

D. Bish A. Slavens for Applicants
B. Gray for Directors B. Cam H.M. Thacker
C. Probert + D. Cohen for BHO
E. Lavelle + C. Fell for FTI

January 17, 2012

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

APPLICATION RECORD OF
NFC ACQUISITION GP INC., NFC ACQUISITION
CORP. AND NFC LAND HOLDINGS CORP.
(Returnable January 17, 2012)

Torlys LLP

79 Wellington Street West
Suite 300, TD Centre
Toronto, Ontario M5K 1N2

Fax: 416.865.7380

David Bish (LSUC#: 41629A)

Tel: 416.865.7353

Email: dbish@torlys.com

Adam M. Slavens (LSUC#: 544331)

Tel: 416.865.7333

Email: aslavens@torlys.com

Lawyers for NFC Acquisition GP Inc.,
NFC Acquisition Corp.,
NFC Land Holdings Corp.,
New Food Classics and
NFC Acquisition L.P.

This Application was brought on, for all practical purposes, on an ex parte basis. Counsel submit that the urgency of the situation compelled with business realities required and necessitated this approach. For the purpose of this hearing, I accept these submissions. Having reviewed the record and hearing submissions, I am satisfied that it is appropriate to grant the requested relief. In doing so, I have taken into account.

① The ~~Material~~ Applicants are authorized to submit the CCA applications.

- (2) The Applicants are insolvent and have liabilities in excess of \$5 million.
- (3) The NFC Entities, which are enjoined of the Applicants, New Food Classics ^{(("NFC"))} and NFC Acquire L.P. (NFC and NFC Acquire LP being the ("Partnerships")) are insolvent.
- (4) Court is CCAA proceedings of the exercise jurisdiction to stay proceedings with respect to partnerships and limited partnerships, affiliated with one or more applicants where it is just and convenient to do so. In this case I am satisfied that operation of the Applicants ^{are} so intertwined with the Partnerships ~~that~~ so as to justify the application of the CCAA to the Partnerships. (Paragraph 13 of Factum)
- (5) A stay of proceedings is necessary so as to allow the NFC Entities to maintain operations while giving them the necessary time to facilitate the restructuring and implementation of a sales process.
- (6) DIP Charge, Administration Charge and Directors' and Officers' Charge are necessary and are granted. In granting such charges I have considered the tests set out in the CCAA and the facts of this case. The legal tests are set out in the factum as well as the specific facts in this case. See paragraphs 19-34.

~~to~~
⑦ The points of the Director's Charge, the Administrative Charge and the DIP Leases' Charge (collectively the "Charges") is set out in the draft order starting at paragraph 38. The Charges have primacy to the security interests of BITO and TD only (see paragraph 40)

⑧ The Applicants also request approval of a Sales Process. At paragraphs ¹⁰⁹⁻¹¹¹ ~~109~~ of the Cronin affidavit, the factual basis for entering into an expedited sales ~~the~~ process is set out. ~~BITO~~ ~~the~~ Council to BITO emphasized the necessity of approving the Sales Process today - notwithstanding the lack of notice to any party, in particular The Union. The Applicants also stress the need for the requested approval of the sales process at this time. In the circumstances and recognizing the terms and conditions being put forth by BITO ~~these~~ for its support, I have been persuaded

AMENDED
IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NFC ACQUISITION GP INC., NFC ACQUISITION CORP. AND NFC LAND HOLDINGS CORP.

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INITIAL ORDER

Torys LLP
79 Wellington Street West
Suite 300, TD Centre
Toronto, Ontario M5K 1N2

Fax: 416.865.7380

David Bish (LSUC#: 41629A)
Tel: 416.865.7353
Email: dbish@torys.com

Adam M. Slavens LSUC#: 54433J
Tel: 416.865.7333
Email: aslavens@torys.com

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that the Sales Process should be approved at this time. However, in order to accommodate the possibility that the parties may have differing views on the issue, the approval of the Sales Process is being granted on the express understanding that the Applicants will forthwith contact parties with significant interest in this matter and advise them that a further hearing will be held on Friday, June 20, 2012 at which time the approval of the Sales Process can be reviewed and reconsidered, if necessary. This hearing is not intended to be an all encompassing contractual hearing. It will focus on the (1 1/2 hours)

sole process. ~~The things are not so~~

Applicant to ensure that all issues
are to be made aware of this hearing.

⑧ I have also noted that the WFC entities
are headquartered in Burlington and as
such are properly before the court. In
addition the required documents (see s. 10 of
CCAA) have been filed with the
Applicants, as well as the report of
FTI Consult, Canada Inc. as required material.
In the result, CCAA protection granted.
Order has been signed in the form
presented.

