



ESTATE NO.: 35-115588  
COURT FILE NO.: 35-115588

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

DEPUTY  
REGISTRAR NETTIE

) THURSDAY, THE 1<sup>ST</sup> DAY OF  
) SEPTEMBER, 2005.

**IN THE MATTER OF THE PROPOSAL OF  
NORTH AMERICAN PRINTING INC.  
OF THE CITY OF WINDSOR  
IN THE PROVINCE OF ONTARIO**

**ORDER**

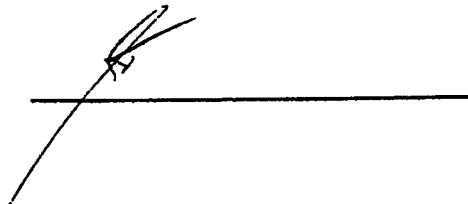
**UPON THE APPLICATION** of the Trustee, Doyle Salewski Inc.;

**AND UPON** the reading of the Report of the Trustee dated the 17<sup>th</sup> day of August, 2005;

**AND UPON** hearing submissions of counsel for the Trustee, and the Court being satisfied that the required majority of creditors having duly accepted the Proposal in the terms contained in the Report of the Trustee annexed hereto, and being satisfied that the terms are reasonable and calculated to benefit the general body of creditors and that no offences or facts have been proved to justify the Court in withholding its approval,

1. **THIS COURT HEREBY ORDERS** that the Proposal of North American Printing Inc. dated April 12<sup>th</sup>, 2005, filed with the Official Receiver on April 13<sup>th</sup>, 2005, and as amended at the Fourth Meeting of Creditors on August 11<sup>th</sup>, 2005, is hereby ratified and approved, *in the form attached hereto and marked as "A" TOGETHER WITH ATTACHED FOURTH MEETING AND VOTING LETTER.*
2. **THIS COURT FURTHER ORDERS** that the Trustee shall not be required to give security in cash or by bond in accordance with Subsection 16(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c, B-3 as amended.

3. **THIS COURT FURTHER ORDERS** that if North American Printing Inc. becomes bankrupt prior to full satisfaction of the said Proposal and issuance of the Certificate of Full Performance by the Trustee, all creditors affected by the Proposal shall be entitled to claim in the bankruptcy for the full amount that they would be entitled to without regard to the compromises provided for in the Proposal.

A handwritten signature, consisting of several overlapping loops and a long horizontal stroke, is positioned above a solid horizontal line. The signature appears to be written in black ink.

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Estate # 35-115588

**IN THE MATTER OF THE PROPOSAL OF**

**North American Printing Inc.**

**of the City of Windsor  
in the Province of Ontario**

**PROPOSAL**

North American Printing Inc. ("NAP" or the "Company") of the City of Windsor, the above-named debtor, hereby submits the following Proposal under Division I, Part III of the Bankruptcy and Insolvency Act:

**Section I: Definitions**

In this Proposal, the capitalized terms shall have the following meanings:

"Act" means the Bankruptcy and Insolvency Act, Canada;

"Admissible Claim" means claims of the creditors, which have been proved pursuant to section 121 of the Act;

"Business Day" means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;

"Court" means the Ontario Superior Court of Justice –Commercial List;

"Current Source Deductions" means all amounts of a kind that could be subject to a demand under subsection 224(1.2) of the ITA or any substantially similar provision of Ontario law and that become payable after the Filing Date;

"Employee Preferred Amounts" means the amount the employees and former employees of NAP would be qualified to receive under paragraph 136(1)(d) of the Act if NAP became bankrupt;

"Filing Date" means November 2, 2004, the date the Notice of Intention to Make a Proposal was filed by NAP, with the Official Receiver;

"Inspectors" means those individuals elected by Unsecured Creditors to carry out the duties described in the Proposal and pursuant to the Act;

**"Interim Receiver"** means Doyle Salewski Inc. appointed by the Ontario Superior Court of Justice on November 12, 2004;

**"ITA"** means the Income Tax Act, Canada;

**"Levy"** means the levy payable to the Superintendent of Bankruptcy pursuant to section 147 of the Act;

**"Ongoing Supplies"** means services rendered, goods supplied, or consideration given to NAP after the Filing Date;

**"Outstanding Source Deductions"** means the amounts of a kind that could be subject to a demand under subsection 224(1.2) of the ITA or any substantially similar provision of Ontario law that were outstanding as of the Filing Date;

**"Preferred Creditors"** means Preferred Creditors as defined in section 136 of the Act but excluding Professional Fees and Costs and Trustee's Remuneration;

**"Professional Fees and Costs"** means all the proper fees and expenses of legal and financial counsel to the Trustee and counsel to the Debtor, Bennett Jones LLP, and for greater certainty will not include Trustee Remuneration, on and incidental to the proceedings arising out of the Proposal;

**"Related Creditor"** means 1508925 Ontario Ltd.;

**"Secured Creditors"** means secured creditors as defined in s.2 of the Act;

**"Trustee"** means Doyle Salewski Inc. or its duly appointed successor or successors appointed under or in connection with the carrying out of this Proposal; and,

**"Trustee's Remuneration"** means all the proper fees and expenses of the Trustee on and incidental to the proceedings arising out of the Proposal, including the preparation of the Proposal;

**"Unsecured Creditors"** means the unsecured claims of creditors as defined in the Act and for greater certainty shall include any deficiency suffered by a Secured Creditor, if any, upon realization of its security as provided in this Proposal, but shall exclude Secured Creditors (except as otherwise provided herein), Employee Preferred Amounts, Creditors claiming for Ongoing Supplies, Current Source Deductions, Outstanding Source Deductions, Preferred Creditors (except as otherwise provided herein), Professional Fees and Costs, and Trustee's Remuneration.

## **Headings**

1. The division of the Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

## **Date for Action**

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

## **Section II: Conditions Precedent**

1. The implementation of this Proposal shall be conditional upon the fulfillment of all of the following conditions:

- a. The Proposal shall be approved by the creditors in accordance with the Act;
- b. The Proposal shall be approved by the Court and all appeal periods with respect to the approval order shall have expired;
- c. The first \$2,000,000 of the admissible claim of 1508925 Ontario Ltd. shall be considered an Unsecured Claim and dividends shall be paid on such amount as per Section V, paragraph 3 of this Proposal.
- d. The Related Creditor 1508925 Ontario Ltd. shall not participate in the distribution of any monies payable pursuant to this Proposal for any amount in excess of \$2,000,000 of their admissible claim.

## **Section III: Sale of Assets**

1. The Interim Receiver shall complete a sale of all of the assets of NAP, save and except for accounts receivable. The funds available after payment of the claims of the secured creditors, the costs of completing the sale, and all the costs of the Interim Receiver and collections from accounts receivable (the "Residual Funds") shall be paid to the Trustee and utilized to fulfill the terms of this Proposal

## **Section IV: Payment of Ongoing Claims**

1. Provision for the payment of Employee Preferred Amounts, Current Source Deductions, Outstanding Source Deductions, Professional Fees and Costs, and Ongoing Supplies, shall be according to this Section.

2. **Employee Preferred Amounts, if any, shall be paid in the following manner:**

NAP shall pay all Employee Preferred Amounts in full after Court approval of the Proposal.

3. **Current Source Deductions shall be paid in the following manner:**

All Current Source Deductions shall be paid in full by NAP when due.

4. **Outstanding Source Deductions shall be paid in the following manner:**

NAP shall pay all Outstanding Source Deductions in full to Her Majesty in right of Canada and of Ontario within 6 months after approval by the Court of the Proposal or as otherwise can be arranged with Her Majesty in right of Canada and Ontario.

5. **Professional Fees and Costs and Trustee's Remuneration shall be paid in the following manner:**

All Professional Fees and Costs and Trustee's Remuneration shall be paid in full by NAP, after Court approval of the Proposal, upon invoice for same in priority to the claims for Ongoing Supplies, and the claims of Preferred Creditors and Unsecured Creditors.

6. **Ongoing Supplies shall be paid in the following manner:**

Claims for Ongoing Supplies shall be paid in full in the ordinary course of business, and on regular trade terms by NAP.

#### **Section V: Payment Of Preferred And Unsecured Claims**

1. **Provision for the payment of the claims of Preferred Creditors, and Unsecured Creditors shall be according to this Section.**

2. **Preferred Creditors, if any, as of the Filing Date, without interest, including claims of every nature and kind whatsoever, whether due or not for payment as of the Filing Date, and including contingent or unliquidated claims arising out of any transaction entered into by NAP with the Preferred Creditors prior to the Filing Date, shall be paid as follows:**

The claims of Preferred Creditors, without interest, shall be paid in full according to the amount of their Admissible Claim in priority to the claims of Unsecured Creditors and pursuant to s.136 of the Act, from the

balance of the Residual Funds after consideration of any funds required to satisfy Section IV, paragraphs 3, 4, 5 and 6.

3. Unsecured Creditors, if any, as of the Filing Date, without interest, including claims of every nature and kind whatsoever, whether due or not for payment as of the Filing Date, and including contingent or unliquidated claims arising out of any transaction entered into by NAP with the Unsecured Creditors prior to the Filing Date, shall be paid as follows:

The Claims of Unsecured Creditors, as of the Filing Date, without interest, including claims of every nature and kind whatsoever, whether due or not for payment as of the Filing Date, and including contingent or unliquidated claims arising out of any transaction entered into by NAP with an Unsecured Creditor prior to the Filing Date, shall be paid pro rata and pari passu from the Residual Funds, after the payments required to satisfy Preferred Claims and the Claims provided for in Section IV, within 30 days of the receipt of the Residual Funds from the Interim Receiver.

4. There shall be deducted from all payments for claims of Preferred and Unsecured Creditors the levy payable to the Superintendent of Bankruptcy, which shall be paid at the time of the payment to the Preferred Creditors, and at the time of the payment to the Unsecured Creditors.

#### **Section VII – Claims Against Directors**

1. Upon the approval by the Court of this Proposal, every person holding a claim (the "Releasers") against the present directors and former directors of the Company (collectively the "Directors") that arose prior to the Filing Date relating to obligations of the Company where the Directors are by law liable in their capacity as directors for the payment of such obligations (the "Directors' Claims"), shall be paid \$1 and shall be deemed to have released, remised and forever discharged the Directors and their respective heirs, executors, administrators, successors and assigns (collectively the "Released Parties") of and from all manner of actions, causes of action, accounts, bonds, contracts, covenants, damages, debts, representations, suits, warranties, claims and demands whatsoever which against the Released Parties or any of them the Releasers or any of them ever had, now have or can, may or shall hereafter have for or by reason of any cause, matter or thing whatsoever arising out of or in any way connected with the Directors' Claims. This Release shall not and shall not be deemed to extend to any claim against any or all of the Directors that:

- a) relate to contractual rights of one or more creditors arising from contracts with one or more of the Directors; or

- b) are based upon allegations of misrepresentation made by Directors to creditors or of wrongful or oppressive conduct by Directors.

**Section VII: General**

1. Doyle Salewski Inc., of the City of Ottawa, in the Province of Ontario, shall be the Trustee under this Proposal and after making the payments as required under this Proposal, will have discharged its obligations under the terms of this Proposal and NAP, shall be issued a Certificate of Full Performance of Proposal.
2. Doyle Salewski Inc. is acting solely in its capacity as Trustee or Interim Receiver as set out in this Proposal and not in its personal capacity and no officer, director, employee or agent of Doyle Salewski Inc. shall incur any obligations or liabilities in connection with this Proposal or in respect of the business or liabilities of the Company other than as a result of gross negligence or willful misconduct on the part of the Trustee. The Trustee shall have the powers granted to it by this Proposal, by the Act and by any order of the Court. The Trustee will be exempt from all personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal or otherwise or generally in carrying out the terms of this Proposal other than liability arising from gross negligence or willful misconduct on the part of the Trustee.
3. The total amounts paid under this Proposal to the present and former employees of NAP, and to the Secured, Preferred and Unsecured Creditors shall be paid in complete and full satisfaction of all their claims of every kind and nature whatsoever against NAP and its Directors whether at law or in equity, save and except amounts owing to Related Creditors whose claims which remain unpaid shall survive this Proposal.
4. The Trustee, on behalf of the Creditors, shall have authority to attack any preferential payment or fraudulent conveyance or fraudulent preference under any applicable law and may avail itself of any remedy under any fraudulent preference, reviewable transaction or settlement provision of the Act or any other applicable statutes.
5. Any notices sent by the Trustee pursuant to sections 135 and 149 and General Rule 61 (2) of the Act may be sent by ordinary mail or facsimile.
6. All executions filed against NAP that relate to a claim provable in the Proposal estate shall be of no force and effect, and shall be removed.
7. At the statutory meeting of Creditors to be held to consider this Proposal, the Unsecured Creditors shall elect one or more, but not exceeding three Inspectors under this Proposal whose duties shall be restricted to:



North American Printing Inc. Proposal

6. All executions filed against NAP that relate to a claim provable in the Proposal estate shall be of no force and effect, and shall be removed.

7. At the statutory meeting of Creditors to be held to consider this Proposal, the Unsecured Creditors shall elect one or more, but not exceeding three inspectors under this Proposal whose duties shall be restricted to:

(i) Advising the Trustee concerning any material dispute arising as to the validity of claims of Secured, Preferred and Unsecured Creditors under this Proposal, which may be referred to the Inspectors by the Trustee;

(ii) Providing their consent where specifically provided in this Proposal or the Act; and,

(iii) Advising the Trustee with respect to other matters as may be referred to the Inspectors by the Trustee.

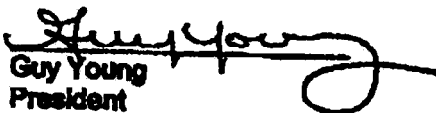
(iv) Extending the time for performance of any term of this Proposal.

8. For greater certainty, Preferred Creditors shall not form a separate class of Unsecured Creditors for purposes of voting on the acceptance of the Proposal.

9. Doyle Salewski Inc. is acting in its capacity as Trustee under the Proposal and not in its personal capacity and is not responsible or liable for the obligations of the Debtor.

DATED at Windsor, Ontario this 12 day of APRIL, 2005.

North American Printing Inc.

  
Guy Young  
President