SECURITIES ACT

MATERIAL CHANGE REPORT

Item 1 Reporting Issuer

Ntex Incorporated
106 Avenue Road
Toronto, Ontario
M5R 2H3

Item 2 Date of Material Change

May 16, 2001

Item 3 Press Release

A press release with respect to the material change described herein was issued on May 16, 2001.

Item 4 Summary of Material Change

On May 16, 2001, Ntex Incorporated (“Ntex”) filed a Plan of Arrangement (the “Plan”) pursuant to The Companies Creditors arrangement Act (“CCAA”) to compromise its 11.5% Senior Notes due 2006 (“Old Senior Notes”) and 1% Junior Subordinated Notes due 2030 (“Old Junior Notes”). Ntex’s operating subsidiaries are not filing under the CCAA and there is no compromise or stay against any other class of debt of Ntex or any banking, trade debt, lease obligations or executory contracts of any of Ntex’s operating subsidiaries.

Ntex has obtained written indications of support from the requisite number of holders of both the Old Senior Notes and Old Junior Notes necessary to approve the Plan subject to final documentation. The Plan is subject to approval by the Ontario Supreme Court and by holders of Old Senior Notes and Old Junior Notes. A meeting of the noteholders has been scheduled for June 26, 2001.

Subject to approval of the Plan, Ntex has also negotiated a restructuring of its Senior Secured Facility (the "Senior Secured Facility") with York Capital Funding Inc. ("York").

Item 5 Full Description of Material Change

Pursuant to the Plan, the US$35,778,000 of Old Senior Notes including all accrued and unpaid interest thereon will be discharged (the related indenture and guarantees will also be discharged) and the holders thereof will receive in exchange therefore (i) US$6,440,040 of new Senior Notes due 2006 (the "New Senior Notes") and (ii) US$29,337,960 of new Subordinated Notes due 2030 ("New Sub Notes"). The New Senior Notes will accrue interest at the rate of 7.5% per annum (from and after June 1, 2001, with the first payment due on June 1, 2002) on the principal amount of the notes outstanding from time to time, payment of which is subject to Ntex attaining a minimum EBITDA (earnings before interest, taxes, depreciation and amortization) of $18,000,000. Any amount of interest not paid in any year will be added to the principal balance of the notes then outstanding. In addition, the New Senior Notes will accrue interest at the compounded rate of 8% per annum on the principal amount of the notes outstanding from time to time which will be payable on maturity.

The New Sub Notes will accrue interest at the rate of 1% per annum (from and after June 1, 2001, with the first payment due on June 1, 2002), payment of which is subject to Ntex attaining a minimum EBITDA of $20,000,000. Any interest not paid in any year will be added to the principal balance of the New Sub Notes then outstanding. A further amount of interest will be payable on the New Sub Notes at the rate of 1% per annum subject to Ntex attaining a minimum EBITDA of $25,000,000.

Pursuant to the Plan, the US$21,553,200 of Old Junior Notes including all accrued and unpaid interest thereon will be discharged (the related indenture will also be discharged) and the holders thereof will receive in exchange therefor US$21,776,414 of new Junior Subordinated Notes due 2030 (new "Junior Sub Notes"). The terms of the New Junior Sub Notes will be substantially identical to the terms of the Old Sub Notes except (i) payment of the 1% interest thereon will accrue from and after December 1, 2001 (with the first payment due on December 1, 2002) and will be subject to

Ntex attaining a minimum EBITDA of $22,000,000 and (ii) the New Junior Sub Notes will be expressly subordinate to the New Sub Notes.

Subject to approval of the Plan, York has agreed to restructure the terms of the Senior Secured Facility by: (i) reducing the cash interest to 15% per annum from 25% per annum with an additional 5% per annum accruing and added to the principal thereof, (ii) other than a payment of $700,000 due on January 2, 2002, deferring all principal amortization until maturity on July 31, 2004 (extended from November 30, 2003), (iii) deferring the payment of $422,363 of accrued interest due July 2, 2001 to January 2, 2002; (iv) deferring the semi-annual in advance interest payment due July 2, 2001 to January 2, 2002; and (iv) reducing the prepayment penalty from $2,000,000 to $1,000,000.

A copy of the Plan (without Schedules) is attached.

All references to $ are to Canadian dollars unless otherwise noted.

Item 6 Reliance on Confidentiality Provisions

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Senior Officers

For further information contact Stan Abramowitz Chief Financial Officer at (416) 920-0500.
The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario, this 16th day of May, 2001.

NTEX INCORPORATED

By: "Stan Abramowitz"
Stan Abramowitz
Chief Financial Officer

Court File No.•

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF NTEX INCORPORATED

AND IN THE MATTER OF an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 for a compromise or arrangement with respect to Ntex Incorporated

PLAN OF ARRANGEMENT
of
NTEX INCORPORATED

PURSUANT TO
THE COMPANIES' CREDITORS ARRANGEMENT ACT

May 16, 2001

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ARTICLE 1
INTERPRETATION

1.1. <u>Definitions</u>

In this Plan (including the Schedules thereto), unless otherwise stated or unless the context otherwise requires:

(a) "**Applicant**" means Ntex Incorporated;

(b) "**CCAA**" means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36;

(c) "**Claim**" means any right of any Person against the Applicant or a Guarantor in connection with any indebtedness, liability or obligation of any kind of the Applicant or of a Guarantor, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to the Filing Date or which would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date;

(d) "**Class**" means each group of Claims designated as a class in Article 4 of this Plan;

(e) "**Creditor**" means either a Senior Note Holder or a Junior Note Holder and "**Creditors**" means the Senior Note Holders and the Junior Note Holders;

(f) “**EBITDA**” means for any period an amount equal to the aggregate of the net income (loss) before interest, taxes, depreciation, and amortization of the Applicant and its subsidiaries for such period on a consolidated basis as adjusted, all as more particularly described in the New Senior Notes Indenture and the New Junior Notes Indenture;

(g) “**Excluded Claims**” means all Claims not specifically being compromised by the Plan including: (i) any Claim which falls within section 18.3(2) of the CCAA; and, (ii) Claims of legal, accounting and financial advisors to the Applicant and the Monitor;

(h) “**Filing Date**” means May 16, 2001;

(i) “**Final Order**” means the order of the Court approving the Plan to be granted pursuant to the provisions of the CCAA as such order may be amended or modified by any court of competent jurisdiction, provided that such Order will not be a Final Order until after: (i) the expiry of applicable appeal periods; and, (ii) in the event of an appeal or application for leave to appeal, final determination by the applicable appellate tribunal;

(j) “**Guarantor**” means each of Ntex Corporation, Glendale Yarns Inc., Glendale-Borden Yarns LLC, Cambridge Towel Corporation, LRW Holdings Inc., Borden Yarn Real Estate Company LLC, 514489 Ontario Limited, 1212239 Ontario Limited, Blair Mills L.P., Towel Holdings Inc., and Ntex (US) Holdings, Inc.;

(k) “**Initial Order**” means the Order of the Court dated May 16, 2001 pursuant to which the Applicant was provided protection under the CCAA;

(l) “**Junior Notes**” means all of the 1% Junior Subordinated Notes due 2030 issued by the Applicant pursuant to the Junior Notes Indenture;

(m) “**Junior Note Holder**” means a Person who holds Junior Notes;

(n) “**Junior Notes Indenture**” means the indenture dated as of December 5, 2000 between the Applicant and U.S. Trust Company of Texas, N. A., as Trustee, pursuant to which the Junior Notes were issued;

(o) “**Monitor**” means PricewaterhouseCoopers Inc. and any successor thereto;

(p) “**New Junior Notes**” means the 1% notes to be issued pursuant to the New Junior Notes Indenture in the principal amount equal to USD$21,766,414 (i.e., the principal amount of the Junior Notes of USD$21,553,200 plus accrued interest that would come due on December 1, 2001 on the Junior Notes of USD$213,214) which notes will be substantially on the same terms and conditions as the Junior Notes save and except that: (i) no interest will accrue on the notes until December 1, 2001; (ii) from and after December 1, 2001, interest will accrue at the rate of 1% per annum on the principal amount of the notes outstanding from time to time, and will be due and payable annually on the first day of December in each year, with the first payment due on December 1, 2002, provided however, that no interest will be paid on any such payment date if EBITDA for the preceding fiscal year does not exceed the sum of $22,000,000, and provided further that the maximum interest payable on such payment date shall in no event exceed the amount by which such EBITDA exceeds $22,000,000; (iii) to the extent that the full amount of interest that is due on the notes pursuant to clause (ii) of this definition is not paid in any year, the unpaid balance will be added to the principal balance of the notes then outstanding and will only be payable on repayment of the note; and, (iv) the notes will be subordinate and subject in right of payment to the prior indefeasible payment in full in cash of all Senior Indebtedness (as such term is defined in New Junior Notes Indenture), including without limitation the New Senior Notes and the Sub Notes.

(q) “**New Junior Notes Indenture**” means an indenture governed by the laws of the province of Ontario to be dated as of the Plan Implementation Date between the Applicant and a trustee qualified to carry on business in the province of Ontario, pursuant to which New Junior Notes will be issued, and substantially on the terms and conditions set out in the indenture attached hereto as Schedule I;

(r) "**New Senior Notes**" means the notes to be issued pursuant to the New Senior Notes Indenture in the principal amount equal to USD$6,440,040 which notes will be substantially on the same terms and conditions as the Senior Notes save and except that: (i) from and after June 1, 2001, interest will accrue at the rate of 7.5% per annum on the principal amount of the notes outstanding from time to time, and will be due and payable annually on the first day of June in each year, with the first payment due on June 1, 2002, provided however, that no interest will be paid on any such payment date if EBITDA for such preceding fiscal year does not exceed the sum of $18,000,000, and provided further that the maximum interest payable on such payment date shall in no event exceed the amount by which such EBITDA exceeds $18,000,000; (ii) to the extent that the full amount of interest that is due on the notes pursuant to clause (i) of this definition is not paid in any year, the unpaid balance will be added to the principal balance of the notes then outstanding and will only be payable on repayment of the notes; (iii) the notes will, in addition, accrue interest at the rate of 8% per annum on the principal amount of the notes outstanding from time to time and such interest will be added to the principal amount of the notes on the first day of June in each year commencing with June 1, 2002 which accrued interest will only be payable on repayment of the notes; (iv) the notes of any particular holder will not be redeemable by the Applicant except with the consent of the holder of such notes in whole or in part until on or after June 1, 2004; and (v) the notes will mature five years and one day after the Plan Implementation Date;

(s) "**New Senior Notes Indenture**" means an indenture governed by the laws of the province of Ontario to be dated as of the Plan Implementation Date between the Applicant, the Guarantors and a trustee qualified to carry on business in the province of Ontario, pursuant to which New Senior Notes will be issued, substantially on the terms and conditions set out in the indenture attached hereto as Schedule II;

(t) “**Note Holder Claim**” means a Claim of a Person as it relates to all amounts owed to such Person in respect of a Senior Note and/or in respect of a Junior Note up to and including the Plan Implementation Date.

(u) “**Order**” means any order of the Court in these proceedings;

(v) “**Person**” means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other judicial entity howsoever designated or constituted;

(w) “**Plan**” means this consolidated plan of compromise and arrangement of the Applicant under the CCAA as supplemented or amended from time to time;

(x) “**Plan Implementation Date**” means the first Business Day after which all of the conditions set out in Section 5.11 have been met or expressly waived;

(y) “**Senior Notes**” means all of the 11.5% Senior Notes due in 2006 issued by the Applicant pursuant to the Senior Note Indenture, including without limitation, the Private Exchange Notes (as such term is defined in the Senior Notes Indenture), if any, and the Exchange Notes (as such term is defined in the Senior Notes Indenture) treated as a single class;

(z) “**Senior Note Holder**” means a Person who holds Senior Notes;

(aa) “**Senior Notes Indenture**” means the indenture dated as of June 3, 1998 among the Applicant, the Guarantors, and United States Trust Company of New York, as Trustee, as amended, pursuant to which the Senior Notes were issued;

(bb) “**Sub Notes**” means the 1% notes to be issued pursuant to the Sub Notes Indenture in the principal amount of USD$29,337,960 which notes will be substantially on the same terms and conditions as the Junior Notes save and except that: (i) from and after June 1, 2001, interest will accrue at the rate of 1% per annum on the principal amount of the notes outstanding from time to time, and will be due and payable annually on the first day of June in each year, with the first payment due on June 1, 2002, provided however, that no such interest will be paid on any such payment date if EBITDA for such preceding fiscal year does not exceed the sum of $20,000,000, and provided further that the maximum interest payable on such payment date shall in no event exceed the amount by which such EBITDA exceeds $20,000,000; (ii) to the extent that the full amount of interest that is due on the notes pursuant to clause (i) of this definition is not paid in any year, the unpaid balance will be added to the principal balance of the notes then outstanding and will only be payable on repayment of the notes; (iii) a further amount on account of interest at the rate of 1% per annum on the principal amount of the notes outstanding from time to time will be due and payable annually on the first day of June in each year with the first payment due on June 1, 2002, provided however, that no interest will be payable on any such payment date if EBITDA for such preceding fiscal year does not exceed the sum of $25,000,000, and provided further that the maximum interest payable on any such payment date shall in no event exceed the amount by which such EBITDA exceeds the sum of $25,000,000; (iv) the notes will mature on June 1, 2030; and (v) with the sole exception of the New Junior Notes, the notes will be subordinate and subject in right of payment to the prior indefeasible payment in full in cash of all Senior Indebtedness (as such term is defined in the Sub Notes Indenture);

(cc) "**Sub Notes Indenture**" means an indenture governed by the laws of the province of Ontario to be dated as of the Plan Implementation Date between the Applicant and a trustee qualified to carry on business in the province of Ontario, pursuant to which Sub Notes will be issued, and substantially on the terms and conditions set out in the indenture attached hereto as Schedule I;

(dd) "**USD**" means dollars of the United States of America;

(ee) "**York**" means York Capital Funding Inc.

(ff) "**York Loan Agreement**" means a loan and security agreement dated as of December 5, 2000 between York and the Applicant, as amended, the principal terms of which are as follows: (i) the principal sum of $19,562,500 owed by the

Applicant to York as at July 2, 2001 is comprised of $17,500,000 advanced pursuant to a first facility and $2,062,500 advanced pursuant to a second facility; (ii) the loan is secured by a charge over all of the assets of the Applicant and matures on November 30, 2003; (iii) the amount owed on the first facility bears interest at the rate of 25% per annum and such interest is payable semi-annually in advance; (iv) there will be accrued and unpaid interest as at July 2, 2001 of $422,363; (v) the amount owed on the second facility is non-interest bearing; (vi) the loan contemplates principal payments of $875,000 due January 2, 2002; $875,000 due July 2, 2002; $1,750,000 due January 2, 2003; $1,750,000 due July 2, 2003, and the balance due on the maturity date of the loan; (vii) a further payment on account of principal is payable 120 days after the fiscal year end of Ntex, commencing with the fiscal year ending December 31, 2001, equal to 25% of its earnings before depreciation less the sum of interest expense, scheduled principal debt repayments, taxes, and the cash portion of capital expenditures of Ntex and its operating subsidiaries; and (viii) the loan requires a prepayment premium in respect of the repayment of the first facility determined by multiplying $2,000,000 by a fraction, the numerator of which is the principal amount of the first facility being prepaid, and the denominator of which is $17,500,000.

The defined terms used in paragraph 20 of the Initial Order are incorporated in this Plan.

1.2. **Accounting Terms**

All accounting terms not otherwise defined herein shall have the meanings ascribed to them in accordance with Canadian generally accepted accounting principles including those prescribed by the Canadian Institute of Chartered Accountants. Accounting policies and standards of financial disclosure shall be in accordance with Canadian generally accepted accounting principles.

1.3. **<u>Articles Reference</u>**

The terms “this Plan”, “hereof”, “hereunder”, “herein” and similar expressions refer to this Plan and not to any particular article, section, subsection, paragraph or clause of this Plan and include any agreements supplemental hereto. In this Plan, a reference to an article, section, subsection, paragraph or clause shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of the Plan.

1.4. **<u>Interpretation Not Affected by Headings</u>**

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

1.5. **<u>Date for Any Action</u>**

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.6. **<u>Time</u>**

All times expressed herein are local time in Toronto, Ontario, Canada unless otherwise stipulated herein.

1.7. **<u>Number, etc.</u>**

In this Plan, where the context requires, a word importing the singular number shall include the plural and vice versa, and a word or words importing gender shall include all genders.

1.8. **Currency**

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

1.9. **Statutory References**

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation.

1.10. **Successors and Assigns**

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors, and assigns of any Person named or referred to in this Plan.

1.11. The following are the schedules to this Plan that are incorporated into this Plan and form part thereof:

Schedule I - New Junior Notes Indenture / Sub Notes Indenture

Schedule II - New Senior Notes Indenture

ARTICLE 2
BACKGROUND

2.1. **Background**

The circumstances and events leading up to the Plan will be summarized in the Information Summary that is being distributed to the Creditors in conjunction with the Plan.

2.2. **Restructuring of the York Loan**

York has agreed conditional on the Plan becoming effective to amend the York Loan Agreement as follows:

(a) commencing on July 2, 2001, the interest rate on the loan will be reduced from 25% per annum to 20% per annum of which 15% interest will be payable in advance semi-annually on January 2 and July 2 in each year of the term of the loan, on the principal outstanding from time to time, and 5% interest will be calculated semi-annually in advance on January 2 and July 2 in each year of the term of the loan, on the principal outstanding from time to time, but will be added to the principal amount of the loan and will be payable only upon maturity, or acceleration, of the loan;

(b) the accrued interest that is due on July 2, 2001 of $422,363 will be deferred to January 2, 2002 and interest will accrue on such amount at the rate of 15% per annum from July 2, 2001 to the date of payment;

(c) the semi-annual in advance interest payment that is due on July 2, 2001 will be deferred to January 2, 2002;

(d) on January 2, 2002 a payment of $700,000 will be made on account of the second facility including interest on such amount from July 2, 2001 to date of payment at 15% per annum;

(e) the loan will mature on July 31, 2004 instead of November 30, 2003; and

(f) the prepayment penalty will be reduced from $2,000,000 to $1,000,000.

ARTICLE 3
PURPOSE AND EFFECT OF THE PLAN

3.1. **<u>Purpose of the Plan</u>**

The purpose of this Plan is to effect a compromise and arrangement of the Claims in a manner that provides consistent and equitable treatment among the Creditors in order to enable the business of the Applicant to continue in the expectation that all Persons with an interest in the Applicant will derive a greater benefit from its continued operation than would result from the immediately forced liquidation of the Applicant's assets.

3.2. **<u>Effect of the Plan</u>**

The only Claims against the Applicant being compromised under this Plan are the Note Holder Claims of the Senior Note Holders and the Note Holder Claims of the Junior Note Holders. From and after the Plan Implementation Date, the Senior Notes, the Senior Note Indenture, the Junior Notes and the Junior Note Indenture and all ancillary and related documents arising therefrom will each be deemed cancelled and will thereafter have no further force and effect.

3.3. **<u>Treatment of Senior Note Holders</u>**

The Note Holder Claims of Senior Note Holders will be treated in the following manner:

New Senior Notes will be issued to Senior Note Holders based upon USD $0.18 of New Senior Notes for every one USD dollar of Note Holder Claims that relate to the principal amount ("Principal") of the Senior Notes owed to Creditors on the Filing Date in exchange for all outstanding Principal and accrued and unpaid interest on the Principal, (for greater clarity and by way of illustration, if the outstanding Principal is USD $35,778,000 and the accrued and unpaid interest on the Principal as at June 1, 2001 is USD $2,057,235, then USD $0.18 of New Senior Notes will be issued for each USD $1.0575 of Note Holder Claims). In addition Sub Notes will be issued to Senior Note Holders on the basis of USD $0.82 of Sub Notes for one USD dollar of Principal.

3.4. **<u>Treatment of Junior Note Holders</u>**

The Note Holder Claims of the Junior Note Holders will be treated in the following manner:

New Junior Notes will be issued to the Junior Note Holders based upon one USD dollar of New Junior Notes for every one USD dollar of Note Holder Claims.

3.5. **<u>Persons Affected</u>**

On and after the Plan Implementation Date, this Plan will become effective on and be binding on the Applicant and the Creditors. This Plan does not affect the rights of holders of Excluded Claims.

ARTICLE 4
CLASSIFICATION OF CREDITORS,
VALUATION OF CLAIMS AND PROCEDURAL MATTERS

4.1. **<u>Classification of Creditors</u>**

For the purposes of considering and voting upon the Plan, the Claims of the Creditors shall be grouped into the following Classes and each Creditor in a designated Class shall, to the extent herein provided, be entitled to vote on the Plan as part of that Class:

Class 1	-	Senior Note Holders
Class 2	-	Junior Note Holders

4.2. **Approval by Creditors**

In order that the Plan be binding on the Creditors in accordance with the CCAA, the Plan must first be accepted within each Class of Creditors as prescribed by this Plan by a majority in number, representing at least two-thirds in value of the Proven Claims of the Creditors in such Class who actually vote upon the Plan (whether in person or by proxy) at the Creditors' Meeting. Any Creditor wishing to vote on the Plan must submit a Proof of Claim as provided for in the Initial Order.

4.3. **Order to Establish Procedure for Valuing Claims**

The Initial Order establishes a procedure for valuing the Proven Claims of Creditors and for resolving any dispute between the Applicant and any Creditor as to the value of any Claim.

4.4. **Extinguishment of Claims**

The Claim of any Creditor who has not submitted a Proof of Claim in respect of its Note Holder Claim by the Claims Bar Date will be extinguished as provided for in the Initial Order.

4.5. **Release of Claims**

Effective on the Plan Implementation Date, regardless of whether Proofs Of Claim have been filed, the Applicant and each Guarantor will be released from all Note Holder Claims of Creditors, other than in respect of their obligations pursuant to this Plan.

ARTICLE 5
MISCELLANEOUS

5.1. **Confirmation of the Plan**

In the event that the Plan is approved by the required majority of Creditors, the Applicant will, unless otherwise ordered by the Court, then seek the Final Order for the sanction and approval of the Plan pursuant to the timetable in the Initial Order. Subject only to the Final Order being granted and the satisfaction of those conditions of the Plan described in section 5.11, the Plan will be implemented by the Applicant and will be binding upon all the Creditors and the Applicant.

5.2. **Paramountcy**

From and after the Plan Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Creditors and the Applicant and/or a Guarantor as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan, which will take precedence and priority.

5.3. **Waiver of Defaults**

From and after the Plan Implementation Date, each Creditor will be deemed to have waived any and all defaults by the Applicant and each Guarantor in every covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Creditor and the Applicant and/or a

Guarantor which have occurred prior to or are continuing as at the Plan Implementation Date, and any and all notices of default and demands for payment under any instrument including, without limitation, any guarantee, will be deemed to have been rescinded.

5.4. **Compromise Effective For All Purposes**

The payment, compromise or other satisfaction of any Claim under the Plan, if sanctioned and approved by the Court, will be binding upon such Creditor, its heirs, executors, administrators, successors and assigns, for all purposes and, to such extent will also be effective to relieve any third party directly or indirectly liable for such Claim, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

5.5. **Effect of Proceedings on Executory Contracts**

On or before the Plan Implementation Date, the Applicant will seek an Order declaring that all executory contracts (including Eligible Financial Contracts as defined in subsection 11. 1 (1) of the CCAA) to which the Applicant is a party, other than contracts or leases which are terminated or repudiated by the Applicant pursuant to this Plan are in full force and effect as at the Plan Implementation Date notwithstanding:

(a) that the Applicant has obtained relief under the CCAA;

(b) the effect upon the Applicant of the completion of any of the transactions contemplated under the Plan;

(c) any compromises effected pursuant to the Plan;

(d) any default with respect to such contract on the part of the Applicant on or after the Filing Date and prior to the Plan Implementation Date; or

(e) any automatic termination of such contracts or purported termination of such contracts by any Person other than the Applicant.

The Applicant will also seek an Order declaring that no other party to any such executory contract will be entitled to accelerate the obligations of the Applicant or terminate, rescind or repudiate its obligations under the executory contract following the Plan Implementation Date by reason solely:

(a) of any event which occurred prior to the Plan Implementation Date and is not continuing which would have entitled any other party to accelerate the obligations of the Applicant or to terminate, rescind or repudiate its obligations under an executory contract;

(b) that the Applicant has obtained relief under the CCAA;

(c) the effect upon the Applicant of the completion of any of the transactions contemplated under the Plan; or

(d) any compromises effected pursuant to the Plan.

5.6. **Participation in Different Capacities**

Creditors whose Claims are affected by this Plan may be affected in more than one capacity. Each such Creditor will be entitled to participate hereunder in each such capacity. Any action taken by a Creditor in any one capacity will not affect the Creditor in any other capacity unless the Creditor agrees in writing.

5.7. **Modification of Plan**

The Applicant reserves the right to file any modification of, supplement to, or amendment to the Plan up to the time of the vote at a Creditors' Meeting. After such Creditors' Meeting, the Applicant may at any time and from time to time vary, amend, modify or supplement the Plan if the Court and the Applicant determine on notice that such variation, amendment, modification or supplement is of a technical nature that would not be materially prejudicial to the interests of the Creditors under the Plan or the Final Order and is necessary to give effect to the substance of the Plan or the Final Order.

5.8. **Consents, Waivers and Agreements**

As at 12:01 a.m. on the Plan Implementation Date, each Creditor will be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Creditor will be deemed:

(a) to have executed and delivered to the Applicant all consents, releases, assignment and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;

(b) to have waived any default by the Applicant in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Applicant and/or a Guarantor that has occurred on or prior to the Plan Implementation Date;

(c) to have agreed that if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Applicant and/or a Guarantor as at the Plan Implementation Date (other than those entered into by the Applicant on, or with effect from, the Plan Implementation Date) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly; and

(d) to have released any and all Note Holder Claims.

5.9. **Releases**

Effective on the Plan Implementation Date, each Creditor will be deemed in respect of its Note Holder Claim to have forever released and discharged, the Applicant, each of the

Guarantors, and the Monitor, and their respective officers, directors, employees, financial advisors, legal counsel and agents from any and all demands, suits, claims, actions, causes of action, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries whether known or unknown, matured or unmatured, forseen or unforseen, that it may have on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with its Note Holder Claim, the Plan, or the proceedings in respect of the Applicant under the CCAA commenced pursuant to the Initial Order.

5.10. **Deeming Provisions**

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

5.11. **Conditions of Plan Implementation**

The implementation of the Plan by the Applicant will be conditional upon the fulfilment or satisfaction of the following conditions:

(a) the taking of all necessary corporate actions and proceedings to approve the Plan and the performance by the Applicant of its obligations thereunder and of all agreements and instruments contemplated thereby;

(b) the execution and delivery of all documents and instruments contemplated by the Plan;

(c) the final determination of each Creditor's Proven Claim as set out in the Initial Order,

(d) the obtaining of all necessary third-party consents;

(e) the delivery of all necessary opinions; and

(f) all applicable governmental, regulatory and judicial consents, orders and similar consents and approvals and all filings with all governmental authorities, securities commissions, stock exchanges and other regulatory authorities having jurisdiction, in each case to the extent deemed necessary or desirable by counsel to the Applicant and in form and substance satisfactory to the Applicant for the completion of the transactions contemplated by this Plan or any aspect thereof, will have been obtained or received.