

## MATERIAL CHANGE REPORT

1. **Reporting Issuer**

Vicwest Corporation  
1296 South Service Road  
Oakville, Ontario  
L6L 5T7

2. **Date of Material Change**

June 19, 2003

3. **Publication of Material Changes**

A press release was issued on June 20, 2003 through Canada Newswire.

4. **Summary of Material Changes**

Vicwest Corporation ("Vicwest") announced that it has filed with the Ontario Superior Court of Justice (the "Court") a plan of compromise and reorganization (the "Plan") pursuant to the Companies' Creditors Arrangement Act (the "CCAA"). A copy of the Plan is attached hereto as Annex A.

5. **Full Description of Material Change**

As previously announced, Vicwest and certain of its Canadian subsidiaries obtained an order on May 12, 2003 to begin Vicwest's restructuring under the CCAA.

Vicwest announced today that it has filed the Plan with the Court. The Plan provides for the conversion of proven affected claims against Vicwest (including those claims of holders of Vicwest's publicly traded 12.5% notes) into no less than 95% of the shares in the capital of Vicwest. The Plan also provides that affected creditors with total proven affected claims of \$2000 or less (or affected creditors that have reduced their total proven affected claims to \$2000) may elect to receive cash in an amount equivalent to 35% of their proven affected claims. If the Plan is approved by affected creditors and sanctioned by the Court and provided that other applicable conditions are satisfied or waived, such distributions would be made on implementation of the Plan. At this time it is anticipated that the implementation of the Plan will occur in August, 2003.

A copy of the Plan is attached hereto as Annex A.

6. **Confidentiality of Information**

This report is not being filed on a confidential basis.

7. **Omitted Information**

Not applicable.

8. **Senior Officer**

Inquiries in respect of the material change referred to herein may be made to:

Joshua Rizack  
Chief Restructuring Officer  
Vicwest Corporation  
1296 South Service Road  
Oakville, Ontario  
L6L 5T7  
Telephone: (905) 825-2252

9. **Statement of Senior Officer**

The information contained in this material change report accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 25<sup>th</sup> day of June, 2003.

"Joshua Rizack" (signed)

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Joshua Rizack  
Chief Restructuring Officer

**Annex A**

**Plan of Compromise and Reorganization**

**VICWEST CORPORATION**

**PLAN OF COMPROMISE AND REORGANIZATION**

**PURSUANT TO THE COMPANIES' CREDITORS  
ARRANGEMENT ACT**

**AND THE**

**BUSINESS CORPORATIONS ACT (ONTARIO)**

**June 19, 2003**

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# PLAN OF COMPROMISE AND REORGANIZATION

## ARTICLE 1 INTERPRETATION

### 1.01 Definitions.

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

**“Affected Claims”** means all Claims except Unaffected Claims.

**“Affected Creditors”** means Creditors with Affected Claims in respect of and to the extent of such Affected Claims.

**“Affected Creditors’ New Common Share Pool”** means 23,750,000 New Common Shares to be issued by Vicwest to Affected Creditors pursuant to the Plan, as adjusted from time to time in accordance with section 4.03.

**“Applicants”** means Vicwest, Westeel Limited, Dumbarton Construction Limited, 153810 Canada Inc., Cancom Equity Fund, CEF Limited Partnership No. 2, 359856 Alberta Ltd., 745674 Ontario Limited and 1466828 Ontario Inc.

**“Articles of Reorganization”** means the articles of reorganization of Vicwest which amend the articles of Vicwest as at the Plan Implementation Date for the purpose of implementing the Plan to authorize the New Common Shares and to cancel the Existing Common Shares and the Existing Preferred Shares.

**“Business Day”** means a day other than a Saturday, Sunday or statutory holiday in Ontario.

**“CCAA”** means the *Companies’ Creditors Arrangement Act* (Canada).

**“CCAA Initial Order”** means the Order of the Court dated May 12, 2003, as amended or varied by further Order, ordering and declaring, *inter alia*, that the Applicants are companies to which the CCAA applies.

**“CCRA”** means the Canada Customs and Revenue Agency.

**“Claim”** means any right or claim of any Person against Vicwest in connection with any indebtedness, liability or obligation of any kind of Vicwest in existence on the Filing Date (or which has arisen after the Filing Date as a result of the termination or repudiation by Vicwest of any lease or executory contract (other than a collective bargaining agreement) in existence on the Filing Date), and any interest accrued thereon to and including the Filing Date, whether liquidated, unliquidated, fixed, contingent, absolute, matured, unmatured, disputed, undisputed, asserted, unasserted, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, whether or not reduced to judgment, 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 based in whole or in part on facts, events or matters which exist or occurred on or before the Filing Date.

**“Claims Bar Date”** means July 18, 2003.

**“Claims Officer”** means the Claims Officer (as defined by the Meeting and Claims Order).

**“Court”** means the Ontario Superior Court of Justice.

**“Creditor”** means any Person having a Claim against Vicwest and includes the transferee of a Claim acknowledged by the Monitor in accordance with the claims procedure established by the Meeting and Claims Order, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such Person.

**“Creditor Approval”** means the approval of the Plan by the Affected Creditors in accordance with the provisions hereof and the CCAA.

**“Critical Vendor Claims”** means Claims of Critical Vendors in respect of materials delivered to Vicwest prior to the Filing Date.

**“Critical Vendors”** means Stelco Inc. and Dofasco Inc.

**“Debtor Group”** means Vicwest, Onex Corporation, the subsidiaries and affiliates of Onex Corporation (other than Magnatrax Corporation and its U.S., Barbados and Cayman Island incorporated subsidiaries that are borrowers from the U.S. Banks) and Jenisys Engineered Products, Inc.

**“DIP Lender”** means the lender or lenders which extended credit to Vicwest in respect of the DIP Lender Debt.

**“DIP Lender Debt”** means all indebtedness and liability now or hereafter owing by Vicwest in respect of the loans, letters of credit and other credit provided to Vicwest by Trilon Bancorp. Inc. as debtor in possession financing pursuant to the CCAA Initial Order and includes all interest, fees and other amounts authorized by the Court and payable by Vicwest pursuant to the terms thereof.

**“Disputed Claim”** means an Affected Claim (including a contingent Affected Claim which may become a Proven Claim upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which is not a Proven Claim, which is disputed by Vicwest and which is subject to adjudication before the Claims Officer or the Court or otherwise pursuant to the Meeting and Claims Order.

**“Effective Time”** means the time that the Monitor files with the Court the certificate by the Monitor referred to in section 6.03.

**“Election Date”** means July 24, 2003, or such later date as may be fixed by the Court.

**“Election to Receive Cash”** has the meaning assigned to it by the Meeting and Claims Order.

**“Equipment Lease”** means a lease to Vicwest, as lessee, of personal property (including fixtures, equipment and motor vehicles) whether such lease is an operating lease or a security agreement.

**“Equipment Operating Lease CCAA Arrears”** means all amounts owing by Vicwest pursuant to an Equipment Lease which is an operating lease that accrue from and after the Filing Date, but excluding any amounts payable as a penalty or by reason of any default by Vicwest.

**“Existing Common Shares”** means all the outstanding common shares issued by Vicwest and any and all warrants, options, rights and agreements to purchase common shares issued by Vicwest, except for the New Common Shares to be issued pursuant to the Plan.

**“Existing Preferred Shares”** means all the outstanding preferred shares issued by Vicwest and any and all warrants, options, rights and agreements to purchase preferred shares issued by Vicwest.

**“Filing Date”** means May 12, 2003.

**“Meeting”** means the meeting of Affected Creditors held to consider the Plan pursuant to the Meeting and Claims Order.

**“Meeting and Claims Order”** means an Order of the Court dated June 24, 2003 directing the calling, holding and conduct of the Meeting and establishing and approving the claims procedure, as amended or varied by further Order, and includes the Claims Procedures (as defined by such Order).

**“Monitor”** means Deloitte & Touche Inc., in its capacity as the monitor appointed by the CCAA Initial Order.

**“New Common Shares”** means the 25,000,000 common shares of Vicwest to be authorized by Vicwest as at the Plan Implementation Date pursuant to the Articles of Reorganization.

**“Noteholder Claims”** means all Claims of Noteholders pursuant to or in respect of the Noteholders’ Trust Indenture or a Note or Notes issued thereunder.

**“Noteholders”** means the beneficial owners of the Notes.

**“Noteholders’ Committee”** means the informal committee of Noteholders comprised of Brascan Financial Corporation, Deans Knight Capital Management Ltd. and Mackenzie Financial Corporation.

**“Noteholders’ Committee Advisors”** means Bennett Jones LLP, as legal advisor, and PricewaterhouseCoopers Inc., as financial advisor, to the Noteholders’ Committee.

**“Noteholders’ Security”** means:

- (a) the assignment by Vicwest pursuant to section 14.1 of the Noteholders' Trust Indenture of an agreement dated as of March 10, 2000 (called the "Keep Well Agreement (Delta)") whereby American Buildings Company agreed to fund Vicwest to enable Vicwest to pay the Notes issued under the Noteholders' Trust Indenture; and
- (b) the assignment dated as of March 10, 2000 by Vicwest to the trustees under the Noteholders' Trust Indenture of the following:
  - (i) a note dated as of March 10, 2000 made by MAGNATRAX Finance Co. in favour of Vicwest in the principal amount of \$83,984,035 (called the "Mirror Note");
  - (ii) a guaranty dated as of March 10, 2000 by American Buildings Company in favour of Vicwest, whereby American Buildings Company guaranteed payment of the note referred to in subsection (i); and
  - (iii) an agreement dated as of March 10, 2000 (called the "Keep Well Agreement (Newco)") whereby American Buildings Company agreed to fund MAGNATRAX Finance Co. to enable MAGNATRAX Finance Co. to pay the note referred to in subsection (i) (which agreement had been assigned by MAGNATRAX Finance Co. to Vicwest by an assignment dated as of March 10, 2000).

**"Noteholders' Trust Indenture"** means the trust indenture dated as of March 10, 2000 among Vicwest (then called Delta Acquisition Corp.), Montreal Trust Company of Canada, as trustee, and The Bank of Nova Scotia Trust Company of New York, as trustee, pursuant to which Vicwest authorized the issue of Notes in the total maximum principal amount of \$83,984,035.00, as amended.

**"Notes"** means the notes issued pursuant to the Noteholders' Trust Indenture and any notes issued in substitution for or as replacement thereof.

**"OBCA"** means the *Business Corporations Act* (Ontario).

**"Order"** means an order of a court of competent jurisdiction being, unless otherwise specified, the Court.

**"Person"** means an individual, partnership, joint venture, trust, corporation, group, firm, association, unincorporated organization, committee, government, or agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted.

**"Plan"** means this plan of compromise and reorganization effected under the CCAA, as amended or supplemented from time to time.

**"Plan Implementation Date"** means the Business Day on which the conditions to the Plan as set out in the Plan have been satisfied or waived and the Monitor files with the Court the certificate by the Monitor referred to in section 6.03.

**“Potential Capital Reduction D&O Claim”** means a claim (including a Claim) by any Person (including Vicwest) against a person who was a director of Vicwest on December 31, 2001 with respect to the reduction in Vicwest’s capital stated to have been effected as at December 31, 2001 or any transaction or action taken in connection therewith including the reduction as at December 31, 2001 of amounts then owing by Jenisys Engineered Products, Inc. to Vicwest.

**“Proven Claim”** means the amount of the Affected Claim of a Creditor against Vicwest finally determined in accordance with the provisions of the Meeting and Claims Order and which has become a Proven Claim pursuant to and as defined in the Meeting and Claims Order.

**“Record Date”** means June 26, 2003 or such other date as may be ordered by the Court.

**“Sanction Order”** means an Order of the Court made under the CCAA and the OBCA approving and sanctioning the Plan and providing any other relief as described in section 5.02 of the Plan.

**“Secured Claims”** means all Claims (other than Noteholder Claims) of a Creditor which are secured by security validly charging or encumbering assets of Vicwest (including statutory and possessory liens and Equipment Leases which create security interests).

**“Secured Creditor Deficiency Claim”** means, with respect to each Secured Claim of a Secured Creditor, the amount of such Claim in excess of the net realizable value as at the Filing Date of the assets of Vicwest validly charged or encumbered by such Secured Creditor’s security for such Claim on the Filing Date to which such Secured Creditor would be entitled if a realization had occurred on the Filing Date having regard to the priority of such security but, for greater certainty, shall exclude all Westeel Limited’s claims with respect to Westeel DIP Lender Debt.

**“Secured Creditors”** means Creditors holding Secured Claims with respect to, and to the extent of such Secured Claims.

**“Tax Act”** means the *Income Tax Act* (Canada).

**“Unaffected Claims”** means:

- (a) claims arising after the Filing Date but excluding Claims arising after the Filing Date as a result of the termination or repudiation by Vicwest of any lease or executory contract (other than a collective bargaining agreement) in existence on the Filing Date;
- (b) Claims of employees of Vicwest employed on or after the Filing Date and arising on or prior to the Filing Date in their capacities as employees for all amounts owing to them by statute or by a collective bargaining agreement with respect to accrued salary, wages, expense reimbursement obligations, vacation pay, medical and dental benefits, pension payments pursuant to a registered pension plan or retirement compensation arrangement to the extent that funds or other assets are held in trust for the purpose of making such pension payments, and any other entitlement arising from collective bargaining agreements but excluding any unpaid bonuses payable to employees that, at the Filing Date, do not constitute

wages pursuant to the *Employment Standards Act* (Ontario), but including, despite any of the foregoing:

- (i) Claims of Vicwest's employees, who were employed by Vicwest on the Filing Date and who continued to be employed on the Record Date, against Vicwest pursuant to the Magnatrax Corporation Management Bonus Plan for 2002 (sometimes called the Magnatrax Corporation Shareholder Value Added Incentive Plan) for applicable Vicwest management participants in the maximum aggregate amount of \$169,931; and
  - (ii) Claims of Vicwest's employees, who were employed by Vicwest on the Filing Date and who continued to be employed on the Record Date, in respect of health and dental benefits provided by Vicwest to such employees as at the Filing Date provided such employees were, as at the Filing Date, receiving long term disability benefits;
- (c) all DIP Lender Debt;
  - (d) all Westeel DIP Lender Debt;
  - (e) all Secured Claims (other than Secured Creditor Deficiency Claims);
  - (f) all Critical Vendor Claims;
  - (g) all amounts owing by Vicwest to a customer of Vicwest (that is not an affiliate of Vicwest or did not, as at the Filing Date, deal with Vicwest at other than arms length) with respect to:
    - (i) any volume sales rebate obligation of Vicwest to such customer pursuant to a written agreement between Vicwest and such customer in effect on the Filing Date; or
    - (ii) any amount owing by such customer to Vicwest which such customer would be legally entitled to set off whether such amount arises before, on or after the Filing Date,
 but excluding any Claims for or in respect of product or service warranties or liability;
  - (h) claims with respect to Equipment Operating Lease CCAA Arrears provided Vicwest, as lessee, has not, prior to the Record Date, repudiated such Equipment Lease or, if such Equipment Lease has been so repudiated, claims with respect to such Equipment Operating Lease CCAA Arrears accruing up to the date of such repudiation;
  - (i) all claims with respect to reasonable fees, costs and expenses of Vicwest's counsel, the Monitor, the Monitor's counsel, the counsel of the directors or

deemed directors of the Applicants, the Noteholders' Committee Advisors, the Claims Officer and such other advisors and consultants, as and to the extent authorized by the Court and reasonably required to develop and give effect to the Plan;

- (j) Claims against Vicwest imposed by statute and referred to in section 4.07 of the Plan;
- (k) Claims referred to in subparagraphs 17(e) and 17(f) of the CCAA Initial Order; and
- (l) claims against any Person (including any Applicant) other than Vicwest.

**“U.S. Banks”** means the banks and other lenders to the U.S. Debtors (as defined in the CCAA Initial Order) pursuant to the Existing Credit Agreement (as defined in the CCAA Initial Order).

**“Vicwest”** means Vicwest Corporation, a corporation amalgamated under the OBCA.

**“Westeel DIP Lender Debt”** means all indebtedness and liability now or hereafter owing by Vicwest to Westeel Limited in respect of the loans or other credit provided to Vicwest by Westeel Limited pursuant to the agreement dated as of May 8, 2003 among Westeel Limited and the other Applicants, as amended from time to time, pursuant to which Westeel Limited extended revolving credit to Vicwest in the total maximum outstanding principal amount of \$7,500,000 and includes all interest and other amounts payable by Vicwest pursuant to the terms thereof.

## **1.02 Construction**

In this Plan, unless otherwise expressly stated or the context otherwise requires:

- (a) the division of the Plan into Articles and sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Plan;
- (b) the words “hereunder”, “hereof” and similar expressions refer to the Plan and not to any particular Article or section and references to “Articles” or “sections” are to Articles and sections of the Plan;
- (c) words importing the singular include the plural and *vice versa* and words importing any gender include all genders;
- (d) the word “including” means “including without limiting the generality of the foregoing”;
- (e) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder;

- (f) references to dollar amounts are to Canadian dollars unless otherwise specified; and
- (g) references to times are to local time in Toronto, Ontario.

### **1.03 Valuation**

For purposes of proofs of claim, voting and distribution, all Claims shall be valued as at the Filing Date in accordance with the Meeting and Claims Order.

### **1.04 Successors and Assigns**

The Plan shall be binding on and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of each Person named in or subject to the Plan.

### **1.05 Governing Law**

The Plan shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Plan and all proceedings taken in connection with the Plan shall be subject to the exclusive jurisdiction of the Court.

## **ARTICLE 2 PURPOSE AND IMPACT OF THE PLAN**

### **2.01 Purpose**

The purpose of the Plan is to effect a compromise of Affected Claims against Vicwest and the reorganization of the capital of Vicwest in order to enable its business to continue, in the expectation that all Persons with an economic interest in Vicwest will derive a greater benefit from its continued operation as a going concern than would result from the immediate sale or forced liquidation of Vicwest's assets.

### **2.02 Persons Affected**

On the Plan Implementation Date, the Plan will be binding on Vicwest and on all Persons with Affected Claims against Vicwest to the extent of their Affected Claims.

### **2.03 Claims Not Affected**

The Unaffected Claims of Creditors will not be affected by the compromises set out in the Plan.

### **2.04 Claims against Applicants (other than Vicwest) Not Affected**

The Plan relates only to Claims against Vicwest and does not compromise Claims against Westeel Limited, Dumbarton Construction Limited or any other Applicants.

**ARTICLE 3**  
**REORGANIZATION OF VICWEST AND WIND-UP OF 1466828 ONTARIO INC.**

**3.01 Vicwest Articles of Reorganization**

On the Plan Implementation Date, the articles of Vicwest will be amended by Articles of Reorganization to be approved by the Court which will provide for, without limitation, the authorization of the New Common Shares and the cancellation of all Existing Common Shares and all Existing Preferred Shares.

**3.02  Holders of Existing Common Shares and Existing Preferred Shares**

A holder of Existing Common Shares will not be entitled to any payment or other compensation with respect to the cancellation of the Existing Common Shares. A holder of Existing Preferred Shares will not be entitled to any payment or other compensation with respect to the cancellation of Existing Preferred Shares except to the extent set out in section 7.01(d)(ii) and subject to the terms of the Plan.

**3.03 Wind-up of 1466828 Ontario Inc.**

Prior to the Plan Implementation Date, 1466828 Ontario Inc. will distribute to Vicwest all assets of 1466828 Ontario Inc. including all indebtedness owing by Vicwest to 1466828 Ontario Inc. 1466828 Ontario Inc. will be dissolved before or after the Plan Implementation Date.

**ARTICLE 4**  
**TREATMENT OF AFFECTED CLAIMS**

**4.01 Single Class of Affected Creditors and Treatment of Affected Claims**

All Affected Creditors shall constitute a single class under the Plan for all purposes and all Affected Claims shall be treated as follows:

- (a) a Person who, on the Record Date, holds Affected Claims in an aggregate amount of \$2,000 or less and provides to the Monitor on or before the Election Date an Election to Receive Cash or a Person who, on the Record Date, holds Affected Claims in an aggregate amount in excess of \$2,000 and who, by providing an Election to Receive Cash to the Monitor on or before the Election Date, reduces the aggregate amount of such Person's Affected Claims to \$2,000, in either case, in accordance with the Meeting and Claims Order, will receive by cheque as at the Plan Implementation Date an amount equivalent to 35% of the lesser of:
  - (i) \$2,000; and
  - (ii) the aggregate amount of such Person's Proven Claims;

a Person who provides an Election to Receive Cash to the Monitor and receives a cheque in accordance with this section shall not be entitled to New Common

Shares or any other payment or consideration with respect to such Person's Affected Claims; and

- (b) a Person who, on the Record Date, holds Affected Claims but does not provide the Monitor with an Election to Receive Cash on or before the Election Date pursuant to section 4.01(a) shall receive from Vicwest in accordance with section 7.01(d)(i) of the Plan that number of New Common Shares which is, subject to section 7.02(b) of the Plan, equivalent to the aggregate amount of such Person's Proven Claims multiplied by 23,750,000 New Common Shares and divided by the aggregate amount of all Proven Claims and Disputed Claims on the Plan Implementation Date of all Persons entitled to New Common Shares pursuant to this Article 4.

#### **4.02 Entitlement of Affected Creditors**

- (a) For purposes of determining the entitlement of Affected Creditors under section 4.01 of the Plan:
  - (i) Disputed Claims shall be dealt with pursuant to section 4.03 of the Plan;
  - (ii) the total amount of Affected Claims for purposes of sections 4.01(a) and (b) shall be the amount thereof as determined in accordance with the Meeting and Claims Order; and
  - (iii) the amount of any Proven Claim or Disputed Claim denominated in a currency other than Canadian currency as of the Filing Date shall be the amount thereof determined in accordance with the Meeting and Claims Order.
- (b) All cash payments and all distributions of New Common Shares made by Vicwest to an Affected Creditor pursuant to the Plan shall be applied firstly in satisfaction of the outstanding principal amount of the Proven Claims held by such Affected Creditor and the balance, if any, shall then be applied to accrued and unpaid interest which forms part of such Proven Claims.
- (c) Each Affected Creditor which is a non-resident of Canada shall pay any non-resident withholding tax imposed under Part XIII of the Tax Act as a condition of receiving any New Common Shares under the Plan. Vicwest or the Monitor on behalf of Vicwest may deduct from any cash payment under the Plan to the holder of a Proven Claim any amount claimed by or appearing to be properly remitted to CCRA and may remit such amount to CCRA with notice to such holder.

#### **4.03 Disputed Claims**

Affected Creditors with Disputed Claims on the Record Date shall not be entitled to receive cash, New Common Shares or any other consideration hereunder on the Plan Implementation Date with respect to such Disputed Claims. A Disputed Claim shall be referred for resolution in the manner set out in the Meeting and Claims Order. On the Plan

Implementation Date, a reserve of cash (where the holder of the Disputed Claim has made the election referred to in section 4.01(a)) and a reserve of unissued New Common Shares from the Affected Creditors' New Common Share Pool in a number applicable (after adjustment due to any elections to receive cash made pursuant to section 4.01(a)) to the aggregate amount as at the Record Date of Disputed Claims made pursuant to the Meeting and Claims Order shall be established pending final determination of the Disputed Claims and shall not be distributed in respect of any Disputed Claim until such Disputed Claim is finally resolved or settled and becomes a Proven Claim in accordance with the Meeting and Claims Order. As New Common Shares are issued to Affected Creditors from the Affected Creditors' New Common Share Pool upon the final resolution or settlement of Disputed Claims, additional New Common Shares equivalent to 5.26316% of such issued New Common Shares shall be issued to the holder of Existing Preferred Shares, subject to section 7.03, (with any fractional number of shares rounded upwards). To the extent that any Disputed Claim is finally resolved or settled and becomes a Proven Claim in an amount which is attributable to fewer than the number of New Common Shares in the Affected Creditors' New Common Share Pool reserved for such Disputed Claim, the New Common Shares which are not to be issued on account of such Disputed Claim shall not be distributed and the Affected Creditors' New Common Share Pool shall be reduced accordingly effective as of the Plan Implementation Date. To the extent that any Disputed Claim is finally resolved or settled and becomes a Proven Claim in an amount which is less than the amount of cash funds reserved for such Disputed Claim and such cash funds are not further required as a reserve for other Disputed Claims pending their final resolution or settlement, such cash funds shall be returned to Vicwest for Vicwest's use.

#### **4.04 Extinguishment of Claims**

As of and from the Effective Time, the treatment of Claims under the Plan (including Proven Claims and Disputed Claims) shall be final and binding on Vicwest and all Creditors affected thereby (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and all Claims, other than Unaffected Claims, shall be released and discharged as against Vicwest and Vicwest shall thereupon be released from all Claims, other than Unaffected Claims and other than Vicwest's obligations to make payments and issue and deliver New Common Shares in the manner and to the extent provided for in the Plan; provided that such discharge and release shall be without prejudice to the right of a holder of a Disputed Claim to prove such Disputed Claim so that it becomes a Proven Claim entitled to receive consideration under section 4.01 of the Plan.

#### **4.05 Set-Off**

Despite any other provision of the Plan, the law of set-off applies to all claims made by or against Vicwest (including Claims) to the same extent as if Vicwest were plaintiff or defendant, as the case may be. However, a Person may only set off as against a Claim an obligation of such Person to Vicwest (that is otherwise the proper subject of set-off) and that existed on or before the Filing Date and a Person may only set off as against a claim by such Person against Vicwest arising after the Filing Date, an obligation of such Person to Vicwest arising after the Filing Date (that is otherwise the proper subject of set-off).

#### **4.06 Discharge of Noteholders' Security**

As of and from the Effective Time, all Noteholders' Security granted by Vicwest shall be discharged and all Vicwest's interests in all notes, agreements and other collateral assigned by Vicwest pursuant to the Noteholders' Security shall be deemed to be reassigned to Vicwest.

#### **4.07 Crown Priority Claims**

Within six months after the date of the Sanction Order, Vicwest shall pay in full to Her Majesty in Right of Canada or of a province all amounts of a kind that could be subject to a demand under subsection 224(1.2) of the Tax Act or under any substantially similar provision of any provincial legislation and that were outstanding on the Filing Date.

#### **4.08 Affected Claims of Lessors whose Equipment Leases are Repudiated**

Subject to the provisions of the Meeting and Claims Order, Vicwest may, by notice given to the lessor of any Equipment Lease on or before the Record Date, repudiate such Equipment Lease. In such circumstances, such lessor shall:

- (a) if the Equipment Lease is an operating lease or if the Equipment Lease is a security agreement and the lessor's interest in the equipment subject to the lease is a valid first priority (but for charges created by the CCAA Initial Order) security interest, repossess the leased equipment at any time after such repudiation and before the day following the Plan Implementation Date; and
- (b) have an Affected Claim for:
  - (i) all unpaid rent and other amounts owing by Vicwest to such lessor pursuant to or in respect of such Equipment Lease up to the Filing Date; and
  - (ii) without duplication, all expenses and damages suffered by such lessor as a result or in respect of such repudiation and repossession,

less, if such Equipment Lease is a security agreement and the lessor is entitled to repossess the leased equipment pursuant to subsection (a), the realizable value as at the Filing Date of the lessor's interest in the leased equipment validly subject to the security interest contained in such Equipment Lease.

### **ARTICLE 5 SANCTION ORDER**

#### **5.01 Application for Sanction Order**

If Creditor Approval of the Plan is obtained, the Applicants shall apply to the Court for the Sanction Order. If Creditor Approval is not obtained, the Applicants shall so report to the Court as soon as reasonably practicable.

## **5.02 Sanction Order**

In addition to sanctioning the Plan and the processes herein provided for, the Applicants shall apply for a Sanction Order having effect on the Plan Implementation Date or as may be otherwise provided in the Sanction Order which shall, among other things:

- (a) declare that the compromises and reorganization contemplated by the Plan are approved, binding and effective as herein set out on all Persons affected by the Plan;
- (b) approve the cancellation of the Existing Common Shares and the Existing Preferred Shares and the issue of the New Common Shares and approve the Articles of Reorganization and the amendments to Vicwest's articles effected thereby;
- (c) approve the financing referred to in section 6.01(d);
- (d) declare that the stay of proceedings contained in the CCAA Initial Order continues until the Plan Implementation Date;
- (e) subject to section 7.01(b) of the Plan, discharge as at the Effective Time, all security for the DIP Lender Debt charging assets of the Applicants, including the charges authorized by the Court;
- (f) subject to section 7.01(c) of the Plan, discharge as at the Effective Time, all charges of assets of the Applicants granted by any Order in favour of the Monitor, the Monitor's counsel, the Noteholders' Committee Advisors, Vicwest's counsel and others;
- (g) discharge as at the Effective Time all charges of assets of the Applicants granted by any Order in favour of the directors, deemed directors and officers of the Applicants;
- (h) declare that the Noteholders' Trust Indenture and all Notes are terminated and cancelled as at the Effective Time;
- (i) discharge the Monitor as at the Effective Time from all duties (except the adjudication of Claims which then remain unresolved and any other duties specified by the Sanction Order);
- (j) declare that the appointment of the Claims Officer shall cease as at the Effective Time except with respect to matters to be completed pursuant to the Plan after the Effective Time (including the resolution of any Disputed Claims pursuant to the Meeting and Claims Order);
- (k) appoint as at the Effective Time the new board of directors of Vicwest specified by section 7.01(e) of the Plan; and

- (l) declare that, as at and from the Effective Time and except to the extent, if any, expressly contemplated by the Plan or the Sanction Order, all obligations or agreements to which Vicwest is a party shall be and remain in full force and effect, unamended as at the Plan Implementation Date, unless terminated or repudiated by Vicwest pursuant to the CCAA Initial Order, and no Person who is a party to any such obligation or agreement shall, on or after the Plan Implementation Date, accelerate, terminate, rescind, refuse to renew, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise, or purport to enforce or exercise, any right (including any right of set-off, combination of accounts, dilution, buy-out, divestiture, forced purchase or sale option or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:
- (i) any event or events which occurred on or before the Plan Implementation Date and is not continuing after the Plan Implementation Date or which is or continues to be suspended or waived under the Plan, which would have entitled any party thereto to enforce such rights or remedies (including defaults or events of default arising as a result of the insolvency of Vicwest);
  - (ii) Vicwest's having sought or obtained relief under the CCAA or reorganized under the OBCA;
  - (iii) any compromises, arrangements, reorganizations or transactions effected pursuant to the Plan; or
  - (iv) any change of control of Vicwest arising from the implementation of the Plan.

## **ARTICLE 6**

### **CONDITIONS OF PLAN IMPLEMENTATION**

#### **6.01 Conditions of Plan Implementation**

The implementation of the Plan is conditional on the satisfaction or waiver (in accordance with section 6.02 of the Plan) on or before the Plan Implementation Date of the following conditions:

- (a) Creditor Approval of the Plan shall have been obtained;
- (b) the Court shall have issued the Sanction Order satisfactory to the Noteholders' Committee in accordance with section 5.02;
- (c) the articles of Vicwest shall have been amended by the Articles of Reorganization and a certificate of amendment shall have been issued with respect thereto pursuant to subsection 186(5) of the OBCA;

- (d) a credit agreement between Vicwest and a lender shall have been executed and delivered whereby such lender agrees to provide to Vicwest a new credit facility satisfactory to the Noteholders' Committee in a total principal amount not less than \$50,000,000 and funds are available thereunder to pay in full:
  - (i) all DIP Lender Debt; and
  - (ii) all other payments to be made pursuant to the Plan;
- (e) the New Common Shares distributable to the holder of the Existing Preferred Shares pursuant to sections 4.03 and 7.01(d)(ii) is the total entitlement of any member of the Debtor Group (other than Jenisys Engineered Products, Inc.) to any distribution pursuant to the Plan;
- (f) all agreements and other documents and other instruments which are necessary to be executed and delivered by Vicwest to implement the Plan and perform Vicwest's obligations hereunder, shall have been executed and delivered;
- (g) any applicable governmental, regulatory and judicial consents or orders, and other similar consents and approvals, and all filings with all governmental authorities, securities commissions and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable for the completion of the transactions contemplated by the Plan or any aspect thereof, shall have been made, obtained or received;
- (h) all documents necessary to give effect to all material provisions of the Plan shall have been executed and delivered by all relevant Persons;
- (i) all applicable appeal periods with respect to the Sanction Order shall have expired or, if an appeal of the Sanction Order or an application for leave to appeal the Sanction Order is commenced, the applicable appellate tribunal shall have made a final determination thereof and the Sanction Order shall remain in full force and effect; and
- (j) all steps, conditions and documents necessary to the implementation of the Plan (including without limitation those set out above) are in form and substance satisfactory to the Noteholders' Committee and are capable of being implemented on or before the Plan Implementation Date.

## **6.02 Waiver of Plan Implementation Conditions**

Any condition (other than a condition contained in section 6.01(a), (b), (c) or (d)) may be waived by Vicwest with the prior written consent of the Noteholders' Committee. Any condition so waived shall be deemed to have been satisfied for the purposes of the Plan.

**6.03 Monitor's Certificate**

Upon being advised in writing by an officer of Vicwest on notice to the Noteholders' Committee that the conditions set out in section 6.01 have been satisfied or waived in accordance with section 6.02 and that the Plan is capable of being implemented, the Monitor shall file with the Court a certificate stating that all conditions precedent set out in section 6.01 of the Plan have been satisfied or waived in accordance with the Plan and that the Plan is capable of being implemented forthwith.

**6.04 Failure to Satisfy Plan Conditions**

If the conditions contained in section 6.01 of the Plan are not satisfied or waived on or before the day which is 30 days after the date on which the Sanction Order is made or such later date as may be specified by Vicwest and satisfactory to the Noteholders' Committee, the Plan shall not be implemented and the Plan and the Sanction Order shall cease to have any further force or effect.

## **ARTICLE 7 IMPLEMENTATION**

**7.01 Implementation of Plan**

Subject to the satisfaction or waiver of the conditions set out in section 6.01 of the Plan, the following shall occur in accordance with the Plan on or before the Plan Implementation Date:

- (a) Vicwest shall file the Articles of Reorganization and obtain a certificate of amendment with respect thereto;
- (b) Vicwest shall pay the DIP Lender Debt in full;
- (c) Vicwest shall pay all fees and disbursements of the Monitor, the Monitor's counsel, the Noteholders' Committee Advisors, Vicwest's counsel and counsel for the former directors or deemed directors of Vicwest in accordance with the Plan and the CCAA Initial Order;
- (d) Vicwest shall make the payments required by the Plan and issue the following New Common Shares in accordance with the Plan:
  - (i) Vicwest shall issue the New Common Shares in the Affected Creditors' New Common Share Pool to the Affected Creditors with Proven Claims who are entitled to receive such New Common Shares pursuant to section 4.01 of the Plan (except for the unissued New Common Shares to be reserved for Affected Creditors with Disputed Claims pursuant to section 4.03 of the Plan); and
  - (ii) Vicwest shall issue to the holder of the Existing Preferred Shares, New Common Shares equivalent to 5.26316% of the aggregate number of New

Common Shares issued to Affected Creditors pursuant to section 7.01(d)(i) (with any fractional number of shares rounded upwards); and

- (e) the following persons shall be appointed by the Sanction Order as directors of Vicwest to hold office on and after the Plan Implementation Date until the next annual meeting of the shareholders of Vicwest or until their successors are elected or appointed:
  - (i) Peter Gordon;
  - (ii) Wayne Mang;
  - (iii) Keith Gillam;
  - (iv) Philip Hampson; and
  - (v) Brian Held.

## **7.02 Procedure for Payments and Distributions**

The payment of cash and the distribution of New Common Shares pursuant to the Plan will be effected in accordance with the following procedures:

- (a) Prior to the Plan Implementation Date, the Monitor will calculate the amount of cash or number of New Common Shares to be received by each Affected Creditor holding a Proven Claim under the Plan with respect to all Proven Claims held by such Affected Creditor and the amount of cash or unissued New Common Shares to be reserved on account of each Disputed Claim.
- (b) No certificates for fractions of New Common Shares will be issued. Notwithstanding any other provision of the Plan, the entitlement of the holder of an Affected Claim to receive New Common Shares will be rounded to the nearest whole number of New Common Shares (with a one-half New Common Share entitlement rounded upward).
- (c) Vicwest shall deliver to the Monitor and the Monitor shall mail the cheques for such cash and such New Common Shares on the Plan Implementation Date (or as soon as practicable thereafter), to Affected Creditors with Proven Claims in the names and at the addresses provided for in the Meeting and Claims Order.
- (d) Vicwest shall, subject to section 7.03, deliver to the holder of Existing Preferred Shares on the Plan Implementation Date (or as soon as practicable thereafter), the New Common Shares referred to in section 7.01(d)(ii).

## **7.03 Delivery of Certain New Common Shares to Goodmans LLP**

If the condition contained in section 6.01(e) is not satisfied but is waived in accordance with section 6.02 (except that such waiver shall be effective even if only made by the

Noteholders' Committee and not by Vicwest), such waiver shall be without prejudice to the right of any interested Person with respect to the determination by the CCAA Court of the entitlement of the holder of the Existing Preferred Shares to New Common Shares pursuant to the terms of the Restructuring and Lock-up Agreement dated as of March 31, 2003 among *inter alia* Vicwest and the Noteholders' Committee (including section 1(a) thereof). In the event of such waiver, Vicwest shall deliver to Goodmans LLP the New Common Shares distributable to the holder of the Existing Preferred Shares pursuant to the Plan, to be held by Goodmans LLP in trust such that such New Common Shares shall not be released by Goodmans LLP without a written direction by Vicwest (approved by the new Board of Directors after the Plan Implementation Date) and the holder of the Existing Preferred Shares or a final order of a court of competent jurisdiction. Section 9.07 of the Plan shall not apply to supersede the rights of the parties pursuant to the terms of the Restructuring and Lock-up Agreement.

## **ARTICLE 8 EFFECT OF THE PLAN**

### **8.01 Binding Effect of Plan**

On the Plan Implementation Date, the Plan shall be implemented by Vicwest and shall be fully effective and binding on Vicwest and all Persons affected by the Plan. Without limitation, the treatment of Claims under the Plan and under the Meeting and Claims Order shall be final and binding on Vicwest, the Creditors and all Persons affected by the Plan and their respective heirs, executors, administrators, legal representatives, successors and assigns.

### **8.02 Releases of the Monitor, the Noteholders' Committee, the Noteholders' Committee Advisors and Others with respect to the Plan or the Applicants' CCAA Proceedings**

Effective on the Plan Implementation Date, the Monitor, counsel the Monitor, counsel to the Applicants, the members of the Noteholders' Committee, the Noteholders' Committee Advisors and each of their respective officers, directors, employees and agents shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any claim, liability, obligation, demand or cause of action of any nature which Vicwest, any Creditor or any other Person may have or be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of issue of the Sanction Order in any way relating to, arising out of or in respect of the Plan or the Applicants' CCAA proceedings.

### **8.03 Releases of Officers, Directors, Deemed Directors and Employees of Vicwest**

Effective on the Plan Implementation Date, each and every current and former director, officer, deemed director and employee of Vicwest shall, to the extent permitted by the CCAA, be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any claim, liability, obligation, demand or cause of action of any nature which Vicwest or any Affected Creditor (or, in the case of any

deemed directors of Vicwest, any other Creditor or Person) may have or be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or before the date of issue of the Sanction Order or in any way relating to, arising out of or in respect of the Plan or the Applicants' CCAA proceedings or in any way relating to, arising out of, or in respect of any claim or claims against such directors, officers, deemed directors or employees that relate to any obligations of Vicwest including for or in respect of:

- (a) statutory liabilities which may be imposed on them, or any of them, by reason of Vicwest's failure to pay any amounts which are required to be deducted from employees' wages including, without limitation, amounts in respect of employment insurance, Canada pension plan, Quebec pension plan and income taxes;
- (b) employee claims for wages, vacation pay, severance pay, termination pay and benefits;
- (c) employee claims or the claims of third parties in respect of pension plans or pensions; or
- (d) claims for any amounts in the form of damages or fines relating to environmental matters.

#### **8.04 Potential Capital Reduction D&O Claim**

Notwithstanding section 8.03, the persons who were directors of Vicwest on December 31, 2001 shall not be released from any claims against them arising from or in respect of the Potential Capital Reduction D&O Claim but, to the extent permitted by law, any recourse to such persons or their assets in respect of any such claim or claims shall be restricted and limited to any rights which such persons have to claim proceeds from any directors' liability insurance policy or policies or other rights of indemnification that may exist to protect the directors in respect of such matters and there shall be no recourse, under any circumstances whatsoever, to any other asset or assets of any such person or persons.

### **ARTICLE 9 GENERAL**

#### **9.01 Waiver of Defaults**

From and after the Plan Implementation Date, all Persons shall be deemed to have permanently waived any and all defaults of Vicwest then existing or previously committed by Vicwest, caused by Vicwest, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, lease or other agreement, written or oral, or any or all amendments or supplements thereto, between such Person and Vicwest, and any and all notices of default and demands for payment under any instrument or agreement, including any guarantee by Vicwest, shall be deemed to have been rescinded.

## **9.02 Amendments to Plan**

- (a) Vicwest shall be entitled, at any time and from time to time, to amend, restate, modify or supplement the Plan, provided that any such amendment, restatement, modification or supplement is contained in a written document which is filed with the Court and:
  - (i) if made prior to the Meeting, is communicated to the Affected Creditors in the manner required by the Court (if so required) or at the Meeting; or
  - (ii) if made following the Meeting, is made without objection from the Noteholders' Committee and with the approval of the Court after notice to the Noteholders' Committee and to the Affected Creditors which may be adversely affected by the amendment.
- (b) The right of Vicwest to amend, alter, modify or waive any term, provision, condition or time period under the Plan, whether before or after the Meeting, shall be conditional on no objection being received from the Noteholders' Committee to such amendment, alteration, modification or waiver after receipt by the Noteholders' Committee of three Business Days notice thereof from Vicwest (or such shorter notice period as may be satisfactory to the Noteholders' Committee).

## **9.03 Further Assurances**

Notwithstanding that some of the transactions and events set out in the Plan may be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected by the Plan shall, and shall be deemed to make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be reasonably required by Vicwest in order to better implement the Plan.

## **9.04 Guarantees and Similar Covenants**

No Person who has a claim as a guarantor, surety, indemnitor or similar covenant or in respect of any Claim which is compromised under the Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised under the Plan shall be entitled to any greater rights than the applicable Creditor whose Claim was compromised under the Plan.

## **9.05 Consents and Waivers**

Upon the implementation of the Plan on the Plan Implementation Date, each Creditor shall be deemed to have consented and agreed to all of the provisions of the Plan as an entirety. In particular, each Creditor shall be deemed:

- (a) to have executed and delivered to Vicwest all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and

- (b) to have waived any non-compliance by Vicwest with any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and Vicwest that occurred on or before the Plan Implementation Date.

#### **9.06 Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

#### **9.07 Paramountcy**

From and after the Plan Implementation Date, if there is any conflict between any provision of the Plan and any provision of any other contract, document, agreement or arrangement, written or oral, between any Creditor and Vicwest in existence on the Plan Implementation Date, such provision of the Plan shall govern.

DATED as of the 19th day of June, 2003.

**VICWEST CORPORATION**

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36  
AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B-16  
AND IN THE MATTER OF A PLAN OF COMPROMISE AND REORGANIZATION OF VICWEST CORPORATION

Applicant

Court File No. 03-CL-4998

**ONTARIO SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**PLAN OF COMPROMISE AND  
REORGANIZATION**

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