waive their dividend relating to their unsecured claim;
- The implementation of the Plan of Arrangement is subject to certain conditions, including:
  - Its approval by the Court on February 27, 2015;
  - The conclusion of an agreement with HSBC;
  - The conclusion of an agreement between the Brunet Debtors and each of the other secured creditors. These arrangements should provide for six-month moratoria on all payments by the Brunet Debtors to reimburse capital, interest and fees due;
  - The conclusion of an agreement between the Brunet Debtors, certain entities owning assets that are used in their activities, and each of the secured creditors that financed these assets. These agreements must provide, notably, for six-month moratoria on all payments by the Brunet Debtors to reimburse capital, interest and fees due;
  - At their sole discretion, the Brunet Debtors shall have obtained satisfactory financing, which will be used, among other things, for the purposes of implementing the Plan of Arrangement and continuing the Brunet Debtors’ activities;
  - The “Other Brunet Parties” (as defined in the Plan of Arrangement) shall have participated in and contributed to the implementation of financing to the benefit of the Brunet Debtors, for the purposes of implementing the Plan of Arrangement and continuing the Brunet Debtors’ activities;
  - With the exception of the condition of approval, the Brunet Debtors reserve the right to waive any or all of these conditions;
- The acceptance of the Plan of Arrangement will have the effect of cancelling all unsecured claims covered in the Plan of Arrangement and held against the Brunet Debtors or against all “Other Brunet Parties”.

Considering the proofs of claim that the Controller received at the time of this report, this dividend will have the following effect of the unsecured debtors:

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(in thousands of \$ - unaudited)	Including claims under analysis		Excluding claims under analysis	
	Minimum	Maximum	Minimum	Maximum
Offered dividend	1 000	7 000	1 000	7 000
<b>Less :</b>				
First portion of \$250 paid in total	(217)	(217)	(215)	(215)
	783	6 783	786	6 786
Balance of unsecured creditors (excluding the unsecured portion of HSBC and claims from related parties)	27 566	27 566	19 674	19 674
<b>Offered dividend in %</b>	<b>3,6%</b>	<b>25,4%</b>	<b>5,1%</b>	<b>35,6%</b>

## 7. CONFLICTS OF INTEREST AND ONGOING ANALYSES

### Conflicts of interest

Raymond Chabot Grant Thornton has never received any assignments from the Brunet Debtors, and there is no conflict of interest between Raymond Chabot Grant Thornton and the Brunet Debtors.

### Analysis of preferences and transfers at undervalue

These analyses are ongoing and the Monitor will report on the analyses no later than February 19, 2015.

### Analysis of litigation against Hydro-Québec and Autoroute 30

The Monitor has asked its legal counsel to review the proceedings regarding the litigation against Hydro-Québec and Autoroute 30, since a portion of the amount recovered could be distributed to the creditors and will report thereon at the meeting of creditors.

## 8. CONCLUSION AND RECOMMENDATIONS

Considering that:

- In a bankruptcy context, the unsecured creditors would not receive any dividend, whereas under the Plan of Arrangement the unsecured creditors would benefit from a dividend of \$1M to \$7M;
- The implementation of the Plan of Arrangement proposed by the Brunet Debtors would ensure the continuity of their activities, which is in the best interests of all stakeholders, including the employees, suppliers, clients, creditors and communities in which they operate.

**We consider the Plan of Arrangement to be advantageous for all of the creditors and we recommend that the affected creditors vote FOR the Plan of Arrangement.**

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### 9. INSTRUCTIONS FOR VOTING ON THE PLAN OF ARRANGEMENT

To be accepted, the Plan of Arrangement must be approved by a simple majority in number of the creditors having a Voting Claim, representing at least two-thirds in value of the Voting Claims of voting creditors. Creditors having a Voting Claims are therefore called to a meeting of the creditors of the Brunet Debtors to be held on February 26, 2015 at 9:30 a.m. at the Hilton Bonaventure Hotel.

Only creditors with a Voting Claim, as defined in the Plan of Arrangement and the Filing of the Plan of Arrangement and Creditors' Meeting Order, or an authorized proxy pursuant to a duly completed proxy form filed with the Monitor before the meeting of creditors, are authorized to attend and vote at the creditors' meeting.

The determination of whether a creditor has a Voting Claim and of the amount relative to said Voting Claim shall be made in accordance with the Claims Process Order dated December 10, 2014, the Filing of the Plan of Arrangement and Creditors' Meeting Order and the Plan of Arrangement.

Creditors having a Voting Claim or having received a Court authorization may vote as follows:

- By sending a duly completed voting form. To be considered, the form must be received by the Monitor no later than 9:00 a.m. on February 26, 2015, i.e., before the start of the meeting of creditors; or
- By appointing an individual of their choice by completing the proxy form and sending it to the Monitor before the meeting; or
- By voting in person at the meeting.

For any additional information, contact the Monitor's representatives:

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Respectfully submitted by Raymond Chabot inc. in its capacity as Monitor

Signed in Montréal on February 9, 2015.

RAYMOND CHABOT INC.  
Monitor

[Original French version signed]  
Jean Gagnon, CPA, CA, CIRP