CANADA

PROVINCE OF QUÉBEC
DISTRICT OF FRONTENAC

No.: 235-17-000026-258

SUPERIOR COURT

Commercial Division

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF:

CERTAIN UNDERWRITERS AT LLOYD'S, LONDON, individual underwriting syndicates at Lloyd's, with Lloyd's having its principal place of business at One Lime Street, London, EC3M 7HA, United Kingdom

- and -

TENECOM LIMITED (as successor to Winterthur Swiss Insurance Company formerly known as Accident & Casualty Insurance Company of Winterthur, Switzerland), Yasuda Fire and Marine Insurance Company (UK) Limited (and now known as Tenecom Ltd.), a company having its principal place of business at 8 Fenchurch Place, 4th Floor, London, EC3M 4AJ United Kingdom

- and **-**

THE OCEAN MARINE INSURANCE COMPANY LIMITED (as successor to liabilities of Commercial Union Assurance Company Limited, The Edinburgh Assurance Company, The Indemnity Marine Assurance Company Limited, The Northern Assurance Company Limited, The Road Transport & General Insurance Company Limited, United Scottish Insurance Company Limited, and The Victoria Insurance Company Limited), a company having its Registered Office at 8 Surrey Street, Norwich, Norfolk NR1 3NG United Kingdom

- and **-**

NRG VICTORY REINSURANCE LIMITED (as successor to liabilities of New London Reinsurance Company Limited), a company having its Registered Office at 8 Fenchurch Place, 4th Floor, London EC3M 4AJ United Kingdom

- and **-**

THE SCOTTISH LION INSURANCE COMPANY LIMITED, a company having its Registered Office at Suite 1, South Inch Business Centre, Shore Road, Perth, Scotland, PH2 8BW

Co-Applicants

- and -

ASBESTOS CORPORATION LIMITED, a corporation incorporated under the *Canada Business Corporations Ac*t, having its head office at 840 boul. Ouellet, in the city of Thetford Mines, Québec, G6G 7A5

Debtor/Co-Applicant

- and -

RAYMOND CHABOT INC., a company incorporated under the *Business Corporations Act* (Québec), having a place of business at 2000-600 rue De la Gauchetière Ouest, in the city of Montreal, Québec, H3B 4L8

Proposed Monitor

AMENDED APPLICATION FOR THE ISSUANCE OF A FIRST DAY INITIAL ORDER AND AN AMENDED AND RESTATED INITIAL ORDER

(Sections 9, 11, 11.001, 11.02, 11.03, 11.2, 11.52, 11.7 and 23 of the *Companies' Creditors Arrangement Act*)

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TO THE HONOURABLE JUSTICE JEAN-FRANÇOIS ÉMOND OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF FRONTENAC, THE CO-APPLICANTS […] RESPECTFULLY SUBMIT THE FOLLOWING:

1. OVERVIEW AND ORDERS SOUGHT

1. Certain Underwriters at Lloyd's, London, and Tenecom Limited (as successor to Winterthur Swiss Insurance Company, formerly known as Accident & Casualty Insurance Company of Winterthur, Switzerland, and to Yasuda Fire and Marine Insurance Company (UK) Limited and now known as Tenecom Ltd.), The Ocean Marine Insurance Company (as successor to liabilities of Commercial Union Assurance Company Limited, The Edinburgh Assurance Company, The Indemnity Marine Assurance Company Limited, The Northern Assurance Company Limited, The Road Transport & General Insurance Company Limited, United Scottish Insurance Company Limited, and The Victoria Insurance Company Limited), NRG Victory Reinsurance Limited, as successor to liabilities of New London Reinsurance Company Limited, and The Scottish Lion Insurance Company Limited (collectively, "**CLMI**" […]), are insurers, interested persons and/or unsecured creditors of the debtor, Asbestos Corporation Limited ("**ACL**" or the "**Debtor**"), an insolvent Quebec corporation, whose limited operations, employees and assets are all located in Thetford Mines, Quebec. CLMI subscribed to one or more of the excess liability insurance policies issued to General Dynamics Corporation ("**General Dynamics**") under which ACL, a former partially-owned indirect subsidiary of General Dynamics, was insured or allegedly insured (the "**London Policies**").

1.1 CLMI and ACL are the "**Co-Applicants**" in this matter.

2. Until 1986, ACL operated open pit chrysotile mines in Thetford Mines, Quebec, Canada, for the purpose of mining asbestos.

3. Over the course of the past decades, ACL has been the subject of thousands of asbestos-related claims and, until recently, ACL was fully responsible for resolving these asbestos-related claims.

4. CLMI […] are involved in reimbursing ACL for these same asbestos-related claims, solely in their capacity as insurers to ACL. More specifically, in accordance with the terms of the London Policies and an Interim Settlement Agreement ("**ISA**"), certain CLMI insurers […] have been reimbursing defence costs incurred by ACL in relation to the claims and have also funded certain settlements agreed upon between ACL and certain claimants.

5. However, since September 8, 2023, the circumstances relating to ACL's right or ability to resolve and defend such asbestos-related claims have been dramatically compromised, when the Court of Common Pleas of Richland County, South Carolina (the "**South Carolina Court**") (docket number 23-CP-40-179) (the "***Tibbs* Action**" and, the proceeding in respect of the *Tibbs* Action, the "**South Carolina Proceeding**"), in a lawsuit involving one of the underlying asbestos-related claims, held ACL in contempt of court on the basis that ACL refused to properly engage in

discovery and produce in the United States documents and witnesses located in Canada. ACL's position was, and continues to be, that the Quebec *Business Concerns Records Act,* RLRQ ch. D-12 (the "**QBCRA**") prevents it, as a Quebec corporation, from transferring documents outside of Quebec.

6. Nonetheless, the South Carolina Court sanctioned ACL, struck its pleadings (such that it was in default) and entered a Receivership Order (as defined below) that putatively stripped ACL of its right to defend itself in the United States, by appointing Mr. Peter D. Protopapas of the South Carolina law firm of Rikard & Protopapas as receiver of ACL with respect to certain powers, rights and assets, specifically, the power and right to defend asbestos suits against ACL in the United States and the power and right to deal with its insurers with respect to those suits (the "**South Carolina Receiver**").

7. In such capacity, Mr. Protopapas was granted full control of ACL's defence against the asbestos-related claims made against it in the United States, and has since filed a suit against CLMI in the South Carolina Court so as to force CLMI to pay the costs incurred by the South Carolina Receiver, with this suit pending before the South Carolina Court as of the date of this Application.

8. In February 2024, the South Carolina Court issued another order requiring ACL's insurers, including CLMI, to treat the South Carolina Receiver as their insured (ACL), and later subjected CLMI to sanctions of USD$50,000 per day until CLMI fully complied with its orders. During this time, the South Carolina Receiver (in his purported capacity as ACL) demanded CLMI settle asbestos lawsuits against ACL at excessive amounts.

9. The Co-Applicants […] have taken the position that the Receivership Order is invalid and should be vacated, and as such, ACL filed an appeal before the South Carolina Supreme Court. However, the fact remains that asbestos-related claims continue to proceed and/or to be filed against ACL, as none of them have been stayed pending the appeal on the Receivership Order and the determination, on appeal, as to who should be responsible and take control over ACL's defence against the asbestos-related lawsuits.

10. In the meantime, and although the South Carolina Receiver is required to protect ACL's interests, he has instead maligned ACL and made gratuitous and highly damaging statements about ACL in public filings that others will surely seek to use as admissions against ACL's interests. The South Carolina Receiver's attacks on ACL stands to cause irremediable damages to ACL and, this conduct, purportedly on behalf of ACL, has jeopardized ACL's coverage under the London Policies.

11. In sum, due to the actions of the South Carolina Receiver, ACL has lost control over its defence of the asbestos-related claims for which the South Carolina Receiver has unilaterally accepted service on ACL's behalf, notwithstanding ACL's position that the QBCRA prevents it from producing corporate documents deriving from Canada in the United States, thereby resulting in:

    (a) the South Carolina Receiver (in his purported capacity as ACL) maligning ACL with damaging statements against ACL's interests;

(b) larger settlements negotiated by the South Carolina Receiver, on behalf of ACL;

(c) plaintiffs filing motions for sanctions/contempt because of ACL's purported failure to produce documents and witnesses from Canada in South Carolina Receiver controlled cases – despite the fact that the South Carolina Receiver (not ACL) is controlling the defence; and

(d) CLMI […] having to pay an ever-increasing amount of litigation-related fees and settlements.

12. In essence, since his appointment, the steps taken by the South Carolina Receiver have resulted in increased liability and damages for ACL, rather than protecting its interests, and those of its stakeholders.

13. The result of this situation has been that plaintiffs throughout the United States are now exploiting ACL's current situation with the South Carolina Receiver, as well as its reliance on the QBCRA, in a "*race to the courts*" to obtain sanctions and default orders that are not based upon the merits of their claims, but rather on punishing ACL for not participating in discovery or respecting associated orders issued by US courts based on the QBCRA.

14. Furthermore, in other suits filed elsewhere in the United States, notably in Washington and California, where ACL continues to defend itself personally, ACL has been the subject of sanctions and a default judgment in connection with its refusal to submit documents and witnesses in discovery on the basis of the QBCRA. For example, on April 3, 2025, given ACL's position that the QBCRA prevented it from complying with discovery in the United States, a monetary default judgment was rendered against ACL in the amount of USD$16,219,398.25 (the "**Washington Default Judgment**"). This substantial monetary judgment is not directly related to the merits of the underlying claim, but rather, is related to ACL's defences being struck as purported punishment for ACL's lack of cooperation in discovery based on its adherence to the QBCRA in Quebec. Yet, the end result is that if CLMI […] pay this excessive Washington Default Judgment, it will reduce the pot of limits available to current and future claimants.

15. ACL is also now in jeopardy of having its defences struck and being held in default in a California lawsuit, in which it has already been held in contempt and sanctioned for refusing to produce documents and witnesses from Quebec on the basis of the QBCRA, but in defiance of court orders. As a result, ACL remains in jeopardy of being held in default and subject to an excessive judgment not based on the merits of the case, but rather on its position that it must adhere to and respect the QBCRA.

16. In sum, ACL's position is now being exploited by plaintiffs' counsel, who are able to obtain sanction and default orders in their favour notwithstanding the actual merit of their asbestos-related claims. Moreover, ACL's respect of the QBCRA has resulted in the appointment of the South Carolina Receiver and ACL's loss of control over the defence of the asbestos-related claims, which has led to increased liability, as well as larger settlements and settlement demands against CLMI […].

17. ACL is insolvent not only as appears from its balance sheet, but also in terms of its ability to satisfy its obligations as they become due. This indebtedness will only increase as a result of US plaintiffs exploiting the situation with the South Carolina Receiver and ACL's respect of the QBCRA.

18. In such circumstances, CLMI, is the party with the primary economic interest in the fair adjudication and resolution of all present and future asbestos-related claims as against ACL, and remains prepared to meet its coverage obligations to ACL in order to properly and fairly assess all present and future asbestos-related claims against ACL, and, if applicable, provide coverage in respect of same. However, as currently organized and conducted, CLMI […] are of the view that the current process by which ACL addresses claims should be pursued under an eventual streamlined claims process that would be approved by this Court in the context of these proceedings.

19. The Co-Applicants […] therefore propose to implement a fair, orderly and efficient claims process in Quebec, where ACL has its registered office, and where its operating assets and employees are located, the purpose of which will be to establish a single forum where all asbestos-related claims against ACL will be identified and diligently reviewed in a structured and efficient manner under the supervision of the Court. CLMI will also assess, in parallel with the foregoing, the possibility of satisfying such asbestos-related claims as part of an eventual plan of compromise or arrangement which would allow *all* claimants with valid claims to maximize recovery.

20. The Co-Applicants […] hereby file the present *Application for the Issuance of a First Day Initial Order and an Amended and Restated Initial Order* (the "**Application**"), and seek from this Court, with the consent and cooperation of ACL, the issuance of the following orders in respect of ACL, pursuant to the *Companies' Creditors Arrangement Act,* RSC 1985, c C-36, as amended (the "**CCAA**" and the present proceedings commenced hereunder, the "**CCAA Proceedings**"):

    (a) a first day initial order (the "**First Day Order**"), substantially in the form of the draft order communicated herewith as **Exhibit R-1**[1], which will be sought at the initial hearing to be scheduled with the Court, and which will provide for, *inter alia*, the following relief:

        (i) Application of the CCAA. A declaration that ACL is a "*debtor company*" to which the CCAA applies, and that the commencement of these CCAA Proceedings is appropriate in the circumstances;

        (ii) The Monitor. The appointment of Raymond Chabot Inc. ("**Raymond Chabot**") as the monitor of the Debtor in these CCAA Proceedings (if so appointed, the "**Monitor**"), with the powers set out in the draft First Day Order;

        (iii) Stay of Proceedings. A stay of all proceedings against the Debtor and its assets, undertakings and properties, including, without

[1] A copy of a redline document comparing the proposed First Day Order to the model CCAA initial order is communicated herewith as **Exhibit R-1A**.

limitation, insurance assets (collectively, the "**Property**") and their respective directors and officers (collectively, the "**D&Os**"), as well as against CLMI […], and their third-party claims administrator Resolute Management Inc., and General Dynamics, for an initial period of ten (10) days in accordance with the CCAA (the "**Stay Period**");

(iv) COMI Declaration. A declaration that Canada is the "*centre of main interest*" (the "**COMI**") of the Debtor; and

(v) Sealing Order. The granting of a sealing order in respect of certain confidential exhibits communicated as part of the Application;

(b) an amended and restated initial order (the "**Initial Order**"), substantially in the form of the draft order communicated herewith as **Exhibit R-2**[2], which will be sought at the "*comeback hearing*" to be scheduled with the Court on May 15, 2025, and which will provide for, *inter alia*, the following *additional* relief:

(i) Stay of Proceedings. The extension of the Stay Period to September 5, 2025;

(ii) Administration Charge. The establishment of a super-priority charge against the Property in an initial amount of $1.5 million (the "**Administration Charge**") to secure the fees and obligations incurred towards the undersigned counsel and Simpson Thacher & Bartlett LLP as legal advisors to CLMI […], Fasken Martineau DuMoulin LLP as legal advisors to ACL, Raymond Chabot, as Monitor of the Debtor, and Raymond Chabot's legal advisors in Canada and the United States, as well as the CRO (as defined below) (collectively, the "**Professionals**"), for work performed and to be performed in connection with these CCAA Proceedings;

(iii) Interim Financing and Interim Lender's Charge. The approval of an Interim Financing Term Sheet (the "**Interim Financing Term Sheet**") to be entered into between the Debtor and CLMI or an entity identified by it (in such capacity, the "**Interim Lender**") prior to the "*comeback hearing*", and the authorization for the Debtor to borrow from the Interim Lender under the Interim Financing Term Sheet an amount of up to $15 million (the "**Interim Facility**"), to be secured by a super-priority charge against the Property (the "**Interim Lender's Charge**");

(iv) Directors and Officers Charge. The establishment of a super-priority charge in an initial amount of $300,000 (the "**D&O Charge**") to secure the Debtor's indemnification obligations towards their respective directors, *de facto* directors, as well as certain senior

[2] A copy of a redline document comparing the proposed Initial Order to the model CCAA initial order is communicated herewith as **Exhibit R-2A**.

officers in connection with potential liabilities that could arise as and from the issuance of the Initial Order; and

(v) Chief Restructuring Officer. The appointment of Mr. Randall Benson to act as Chief Restructuring Officer ("**CRO**") of the Debtor through services to be provided by RC Benson Consulting Inc. pursuant to the engagement letter to be entered into prior to the *comeback hearing* (the "**CRO Engagement Letter**"), and authorizing Mr. Benson to exercise and perform the powers, responsibilities and duties set out therein.

21. The Co-Applicants […], in consultation and with the Monitor, also intend to return to Court, in due course, in order to seek the approval of a claims process, which will establish the procedures relating to the determination and adjudication of claims against ACL (the "**Claims Process**"). As part of this Claims Process, the parties intend to establish a committee, made-up of a representative of each of CLMI […], who will assist the Debtor and the Monitor in the review and resolution of any claims filed in the context of the Claims Process, as well as approve any settlement in connection therewith.

22. The Co-Applicants understand that Raymond Chabot, in its capacity as proposed Monitor, will be submitting to the Court, in advance of the initial hearing, a pre-filing report (the "**Pre-Filing Report**") that sets out its observations and recommendations with respect to the Co-Applicants' request for the issuance of the First Day Order. The Co-Applicants understand that the Pre-Filing Report will also analyze the circumstances leading up to the filing of the Application.

23. To the extent that Raymond Chabot is appointed as Monitor to the Debtor as part of the First Day Order, the Co-Applicants understand that Raymond Chabot, this time in its capacity as Monitor, will also be submitting to the Court, in advance of the "*comeback hearing*", a second report setting out its observations and recommendations with respect to the request for the issuance of the Initial Order, and in particular, will include cash-flow forecasts and a budget for the next six (6) months as part of this second report.

24. It is respectfully submitted that authorizing the contemplated CCAA process is necessary and appropriate in the particular circumstances of this case, and that the CCAA Proceedings also constitute the best restructuring alternative available for the Debtor, as well as the Debtor's many vulnerable stakeholders, who will be able to participate in a stream-lined Claims Process in a single jurisdiction, thereby maximizing any eventual recovery.

25. Unless indicated otherwise, all references to currency in this Application are in Canadian dollars.

2. THE DEBTOR'S BUSINESS AND AFFAIRS

2.1. Corporate Structure

26. ACL is a corporation incorporated under the *Canada Business Corporations Act* and was founded in 1925, as appears from a copy of the relevant extracts of the Québec Registry of Enterprises for ACL communicated herewith as **Exhibit R-3**.

27. ACL is a reporting issuer in the provinces of Québec, Alberta, British Columbia and Ontario, with Québec being ACL's principal jurisdiction. ACL's common shares trade on the NEX Board of TSX Venture Exchange under the stock symbol AB.H.

28. ACL is a subsidiary of Mazarin Inc. ("**Mazarin**"), which holds a majority of the shares of ACL. Robert Tremblay and Hélène Paquette are minority shareholders of ACL, the whole, as appears from Exhibit R-3.

29. ACL operates its business from 840 boul. Ouellet in Thetford Mines, Québec, where its head office is located.

30. All of ACL's limited employees, operating assets and operations are in Quebec, Canada.

2.2. Overview of the Business of the Debtor

31. For a period of close to one hundred years, ACL operated open pit chrysotile mines for the purpose of asbestos mining in Québec. ACL's asbestos mining-related operations and activities produced millions of tons of serpentine tailings which contain several minerals, including the strategic minerals of magnesium and nickel (the "**Serpentine Tailings**"). Currently, Mazarin, through ACL, owns 8 mining sites located in Québec.

32. ACL has since halted its asbestos-mining activities but continues to operate. Currently, ACL describes its operations and business plan as including the following activities:

    (a) the valorization and exploitation of the Serpentine Tailings to extract the minerals that are located in the Serpentine Tailings;

    (b) the promotion of the sustainable development of ACL's properties, and the restoration and revitalization of all of its mining sites and buildings in agreement with various regional stakeholders, while also ensuring the exploitation of the Serpentine Tailings;

    (c) the provision of warehouses and other buildings for rent; and

    (d) the innovation and implementation of new energy sources, such as wind and solar power, with the potential for carbon dioxide sequestration from the carbonation of its mine tailings.

33. ACL's activities, at this stage, involve dealing with the numerous litigation claims that it is facing in the United States and elsewhere as a result of ACL's former

activities relating to asbestos mining. These claims have been filed by persons claiming exposure to asbestos fiber or to asbestos-containing products, which allegedly resulted in bodily injury to such persons.

34. As will be further explained below, these claims are a significant burden upon ACL and CLMI […], particularly in light of the appointment of the South Carolina Receiver and his actions resulting in increased liability and larger settlements.

35. ACL is also exposed to certain liquidity risks due to the additional operating costs and due to the non-recurring nature of some of its revenues, which are mostly derived from mining assets, and more specifically, warehouse leasing and related royalties.

2.3. Employees

36. As at May 1, 2025, ACL has approximately six (6) employees all located in Quebec.

37. The Debtor's gross payroll obligations, including commissions, for the fiscal year 2024 amounted to approximately $1,334,000.

3. THE DEBTOR'S FINANCIAL POSITION

3.1. Assets

38. As at September 30, 2024, the Debtor had total assets with a book value of approximately $41,121,000, consisting of current assets with a book value of approximately $8,755,000, and fixed/long-term assets with a book value of approximately $32,366,000, as appears from the table below:

ASSETS	Book Value (in Canadian Dollars)
Current Assets	
Cash	**721,000**
Restricted Cash	**837,000**
Accounts receivable	**5,103,000**
Income tax recoverable	**893,000**
Prepaid expenses	**251,000**
Current portion of investments	**950,000**
Total current assets	**8,755,000**
Fixed/Long-Term Assets	
Investments	**30,200,000**
Note receivable from a company under common control, non-interest bearing and with no terms of repayment	**633,000**
Security deposits	**258,000**

ASSETS	Book Value (in Canadian Dollars)
Property, plant and equipment	**1,275,000**
Total non-current assets	**32,366,000**
Total Assets:	**41,121,000**

3.2. Liabilities

39. As at September 30, 2024, the Debtor had outstanding liabilities with a total book value of approximately $58,226,000, consisting of current liabilities with a book value of approximately $4,925,000, and non-current liabilities with a book value of approximately $53,301,000, as appears from the table below:

LIABILITIES	Book Value (in Canadian Dollars)
Current Liabilities	
Accounts payable and accrued liabilities	**2,381,000**
Income tax payable	**-**
Interest on note payable to the parent company	**1,385,000**
Current portion of litigation-related liabilities	**1,100,000**
Current portion of deferred revenue	**59,000**
Total current liabilities	**4,925,000**
Non-Current Liabilities	
Litigation-related liabilities	**25,790,000**
Deferred revenue	**162,000**
Security deposits payable	**213,000**
Notes payable to related companies	**26,729,000**
Post-employment benefit liabilities	**407,000**
Total non-current liabilities	**53,301,000**
Total Liabilities:	**58,226,000**

40. A more detailed description of the Debtor's debt structure is provided below.

A. Secured Debt

41. As at September 30, 2024, the Debtor had one main secured creditor, namely its parent company, Mazarin, to whom ACL appears to owe approximately $26,729,000, as reflected in the unaudited interim financial statements dated as at September 30, 2024, communicated herewith as **Exhibit R-4**.

42. On January 15, 1986, an immovable hypothec up to the principal amount of $70,000,000 (the "**Immovable Hypothec**") was entered into between ACL, as Issuer and Fiducie du Québec, as Trustee, and registered on the land register in the land book for the registration division of Thetford on January 28, 1986 under number 110 884, and in the land book for the registration division of Beauce on February 17, 1986 under number 368 108 (the "**Trust Deed**"), as appears from the summary report of the registrations in the *Registre de droits personnels et réels mobiliers* and the *Cadastre du Québec,* communicated herewith as **Exhibit R-5**.

43. On May 11, 2015, the Immovable Hypothec resulting from the Trust Deed was renewed and was registered, on May 15, 2015, in the land register under numbers 21 517 957, 21 524 569 and 21 533 174.

44. On November 22, 2024, following the resignation of the initial Trustee as attorney (*fondé de pouvoir*) for all present and future bondholders pursuant to the Trust Deed, Mazarin was appointed to act as successor attorney or person holding all powers for all present and future bondholders under the Trust Deed by virtue of a notice of substitution of hypothecary representative (*fondé de pouvoir*) executed on November 22, 2022 and registered in the land register on November 24, 2022 under number 27 713 471.

B. Unsecured Debt

45. As at September 30, 2024, the Debtor had certain outstanding unsecured liabilities, which are further detailed below.

(i) Accounts Payable and Accrued Liabilities

46. As at September 30, 2024, the Debtor's indebtedness for accounts payable and accrued liabilities was approximately $2,381,000, of which approximately $1,849,000 consists of fees and compensation related to ongoing litigation, and $532,000 of trade payables and accrued expenses owed.

(ii) Litigation-related liabilities

47. As previously mentioned, ACL is the subject of litigation, as persons claiming exposure to asbestos fibre or asbestos-containing products have filed numerous actions in the United States for damages due to bodily injury allegedly caused by asbestos exposure.

48. As at September 30, 2024, the Debtor's declared indebtedness for litigation-related liabilities was approximately $26,890,000, of which approximately $1,100,000 consists of amounts currently owed due to litigation proceedings in the United States, and $25,790,000 of long-term liabilities, as appears from the interim financial statements dated as at September 30, 2024 (Exhibit R-4). Additional monetary judgments have been rendered since September 30, 2024, including the Washington Default Judgment (in the amount of USD$16,219,398.25).

49. Such liabilities continue to increase on an exponential basis as more and more individuals suffering from asbestos exposure submit claims to, and initiate litigation proceedings against, ACL and CLMI […]. These claims include (i) two (2) asbestos

suits filed against CLMI as direct actions in Louisiana, and (ii) a USD$151 million suit filed against ACL in which it is alleged that ACL and its insurance carriers conspired to conceal insurance information.

50. At the same time, ACL has been subject to sanctions in the United States due to its respect of the provisions of the QBCRA, including by way of the USD$16.2 million Washington Default Judgment, and increasing litigation debts owed (if coverage is not voided) towards CLMI […].

51. ACL's position that the QBCRA prevents it from producing its corporate documents from Canada in the United States in the context of the litigation taking place there, has also resulted in the appointment of the South Carolina Receiver as a discovery sanction. The South Carolina Receiver subsequently instituted multiple declaratory actions matters against various carriers, including CLMI […], before the South Carolina Court that seek the following findings:

    (a) that the policies are "property" of the South Carolina Receiver;

    (b) that CLMI […] must defend and indemnify ACL even though CLMI […] have been reimbursing ACL for defence and indemnity for at least twenty-five (25) years; and

    (c) that the rules governing the payment of defence and indemnity are directly contrary to the terms of the ISA negotiated with ACL, pursuant to which the Co-Applicants […] have handled claims for over twenty-five (25) years.

52. ACL's rising litigation-related debts further prejudice CLMI's […] position, and the position of all stakeholders including the asbestos-related claimants, vis-à-vis ACL, as:

    (a) CLMI's coverage obligations are several (not joint) and limited to their subscribed percentage share;

    (b) Coverage may be jeopardized; and

    (c) ACL's contractual obligations require ACL to first pay defence costs, settlements and judgments and then seek reimbursement from CLMI for CLMI's several share.

(iii) Amounts Owing to CLMI

53. As at March 7, 2025, CLMI has claimed from the Debtor an amount of approximately USD$143,666.08, which amount constitutes defence costs paid by CLMI, on behalf of ACL, to American defence counsel for work performed in respect of the various litigation proceedings pending in the United States against ACL.

(iv) Post-employment benefits

54. ACL offers a defined benefit plan that guarantees the payment of post-retirement benefits to some of its employes and former employees. The defined benefit plan

was closed to new members as of December 29, 2003. ACL also offers life insurance to some of its former employees.

55. As at September 30, 2024, the Debtor's indebtedness for these post-employment benefits was approximately $407,000.

4. THE APPLICANT'S INTEREST IN THE PROPOSED RESTRUCTURING

4.1. CLMI's […] Insurance Coverage of ACL

56. On August 24, 1998, the ISA (as amended from time to time) was made by and between ACL and General Dynamics (collectively, the "**Assured**") and CLMI […]. The ISA sets forth an arrangement among the parties thereto by which CLMI, under the London Policies, shall reimburse ACL for their share of amounts paid by or on behalf of ACL for Defence Costs and Indemnity Payments attributable to Asbestos-Related Bodily Injury Claims (as such terms are defined in the ISA). The ISA and its addendums are communicated herewith, *under confidential seal* and *en liasse*, as **Exhibit R-6**.

57. Pursuant to the ISA, the Assured and CLMI […] agreed to provide for, among other things, the apportionment of indemnity payments and defence costs attributable to certain asbestos-related bodily injury claims asserted against ACL by way of claims or lawsuits instituted against ACL.

58. At a granular level, the London Policies insure both ACL and General Dynamics, with only one set of insurance limits available. This means that payment of amounts owing pursuant to a lawsuit against ACL reduces the limits available to pay lawsuits against General Dynamics, and *vice versa*.

4.2. Claims and Litigation Proceedings against ACL

59. CLMI […] are an interested person and a critical creditor and stakeholder of the Debtor in that CLMI […]:

(a) ensure that individuals suffering from asbestos-related bodily injuries are able to receive compensation following ACL's resolution and treatment of their claims; and

(b) fund, in large part, ACL's defence activities related to pending litigation in the United States, including but not limited to the states of Washington, New York, California and South Carolina.

60. Despite the foregoing, ACL's adherence to the provisions of the QBCRA has resulted in multiple US courts entering orders imposing sanctions, including monetary fines, striking ACL's defences, and, in one case, imposing a default judgment against ACL for which CLMI […] may ultimately be liable (if coverage is not void).

61. Additionally, ACL's respect of the QBCRA has resulted in the appointment of the South Carolina Receiver, thereby leading to ACL losing control of the litigation of asbestos-related claims in the United States for no other reason than its decision

to abide by the law of Quebec. In the meantime, the South Carolina Receiver's actions have resulted in increased liability and larger settlements that ACL and/or CLMI […] have been forced to pay, notably because:

(a) The South Carolina Receiver has maligned ACL and given plaintiffs' counsel alleged *admissions* that can then be used by the plaintiffs to justify ACL's alleged liability;

(b) The South Carolina Receiver has negotiated settlements that are significantly higher than those negotiated by ACL over the past 25 years;

(c) Plaintiffs continue to file motions for sanctions/contempt on the basis that ACL is not participating in discovery, including in cases where the South Carolina Receiver has been appointed (and is purportedly acting for ACL).

A. Asbestos Claims

62. With respect to asbestos-related bodily injury claims, CLMI […] have, as of December 31, 2024, reimbursed their share of settlements that have compensated several thousand claims instituted against ACL, while thousands of claims have also been dismissed, and others remain pending. The breakdown of the number of claims that are settled, dismissed and pending are included in a confidential schedule to the Pre-Filing Report, as well are the total costs of the expenses and indemnities reimbursed by ACL in relation to these claims.

63. It is undeniable that CLMI […] have diligently, and in good faith, sought to expeditiously reimburse claims in the best interests of ACL's stakeholders and the claimants.

B. Litigation Proceedings in the United States

64. In addition to reimbursing their share of compensation to the asbestos-related bodily injury claimants, CLMI […] have also paid the defence costs arising from certain asbestos-related litigation proceedings instituted in the United States against ACL, which CLMI […] are claiming from ACL, but which have not paid (which as of this date, amounts to USD$143,666.08).

(i) South Carolina Proceeding and South Carolina Receiver

65. In the South Carolina Proceeding instituted against ACL in South Carolina, the Court appointed the South Carolina Receiver over ACL, purportedly allowing the South Carolina Receiver to assume the control of the defence of asbestos-related claims made against ACL throughout the United States.

66. By way of background, on July 19, 2023, the South Carolina Court ordered ACL to fully answer discovery in the *Tibbs* Action in South Carolina and to provide a corporate representative for deposition, failing which ACL would be held in contempt. ACL did not comply, submitting that the QBCRA prevented it from making such disclosure and from complying with discovery in the United States.

67. Subsequently, on September 8, 2023, the South Carolina Court held ACL in contempt, and sanctioned ACL by striking its pleadings such that it was in default, as appears from the contempt order of the South Carolina Court communicated herewith as **Exhibit R-7** (the "**South Carolina Contempt Order**").

68. As appears from a copy of the receivership order (the "**Receivership Order**"), communicated herewith as **Exhibit R-8**, the South Carolina Receiver was appointed as a result of the South Carolina Contempt Order, and purports to confer upon the South Carolina Receiver the rights, powers, and authority to among other things:

    (a) fully administer all insurance assets of ACL and any subsidiaries;

    (b) accept service of process on behalf of ACL;

    (c) engage defence counsel on behalf of ACL;

    (d) assume control of the defence of all asbestos bodily injury litigation matters pending in the United States against ACL; and

    (e) take any and all steps necessary to protect the interests of ACL whatever they may be.

69. The rights, powers, and authority granted by the South Carolina Court to the South Carolina Receiver pursuant to the Receivership Order are not limited to the South Carolina Proceeding but purportedly extend to all asbestos bodily injury suits against ACL in the United States.

70. The Co-Applicants […] objected to the Receivership Order and contend that it should be invalidated and vacated. On September 13, 2023, ACL appealed the Receivership Order and South Carolina Contempt Order to the South Carolina Court of Appeals, which in turn certified the appeal for direct consideration by the highest court in the state, the South Carolina Supreme Court, which appeal is currently pending. However, the appeal has not stayed the Receivership Order and actions of the South Carolina Receiver. As a result, asbestos-related bodily injury claims continue to be filed and pursued with the South Carolina Receiver accepting service of some (but not all) lawsuits, and the South Carolina Receiver taking control of the defence of some (but not all) lawsuits in the United States.

71. To this end, the South Carolina Receiver appointed in the South Carolina Proceeding has disrupted CLMI's […] longstanding practice of efficiently reimbursing the compensation of claimants and has begun acting on ACL's behalf in a range of matters, including personal-injury suits and prosecuting third-party declaratory judgment actions, as appears from the Petition for Writ of Prohibition, communicated herewith as **Exhibit R-9**.

72. Moreover, given that ACL does not recognize the South Carolina Receiver, as appears from Exhibit R-9, ACL has declined to retain counsel to defend against cases where the South Carolina Receiver has accepted service of new complaints, thereby resulting in a gap in legal representation. The South Carolina Receiver also did not retain counsel in some of these new complaints for which the South

Carolina Receiver accepted service, leaving ACL exposed to additional risk for default judgments being rendered given its lack of representation, which risk is borne, in large part, by CLMI […] who could be forced to pay the majority of the amounts owed under any excessive default judgment, despite there being no proper review and adjudication relating to the validity of any such claims. This situation is demonstrative of the necessity to obtain the relief sought herein.

73. Moreover, on February 23, 2024, the South Carolina Court entered an order requiring CLMI […] to treat the South Carolina Receiver as the named insured and representative for ACL in the defense of asbestos litigation (the "**February 23 Order**"), a copy of which is communicated herewith as **Exhibit R-10**. The order was entered in two asbestos personal injury lawsuits pending against ACL in the state of South Carolina (*Link* and *Potter*) and directed at insurance carriers of ACL, including CLMI […], despite the fact that CLMI […] were not parties to either of these lawsuits.

74. Following the February 23 Order, the South Carolina Court, on March 22, 2024, entered another order sanctioning CLMI […] an amount of USD$50,000 per day until the South Carolina Receiver advises the South Carolina Court of CLMI's […] compliance with the February 23 Order (the "**March 22 Order**"), a copy of which is communicated herewith as **Exhibit R-11**. This order was entered again in two lawsuits (*Link* and *Potter*) where CLMI […] were not parties.

75. Meanwhile, the South Carolina Receiver (acting as ACL and the Assured) is demanding that CLMI settle asbestos lawsuits against ACL at excessive amounts. Initially, the South Carolina Receiver issued a demand that CLMI pay hundreds of millions of dollars in policy limits to settle two asbestos lawsuits, and then negotiated settlements of five asbestos lawsuits for excessive amounts that ACL had not consented to. Although the March 22 Order providing for sanctions of USD$50,000 per day was vacated after these five settlements were concluded, settlement demands in asbestos lawsuits against ACL that are controlled by the South Carolina Receiver have dramatically increased.

76. It is highly worrisome and problematic that the South Carolina Receiver was appointed in respect of a Quebec-based company, with no activities or operations in the United States, let alone in South Carolina, and with the grounds for the Receivership Order being a discovery sanction for ACL's decision to rely upon the QBCRA – a law in effect in the province of Quebec.

77. The South Carolina Receiver (acting in his purported capacity as ACL) has made gratuitous and highly damaging statements about ACL in public filings, as appears from a copy of the Return to Petition for Writ of Prohibition filed by the South Carolina Receiver in the Supreme Court of the state of South Carolina, communicated herewith as **Exhibit R-12**. For example, the South Carolina Receiver has stated in pleadings submitted in his capacity as ACL that "ACL supplied significant amounts of raw asbestos directly to South Carolina, or to companies for us in South Carolina", that "ACL was aware of the hazards of asbestos by 1930, and ACL knew that asbestos causes cancer by 1946", and that "ACL has employed … improper tactics in asbestos litigation throughout the United States", as appears from Exhibit R-12.

78. These damaging statements are in direct contravention of his duty to protect ACL's interests and are statements that others will surely seek to use as admissions against ACL's interests. Furthermore, if deemed admissions of ACL, these statements jeopardize and potentially void coverage under the London Policies.

79. It is worth noting that the South Carolina Receiver has been previously criticized and sanctioned in another foreign jurisdiction where he has similarly been appointed as receiver by the South Carolina Court and sought to take control over foreign corporations in the context of asbestos litigation.

80. For example, a court in the United Kingdom threatened the South Carolina Receiver with jail time if he continued to claim he was the legal representative of Cape Plc ("**Cape**"), a UK company whose corporate predecessor once mined asbestos in South Africa. The UK court rejected the South Carolina Court's claim of jurisdiction over Cape and held that the South Carolina Receiver had no authority to act on behalf of Cape. Moreover, the UK court held that although the South Carolina Receiver allegedly sought to protect the interests of Cape, in reality he was "doing the opposite", has made admissions in relation to asbestos claims which are damaging to the interests of Cape, and that the South Carolina Receiver's conduct was "shocking" and was acting as an "impostor", the whole as appears from a copy of the judgment of the UK court, communicated herewith as **Exhibit R-13**.

81. The Co-Applicants respectfully highlight the similarities between the situation with Cape and ACL as both striking and concerning in the circumstances, for the South Carolina Receiver, appointed by the South Carolina Court, is purporting to represent and assume control over the defence of a Quebec company, but has made damaging statements against ACL's interests.

(ii) Washington Proceeding

82. Proceedings have been instituted against 40 corporate defendants, including ACL, for contributing to the death of Mr. Steven Kotzerke, as a result of asbestos exposure due to his job at paper mills and chemical plants (the "**Washington Proceeding**").

83. As part of the Washington Proceeding, ACL was requested by the plaintiff to produce ACL's corporate documents located in Canada and to present a witness that was prepared to testify regarding these Canadian documents. ACL refused to do so, arguing, similarly to the South Carolina Proceeding, that the QBCRA prevents ACL from making such disclosure.

84. Given ACL's refusal, the Washington court ordered that ACL must produce the requested Canadian documents as part of discovery and present a witness as to those documents. ACL filed an interlocutory appeal of that order to the Court of Appeals of the State of Washington and the appellate court, in a decision dated December 12, 2024, denied ACL's appeal and expressly rejected ACL's argument concerning the QBCRA (the "**Washington Appellate Decision**"), as appears from a copy of the decision of Court of Appeals of the State of Washington communicated herewith as **Exhibit R-14**.

85. Despite the Washington Appellate Decision, ACL did not comply with the Washington court's orders compelling discovery on the basis of the QBCRA. CLMI has since learned that ACL had been sanctioned, was at risk of having its defences struck, and that its interlocutory appeal was denied. This untenable situation is part and parcel of the problem with which ACL and CLMI are confronted: either ACL disclose documents in the United States in contravention of the QBCRA, subject to penalties and sanctions in Quebec, or ACL continue to respect the provisions of the QBCRA, subject to default orders and judgments in the United States.

86. ACL maintained its adherence to the QBCRA and, consequently, was held in contempt of court, with a default order having been rendered against ACL on January 29, 2025 (the "**Washington Default Order**"), as appears from a copy of the decision of the Superior Court of the State of Washington (the "**Washington Superior Court**") communicated herewith as **Exhibit R-15**.

87. In accordance with the Washington Default Order, the Washington Superior Court held that ACL is willfully disobeying the orders of the court and is flouting the rule of law in the state of Washington. As a result, ACL was held in contempt and was ordered to pay sanctions in the amount of USD$68,000 (the "**Sanction Damages**").

88. On March 3, 2025, there was a hearing on damages of the plaintiff. At the hearing, ACL was precluded from disputing causation or plaintiff's alleged damages. Therefore, the results of the damages hearing were not based upon the merits, but to punish ACL for relying on the QBCRA.

89. On March 18, 2025, following the hearing on damages, the Washington Superior Court ordered that ACL pay damages in the total amount of USD$16,219,398.25, with the Washington Default Judgment having been entered on April, 3, 2025, as appears from the court order communicated herewith as **Exhibit R-16**.

90. As of the date of the Application, ACL has not paid the Sanction Damages, despite continuing to incur other costs in regard to the litigation (which costs are ultimately reimbursed largely in part by CLMI […]), as appears from the submissions of ACL's counsel in the Washington Proceeding, dated February 25, 2025 and communicated herewith, *en liasse*, as **Exhibit R-17**.

91. While ACL is appealing the USD$16.2 million Washington Default Judgment, ACL refuses to post an appeal bond to stay enforcement of the judgment while its appeal is pending, thereby allowing the judgment to be immediately enforced against ACL or CLMI. Since ACL does not have tangible assets in the United States (and if coverage is not voided), CLMI […] might be forced to pay in the near future substantial sums.

92. The risk of the USD$16.2 million Washington Default Judgment, the Sanction Damages and ongoing costs associated with the Washington Proceeding and the South Carolina Proceeding incurred as a result of ACL's litigation strategy, may ultimately fall upon CLMI […].

(iii) California Proceeding

93. ACL was also sanctioned by the Superior Court of Los Angeles County, California, in an asbestos lawsuit alleging exposure to ACL asbestos fibre that purportedly contributed to the death of Mr. Frederick H. Smalley (the "**California Proceeding**").

94. As part of the California Proceeding, ACL was (once again) requested by the plaintiff to produce documents and a witness in the context of discovery. ACL did not do so, on the basis that the QBCRA prevented such disclosures.

95. Nonetheless, the California Superior Court ordered that ACL must produce and communicate the requested documents as part of discovery, as appears from a copy of the order of the California court issued on October 30, 2024, communicated herewith as **Exhibit R-18**.

96. ACL did not comply with the California court's order and, on February 5, 2025, the California court sanctioned ACL an amount of USD$1,000 and ordered ACL to answer the complaint, but denied without prejudice the plaintiffs' motion to impose evidentiary sanctions against ACL, as appears from a copy of the order of the California court issued on February 5, 2025, communicated herewith as **Exhibit R-19**.

(iv) Suits Against General Dynamics Related to ACL

97. Although General Dynamics no longer is the parent corporation of ACL, General Dynamics has been sued by certain plaintiffs in the United States who seek to hold it liable with respect to the products of ACL, based on theories such that General Dynamics is the “alter ego” of ACL, that General Dynamics is the “successor in interest” to ACL or that the corporate separateness between ACL and General Dynamics should not be respected (the “**ACL-Related General Dynamics Claims**”). General Dynamics may seek insurance coverage under policies covering ACL, including policies subscribed to by CLMI […], with respect to the ACL-Related General Dynamics Claims, and any insurance payments made for ACL-Related General Dynamics Claims under policies also covering ACL will reduce the insurance available for asbestos claims against ACL.

5. THE CO-APPLICANTS' PROPOSED RESTRUCTURING

98. In light of the foregoing, the Co-Applicants believe that it has become necessary to seek relief and protection for the Debtor under the CCAA in order to protect ACL, as well as the position of CLMI […] and other stakeholders, including the vulnerable individual claimants suffering from asbestos-related diseases, against the situation having befallen the Debtor in the litigation proceedings pending against it in the United States, notably with respect to the South Carolina Receiver.

5.1. CCAA Proceedings by any Interested Person

99. Canadian courts have recognized that creditors, including unsecured creditors, have standing to commence proceedings in respect of a debtor company under the CCAA and have authorized the initiation of such proceedings on numerous

occasions, including where there are concerns regarding the capabilities of the debtor company or its management to effectively operate. In the case at hand, ACL is effectively restrained from managing asbestos bodily injury lawsuits where the South Carolina Receiver has taken over control.

100. The commencement of CCAA proceedings has also been regarded as a proper exercise of stakeholder rights where such proceedings are instituted with a view to benefiting the mass of the debtor company's stakeholders. In this case, CLMI […], working alongside ACL, will return to Court in order to have a comprehensive Claims Process approved, as well as an eventual plan of compromise or arrangement in order to efficiently resolve and settle outstanding litigation claims against ACL and General Dynamics, the whole in a manner that maximizes recovery for all such claimants.

101. Canadian courts have allowed interested persons to bring CCAA applications to petition a debtor company to seek protection under the CCAA, with recent cases even allowing equity investors to commence CCAA proceedings as against the debtor company for the purpose of instituting a claims process in the interests of the mass of stakeholders. Indeed, the relevant question is whether the applicant is using the CCAA in a manner that is consistent with its purposes, which is the case here in light of the foregoing:

(a) ACL has been put in the position of choosing to either comply with Quebec law (QBCRA) and violate US court discovery orders, or ostensibly, violate the QBCRA and potentially face civil and criminal penalties in Quebec. Its decision, has resulted in the appointment of a South Carolina Receiver, who does not have the best interest of ACL, CLMI or its stakeholders in mind.

(b) In fact, the South Carolina Receiver’s actions have resulted in increased liabilities and damages payable by ACL and CLMI, not on the basis of valid claims, but rather on the basis of inflated settlements and potential sanctions/contempt that would result in default judgments. The net result is an increasing erosion of the potential insurance proceeds available to asbestos claimants with valid claims.

(c) ACL is facing important liquidity issues, and is insolvent, and in this regard, CLMI […] also have significant concerns that some creditors may seek to take measures against the Debtor which would be detrimental to the value of ACL.

102. For these reasons, […] the Co-Applicants are in agreement that these CCAA Proceedings are the best path forward, and will allow them to develop and implement a fair Claims Process, for the benefit of all affected stakeholders, the whole under the supervision of the proposed Monitor.

5.2. Proposed Restructuring

103. The Co-Applicants' proposed restructuring process (the "**Restructuring Process**") contemplates:

(a) the execution of a transparent court-supervised process aimed at stabilizing ACL's operations and ensuring that sufficient liquidity is available via the Interim Facility;

(b) the eventual implementation, in due course, of the Claims Process to ensure that ACL's individual claimants are able to efficiently and judiciously settle their outstanding claims against ACL and General Dynamics;

(c) the implementation of a plan of compromise or arrangement of the asbestos-related claims following the above-mentioned Claims Process; and

(d) the preservation and maximization of the value of ACL for its various stakeholders.

104. The eventual claims process would be prepared in the best interests of all stakeholders and potential stakeholders of ACL, including, among others, the individual claimants in connection with asbestos-related injuries and claims, and the claimants in the Washington Proceeding, the South Carolina Proceeding, and the California Proceeding, in order to:

(a) preserve and maximize the value of ACL for its various stakeholders;

(b) allow for the orderly distribution of funds and compensation which will be available to any claimant or stakeholder entitled to a claim or compensation;

(c) avoid the current situation in which there is a "race to the courts" on the part of plaintiffs in the United States in order to seek individual recovery to the detriment of other claimants;

(d) adjudicate claims against ACL based on their merit, and not based on default or contempt of court, with a view to ensuring that claimants with valid claims are duly compensated in a structured and cost-effective manner; and

(e) devise a simpler, less costly, more effective and more rapid process to deal with all of the claims or potential claims than legal proceedings in Canada and the United States, the multiplicity of which is likely to contribute to the erosion of the value of ACL.

105. The proposed Monitor will occupy a central role in the Restructuring Process, as will the CRO, who will also assist ACL in the Restructuring Process.

106. CLMI […] will provide significant support to the Restructuring Process by providing additional financing under the Interim Facility, thereby ensuring that the Restructuring Process is fully-funded and can be implemented in accordance with the proposed First Day Order and Initial Order and that the Debtor's liquidity needs are met during the Restructuring Process.

107. However, for the reasons detailed above, CLMI […] are only willing, at this point in time, to provide additional funding in the context of the proposed restructuring.

108. CLMI […] believe it is imperative that any further efforts to resolve the litigious claims against the Debtor should be done through an impartial court-supervised process, with the assistance of the proposed Monitor as well as the CRO, and ultimately culminating in the approval of a plan of compromise or a plan of arrangement by the Court.

109. The Co-Applicants respectfully submit that the proposed Restructuring Process under the supervision of the Court, and with the assistance of the proposed Monitor and the CRO, is the best option to effectively and efficiently resolve and settle the various litigation proceedings pending against ACL in order to ensure that all claimants, current and future, are able to submit their claims against ACL in a controlled, structured and impartial process.

110. The Co-Applicants also submit that the proposed Restructuring Process will ensure that no further prejudice is suffered by the Co-Applicants and other stakeholders of ACL.

6. RELIEF SOUGHT UNDER THE PROPOSED ORDERS

111. The Co-Applicants, acting in consultation and with the support of the proposed Monitor, commence these CCAA Proceedings with a view to stabilize the Debtor's activities and operations, to better exercise control over the litigation proceedings instituted against the Debtor, and to initiate the Claims Process, in due course, in order to address, resolve and settle the pending claims against the Debtor and General Dynamics, which process would culminate in the eventual approval of a plan of compromise or a plan of arrangement.

112. Should the Court grant the relief sought in the present Application, the Co-Applicants may also take the opportunity to further restructure the Debtor's business, potentially including through the implementation of a sale process in relation to any remaining mining assets.

113. The Co-Applicants are of the view that the structure and oversight provided by the CCAA process is necessary to implement such measures, in conjunction with managing competing demands by various creditors and facilitating a restructuring process under the supervision of the Court.

114. In order to properly implement the Restructuring Process, the Co-Applicants request that the following relief be ordered by the Court.

6.1. Applicability of the CCAA to the Debtor

115. As described earlier in the Application, and as will be more fully described in the proposed Monitor's Pre-Filing Report, the Debtor is insolvent given that:

(a) the Debtor is unable to meet its obligations as they generally become due within a reasonable proximity of time;

(b) the Debtor has more liabilities than assets on its balance sheet; and

(c) the aggregate amount of the Debtor's outstanding indebtedness, on a consolidated basis, is greater than the $5,000,000 threshold set out in the CCAA.

116. It is, therefore, respectfully submitted that the Debtor is a debtor company to which the CCAA applies and, as noted above, that the commencement of these CCAA Proceedings is appropriate in the circumstances.

6.2. Appointment and Powers of the Proposed Monitor

117. The Co-Applicants request that Raymond Chabot be appointed by the Court to act as Monitor of ACL in the present CCAA Proceedings.

118. Raymond Chabot is a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* and is not subject to any of the restrictions set out in subsection 11.7(2) of the CCAA.

119. Raymond Chabot has extensive experience in matters of this nature and is well-suited to this mandate and, as such, has confirmed that it consents and is in a position to perform its monitoring duties without any delay.

120. Given the circumstances outlined above, the draft First Day Order and the Initial Order seek the expansion of the proposed Monitor's powers in the context of these CCAA Proceedings to help implement the Restructuring Process for the benefit of the Debtor's stakeholders, working alongside ACL.

121. The Co-Applicants understand that Raymond Chabot, in its capacity as proposed Monitor, will be filing the Pre-Filing Report with this Court in conjunction with the present Application, which will provide, *inter alia*, additional details relating to Raymond Chabot's ability to act as monitor in these CCAA Proceedings, as well as Raymond Chabot's views and recommendations in connection with the present Application and the relief set out herein.

6.3. Stay of Proceedings

122. In light of the Debtor's situation resulting from the claims and litigation proceedings instituted against it, the Co-Applicants urgently require a stay of proceedings in order to ensure that the claims and litigation against the Debtor can be resolved, compromised or otherwise addressed in a single forum, without undue or unjust interference, in a stable and secure environment.

123. The success of the Restructuring Process and the resolution of the various claims and litigation, present and future, against the Debtor will require multi-party negotiations and discussions. The CCAA Proceedings will provide a reasonable and effective forum within which these negotiations and discussions may take place, without prejudice from the multiplicity of additional recourses and actions being instituted against the Debtor. Moreover, the CCAA Proceedings will provide one forum for dealing with all liabilities of the Debtor. Such stability is necessary to

preserve the Debtor and the continuity of its activities while an eventual claims process is instituted and conducted.

124. Accordingly, the Co-Applicants hereby request, in respect of the Debtor and CLMI […], a stay of proceedings against the Property, and in respect of the D&Os (the "**Stay of Proceedings**"), for an initial ten (10) day Stay Period.

125. At the "*comeback hearing*", the Co-Applicants will request an extension of the Stay Period until September 5, 2025, so as to preserve the *status quo* and prevent creditors and others from taking any steps to try and better their positions in comparison to other creditors of the Debtor, as well as to allow for the implementation of the Restructuring Process.

126. The Co-Applicants also hereby request that the Stay of Proceedings be extended in favour of General Dynamics. As previously outlined above, General Dynamics is also a signatory to the ISA and insured under the London Policies, by which ACL and General Dynamics are subject to one insurance limit amongst them for asbestos-related claims. As a result, the payment of claims or amounts paid under the London Policies against General Dynamics consequently reduces the limits payable against ACL, and *vice versa*.

127. Therefore, it is critical that the Stay of Proceedings be extended in favour of General Dynamics because failing to do so could result in parties seeking to obtain payment and recovery from General Dynamics to the overall detriment of the Debtor's mass of creditors, given that the amounts payable to stakeholders of the Debtor would decrease in such a case. To avoid such a prejudicial situation to all stakeholders, and to ensure the stability of the present CCAA Proceedings, the Stay of Proceedings must be extended to General Dynamics.

128. The cash flow projections to be attached to Raymond Chabot's report to be filed in advance of the "*comeback hearing*" project that the Debtor will have sufficient cash to fund its projected operating costs until the end of the Stay Period on September 5, 2025, subject to the availability of the Interim Facility.

6.4. COMI Declaration and Recognition of CCAA Proceedings in the US

129. The […] Co-Applicants each attorn to the jurisdiction of this Court and confirm that the Debtor's "*centre of main interest*" (COMI) is in Québec, Canada, as set out below:

(a) the registered, head office and chief place of business of ACL and the headquarters office of ACL is in Québec, Canada;

(b) ACL's operational and critical strategic decisions are mainly made in Quebec, Canada by senior management of ACL also located in Quebec, Canada;

(c) ACL, as a publicly listed entity trading in Canada, receives all proceedings from share capital issuances and uses such proceeds to fund its activities, including those with respect to litigious claims in the United States;

(d) all material and/or long-term contracts and expenses are subject to the approval of ACL's senior management located in Québec, Canada;

(e) corporate governance and regulatory compliance for ACL is overseen by its management team located in Québec, Canada;

(f) meetings for management and senior staff of ACL are regularly held at its headquarters located in Québec, Canada;

(g) key accounting decisions and all plans, budgets and financial projections are subject to the approval of senior management located in Québec, Canada;

(h) planning, budgeting, management of tax, treasury and cash management and preparation of financial projections for the Debtor is done from Québec, Canada;

(i) all of ACL's employees are based and work in Québec, Canada;

(j) ACL's tangible assets and operations are located in Québec, Canada, including the Serpentine Tailings and the property that ACL leases out to its customers;

(k) the books and records of ACL are located and maintained at ACL's headquarters offices in Québec, Canada; and

(l) Québec is the readily ascertainable jurisdiction by ACL's creditors, considering, among other things, that a substantial amount of claims, both secured and unsecured, are owed to Canadian creditors.

130. In light of the foregoing, the Co-Applicants request a declaration from the Court that the Debtor's COMI is located in Québec, Canada.

131. While the Court will have jurisdiction over the Debtor (subject to its decision and declaration with respect to the latter's COMI), the fact remains that the Debtor will continue to be exposed to a significant amount of lawsuits in the US, particularly with respect to the substantial amount of asbestos-related lawsuits against ACL throughout the United States (including the Washington Proceeding, the South Carolina Proceeding, and the California Proceeding), during the pendency of these CCAA Proceedings.

132. In order to minimize disruptions and ensure adequate protection to ACL in the United States, and to obtain guidance as to the application of the present CCAA Proceedings in the United States, the Co-Applicants intend to file, if this Application is granted, recognition proceedings in the United States of America pursuant to Chapter 15 of the US Bankruptcy Code.

133. More specifically, pursuant to such recognition proceedings, the Co-Applicants will be seeking, among other things:

(a) recognition of these CCAA Proceedings as a main foreign proceeding pursuant to Chapter 15 of the US Bankruptcy Code;

(b) recognition and enforcement by the US bankruptcy court of the First Day Order, the Initial Order, and any subsequent orders to be rendered by this Court; and

(c) other appropriate relief, as necessary.

6.5. Administration Charge

134. The Professionals will be essential to the Restructuring Process to be undertaken during these CCAA Proceedings.

135. CLMI's […] Canadian and US counsel, ACL's Canadian counsel, the Monitor (Raymond Chabot) and the latter's Canadian and US counsel are important contributors to the success of the proposed Restructuring Process, as will be the CRO, in the event his mandate is approved by this Court at the "*comeback hearing*", and the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these CCAA Proceedings will be required in order to successfully undertake and complete the Restructuring Process.

136. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicant's restructuring and there will be no duplication.

137. Each of the Professionals, including the CRO, has advised that they are prepared to provide or continue to provide professional services in connection with these CCAA Proceedings, provided that they are protected by a super-priority charge over the Property that ranks ahead of all other charges and encumbrances, including all charges ordered by the Court in the context of these CCAA Proceedings.

138. Accordingly, the Co-Applicants will request, at the "*comeback hearing*", the establishment of an Administration Charge in favour of the Professionals in an initial amount of $1.5 million, in order to secure the professional fees incurred to date in connection with the CCAA Proceedings.

139. In this context, the Co-Applicants respectfully submit that the Administration Charge sought is necessary and appropriate, as well as reasonable, under the circumstances and that, accordingly, it should be granted by the Court at the "*comeback hearing*".

6.6. Interim Financing

140. Interim financing will be required during these CCAA Proceedings in order to, notably, conduct the contemplated Restructuring Process.

141. Over the course of the past few weeks, CLMI […] together with the proposed Monitor have had several discussions regarding the Debtor's financing needs to ensure the funding of the proposed Restructuring Process, and the payment of the

Debtor's post-filing working capital requirements during the pendency of these CCAA Proceedings, and expect to finalize the terms of the financing conditions, such that the parties will request the approval of the Interim Financing Term Sheet at the "*comeback hearing*".

142. In fact, the Interim Lender has confirmed that it is prepared to provide interim financing to the Debtor on the terms and conditions of the Interim Financing Term Sheet to be finalized and entered into between such parties after the initial hearing and prior to the "*comeback hearing*", such that approval of same can be sought at the "*comeback hearing*". A copy of the Interim Financing Term Sheet will be communicated as an exhibit in advance of the "*comeback hearing*" once it is finalized.

143. The Interim Facility will be used, to the extent required, to implement the proposed Restructuring Process, and this, on terms that are fair and reasonable in the circumstances. The Interim Facility will also conditional upon the approval by this Court of the Interim Lender's Charge at the "*comeback hearing*".

6.7. D&O Charge

144. In order to continue to carry on business during the CCAA Proceedings, the Debtor will require the active and committed involvement of its directors, *de facto* directors, as well as certain senior officers (i.e. the Debtor's D&Os).

145. Although CLMI […] are informed by the Debtor that it intends to comply with all applicable laws and regulations, including the timely remittance of deductions at source and federal and provincial sales taxes, the Debtor's D&Os are nevertheless concerned about the potential for their personal liability in the context of the present CCAA Proceedings.

146. Given the current financial situation of the Debtor, these D&Os require the assurance that ACL will be in a position to indemnify them for all liabilities which they may incur in their capacity as D&Os (if any), after the commencement of these CCAA Proceedings.

147. Accordingly, the Co-Applicants will request, for the benefit of the Debtor's D&Os, the establishment of a D&O Charge in favour of the D&Os in an initial amount of $300,000, in order to secure the Debtor's indemnification obligations towards them, for claims which could potentially arise during the Stay Period.

148. Absent the establishment of the D&O Charge, CLMI […] and the Debtor are concerned that one or more of the Debtor's D&Os will resign from their posts, which would, in all likelihood, jeopardize the contemplated Restructuring Process, including the conduct of an eventual claims process, to the detriment of its stakeholders.

6.8. Approval of the CRO

149. The CRO will be retained to assist the Co-Applicants with the Restructuring Process. The Co-Applicants are seeking the approval of the appointment of the CRO in these CCAA Proceedings.

150. The Co-Applicants intend to finalize an engagement letter with the CRO in anticipation of the comeback hearing, pursuant to which, it is anticipated that the CRO will:

(a) Work with ACL and CLMI to establish and implement a work plan for the restructuring and carry out all necessary steps to achieve a successful and timely restructuring;

(b) In consultation with ACL, CLMI and the Monitor, direct responses to information requests by the Company's various stakeholders on a timely basis;

(c) Assist in the restructuring, particularly with respect to ACL's recognition proceedings pursuant to Chapter 15 of the US Bankruptcy Code, as well as the development and implementation of the Claims Process;

(d) Report to the CCAA Court and the Chapter 15 US Court in respect of issues arising in the CCAA proceedings, including by swearing affidavits, as necessary, in the insolvency proceedings in Canada and the United States on behalf of ACL; and

(e) provide such other services as requested or directed by CLMI […] or ACL, which services are not duplicative of work others are performing in the present CCAA Proceedings.

151. The CRO is highly experienced in restructuring proceedings, and the implication of the CRO in the present CCAA Proceedings will be essential to the success of the Restructuring Process, as the CRO will facilitate the conduct of the CCAA proceedings, and in particular, the limited management functions required from the company.

152. The Monitor, the Debtor and CLMI […] are supportive of the appointment of the CRO.

7. CONCLUSIONS

153. For the reasons set forth above, the Co-Applicants believe it is both appropriate and necessary that the relief being sought be granted, and that this requested relief is consistent with the remedial objectives of the CCAA.

154. The Co-Applicants seek to implement the Restructuring Process in good faith, with regard to the stakeholders of the Debtor, namely through the implementation, in due course, of a Claims Process to efficiently and effectively settle the litigation and claims pending against ACL in a comprehensive and structured fashion, and which process would ultimately be approved by a plan of compromise or a plan of arrangement voted on by the Debtor's stakeholders.

155. All parties who may be affected by the present motion will be served with the present Application.

156. Considering the urgency of the situation, the Co-Applicants respectfully submit that the notices given for the presentation of this Application are proper and sufficient, and the Co-Applicants therefore respectfully submit that this Application should be granted in accordance with its conclusions.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the Application.

ISSUE orders substantially in the form of:

a) the draft First Day Order communicated as Exhibit R-1 at the first day hearing; and

b) the draft Initial Order communicated as Exhibit R-2 at the comeback hearing.

WITHOUT COSTS, save and except in case of contestation.

MONTRÉAL, May 6, 2025

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Montréal, May 6, 2025

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S U P E R I O R C O U R T
(Commercial Division)

Nº. : 235-17-000026-258

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF FRONTENAC

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF:

CERTAIN UNDERWRITERS AT LLOYD'S, LONDON
-and-
TENECOM LIMITED
-and-
THE OCEAN AND MARINE INSURANCE COMPANY LIMITED
-and-
NRG VICTORY REINSURANCE LIMITED
-And-
THE SCOTTISH LION INSURANCE COMPANY LTD.
Co-Applicants
-and-
ASBESTOS CORPORATION LIMITED
Debtor/Co-Applicant
-and-
RAYMOND CHABOT INC.
Proposed Monitor

BS0350 **File:** 158733-1001

<u>AMENDED</u> APPLICATION FOR THE ISSUANCE OF A FIRST DAY INITIAL ORDER AND AN AMENDED AND RESTATED INITIAL ORDER
(Sections 9, 11, 11.001, 11.02, 11.03, 11.2, 11.52, 11.7 and 23 of the *Companies' Creditors Arrangement Act*)

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