

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF  
THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, C. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF RENIN CORP., RENIN CORP. US  
AND KINGSTAR PRODUCTS (WESTERN) INC.**

APPLICANTS

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**SECOND REPORT OF FTI CONSULTING CANADA INC.  
DATED DECEMBER 19, 2011**

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December 19, 2011

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**Court File No. CV11-9509-00CL**

**Renin Corp.  
Renin Corp. US  
Kingstar Products (Western) Inc.**

**SECOND REPORT OF THE MONITOR  
December 19, 2011**

Court File No. \_\_ CV11-9509-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
RENIN CORP., RENIN CORP. US and KINGSTAR PRODUCTS (WESTERN) INC.

**SECOND REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC  
IN ITS CAPACITY AS MONITOR**

**INTRODUCTION**

1. On December 12, 2011, Renin Corp., Renin Corp. US (collectively "**Renin**") and Kingstar Products (Western) Inc. ("**Kingstar**", together with Renin, the "**Applicants**") made an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and an initial order (the "**Initial Order**") of Honourable Madam Justice Mesbur of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") was issued and entered, granting, *inter alia*, a stay of proceedings against the Applicants until January 11, 2012, (the "**Stay Period**") and appointing FTI Consulting Canada Inc. as monitor of the Applicants (the "**Monitor**"). The proceedings commenced by the Applicants under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. In conjunction with the application for the Initial Order, the Applicants filed a plan of arrangement dated December 12, 2011 (the “**Plan**”) and obtained an Order dated December 12, 2011 (the “**Claims Procedure and Creditors’ Meeting Order**”) setting a process for the adjudication of Affected Claims against the Applicants (the “**Claims Procedure**”) and authorizing the Applicants to call, hold and conduct a meeting of Affected Creditors to vote on the Plan (the “**Creditors’ Meeting**”).
3. The Creditors’ Meeting was held on December 19, 2011 to consider and vote on the Plan.
4. The purpose of this, the Monitor’s Second Report, is to inform the Court on:
  - (a) The approval of the Plan by the requisite majorities of Affected Creditors;
  - (b) The Applicants’ request for an Order pursuant to section 6 of the CCAA for sanction of the Plan, and the Monitor’s comment and recommendation thereon.
5. In preparing this report, the Monitor has relied upon unaudited financial information of the Applicants, the Applicants’ books and records, certain financial information prepared by the Applicants and discussions with the Applicants’ management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this report is based on management’s assumptions regarding future events; actual results may vary from forecast and such variations may be material.

6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Initial Order, the Plan, the Pre-Filing Report dated December 12, 2011 submitted by FTI Consulting Canada Inc. in its capacity as the proposed monitor or the First Report of the Monitor dated December 12, 2011 (the “**First Report**”).

## **APPROVAL OF THE PLAN BY AFFECTED CREDITORS**

### **THE PLAN**

7. The Plan was filed on December 12, 2011. A copy of the Plan was attached as Appendix A to the First Report. For ease of reference, a copy of the First Report is attached hereto as Appendix A.

### **NOTICE OF CREDITORS’ MEETING**

8. Notice of the Creditors’ Meeting was provided in accordance with the provisions of the Claims Procedure and Creditors’ Meeting Order as follows:
  - (a) Affected Creditors were sent a copy of the Proxy form, a notice of the Creditors’ Meeting and of the Sanction Hearing, a copy of the Plan and the First Report on December 12, 2011; and
  - (b) The aforementioned documents were posted to the Monitor’s Website on December 12, 2011.

### THE CREDITORS' MEETING

9. The Creditors' Meeting was held at 9:00 a.m. on December 19, 2011 for the purpose of allowing Affected Creditors to consider and vote on the Plan. The Affected Creditors' Meeting was chaired by Nigel Meakin, a representative of the Monitor, and was conducted in accordance with the provisions of the Claims Procedure and Creditors' Meeting Order. A quorum, being one Affected Creditor present in person or by proxy, was present for the Creditors' Meeting. The Creditor's Meeting was attended, by proxy, by four of the five Second Lien Lenders, representing 81% of Affected Claims.
10. Pursuant to the Claims Procedure and Creditors' Meeting Order, the Monitor was required to keep a separate record and tabulation of votes cast in respect of Proven Claims and Disputed Claims. A motion for a resolution to approve the Plan (the "Resolution") was made and seconded. The Affected Creditors voted on the Resolution as follows:

	Number	Value	% Number	% Value
<b>Proven Claims:</b>				
Voting For	4	46,218,778.45	100.00%	100.00%
Voting Against	0	0.00	0.00%	0.00%
<b>Total Proven Claims</b>	<b>4</b>	<b>46,218,778.45</b>	<b>100.00%</b>	<b>100.00%</b>

11. Pursuant to Section 6(1) of the CCAA, a majority in number representing two-thirds in value of affected creditors present and voting at a meeting of affected creditors is required for the approval of a plan of compromise or arrangement. As shown above, 100% of Affected Creditors present in person or by proxy at the Creditors' Meeting voted in favour of the Resolution. Accordingly, the requisite majorities were achieved and the Plan was approved by the Affected Creditors.

12. Pursuant to Section 22(3) of the CCAA, a creditor that is related to the Applicants may vote against, but not for, the Plan. The only creditors affected by the Plan are the Second Lien Lenders. The December 8 Affidavit states that three of the Second Lien Lenders also have equity in Renin Corp. Counsel to the Monitor has considered whether any of the Second Lien Lenders are “related” to Renin Corp. within the meaning of the CCAA and has concluded, based on the information available to the Monitor and its counsel, that none of the Second Lien Lenders is related to Renin Corp. within the meaning of the CCAA.

#### **APPLICATION FOR SANCTION OF THE PLAN**

13. In accordance with the provisions of the Plan and pursuant to Section 6(1) of the CCAA, the Applicants now seek sanction of the Plan.
14. The leading case of *Re Northland Properties Ltd.* (1989), 73 C.B.R. (N.S.) 195, 34 B.C.L.R. (2d) 122, [1989] 3 W.W.R. 363 (C.A.) articulates that for a plan of arrangement or compromise to be sanctioned pursuant to the CCAA, the following three tests must be met:
- (a) There has been strict compliance with all statutory requirements and adherence to previous orders of the Court;
  - (b) Nothing has been done or purported to have been done that is not authorized by the CCAA; and
  - (c) The plan is fair and reasonable.

#### **STATUTORY COMPLIANCE AND ADHERENCE TO PREVIOUS COURT ORDERS**

15. Section 5.1(1) of the CCAA contemplates the compromise of claims against directors but Section 5.1(2) of the CCAA mandates certain exceptions. Section 9.5(a) of the Plan includes the CCAA statutory exceptions in respect of the release for directors provided for therein.

16. Section 6(3) of the CCAA requires that the plan provide for the payment in full of certain Crown claims within six months of sanction. The Plan provides that Crown claims are unaffected by the Plan and that the necessary payments will be made within six months of sanction.
17. Section 6(5) of the CCAA requires that the plan provide for payment to employees and former employees, immediately after sanction, of amounts:
  - (i) That would have been payable under section 136(1)(d) of the *Bankruptcy and Insolvency Act* if the company had become bankrupt on the date of the CCAA filing; and
  - (ii) For wages, salaries, commissions or compensation for services rendered during the CCAA proceedings;

The Plan provides that such claims are unaffected by the Plan and that the necessary payments will be made immediately after sanction.

18. Section 6(6) of the CCAA requires the plan provides for payment of certain amounts in respect of registered pension plans immediately after Court sanction unless the Court is satisfied that the relevant parties have entered into an agreement, approved by the relevant pension regulator, respecting payment of those amounts. The Applicants have informed the Monitor that they have no registered pension plans and, accordingly, the plan does not need to provide for such payments.
19. Pursuant to section 6(8) of the CCAA, no compromise or arrangement that provides for a payment of an equity claim may be sanctioned by the Court unless all non-equity claims are paid in full. The Plan does not provide for any payment on account of equity claims.

20. Finally, the Monitor notes that it is not aware of any instances where the Applicant has not substantially complied with the Orders granted by this Honourable Court during the CCAA Proceedings.

**ACTIONS NOT AUTHORIZED BY THE CCAA**

21. The Monitor is not aware of any instances where the Applicant has taken or has purported to have taken any action that is not authorized by the CCAA.

**FAIRNESS AND REASONABLENESS OF THE PLAN**

22. In *Re Canadian Airlines Corp.*, (2000), 20 C.B.R. (4th) 1, leave to appeal refused, 20 C.B.R. (4th) 46 (C.A.), the Honourable Madam Justice Paperny, then of the Alberta Court of Queen's Bench, stated that the following are relevant considerations in determining whether a plan is fair and reasonable:

- (a) The composition of the vote;
- (b) What creditors would receive on liquidation or bankruptcy as compared to the Plan;
- (c) Alternatives available to the Plan and bankruptcy;
- (d) Oppression;
- (e) Unfairness to shareholders; and
- (f) Public interest.

***Composition of the Vote***

23. The Plan was voted on by the Affected Creditors voting in one class of creditors. The Affected Creditors were grouped in a single class in accordance with the Claims Procedure and Creditors' Meeting Order, with no objections from the Creditors. The Monitor believes that the Affected Creditors have a commonality of interest and that the classification is appropriate in the circumstances. As stated earlier in this report, the Plan was approved by the requisite majorities of Affected Creditors.

***Liquidation or Bankruptcy as Compared to the Plan***

24. As reported in the First Report, the Affected Creditors face a significant shortfall on their claims in the event of a liquidation or bankruptcy of the Applicants, with estimated recoveries being in the range 6.0% to 12.4% before costs of liquidation.
25. As stated in the First Report, the implementation of the Plan provides the possibility of increased recoveries for the First Lien Lenders and the Second Lien Lenders in the future if the market and the Applicants' business improve. The down-side risk of the implementation of the Plan is that circumstances may not improve or may decline, a liquidation of the Applicants' assets may become necessary at some point in the future and liquidation values at that time may be lower than current estimates.

***Alternatives available to the Plan and Bankruptcy***

26. As described in the First Report and for the reasons set out therein, the Monitor believes that there are no viable alternatives to the Plan that could be expected to result in higher recoveries for Affected Creditors than either the implementation of the Plan or an immediate liquidation of the Applicants' assets.

***Oppression***

27. The Plan affects only the five Second Lien Lenders. Four of the five Second Lien Lenders representing over 80% of the Second Lien Debt have approved the plan. The fifth Second Lien Lender did not submit a proxy or vote at the Creditors' Meeting and therefore took no position on the Plan at that time. While the implementation of the Plan would impose an extension of time in respect of the repayment of the Second Lien Debt, it does not otherwise compromise the amount owing to or the rights of the Second Lien Lenders. Pursuant to the Amendment to Original Credit Agreement to be executed in connection with the Plan, interest on the Second Lien Debt will continue to accrue during such extension period.
  
28. For the reasons set out in the First Report, the likely result if the Plan is not implemented is an immediate liquidation of the Applicants' assets, notwithstanding the desire of the First Lien Lenders and the majority of the Second Lien Lenders to avoid, at least at this time, that result. Based on the liquidation analysis set out in the First Report, such a liquidation would trigger an immediate loss ranging from 94% to 87.6% for the Second Lien Lenders and the risk of a potential loss of up to 37% (based on the "low" scenario of the liquidation analysis) for the First Lien Lenders. In the circumstances of this case, it would appear therefore that adverse impact of the failure to implement the Plan would outweigh the imposition of the Plan terms on the opposing Affected Creditor.
  
29. Accordingly, the court is being asked to balance the relative degrees of prejudice, and in granting the relief sought, it is the Monitor's view that while the rights of the Second Lien Lenders may be sacrificed to some degree, on balance there is no apparent oppression that would arise from the implementation of the Plan.

***Fairness to Shareholders***

30. The Monitor has been informed by counsel to the Applicants that the commencement of the CCAA Proceedings and the filing of the Plan were approved by a unanimous shareholder resolution. Accordingly, it would appear that the shareholders of Renin Corp. consent to the implementation of the Plan.
31. The Applicants are insolvent and the Affected Creditors face a significant shortfall on their indebtedness in the event of a liquidation of the Applicants' assets. Accordingly, the existing shareholders, *qua* shareholders, have no apparent economic interest in the Applicants. Notwithstanding the foregoing, equity rights are unaffected by the Plan and the Plan is, therefore, more favourable to the shareholders than any other current alternative.

***Public Interest***

32. The Monitor believes that there is nothing in respect of the implementation of the Plan that could be considered to be contrary to the public interest.

**THE MONITOR'S CONCLUSION AND RECOMMENDATION**

33. In the Monitor's view:
  - (a) The requisite majorities of Affected Creditors have approved the Plan;
  - (b) The Plan complies with all requirements of the CCAA and the Applicant has adhered to previous orders of the Court made in the CCAA Proceedings;
  - (c) Nothing has been done or purported to be done that is not authorized by the CCAA; and
  - (d) The Plan is fair and reasonable.

34. Accordingly, the Monitor respectfully recommends that this Honourable Court grant the Applicants' request for sanction of the Plan.

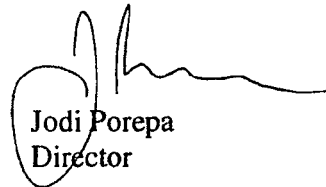
The Monitor respectfully submits to the Court this, its Second Report.

Dated this 19<sup>th</sup> day of December, 2011.

FTI Consulting Canada Inc.  
In its capacity as Monitor of  
Renin Corp., Renin Corp. US and Kingstar Products (Western) Inc.



Nigel D. Meakin  
Senior Managing Director



Jodi Porepa  
Director

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# Appendix A

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## The First Report of the Monitor

**Court File No. CV-11-9509-00CL**

**Renin Corp.  
Renin Corp. US  
Kingstar Products (Western) Inc.**

**FIRST REPORT OF THE MONITOR  
December 12, 2011**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
RENIN CORP., RENIN CORP. US and KINGSTAR PRODUCTS (WESTERN) INC.

**FIRST REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC  
IN ITS CAPACITY AS MONITOR**

**EXECUTIVE SUMMARY OF PLAN RECOMMENDATION**

1. This report and its appendices contain important information that should be read and considered carefully by Affected Creditors. Definitions used in this Executive Summary are as defined in the report.
2. For the reasons set out in this report, it is the Monitor's view that the Plan is fair and reasonable and its approval and implementation is in the best interests of Affected Creditors. For the Plan to be implemented, it must first be approved by two-thirds in value and a majority in number of Affected Creditors present and voting, in person or by proxy, at the Creditors' Meeting and, if so approved by the Affected Creditors, sanctioned by the Court.
3. The Monitor respectfully recommends that Affected Creditors vote in favour of the Plan.

## INTRODUCTION

4. On December 12, 2011, Renin Corp., Renin Corp. US (collectively “**Renin**”) and Kingstar Products (Western) Inc. (“**Kingstar**”, together with Renin, the “**Applicants**”) made an application under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and an initial order (the “**Initial Order**”) of Honourable Madam Justice Mesbur of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) was issued and entered, granting, *inter alia*, a stay of proceedings against the Applicants until January 11, 2012, (the “**Stay Period**”) and appointing FTI Consulting Canada Inc. as monitor of the Applicants (the “**Monitor**”). The proceedings commenced by the Applicants under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
5. In conjunction with the application for the Initial Order, the Applicants filed a plan of arrangement dated December 12, 2011 (the “**Plan**”) and obtained an Order issued December 12, 2011 (the “**Claims Procedure and Creditors’ Meeting Order**”) setting a process for the adjudication of Affected Claims against the Applicants (the “**Claims Procedure**”) and authorizing the Applicants to call, hold and conduct a meeting of Affected Creditors to vote on the Plan (the “**Affected Creditors’ Meeting**”).
6. The purpose of this, the Monitor’s First Report, is to inform the Court on the Plan, the Monitor’s assessment of the Plan and its recommendation thereon.

7. In preparing this report, the Monitor has relied upon unaudited financial information of the Applicants, the Applicants' books and records, certain financial information prepared by the Applicants and discussions with the Applicants' management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the Initial Order, the Plan, or the Pre-Filing Report dated December 8, 2011 submitted by FTI Consulting Canada Inc. in its capacity as the proposed monitor.

## **BACKGROUND**

9. Background information on the Applicants, their ownership structure, their business and financial results, material assets and liabilities and the causes of their financial difficulties are provided in the affidavit of Kevin Joseph Campbell sworn December 8, 2011 filed in connection with the Applicants' initial application under the CCAA and in the Pre-Filing Report.

## **THE PLAN**

10. Capitalized terms used in this section of this Report not otherwise defined are as defined in the Plan, a copy of which is attached hereto as Appendix A.

11. The purpose of the Plan is to restructure the indebtedness and obligations of the Applicants under or in connection with the Second Lien Credit Agreement, in accordance with the Amendment to Original Credit Agreement, in order to enable the business of the Applicants to continue as a going concern in the expectation that a greater benefit will be derived by the Applicants and their stakeholders, including suppliers, customers, shareholders, secured creditors and employees, from the continued operation of the business of the Applicants and the implementation of the Plan than would result from the sale or forced liquidation of the Applicants' assets.
  
12. The key terms of the Plan are summarized as follows:
  - (a) On the Plan Implementation Date, the Affected Claim of each Affected Creditor will be governed by and subject to the Second Lien Credit Agreement as amended by the Amendment to Original Credit Agreement and the Amendment to Original Credit Agreement shall be effective and enforceable against all Affected Creditors as a compromise and arrangement of their Affected Claims. The Amendment to Original Credit Agreement:
    - (i) Provides the consent of the Second Lien Lenders to the Fourth Amendment to the GE Credit Agreement (the “**Exit Amendment**”);
    - (ii) Extends the Scheduled Maturity Date of the Applicants’ Obligations under the Second Lien Credit Agreement by two years to November 21, 2014;
    - (iii) Extends the payment-in-kind arrangement for interest (“**PIK Interest**”) agreed by the parties in September 2009 until the new Scheduled Maturity Date; and

- (iv) Reinstates until the new Scheduled Maturity Date the higher applicable margin rate for all LIBOR rate loans and base rate loans which had been in place from September 1, 2010 to August 31, 2011;
- (b) The only Affected Creditors are the Second Lien Lenders;
- (c) The Plan does not compromise, release or otherwise affect Excluded Claims, being Claims of all Persons other than the Affected Creditors;
- (d) For the purposes of considering and voting on the Plan, the Affected Creditors are grouped into a single class;
- (e) The Plan provides for the payment of certain Crown Claims, as required by Section 6(3) of the CCAA;
- (f) The Plan provides for the payment of amounts outstanding of the type required to be paid pursuant to Section 6(5) of the CCAA;
- (g) As the Applicants do not participate in a pension plan, the Plan does not need to provide for the payment of amounts described in Section 6(6) of the CCAA;
- (h) The Plan provides for releases effective as of the Plan Implementation Date as follows:

- (i) In consideration for the obligations of the Applicants under the Plan, each holder of an Affected Claim, for itself and its respective successors and assigns, transferees, current and former officers, directors, agents and employees, in each case in their capacity as such, shall be deemed to have released (i) the Applicants; (ii) the Monitor; (iii) subject to section 5.1(2) of the CCAA, any of their respective directors, officers, employees, agents, professional advisors (including legal counsel) affiliates and their respective property, and (iv) any person who may claim contribution or indemnification against or from the Applicants or the Monitor, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter 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 Plan Implementation Date relating to, arising out of or in connection with the Applicants, the Applicants' property, business or affairs, this Plan, the CCAA Proceedings or the GE Facilities;

- (ii) The Applicants shall release and be permanently enjoined from any prosecution or attempted prosecution against (i) the Monitor and (ii) any of the Monitor's directors, officers, employees, agents, professional advisors (including legal counsel), affiliates and their respective property, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter 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 Plan Implementation Date relating to, arising out of or in connection with the Applicants, the Applicants' property, business or affairs, this Plan or the CCAA Proceedings;

- (iii) The Applicants shall release and be permanently enjoined from any prosecution or attempted prosecution against (i) each Affected Creditor who has voted in favour of the Plan or Amended Plan, in accordance with the Claims Procedure and Creditors' Meeting Order (a "**Released Affected Creditor**"), and (ii) any of the Released Affected Creditors' respective directors, officers, employees, agents, professional advisors (including legal counsel), affiliates and their respective property, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter 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 Plan Implementation Date relating to, arising out of or in connection with the Applicants, the Applicants' property, business or affairs, this Plan or the CCAA Proceedings;
- (i) The releases expressly do not release:
  - (i) Any Person from fraud, gross negligence, wilful misconduct, or criminal conduct;
  - (ii) Any Excluded Claim; or
  - (iii) Any Person's right to enforce the Applicants' obligations under the Plan or the Second Lien Credit Agreement as amended by the Amendment to Original Credit Agreement;

13. The implementation of the Plan is conditional upon fulfilment or waiver, where applicable, of the following conditions:
- (a) The Plan shall have been approved by the required majorities of Affected Creditors entitled to vote at the Creditors' Meeting;
  - (b) The Sanction Order shall have been granted by the Court in a form acceptable to the Applicants, the Monitor and the GE Parties, and shall be in full force and effect and not reversed, stayed, varied, modified or amended;
  - (c) The Applicants shall have executed and delivered to each of the Affected Creditors the Amendment to Original Credit Agreement;
  - (d) All approvals, orders, determinations or consents required pursuant to applicable law, if applicable, shall have been obtained on terms and conditions satisfactory to the Applicants and the Monitor, acting reasonably, and shall remain in full force and effect on the Plan Implementation Date. The Applicants have informed the Monitor that they are not aware of any such approvals, orders, determinations or consents that would be required;
  - (e) All necessary corporate action and proceedings of the Applicants shall have been taken to approve this Plan and to enable the Applicants to execute, deliver and perform their obligations under the agreements, documents and other instruments to be executed and delivered by them pursuant to the Plan;
  - (f) Arrangements satisfactory to the Applicants have become effective, subject only to the occurrence of the Plan Implementation Date, to amend and extend, repay, refinance or replace the GE Facilities; and

- (g) All agreements, resolutions, documents and other instruments, which are necessary to be executed and delivered by any shareholder, director or officer of the Applicants in order to implement this Plan and perform their obligations under this Plan shall have been executed and delivered.
- 14. The Applicants have the option of terminating the Plan if the Plan Implementation Date has not occurred prior to January 6, 2012.
- 15. In conjunction with the Plan, the First Lien Lenders and the Applicants have entered into an agreement, effective on the Plan Implementation Date (the “**Exit Amendment**”) that, subject to the terms thereof, provides for the continuing availability of the GE Facilities until October 31, 2013.

#### **THE MONITOR’S ASSESSMENT OF THE PLAN**

##### **ESTIMATED RECOVERIES FOR AFFECTED CREDITORS UNDER THE PLAN**

- 16. The Plan provides only for an amendment of the Second Lien Credit Agreement that extends the Scheduled Maturity Date of the Applicants’ Obligations under the Second Lien Credit Agreement by two years to November 21, 2014, extends the PIK Interest agreed by the parties in September 2009 until the new Scheduled Maturity Date and reinstates until the new Scheduled Maturity Date the higher applicable margin rate for all LIBOR rate loans and base rate loans which had been in place from September 1, 2010 to August 31, 2011. The Plan does not provide for any compromise or other reduction in Affected Claims.
- 17. The Applicants have prepared projections for the three years ended December 31, 2014, using management’s probable and hypothetical assumptions for the period (the “**2014 Forecast**”). The 2014 Forecast, together with recent results for comparative purposes, are summarized as follows:

	2008A	2009A	2010A	2011P	2012F	2013F	2014F
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Net Sales	118.2	103.4	87.0	74.2	75.4	75.8	76.1
Cost of Sales	79.3	68.1	61.5	54.0	52.1	52.4	52.6
<b>Gross Profit</b>	<b>38.9</b>	<b>35.3</b>	<b>25.5</b>	<b>20.2</b>	<b>23.3</b>	<b>23.4</b>	<b>23.5</b>
%	33%	34%	29%	27%	31%	31%	31%
SG&A	36.3	31.6	23.4	20.7	22.1	22.0	22.1
<b>EBITDA</b>	<b>2.6</b>	<b>3.7</b>	<b>2.1</b>	<b>(0.5)</b>	<b>1.2</b>	<b>1.4</b>	<b>1.4</b>
Depreciation/Amortization	9.4	8.5	4.6	4.0	4.0	4.0	4.0
<b>Operating Earnings</b>	<b>(6.8)</b>	<b>(4.8)</b>	<b>(2.5)</b>	<b>(4.5)</b>	<b>(2.8)</b>	<b>(2.6)</b>	<b>(2.6)</b>
Interest Expense	6.4	7.3	8.3	10.5	13.1	14.5	15.7
Restructuring Costs				0.9			
<b>Net Earnings</b>	<b>(13.2)</b>	<b>(12.1)</b>	<b>(10.8)</b>	<b>(15.9)</b>	<b>(15.9)</b>	<b>(17.1)</b>	<b>(18.3)</b>

18. While the Applicants' management believe that a 5% per annum year-on-year increase in sales is possible for 2013 and 2014, the 2014 Forecast assumes that sales remain essentially flat from 2011 levels.
19. The 2014 Forecast includes a slight improvement in gross margin percentage which management has informed the Monitor is as a result of negotiated rent reductions commencing in December 2011 and April 2012, the full-year impact of salary and staff reductions that have already taken place, and some easing of material costs reflecting current market expectations.
20. The projected December 31, 2011 balance sheet and the forecast balance sheets from the 2014 Forecast are summarized below:

	2011	2012	2013	2014
	\$M	\$M	\$M	\$M
Cash - Investor Advance Account	1.1	1.1	1.1	1.1
Cash - Operating Accounts	0.1	0.3	0.2	0.2
Accounts Receivable	10.1	10.5	10.5	10.6
Inventory	9.9	9.3	9.3	9.3
Prepaid Expenses	0.7	0.7	0.7	0.7
<b>Total Current Assets</b>	<b>21.9</b>	<b>21.9</b>	<b>21.8</b>	<b>21.9</b>
Capital Assets	1.1	0.8	0.5	0.2
Goodwill & Intangibles	25.6	22.4	18.7	15.0
Deferred Financing Costs	0.9	0.9	0.9	0.9
<b>Total Assets</b>	<b>49.5</b>	<b>46.0</b>	<b>41.9</b>	<b>38.0</b>
Accounts Payable & Accruals	9.2	9.4	8.7	8.8
Deferred Gain Sale Leaseback	1.3	1.3	1.3	1.3
First Lien Debt	10.6	10.6	10.5	9.9
Second Lien Debt	60.1	71.3	85.1	100.0
Subordinated Debt	2.9	2.9	2.9	2.9
<b>Total Liabilities</b>	<b>84.1</b>	<b>95.5</b>	<b>108.5</b>	<b>122.9</b>
Capital Stock	77.9	77.9	77.9	77.9
Retained Earnings	(112.5)	(127.4)	(144.5)	(162.8)
<b>Total Equity</b>	<b>(34.6)</b>	<b>(49.5)</b>	<b>(66.6)</b>	<b>(84.9)</b>
<b>Total Equity &amp; Liabilities</b>	<b>49.5</b>	<b>46.0</b>	<b>41.9</b>	<b>38.0</b>

21. Based on the 2014 Forecast, the Applicants are not forecasting any material change in assets other than as a result of the depreciation of Goodwill and Intangibles. The forecast increase in Second Lien Debt arises from the accumulation of PIK Interest.
22. The projected cash flow for the year ended December 31, 2011 and the forecast annual cash flows from the 2014 Forecast are summarized below:

	2011	2012	2013	2014
	\$M	\$M	\$M	\$M
EBITDA	(0.5)	1.1	1.4	1.4
Change in Working Capital	1.0	0.1	(0.5)	(0.4)
Capex	(0.1)	(0.2)	(0.2)	(0.2)
<b>Operating Cash Flow</b>	<b>0.4</b>	<b>1.0</b>	<b>0.7</b>	<b>0.8</b>
First Lien Interest	(0.8)	(0.8)	(0.8)	(0.8)
<b>Net Cash Flow</b>	<b>(0.4)</b>	<b>0.2</b>	<b>(0.1)</b>	<b>0.0</b>
Opening Cash - Operating Accounts	0.5	0.1	0.3	0.2
<b>Closing Cash - Operating Accounts</b>	<b>0.1</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>
Investor Advance Account	1.1	1.1	1.1	1.1
<b>Total Cash</b>	<b>1.2</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>
Revolver Availability <sup>1</sup>	0.5	1.0		
<b>Total Available Liquidity</b>	<b>1.7</b>	<b>2.4</b>	<b>1.3</b>	<b>1.3</b>

<sup>1</sup>First Lien Facility expires September 2013 so no Revolver Availability shown thereafter

23. The Monitor has reviewed the 2014 Forecast, which review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Applicants. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to the hypothetical assumptions underlying the 2014 Forecast were limited to evaluating whether they were consistent with the purpose of the 2014 Forecast. The Monitor has also reviewed the support provided by management of the Applicants for the probable assumptions.
24. Based on its review, nothing has come to the attention of the Monitor that causes it to believe that, in all material respects:
- (a) The hypothetical assumptions are not consistent with the purpose of the 2014 Forecast;
  - (b) As at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the 2014 Forecast, given the hypothetical assumptions; or

- (c) The 2014 Forecast do not reflect the probable and hypothetical assumptions.
- 25. Since the 2014 Forecast is based on assumptions regarding future events, actual results will vary from the information presented therein even if the hypothetical assumptions occur, and such variations may be material. Accordingly, the Monitor expresses no assurance as to whether the 2014 Forecast will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by the Monitor in preparing this report.
- 26. The 2014 Forecast indicates that the Applicants would be able to maintain operations and fund the business with the available revolving credit facility. However, the Applicants will not generate sufficient cash from operations during the period to the amended Scheduled Maturity Date to repay the amounts then owing to the Second Lien Lenders. Accordingly, the Applicants would be unable to repay their obligations under the Second Lien Credit Agreement at the amended Scheduled Maturity Date without obtaining either replacement debt financing or additional equity financing or making other arrangements acceptable to the Second Lien Lenders.

#### **ALTERNATIVES TO THE PLAN AND ESTIMATED RECOVERIES**

- 27. In the Monitor's view there are two logical potential alternatives in the event that the Plan is not approved or implemented:
  - (a) The marketing of the Applicants' business and assets with a view to a going concern sale; or
  - (b) A liquidation of the Applicants' assets.

***Going Concern Sale***

28. The Applicants have informed the Monitor that in their view, given the depressed state of the home building and renovation industry, a sale process is unlikely to result in a going concern sale and, furthermore, that the First Lien Lenders and four of the five Second Lien Lenders, representing over 80% of the Second Lien Debt, have stated that they do not support a sale process at this time nor are they prepared to allow the Applicants to use borrowing facilities or liquidity reserves for such a purpose.
29. The table provided below illustrates the implied value at various sale multiples in the following scenarios:
- (a) 2010/2011 average EBITDA (the “**Historic Scenario**”);
  - (b) 2012-2014 average forecast EBITDA based on the 2014 Forecast (the “**2014 Forecast Scenario**”);
  - (c) 2012-2014 average forecast EBITDA based on the 2014 Forecast adjusted for a 5% increase in sales (the “**Upside Forecast Scenario**”).

<b>Multiple</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Implied Value</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Historic Scenario	0.8	1.6	2.4	3.2	4.0	4.8	5.6	6.4	7.2	8.0
2014 Forecast Scenario	1.3	2.6	3.9	5.2	6.5	7.8	9.1	10.4	11.7	13.0
Upside Forecast Scenario	1.8	3.6	5.4	7.2	9.0	10.8	12.6	14.4	16.2	18.0

30. While the Monitor provides no comment on what multiple might be expected if a going-concern buyer could be found, as described later in this report, the Monitor has prepared an estimated liquidation analysis in respect of the Applicants’ assets. The table shown below demonstrates that even if a buyer could be found in a sales process, it is extremely unlikely that a price that would exceed the estimated liquidation value of the assets could be achieved:

	<b>Multiple Required to Exceed Low Liquidation Estimate</b>	<b>Multiple Required to Exceed High Liquidation Estimate</b>
Historic Scenario	21.9	12.5
2014 Forecast Scenario	13.1	7.5
Upside Forecast Scenario	9.7	5.6

***Liquidation of Assets***

31. The Monitor has prepared a liquidation analysis in respect of the Applicants' assets. The liquidation analysis is summarized as follows:

	<b>Book Value</b>	<b>Est. Realizable Value</b>	
		<b>High</b>	<b>Low</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Cash	0.3	0.3	0.3
Accounts Receivable (excl. Inter-co)	10.6	8.0	4.4
Inventory	10.1	5.2	1.8
Prepays and Other Deposits	0.7	0.0	0.0
<b>Total</b>	<b>21.7</b>	<b>13.5</b>	<b>6.5</b>
Owing to First Lien Lenders	(10.3)	(10.3)	(10.3)
<b>Surplus/(Shortfall) before Costs</b>	<b>11.4</b>	<b>3.2</b>	<b>(3.8)</b>
Investor Advance Account	1.4	1.4	1.4
Capital Assets	1.1	2.6	2.1
Goodwill & Intangibles	26.3	0.0	0.0
<b>Total Available to Second Lien Lenders</b>	<b>40.2</b>	<b>7.2</b>	<b>3.5</b>
Owing to Second Lien Lenders	(58.2)	(58.2)	(58.2)
<b>Surplus/(Shortfall) before Costs</b>	<b>(18.0)</b>	<b>(51.0)</b>	<b>(54.7)</b>
% Recovery First Lien Lenders before Costs		100.0%	63.1%
% Recovery Second Lien Lenders before Costs		12.4%	6.0%

32. Estimated recoveries from accounts receivable are based on the Monitor's review of the nature, ageing and profile of the accounts receivable and its experience in collecting such accounts in liquidation scenarios.

33. An independent estimate of value of inventory on an orderly liquidation basis is undertaken annually in connection with the Applicants' borrowing facilities. For the purposes of the liquidation analysis, the Monitor has based the estimated recovery in the "high" scenario on those independent estimates and has taken approximately 50% of that as the basis for the "low" scenario.
34. Prepaids and other deposits represent typical prepayments such as rent, utilities, insurance and software licenses which, in the Monitor's view, will not be recoverable in the event of a liquidation of the Applicants' assets.
35. With respect to capital assets, the Monitor has obtained an independent valuation of the Applicants' plant and equipment on an orderly liquidation and forced sale basis. The orderly liquidation value has been used in the high recovery scenario of the liquidation analysis and the forced sale basis has been used in the low scenario of the liquidation analysis.
36. Goodwill and intangibles includes goodwill, capitalized amounts relating to brand names and customer relationships. In the Monitor's experience it is unlikely that assets of this nature would generate realizable value in the event of the liquidation.
37. The Monitor has undertaken a high-level review of transactions in the statutory periods prior to the commencement of the CCAA Proceedings within which transactions could be subject to challenge as preferences or transfers at undervalue. At this time, other than the payment to the First Lien Lenders described in the following paragraph, nothing has come to the attention of the Monitor that suggest that there were preferences or transfers at undervalue which could be potentially be subject to challenge.

38. On December 7, 2011 the Applicants paid \$750,000 to the First Lien Lenders from the Investor Advance Account (over which the Second Lien Lenders have first ranking security as a result of the Inter-creditor Agreement between the First Lien Lenders and the Second Lien Lenders). The Applicants have stated that this payment was made in connection with the negotiation of the Exit Facility. As this amount represents only approximately 1.3% of the Second Lien Debt, there would be no material change in the Monitor's analysis or conclusions even if the payment could be challenged. Accordingly, the Monitor has not further investigated the payment or whether there is any likelihood that it could be subject to challenge in the event of a bankruptcy.

#### **THE RELEASES**

39. As noted above, the Plan includes mutual releases for the Applicants and for any of the Second Lien Lenders that vote in favour of the Plan. The Monitor cannot comment on whether specific claims against one or more of the Second Lien Lenders may exist that could generate value and that may be released on Plan implementation. However, the Monitor is informed by the Applicants that the proposed releases in favour of the Second Lien Lenders were a condition of support for the Plan.
40. Furthermore, the Monitor notes that proceeds of any claim that is subject to the release would ultimately be distributed to the Second Lien Lenders unless such proceeds were found not to be subject to the Second Lien Lenders security. Accordingly, the Monitor sees no prejudice from the granting of such releases.

#### **CONCLUSION AND RECOMMENDATION**

41. For the purposes of considering and voting on the Plan, the Affected Creditors are grouped into a single class. The Monitor believes that such Affected Creditors have a commonality of interest and that the classification of Affected Creditors is appropriate in the circumstances.

42. Based on the foregoing, it appears that the most likely scenario in the event that the Plan is not approved and implemented would be a liquidation of the assets of the Applicants. Based on the estimates discussed earlier in this report, a liquidation of the Applicants' assets at this time would likely result in recoveries for the Second Lien Lenders of less than 10%.
43. The implementation of the Plan is supported by both the First Lien Lenders and by 80% of the Second Lien Lenders in number representing over 80% in value. The implementation of the Plan provides the possibility of increased recoveries for the First Lien Lenders and the Second Lien Lenders in the future if the market and the Applicants' business improve. The down-side risk of the implementation of the Plan is that circumstances may not improve or may decline, a liquidation of the Applicants' assets may become necessary at some point in the future and liquidation values at that time may be lower than current estimates. In that regard, the independent appraiser of the plant and equipment was also asked to consider the potential value of the plant and equipment based on an additional two to three years of use, assuming that the equipment was maintained to its current standard and that there was no change in market conditions. Under those assumptions, the appraiser estimates that orderly liquidation and forced sale values could reduce by 15% to 25%.
44. The implementation of the Plan is also beneficial to the Applicants' other stakeholders by preserving the Applicants' operations as a going concern, thereby providing benefits to employees, suppliers and customers.
45. Even considering the potential for somewhat lower liquidation values in the future in the event that a liquidation of assets becomes necessary, the benefits of the plan to a broad range of stakeholders would favour the implementation of the Plan. Accordingly, it is the Monitor's view that the approval of the Plan is in the best interests of Affected Creditors and the Monitor respectfully recommends that such Affected Creditors vote in favour of the Plan.

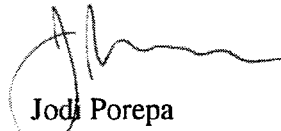
The Monitor respectfully submits to the Court this, its First Report.

Dated this 12<sup>th</sup> day of December, 2011.

FTI Consulting Canada Inc.  
In its capacity as Monitor of  
Renin Corp., Renin Corp. US and Kingstar Products (Western) Inc.



Nigel D. Meakin  
Senior Managing Director



Jodi Porepa  
Director

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# Appendix A

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## The Plan

File No.: CV-11-9509-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF RENIN CORP., RENIN CORP. US  
and KINGSTAR PRODUCTS (WESTERN) INC.

**PLAN OF ARRANGEMENT  
OF RENIN CORP., RENIN CORP. US  
and KINGSTAR PRODUCTS (WESTERN) INC.**

**December 12, 2011**

# Contents

Section	Page
ARTICLE I – DEFINITIONS AND INTERPRETATION .....	1
1.1 Definitions .....	1
1.2 Article and Section Reference .....	4
1.3 Extended Meanings .....	4
1.4 Interpretation Not Affected by Headings .....	4
1.5 Inclusive Meaning .....	4
1.6 Statutory References .....	4
1.7 Successors and Assigns .....	4
1.8 Governing Law .....	4
1.9 Severability of Plan Provisions .....	5
1.10 Timing Generally .....	5
1.11 Time of Actions .....	5
1.12 Schedules .....	5
ARTICLE II – PURPOSE AND EFFECT OF PLAN .....	5
2.1 Purpose .....	5
ARTICLE III – CLASSIFICATION OF AFFECTED CLAIMS .....	6
3.1 Classification of Affected Claims .....	6
3.2 Affected Persons .....	6
3.3 Claims Excluded by the Plan .....	6
3.4 Defences to Excluded Claims .....	6
3.5 Crown Claims .....	6
3.6 Payments to Employees .....	6
ARTICLE IV – TREATMENT OF AFFECTED CREDITORS .....	6
4.1 Compromise and Arrangement of Proven Claims .....	6
ARTICLE V – IMPLEMENTATION OF THE PLAN .....	7
5.1 Administration Charge .....	7
5.2 Effectuating Documents .....	7
ARTICLE VI – CREDITORS' MEETING .....	7
6.1 Creditors' Meeting and Conduct .....	7
6.2 Acceptance of Plan .....	7
ARTICLE VII – CONDITIONS OF PLAN IMPLEMENTATION .....	7
7.1 Sanction Order .....	7
7.2 Conditions of Plan Implementation .....	9
7.3 Monitor's Certificate .....	10
ARTICLE VIII – AMENDMENTS TO THE PLAN .....	10
8.1 Amendments to Plan Prior to Approval .....	10
8.2 Amendments to Plan Following Approval .....	10
ARTICLE IX – PLAN IMPLEMENTATION AND EFFECT OF THE PLAN .....	11
9.1 Implementation .....	11
9.2 Effect of the Plan Generally .....	11
9.3 Arrangement Effective for All Purposes .....	11
9.4 Contracts .....	11
9.5 Plan Releases .....	11
9.6 Stay of Proceedings .....	12
9.7 Knowledge of Claims .....	12
9.8 Deeming Provisions .....	13

ARTICLE X – GENERAL PROVISIONS ..... 13

- 10.1 Different Capacities ..... 13
- 10.2 Further Assurances ..... 13
- 10.3 Paramountcy..... 13
- 10.4 Revocation, Withdrawal, or Non-Consummation ..... 13
- 10.5 Preservation of Rights of Action ..... 14
- 10.6 Responsibilities of the Monitor..... 14
- 10.7 Notices..... 14

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**PLAN OF ARRANGEMENT  
OF RENIN CORP., RENIN CORP. US and KINGSTAR PRODUCTS (WESTERN) INC.**

**PURSUANT TO THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)**

**DECEMBER 12, 2011**

**ARTICLE I –  
DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Plan (including the Schedules hereto), unless otherwise stated or the context should otherwise require, the capitalized terms and phrases used but not defined herein have the following meanings:

**"Accommodation Agreement"** means the Accommodation Agreement dated as of December 8, 2011 among the Applicants and the GE Parties;

**"Administration Charge"** means the Administration Charge granted under the Initial Order;

**"Affected Claim"** means any Claim of an Affected Creditor pursuant to, or in connection, with the Original Credit Agreement;

**"Affected Creditors"** means, collectively, OCM Luxembourg Mezzanine S.à.R.L., Narcissus Mirror Inc., Home Décor Luxembourg S.à.R.L., Eco Master Fund Limited and Satinland Finance, S.à.R.L., as lenders under the Original Credit Agreement, or any authorized transferee or assignee who is recognized as an Affected Creditor by the Applicants and the Monitor in accordance with the Claims Procedure and Creditors' Meeting Order, or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person, and **"Affected Creditor"** means any one of the foregoing;

**"Amended Plan"** has the meaning given to it in Section 8.1 of this Plan;

**"Amendment to Original Credit Agreement"** means the Waiver and Amendment No. 7 to Credit Agreement, substantially in the form attached as Schedule "B" hereto;

**"Applicant"** means any of Renin Corp., Renin Corp. US or Kingstar Products (Western) Inc. and **"Applicants"** means Renin Corp., Renin Corp. US and Kingstar Products (Western) Inc. together;

**"BIA"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3;

**"Business Day"** means, with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario, Canada;

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

**“CCAA Court”** means the Ontario Superior Court of Justice;

**“CCAA Proceedings”** means the proceedings commenced by the Applicants under the CCAA on December 12, 2011 in the CCAA Court;

**“Claim”** means any right or claim of any Person that may be asserted or made in whole or in part against any Applicant, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, legal or equitable, secured or unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including any right or ability of any Affected Creditor 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 together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA if any Applicant were bankrupt;

**“Claims Procedure and Creditors' Meeting Order”** means an Order: (a) in respect of the identification and adjudication of Affected Claims against the Applicants; and (b) ordering and declaring, among other things, the procedures to be followed in connection with the Creditors' Meeting, as such Order may be amended, restated or varied by subsequent Orders of the CCAA Court;

**“Creditors' Meeting”** means the meeting of Affected Creditors to be called for the purposes of considering and voting in respect of this Plan;

**“Crown”** means Her Majesty in right of Canada or a province of Canada;

**“Crown Claim”** means any Claim of the Crown, for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the ITA;
- (b) any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum
  - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
  - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

**"Excluded Claim"** has the meaning given to it in Section 3.3 of this Plan;

**"Filing Date"** means December 12, 2011, being the date of the Initial Order;

**"GE Facilities"** means the credit facilities made available to the Applicants by the GE Parties pursuant to the credit agreement dated October 18, 2007, as amended from time to time, together with the Accommodation Agreement;

**"GE Parties"** means, collectively, GE Canada Finance Holding Company and General Electric Capital Corporation, each in its capacity as agent and lender under the GE Facilities;

**"Initial Order"** means the Order granted by the CCAA Court in the CCAA Proceedings on December 12, 2011, as amended, restated, varied or extended from time to time by subsequent Orders of the CCAA Court;

**"ITA"** means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.);

**"Lien"** means any mortgage, charge, pledge, assignment by way of security, lien, hypothec, security interest, deemed trust or other encumbrance granted or arising pursuant to a written agreement or statute or otherwise created by law;

**"Monitor"** means FTI Consulting Canada Inc., solely in its capacity as Court-appointed monitor of the Applicants in the CCAA Proceedings, and not in its corporate or personal capacity;

**"Monitor's Certificate"** has the meaning given to it in Section 7.3 of this Plan;

**"Monitor's Website"** means the website maintained by the Monitor located at the following address: <http://cfcanada.fticonsulting.com/renin>;

**"Order"** means any order of the CCAA Court in the CCAA Proceedings;

**"Original Credit Agreement"** means that certain credit agreement dated as of November 21, 2007 by and among, among others, Renin Corp., as Canadian Borrower, Renin Corp. US, as the US Borrower, the other persons party thereto that are designated as "Credit Parties" and the lenders party thereto, as amended by that certain Amendment No. 1 and Waiver to Credit Agreement dated as of February 26, 2008, that certain Amendment No. 2 to Credit Agreement dated as of June 30, 2008, that certain Amendment No. 3 to Credit Agreement dated as of August 29, 2008, that certain Amendment No. 4 to Credit Agreement dated as of February 3, 2009, that certain Waiver, Consent and Amendment No. 5 to Credit Agreement dated as of September 16, 2009 and that certain Amendment No. 6 to Credit Agreement dated as of April 26, 2010, as the same may have been further amended, supplemented, revised, restated, replaced or otherwise modified prior to the Filing Date;

**"Person"** shall be broadly interpreted and includes any individual, corporation, limited or unlimited liability company, general or limited partnership, association, firm, trust, unincorporated organization, joint venture, venture capital fund, administrator or committee in respect of a registered pension plan, unincorporated association or organization, syndicate, committee, the government of a country, province or political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever constituted, and the trustees, executors, administrators, or other legal representatives of an individual;

**"Plan"** means this Plan of Arrangement, as it may be amended, restated, or supplemented from time to time in accordance with the provisions hereof;

**"Plan Implementation Date"** means a Business Day, as determined by the Applicants, once all conditions precedent to the implementation of this Plan as set out in Section 7.2 have been satisfied or waived;

**"Plan Termination Date"** means January 6, 2012;

**"Proven Claim"** means the amount, status and/or validity of the Affected Claim of an Affected Creditor, as recognized by, or as finally determined in accordance with, the Claims Procedure and Creditors' Meeting Order and/or any other order of the CCAA Court;

**"Sanction Order"** means an Order sanctioning this Plan and giving all necessary directions regarding its implementation;

## 1.2 Article and Section Reference

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 variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

## 1.3 Extended Meanings

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

## 1.4 Interpretation Not Affected by Headings

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 and shall not affect the construction or interpretation of this Plan.

## 1.5 Inclusive Meaning

As used in this Plan, the words **"include"**, **"includes"**, **"including"** or similar words of inclusion means, in any case, those words as modified by the words **"without limitation"** and **"including without limitation"**; so that references to included matters shall be regarded as illustrative rather than exhaustive.

## 1.6 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 to the date of this Plan and any statute or regulation that supplements or supersedes such statute or regulation to the date of this Plan.

## 1.7 Successors and Assigns

The rights, benefits and obligations of any Person named or referenced in this Plan shall be binding on and shall inure to the benefit of any heir, administrator, executor, legal personal representative, successor or assign, as the case may be, or a trustee, receiver, interim receiver, receiver and manager, liquidator or other Person acting on behalf of such Person, as permitted hereunder.

## 1.8 Governing Law

This Plan, shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to any conflict of

law provision that would require the application of the law of any other jurisdiction. Any dispute or issue in connection with, or related to the interpretation, application or effect of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the CCAA Court.

#### **1.9 Severability of Plan Provisions**

If any provision of this Plan is illegal, invalid or unenforceable, or becomes illegal, invalid or unenforceable on or following the Plan Implementation Date in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Plan, or the legality, validity or enforceability of that provision in any other jurisdiction.

#### **1.10 Timing Generally**

Unless otherwise specified, all references to time herein, and in any document issued pursuant hereto, shall mean local time in Toronto, Ontario, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day.

#### **1.11 Time of Actions**

Unless otherwise specified, time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the action to the next succeeding Business Day if the last day of the period is not a Business Day. Wherever any action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such action shall be taken on the next succeeding Business Day.

#### **1.12 Schedules**

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

**Schedule "A"** - Form of Monitor's Certificate

**Schedule "B"** - Amendment to Original Credit Agreement

## **ARTICLE II – PURPOSE AND EFFECT OF PLAN**

#### **2.1 Purpose**

The purpose of this Plan is to restructure the indebtedness and obligations of the Applicants under or in connection with the Original Credit Agreement, in accordance with the Amendment to Original Credit Agreement, in order to enable the business of the Applicants to continue as a going concern, in the expectation that a greater benefit will be derived by the Applicants and their stakeholders, including suppliers, customers, shareholders, secured creditors and employees, from the continued operation of the business of the Applicants and the implementation of the Plan than would result from the sale or forced liquidation of the Applicants' assets.

**ARTICLE III –  
CLASSIFICATION OF AFFECTED CLAIMS**

**3.1 Classification of Affected Claims**

For the purposes of considering and voting on this Plan and effecting an arrangement in respect of Affected Claims hereunder, the Affected Claims of the Affected Creditors shall be grouped into a single class.

**3.2 Affected Persons**

On the Plan Implementation Date, this Plan shall be binding upon the Applicants and the Affected Creditors and their respective heirs, executors, administrators, legal representatives, successors and assigns in accordance with its terms, but shall not affect Excluded Claims.

**3.3 Claims Excluded by the Plan**

This Plan does not compromise, release or otherwise affect any Claim against the Applicants other than Affected Claims (collectively, "**Excluded Claims**") and, subject to Section 3.4 hereof, such Excluded Claims shall survive the implementation of the Plan and shall be addressed by the Applicants in the ordinary course.

**3.4 Defences to Excluded Claims**

Nothing in this Plan shall affect the Applicants' rights and defences, both legal and equitable, with respect to any Excluded Claims or any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims. Nothing herein shall constitute a waiver of any right of either the Monitor or the Applicants to dispute the entitlement to or quantum of an Excluded Claim.

**3.5 Crown Claims**

All Crown Claims in respect of all amounts that were outstanding at the Filing Date or related to the period ending on the Filing Date shall be paid in full to the Crown within six months of the Sanction Order, as required by section 6(3) of the CCAA.

**3.6 Payments to Employees**

Immediately after the date of the Sanction Order, the Applicants will pay in full all amounts of the kind referred to in Section 6(5) of the CCAA owed, if any, to their employees.

**ARTICLE IV –  
TREATMENT OF AFFECTED CREDITORS**

**4.1 Compromise and Arrangement of Proven Claims**

On the Plan Implementation Date, the Affected Claim of each Affected Creditor will be governed by and subject to the Original Credit Agreement as amended by the Amendment to Original Credit Agreement, without any further act or formality, and the Amendment to Original Credit Agreement shall be effective and enforceable against all Affected Creditors as an arrangement of their Affected Claims.

**ARTICLE V –  
IMPLEMENTATION OF THE PLAN**

**5.1 Administration Charge**

On the Plan Implementation Date, all outstanding, invoiced obligations, liabilities, fees and disbursements secured by the Administration Charge shall be fully paid by the Applicants. Upon receipt by the Monitor of confirmation from each of the beneficiaries of the Administration Charge that payments of the amounts secured by the Administration Charge have been made, the Monitor shall file a certificate with the CCAA Court confirming same and thereafter, the Administration Charge shall be and be deemed to be discharged from the assets of the Applicants, without the need for any other formality.

**5.2 Effectuating Documents**

Any Director of the Applicants shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents, and take such other actions, as may be necessary or appropriate, to effectuate and further evidence the terms and conditions of this Plan. The secretary or assistant secretary of the Applicants shall be authorized to certify or attest to any of the foregoing actions.

**ARTICLE VI –  
CREDITORS' MEETING**

**6.1 Creditors' Meeting and Conduct**

The Creditors' Meeting to consider and vote on this Plan shall be conducted in accordance with the terms of the Claims Procedure and Creditors' Meeting Order.

**6.2 Acceptance of Plan**

If the Plan is approved by the required majorities of Affected Creditors entitled to vote at the Creditors' Meeting, being a majority in number of Affected Creditors present and voting either in person or by proxy, representing two thirds in value of the aggregate Affected Claims, then this Plan shall be deemed to have been agreed to, accepted and approved by the Affected Creditors and shall be binding upon all Affected Creditors, if the Sanction Order is granted and the conditions described in Section 7.2 hereof have been satisfied or waived, as applicable.

**ARTICLE VII –  
CONDITIONS OF PLAN IMPLEMENTATION**

**7.1 Sanction Order**

If this Plan is approved by the required majorities of Affected Creditors entitled to vote at the Creditors' Meeting, the Applicants shall bring a motion before the CCAA Court for the Sanction Order as soon as reasonably practicable, which Sanction Order shall provide, among other things, that:

- (a) (i) this Plan has been approved by the required majorities of Affected Creditors entitled to vote at the Creditors' Meeting in conformity with the CCAA; (ii) the Applicants acted in good faith and have complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the CCAA Court is satisfied that the Applicants have not done nor purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the transactions contemplated by it are fair and reasonable;

- (b) this Plan (including the arrangements and releases set out herein) shall be sanctioned and approved pursuant to Section 6 of the CCAA and will be binding and effective as herein set out on the Applicants, all Affected Creditors and all other Persons as provided for in this Plan or in the Sanction Order;
- (c) subject to the performance by the Applicants of their respective obligations under this Plan, and except to the extent expressly contemplated by this Plan or the Sanction Order, all obligations or agreements to which the Applicants are a party, will be and shall remain in full force and effect as at the Plan Implementation Date, unamended except as they may have been amended by agreement of the parties subsequent to the Filing Date, and no Person who is a party to any such obligations or agreements shall, following the Plan Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:
  - (i) any defaults or events of default arising as a result of the insolvency of the Applicants prior to the Plan Implementation Date;
  - (ii) any change of control of the Applicants arising from implementation of the Plan;
  - (iii) the fact that the Applicants have sought or obtained relief under the CCAA or that this Plan has been implemented by the Applicants;
  - (iv) the effect on the Applicants of the completion of any of the transactions contemplated by this Plan;
  - (v) any compromises or arrangements effected pursuant to this Plan; or
  - (vi) any other event(s) which occurred on or prior to the Plan Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Applicants after the Filing Date. For greater certainty, nothing in this paragraph shall waive any obligations of the Applicants in respect of any Excluded Claim;
- (d) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery with respect to any Affected Claim shall be permanently enjoined;
- (e) the releases effected by this Plan shall be approved, and declared to be binding and effective as of the Plan Implementation Date upon all Affected Creditors, the Monitor and all other Persons affected by this Plan and shall enure to the benefit of all such Persons;
- (f) from and after the Plan Implementation Date, and subject to any express provisions to the contrary in any amending agreement entered into with the Applicants after the Filing Date and excluding the GE Parties, (i) all Persons are deemed to have waived any and all defaults of the Applicants then existing or previously committed by the Applicants or caused by the Applicants or any of the provisions hereof or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral, any amendments or supplements thereto, existing between such Person and the Applicants; and (ii) any and all notices of default, acceleration of payments and demands for payments under any instrument, or

other notices, including any notices of intention to proceed to enforce security, arising from any of such aforesaid defaults are deemed to be rescinded or withdrawn;

- (g) each Affected Creditor shall be directed to execute and deliver to the Applicants, without delay, the Amendment to Original Credit Agreement, and any officer of an Applicant shall be authorized and directed to execute the Amendment to Original Credit Agreement on behalf of and as attorney for any Affected Creditor that does not execute and deliver the Amendment to Original Credit Agreement to the Applicants within 10 Business Days after the Plan Implementation Date or such later date as the Applicants may allow in their sole discretion; and
- (h) from and after the Plan Implementation Date, all Persons with an Affected Claim shall be deemed to (i) have consented and agreed to all of the provisions of this Plan as an entirety; and (ii) each Affected Creditor shall be deemed to have granted, and executed and delivered to the Applicants all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

## 7.2 Conditions of Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment or waiver, where applicable, of the following conditions on or before the Plan Implementation Date:

- (a) this Plan shall have been approved by the required majorities of Affected Creditors entitled to vote at the Creditors' Meeting;
- (b) the Sanction Order shall have been granted by the CCAA Court in a form acceptable to the Applicants, the Monitor and the GE Parties, and shall be in full force and effect and not reversed, stayed, varied, modified or amended;
- (c) the Applicants shall have executed and delivered to each of the Affected Creditors the Amendment to Original Credit Agreement;
- (d) all approvals, orders, determinations or consents required pursuant to applicable law, if applicable, shall have been obtained on terms and conditions satisfactory to the Applicants and the Monitor, acting reasonably, and shall remain in full force and effect on the Plan Implementation Date;
- (e) all necessary corporate action and proceedings of the Applicants shall have been taken to approve this Plan and to enable the Applicants to execute, deliver and perform their obligations under the agreements, documents and other instruments to be executed and delivered by them pursuant to this Plan;
- (f) arrangements satisfactory to the Applicants have become effective, subject only to the occurrence of the Plan Implementation Date, to amend and extend, repay, refinance or replace the GE Facilities; and
- (g) all agreements, resolutions, documents and other instruments, which are necessary to be executed and delivered by any shareholder, director or officer of the Applicants in order to implement this Plan and perform their obligations under this Plan shall have been executed and delivered.

Except for the conditions set out in 7.2(a), (b) and (c), each of the conditions set out in this Section 7.2 may be waived in whole or in part by the Applicants with the consent of the GE Parties by written notice to the Monitor. If a condition set out above has not been satisfied or waived in accordance with this Section

7.2 on or before the date of the Plan Termination Date, then, at the Applicants' option, this Plan shall terminate, in which case the Applicants shall not be under any further obligation to implement this Plan.

### **7.3 Monitor's Certificate**

Upon written notice from the Applicants (or counsel on their behalf) to the Monitor that the conditions to Plan implementation set out in Section 7.2, have been satisfied or waived, the Monitor shall, as soon as possible following receipt of such written notice, deliver to the Applicants, and file with the CCAA Court, a certificate which states that all conditions precedent set out in Section 7.2 have been satisfied or waived and that the Plan Implementation Date has occurred, in substantially the form as the certificate attached as Schedule "A" to this Plan (the "**Monitor's Certificate**").

## **ARTICLE VIII – AMENDMENTS TO THE PLAN**

### **8.1 Amendments to Plan Prior to Approval**

The Applicants reserve the right to file any variation or modification of, or amendment or supplement to, this Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement or both filed (an "**Amended Plan**") with the CCAA Court at any time or from time to time prior to the Creditors' Meeting, provided that the Applicants file the Amended Plan with the CCAA Court and obtain the prior consent of the Monitor and the GE Parties. Any Amended Plan shall for all purposes, be deemed to be a part of and incorporated into this Plan and shall be promptly posted on the Monitor's Website on the day on which it is filed with the CCAA Court and notice will be provided to the service list in the CCAA Proceedings. Affected Creditors are advised to check the Monitor's Website regularly. Affected Creditors who wish to receive written notice of any Amended Plan should contact the Monitor in the manner set out in Section 10.7 of this Plan.

The Applicants also reserve the right to file any variation or modification of, or amendment or supplement to, this Plan at any time during the Creditor's Meeting, with the prior written consent of the Monitor and the GE Parties, provided that the notice of any such variation, amendment, modification or supplement is given to all Affected Creditors present in person or by proxy (and in such case, notice given to the Affected Creditor's proxyholder shall be sufficient) at the Creditors' Meeting prior to the vote being taken at the Creditors' Meeting, in which case any such variation, amendment, modification or supplement shall be deemed to be part of and incorporated into the Plan, and such Amended Plan shall promptly be posted on the Monitor's Website and filed with the Court as soon as practicable following the Creditors' Meeting.

### **8.2 Amendments to Plan Following Approval**

After the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Applicants with the prior consent of the GE Parties may at any time and from time to time vary, amend, modify or supplement this Plan without the need for obtaining an Order of the CCAA Court or providing notice to the Affected Creditors, if the Applicants and the Monitor, acting reasonably and in good faith, determine that such variation, amendment, modification or supplement is of a technical or administrative nature that would not be materially prejudicial to the interests of any of the Affected Creditors under this Plan and is necessary in order to give effect to the substance of this Plan or the Sanction Order. The Monitor shall post a notice of such variance, amendment, modification or supplement to the Plan on the Monitor's Website and file same with the Court as soon as practicable following the making of such amendment.

**ARTICLE IX –  
PLAN IMPLEMENTATION AND EFFECT OF THE PLAN**

**9.1 Implementation**

On the Plan Implementation Date, subject to the satisfaction or waiver of the conditions contained in Section 7.2 of this Plan, this Plan shall be implemented by the Applicants and shall be binding upon all Affected Creditors in accordance with the terms of this Plan and the Sanction Order.

**9.2 Effect of the Plan Generally**

The treatment of the Affected Claims under this Plan, if sanctioned and approved by the CCAA Court, shall, on the Plan Implementation Date, be binding upon each Affected Creditor, his, her or its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and this Plan will constitute full, final and absolute arrangement of all rights of any Affected Creditor against the Applicants in respect of the Affected Claims.

**9.3 Arrangement Effective for All Purposes**

No Person who has a Claim as a guarantor, surety, indemnitor or similar covenant in respect of any Affected Claim which is arranged pursuant to this Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Affected Creditor in respect of a Affected Claim which is arranged pursuant to this Plan shall be entitled to any greater rights than the Affected Creditor whose Affected Claim was compromised under this Plan. Accordingly, the arrangement in respect of any Affected Claim under this Plan, if sanctioned and approved by the CCAA Court on the Plan Implementation Date, shall be binding upon such Affected Creditor, its heirs, executors, administrators, successors and assigns for all purposes and, to such extent, shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, surety, indemnitor, director, joint covenantor, principal or otherwise.

**9.4 Contracts**

As of the Plan Implementation Date, each contract to which any Applicant is a party as at the Filing Date, as it may have been modified, amended or varied after the Filing Date remains in full force and effect as at the Plan Implementation Date (other than in respect of Affected Claims) unless such contract has expired or terminated pursuant to its terms.

**9.5 Plan Releases**

On the Plan Implementation Date and subject to the terms of the arrangements effected by this Plan:

- (a) In consideration for the obligations of the Applicants under the Plan, each holder of an Affected Claim, for itself and its respective successors and assigns, transferees, current and former officers, directors, agents and employees, in each case in their capacity as such, shall be deemed to have released (i) the Applicants; (ii) the Monitor; (iii) subject to section 5.1(2) of the CCAA, any of their respective directors, officers, employees, agents, professional advisors (including legal counsel) affiliates and their respective property, and (iv) any person who may claim contribution or indemnification against or from the Applicants or the Monitor, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter 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 Plan Implementation Date relating to, arising out of or in

connection with the Applicants, the Applicants' property, business or affairs, this Plan, the CCAA Proceedings or the GE Facilities;

- (b) The Applicants shall release and be permanently enjoined from any prosecution or attempted prosecution against (i) the Monitor and (ii) any of the Monitor's directors, officers, employees, agents, professional advisors (including legal counsel), affiliates and their respective property, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter 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 Plan Implementation Date relating to, arising out of or in connection with the Applicants, the Applicants' property, business or affairs, this Plan or the CCAA Proceedings;
- (c) The Applicants shall release and be permanently enjoined from any prosecution or attempted prosecution against (i) each Affected Creditor who has voted in favour of the Plan or Amended Plan, in accordance with the Claims Procedure and Creditors' Meeting Order (a "Released Affected Creditor"), and (ii) any of the Released Affected Creditors' respective directors, officers, employees, agents, professional advisors (including legal counsel), affiliates and their respective property, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter 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 Plan Implementation Date relating to, arising out of or in connection with the Applicants, the Applicants' property, business or affairs, this Plan or the CCAA Proceedings;

provided, however, that nothing herein shall release (i) any Person from fraud, gross negligence, wilful misconduct, or criminal conduct, (ii) any Excluded Claim, or (iii) any Person's right to enforce a Person's obligations under this Plan or the Original Credit Agreement as amended by the Amendment to the Original Credit Agreement.

#### **9.6 Stay of Proceedings**

Any and all proceedings, including, suits, actions, extra-judicial proceedings, enforcement processes or other remedies commenced, taken or proceeded with or that may be commenced, taken or proceeded with by any Person having an Affected Claim, and by any employees, shareholders, customers, suppliers, contractors, lenders, equipment lessors, licensors, licensees, sub-licensors, sub-licensees, governments of any nation, province, state or municipality or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in Canada or elsewhere and any corporation or other entity owned or controlled by or which is the agent of any of the foregoing, or by any other Person, firm, corporation or entity wherever situate or domiciled, against or in respect of the Applicants or in respect of any property, assets, rights, concessions and undertaking wherever located, whether held by the Applicants, in whole or in part, directly or indirectly, as principal, agent or nominee, beneficially or otherwise, whether pursuant to the BIA or otherwise, shall be permanently stayed as reflected in the Sanction Order.

#### **9.7 Knowledge of Claims**

Each Person to which Section 9.5 applies shall be deemed to have granted the releases set forth in Section 9.5 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of

such different or additional facts, and such party expressly waives any and all rights that it may have under any applicable law which would limit the effect of such releases to those Claims or causes of action known or suspected to exist at the time of the granting of the release.

#### **9.8 Deeming Provisions**

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

### **ARTICLE X – GENERAL PROVISIONS**

#### **10.1 Different Capacities**

Affected Creditors whose Affected Claims are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, each such Affected Creditor shall be entitled to participate hereunder in each such capacity. Any action taken by an Affected Creditor in any one capacity shall not affect the Affected Creditor in any other capacity, unless expressly agreed by the Affected Creditor in writing or unless the Affected Claims overlap or are otherwise duplicative.

#### **10.2 Further Assurances**

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, done or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, assurances, instruments, documents, elections, consents or filings as may be reasonably required by the Applicants in order to implement this Plan. Without limitation to the foregoing, each Affected Creditor will execute and deliver to the Applicants, without delay after the Plan Implementation Date, the Amendment to Original Credit Agreement.

#### **10.3 Paramountcy**

Without limiting any other provision hereof, from and after the Plan Implementation Date, in the event of any conflict between this 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, personal property lease or other agreement in respect of the Affected Claims, written or oral and any and all amendments or supplements thereto existing between the Applicants and any other Persons affected by this Plan, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

To the extent the Plan is inconsistent with the report of the Monitor filed in connection with the Plan, the provisions of the Plan shall govern and shall take precedence and priority.

#### **10.4 Revocation, Withdrawal, or Non-Consummation**

The Applicants reserve the right to revoke or withdraw this Plan at any time prior to the Plan Implementation Date and to file subsequent plans of compromises or arrangement (or to file no subsequent plan), in each case with the consent of the Monitor and the GE Parties. If the Applicants revoke or withdraw this Plan or any Amended Plan, or if the Sanction Order is not issued, (a) this Plan or any Amended Plan shall be null and void in all respects, (b) any Affected Claim, any settlement or compromise embodied in this Plan or any Amended Plan (including the fixing or limiting of any Affected Claim to an amount certain), assumption or termination, any document or agreement executed pursuant to this Plan or any Amended Plan shall be deemed null and void, and (c) nothing contained in this Plan or any Amended Plan, and no action taken in preparation for consummation of this Plan or Amended Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Affected Claims by or against the Applicants or any Person; (ii) prejudice in any manner the rights of the Applicants or any Person in any

further proceedings involving the Applicants, or (iii) constitute an admission of any sort by the Applicants or any Person.

#### 10.5 Preservation of Rights of Action

Except as otherwise provided in this Plan or in the Sanction Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, following the Plan Implementation Date, the Applicants will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Applicants may hold against any Person or entity without further approval of the CCAA Court.

#### 10.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings with respect to the Applicants and is not responsible or liable for any obligations of the Applicants. The Monitor will have the powers granted to it by the CCAA and by any Order, including the Initial Order.

#### 10.7 Notices

Any notice or communication to be delivered hereunder will be in writing and will reference this Plan and may, subject to as hereinafter provided, be made or given by personal delivery or by facsimile or email transmission addressed to the respective parties as follows:

(a) if to the Applicants:

Renin Corp.  
110 Walker Drive  
Brampton, Ontario L6T 4H6

Attention: Kevin Campbell  
Fax: (905) 669-6922  
Email: [kevinc@renincorp.com](mailto:kevinc@renincorp.com)

with a copy to:

Norton Rose OR LLP  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 3800  
P.O. Box 84  
Toronto, Ontario M5J 2Z4

Attention: Rick Sutin  
Fax: (416) 216-3930  
Email: [rick.sutin@nortonrose.com](mailto:rick.sutin@nortonrose.com)

and a copy to:

FTI Consulting Canada Inc.  
TD Waterhouse Tower  
Suite 2010  
79 Wellington Street  
Toronto, Ontario M5K 1G8

Attention: Nigel Meakin  
Fax: (416) 649-8101  
Email: nigel.meakin@fticonsulting.com

and a copy to:

Osler, Hoskin & Harcourt LLP  
Box 50  
1 First Canadian Place  
Toronto, Ontario M5X 1B8

Attention: Tracy C. Sandler  
Fax: (416) 862-6666  
Email: tsandler@osler.com

(b) if to an Affected Creditor:

To the last known address (including fax number or email address) for such Affected Creditor set out in the books and records of the Applicants or, such other address as the Affected Creditor may from time to time notify the Monitor in accordance with this Section.

(c) if to the Monitor:

FTI Consulting Canada Inc.  
TD Waterhouse Tower  
Suite 2010  
79 Wellington Street  
Toronto, Ontario M5K 1G8

Attention: Nigel Meakin  
Fax: (416) 649-8101  
Email: nigel.meakin@fticonsulting.com

with a copy to:

Osler, Hoskin & Harcourt LLP  
Box 50  
1 First Canadian Place  
Toronto, Ontario M5X 1B8

Attention: Tracy C. Sandler  
Fax: (416) 862-6666  
Email: [tsandler@osler.com](mailto:tsandler@osler.com)

or to such other address as any party may from time to time notify the others in accordance with this Section. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or emailed if sent before 5:00 p.m. (Toronto Time) on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent.

**Schedule "A"**  
**Form of Monitor's Certificate**

Court File No. ●

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF RENIN CORP., RENIN CORP. US  
and KINGSTAR PRODUCTS (WESTERN) INC.

**MONITOR'S CERTIFICATE**

RECITALS

- A. Pursuant to the order of this Honourable Court dated December 12, 2011 (the "**Initial Order**") Renin Corp., Renin Corp. US and Kingstar Products (Western) Inc. (collectively, the "**Applicants**") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended.
- B. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed the Monitor of the Applicants (the "**Monitor**") with the powers, duties and obligations set out in the Initial Order;
- C. The Applicants have filed a Plan of Arrangement under the CCAA dated December 12, 2011 (the "**Plan**"), which Plan has been approved by the required majorities of Affected Creditors and sanctioned by the CCAA Court; and
- D. Unless otherwise indicated herein, initially capitalized terms used herein have the meaning set out in the Plan.

\* \* \* \* \*

**THE MONITOR HEREBY CERTIFIES** that it has been advised by the Applicants in accordance with Section 7.3 of the Plan that the conditions precedent set out in Section 7.2 of the Plan, have been satisfied or waived in accordance with the Plan on \_\_\_\_\_, 2011 and that accordingly, the Plan Implementation Date is \_\_\_\_\_, 2011.

**FTI CONSULTING CANADA INC.**, in its capacity as Monitor of Renin Corp., Renin Corp US and Kingstar Products (Western) Inc. and not in its personal or corporate capacity

By: \_\_\_\_\_

Name:

Title:

**Schedule "B"**  
**Amendment to Original Credit Agreement**

**WAIVER, CONSENT AND AMENDMENT NO. 7 TO CREDIT AGREEMENT**

THIS WAIVER, CONSENT AND AMENDMENT NO. 7 TO CREDIT AGREEMENT (this "Amendment") dated as of the Plan Implementation Date (as defined below), is entered into by and among, Renin Corp., an Ontario corporation (the "Canadian Borrower"), Renin Corp. US, a Delaware corporation (the "US Borrower" and together with the Canadian Borrower, the "Borrowers"), the other Persons party hereto that are designated as "Credit Parties", the lenders party thereto (the "Lenders"), and Caledon Trust Company, as the agent (in such capacity and together with its successors and assigns, the "Agent") for the Lenders. Capitalised terms used but not defined herein, are used herein as defined in the Credit Agreement (as defined below).

**RECITALS**

WHEREAS, Borrowers and Goldman Sachs Credit Partners L.P. in its capacity as agent and lender entered into that certain credit agreement dated as of November 21, 2007, as amended by that certain Amendment No. 1 and Waiver to Credit Agreement dated as of February 26, 2008, that certain Amendment No. 2 to Credit Agreement dated as of June 30, 2008, that certain Amendment No. 3 to Credit Agreement dated as of August 29, 2008, that certain Amendment No. 4 to Credit Agreement dated as of February 3, 2009, that certain Waiver, Consent and Amendment No. 5 to Credit Agreement dated as of September 16, 2009 and that certain Amendment No. 6 to Credit Agreement dated as of April 26, 2010 (as in effect on the date hereof immediately prior to giving effect to the amendments contemplated hereby, the "Credit Agreement").

AND WHEREAS the Borrowers commenced proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") pursuant to the order of the Ontario Superior Court of Justice on December 12, 2011 (the "Initial Order") and have proposed a plan of arrangement dated December 12, 2011 (such plan, as may be amended from time to time in accordance with the Initial Order, the "CCAA Plan") pursuant to which all Defaults and Events of Default that have or may have arisen prior to the Plan Implementation Date will be waived and the Credit Agreement will be amended in accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the sufficiency of which are hereby acknowledged, the parties agree as follows:

**AGREEMENT**

Section 1. Amendments to Credit Agreement.

- (a) Section 1.3(b) of the Credit Agreement shall be amended by deleting Section 1.3(b) in its entirety and replacing same with the following:

"Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any payment or prepayment of the Loans in full.

Notwithstanding the foregoing,

- (i) For the period commencing on September 1, 2011 and ending on November 21, 2014, subject to Section 10.1, no interest shall be payable on any Loan in cash except as provided in Section 1.3(b)(ii);

- (ii) for the period commencing on January 1, 2010 and ending on November 21, 2014, the Borrowers shall pay interest on the outstanding principal amount under the Loans as of September 16, 2009 (and, for clarity, including the Additional Loans, but not including in such outstanding principal amount any interest accruing on such outstanding principal amount and capitalized thereto on or after September 16, 2009) (the "Outstanding Principal Amount") in cash to the Agent on behalf of the Lenders ("Cash Interest Payment") at the rate of LIBOR plus eleven and a half percent (11.5%) per annum, provided that prior to such payment the Canadian Borrower will deliver to the Agent a fully and properly completed certificate in the form of Exhibit 1.3(b)(ii) providing evidence that the Borrowers have satisfied the Cash Payment Test upon making such Cash Interest Payment;

If the Agent is satisfied that a Cash Interest Payment by the Borrowers will result in the Borrowers' failing the Cash Payment Test, the Agent shall require the Borrowers to make Cash Interest Payments, pro rata to the Lenders, only in respect of such portion of the Outstanding Principal Amount, to the extent to which the Borrowers can satisfy the Cash Payment Test upon making such Cash Interest Payment and the interest on the outstanding balance of the Loans in respect of which such Cash Interest Payment has not been paid on such Interest Payment Date (the "Balance Interest Amount") shall be paid as provided in Section 1.3(b)(iii); and

- (iii) in the event that Section 1.3(b)(ii) does not apply, or to the extent there is any Balance Interest Amount existing, for the period commencing on September 16, 2009 and ending on November 21, 2014, interest accruing on the outstanding principal amount of the Loans including the Balance Interest Amount, if any, shall be capitalised (at the rate of LIBOR plus the Applicable Margin in the case of LIBOR Rate Loans) on each Interest Payment Date and shall be added to the principal amount of the Loans.

The parties acknowledge that such capitalization is and is intended to be a payment of interest to which the provisions of Section 10.1 shall apply.

Notwithstanding Section 1.3, Section 1.9, Section 9.11 or any other provision of this Agreement, on the Scheduled Maturity Date (or, if earlier, the acceleration of the Loans), the Borrowers shall be entitled to reduce, on a pro rata basis, the interest accruing after September 16, 2009 and capitalized to the principal amount of the Loans held by OCM and HD Holdco by an amount equal to the sum of (a) twenty-five percent (25%) of the aggregate Permitted Chatsworth Payments and (b) to the extent that seventy-five percent (75%) of the aggregate Permitted Chatsworth Payments exceeds the Subnote PIK Interest, the amount equal to such excess. The Agent shall reduce the amounts disbursed to OCM and HD Holdco by the amount reduced by the Borrowers in accordance with the foregoing sentence."

- (b) Section 1.3(c) of the Credit Agreement shall be amended by deleting the final paragraph of Section 1.3(c) in its entirety and replacing same with the following:

"Notwithstanding any of the foregoing, for the period commencing on September 16, 2009 and ending on November 21, 2014, subject to Section 10.1, no default interest shall be payable on any Loan in cash unless Agent shall have received a fully and properly completed certificate from the Canadian Borrower in the form of Exhibit 1.3(b)(ii) providing evidence that the Borrowers have satisfied the Cash Payment Test upon making such payment. If the Agent is satisfied that a payment pursuant to Section 1.3(c) by the Borrowers will result in the Borrowers' failing the Cash Payment Test, the Agent shall require the Borrowers to make such payment, pro rata to the Lenders, only in

respect of such portion of such payment, to the extent to which the Borrowers can satisfy the Cash Payment Test upon making such payment.”

- (c) Section 1.5 of the Credit Agreement shall be amended by deleting the last paragraph thereof in its entirety and replacing same with the following:

“Notwithstanding anything to the contrary contained herein, each Interest Period commencing on or after September 16, 2009 shall end on the earlier of (x) the last Business Day of the third month thereafter and (y) the Scheduled Maturity Date.”

- (d) Section 1.7A of the Credit Agreement shall be amended by deleting Section 1.7A in its entirety and replacing same with the following:

“Notwithstanding the provisions of Section 1.6 or Section 1.7(d) of the Credit Agreement, no payment shall be made by the Borrowers pursuant to Section 1.6, Section 1.7(c) or Section 1.7(d) during the period commencing on September 16, 2009 and ending on November 21, 2014, unless Agent shall have received a fully and properly completed certificate from the Canadian Borrower in the form of Exhibit 1.3(b)(ii) providing evidence that the Borrowers have satisfied the Cash Payment Test upon making such payment. If the Agent is satisfied that a payment pursuant to Section 1.6, Section 1.7(c) or Section 1.7(d) by the Borrowers will result in the Borrowers’ failing the Cash Payment Test, the Agent shall require the Borrowers to make such payment, pro rata to the Lenders, only in respect of such portion of such payment, to the extent to which the Borrowers can satisfy the Cash Payment Test upon making such payment.”

- (e) Article XI of the Credit Agreement shall be amended by:

- (i) amending the definition of “Scheduled Maturity Date” by deleting it in its entirety and replacing same with the following:

““Scheduled Maturity Date” means November 21, 2014.”

- (i) amending the definition of “Applicable Margin” by inserting the following at the end thereof:

“; provided, however, that from September 1, 2011 until the Scheduled Maturity Date, the Applicable Margin for all LIBOR Rate Loans shall be eighteen percent (18%) per annum and for Base Rate Loans shall be seventeen percent (17%) per annum.”

## Section 2. Consent.

The Lenders hereby consent to a fourth amendment to the GE Credit Agreement (the “Exit Facility”) substantially in the form attached hereto as Schedule A.

## Section 3. Waiver.

As of the Plan Implementation Date, the Agent and each of the Lenders hereby irrevocably waives any Default or Event of Default that has arisen or may have arisen pursuant to the Credit Agreement prior to such date.

## Section 4. Limitations on Waiver and Consent.

The waiver and consent set for in Sections 2 and 3 do not constitute (a) a course of dealing among the parties; or (b) except as set forth therein, prejudice any right or remedy that Agent or any Lender may now have or may have in the future under or in connection with the Credit Agreement, any other Loan Document or any other instrument or agreement referred to therein.

Section 5. Effectiveness.

This Amendment shall be effective on and as of the Plan Implementation Date (as such term is defined in the CCAA Plan) in accordance with the terms of the CCAA Plan and the Sanction Order (as such term is defined in the CCAA Plan), without any further act or formality on the part of the Credit Parties, the Lenders or the Agent.

Section 6. Representations and Warranties.

Each Credit Party which is a party hereto represents and warrants to each Lender that the following statements are true and correct in all material respects as of the Plan Implementation Date:

- (a) Corporate Power and Authority. Each Credit Party, which is party hereto, has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, the Credit Agreement as amended by this Amendment (the "Amended Agreement") and the other Loan Documents;
- (b) Authorization of Agreements. The execution and delivery of this Amendment and the performance of the Amended Agreement and the other Loan Documents have been duly authorized by all necessary corporate or partnership (as applicable) action on the part of each Credit Party;
- (c) No Conflict. The execution and delivery by each Credit Party of this Amendment and the performance by each Credit Party of the Amended Agreement and the other Loan Documents do not and will not (i) violate (A) any provision of any law, statute, rule or regulation, or of the certificate or articles of incorporation or partnership agreement, other constitutive documents or by-laws of Borrowers or any Credit Party or (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any Contractual Obligation of the applicable Credit Party, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 6(c), individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, (iii) except as permitted under the Amended Agreement, result in or require the creation or imposition of any Lien upon any of the properties or assets of each Credit Party (other than any Liens created under any of the Loan Documents in favour of Agent on behalf of Lenders), or (iv) require any approval of stockholders or partners or any approval or consent of any Person under any Contractual Obligation of each Credit Party, except for such approvals or consents which will be obtained on or before the Plan Implementation Date and except for any such approvals or consents the failure of which to obtain will not have a Material Adverse Effect;
- (d) Governmental Consents. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the execution and delivery by each Credit Party of this Amendment and the performance by Borrowers or any Credit Party of the Amended Agreement and the other Loan Documents, except for such actions, consents and approvals the failure to obtain or make which could not reasonably be expected to result in a Material Adverse Effect or which have been obtained and are in full force and effect;
- (e) Binding Obligation. This Amendment has been duly executed and delivered by each Credit Party and constitutes a legal, valid and binding obligation of each Credit Party enforceable against each Credit Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

- (f) Incorporation of Representations and Warranties From Loan Documents. The representations and warranties contained in the Loan Documents are and will be true and correct in all material respects on and as of the Plan Implementation Date (after giving effect to the amendments and waivers contained herein) to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date;
- (g) Continuing Guaranty. By its execution of this Amendment, each Guarantor hereby acknowledges that it has reviewed the terms and provisions of this Amendment and consents to the provisions of this Amendment. Each Guarantor hereby ratifies and confirms its obligations under the Guarantee and Security Agreement and the Shareholder Guarantee and Pledge Agreement, as applicable, and its guaranty thereunder, which obligations and guaranty shall continue in full force and effect in respect of the Guaranteed Obligations (as such term is defined under each of the Guarantee and Security Agreement and the Shareholder Guarantee and Pledge Agreement);
- (h) No Other Consent, Amendment or Waiver. This Amendment shall not constitute a consent in connection with, or an amendment or waiver or consent of any provision of the Credit Agreement not expressly referred to herein. Except as expressly modified hereby, all the terms, provisions and conditions of the Credit Agreement are and shall remain unchanged and shall continue in full force and effect.

Section 7. Miscellaneous.

- (a) Amendments. For greater certainty, notwithstanding any of the foregoing, any amendments to the terms of any Loan governed by this Agreement shall not constitute a discharge, rescission, extinguishment, novation, repayment, readvance, disposition or substitution of such Loan, and any such Loan so assigned shall continue to be the same obligation and not a new obligation.
- (b) Entire Agreement. This Amendment contains and constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior negotiations, agreements and understandings, whether written or oral, of the parties hereto;
- (c) Severability. If any term or other provision of this Amendment is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Amendment will nevertheless remain in full force and effect;
- (d) Governing Law. This Amendment will be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed entirely within such jurisdiction, without reference to conflicts of laws provisions;
- (e) Headings. Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect;
- (f) Counterparts. This Amendment may be executed simultaneously in one or more counterparts and by different parties hereto in separate counterparts, each of which when executed will be deemed an original, but all of which taken together will constitute one and the same instrument;
- (g) Successors and Assigns. This Amendment will be binding upon and inures to the benefit of and is enforceable by the respective successors and permitted assigns of the parties hereto; and

- (h) References to the Credit Agreement. On and after the effective date of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

***[Remainder of page intentionally left blank; signature pages follow on next page]***

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

CANADIAN BORROWER AND  
GUARANTOR:

**RENIN CORP.**

Per: \_\_\_\_\_  
Name:  
Title:

U.S. BORROWER AND GUARANTOR:

**RENIN CORP. US**

Per: \_\_\_\_\_  
Name:  
Title:

GUARANTORS:

**KINGSTAR PRODUCTS (WESTERN) INC.**

Per: \_\_\_\_\_  
Name:  
Title:

**AVATAR CORP.**, as Guarantor

Per: \_\_\_\_\_  
Name:  
Title:

**J-PON CORP.**, as Guarantor

Per: \_\_\_\_\_  
Name:  
Title:

**KEVINC CORP., as Guarantor**

Per: \_\_\_\_\_  
Name:  
Title:

AGENT:

**CALEDON TRUST COMPANY**

Per: \_\_\_\_\_  
Name:  
Title:

LENDERS:

**HOME DECOR LUXEMBOURG S.À.R.L.**

Per: \_\_\_\_\_  
Name:  
Title:

**OCM LUXEMBOURG MEZZANINE S.À.R.L.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**ECO MASTER FUND LIMITED**

Per: \_\_\_\_\_  
Authorized Signatory

**NARCISSUS MIRROR INC.**

Per: \_\_\_\_\_  
Name:  
Title:

**SATINLAND FINANCE S.À.R.L.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**

*Schedule begins on the following page.*

**THIS FOURTH AMENDING AGREEMENT** made as of the 8<sup>th</sup> day of December, 2011

**B E T W E E N:**

**RENIN CORP., as the Canadian Borrower**

**and**

**RENIN CORP. US, as the US Borrower**

---

**THE OTHER PERSONS PARTY HERETO THAT ARE  
DESIGNATED AS CREDIT PARTIES**

**GE CANADA FINANCE HOLDING COMPANY**

**for itself, as a Canadian Lender, as Canadian L/C Issuer, Canadian Swingline Lender and  
as the Canadian Agent for all Canadian Lenders,**

**and**

**GENERAL ELECTRIC CAPITAL CORPORATION**

**for itself as a US Lender, as US L/C Issuer, US Swingline Lender and as the US Agent for  
the US Lenders,**

**THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO**

**as Lenders,**

**WHEREAS** the Canadian Borrower, the US Borrower (the Canadian Borrower and the US Borrower together, the "**Borrowers**"), the Canadian Agent, the US Agent (the Canadian Agent and the US Agent together, the "**Agents**") and the Lenders entered into that certain credit agreement dated as of October 18, 2007, as amended by that certain first amending agreement dated as of November 21, 2007, that certain second amending agreement dated as of August 28, 2008, that certain third amending agreement dated September 16, 2009 that certain forbearance agreement dated as of October 30, 2011 (the "**Forbearance Agreement**") and that certain accommodation agreement dated December 8, 2011 (the "**Accommodation Agreement**") and collectively the "**Credit Agreement**") pursuant to which certain credit facilities were established in favour of the Borrowers;

**AND WHEREAS** the Loans mature on January 6, 2012, subject to the earlier occurrence of an Accommodation Termination Event (as defined in the Accommodation Agreement);

**AND WHEREAS** the Borrowers intend to commenced proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36 (the "CCAA") and propose the CCAA Plan to the Term Loan B Lenders pursuant to the CCAA;

**AND WHEREAS** the Borrowers have requested that the Agents and the Lenders make certain amendments to the Credit Agreement effective upon implementation of the CCAA Plan;

**NOW THEREFORE THIS AMENDING AGREEMENT WITNESSES THAT** in consideration of the covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

**Section 1     General**

In this Amending Agreement (including the recitals) unless otherwise defined or the context otherwise requires, all capitalized terms shall have the respective meanings specified in the Credit Agreement.

**Section 2     To be Read with Credit Agreement**

This Amending Agreement is an amendment to the Credit Agreement. Unless the context of this Amending Agreement otherwise requires, the Credit Agreement and this Amending Agreement shall be read together and shall have effect as if the provisions of the Credit Agreement and this Amending Agreement were contained in one agreement. The term "**Agreement**" when used in the Credit Agreement means the Credit Agreement and the schedules thereto, as previously amended and as amended by this Amending Agreement and as may be further amended, revised, replaced, supplemented or restated from time to time.

**Section 3     Headings**

The division of this Amending Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement. The terms "**this Amending Agreement**", "**hereof**", "**hereunder**" and similar expressions refer to this Amending Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Amending Agreement.

**Section 4     Number**

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and *vice versa*.

## Section 5 Amendments

### 5.1 Defined Terms.

(1) The definition of “Revolving Termination Date” in Section 11.1 of the Credit Agreement is amended by deleting “January 6, 2012” and replacing it with “October 31, 2013”.

(2) The following definition is added to Section 11.1 of the Credit Agreement in alphabetical order:

““CCAA Plan” means the Plan of Arrangement of the Borrowers and Kingstar dated as of December 12, 2011.”.

### 5.2 Financial Covenants.

Section 6.1 is deleted in its entirety and replaced with the following:

#### “6.1 Minimum Availability

The Borrowers shall at all times maintain minimum Availability of an amount equal to the sum of (i) USD\$1,500,000 plus (ii) the maximum amount of the Administration Charge (as defined in the CCAA Plan) in effect upon implementation of the CCAA Plan (or as such amount may be amended by court order thereafter) and which shall be deemed to be nil upon the final termination and release of the Administration Charge in accordance with the terms of the CCAA Plan and the order sanctioning the CCAA Plan. For greater certainty, no Revolving Loan shall be advanced nor any Letter of Credit issued, unless, after giving effect thereto, the Borrowers would be in compliance with the foregoing requirements.

#### 6.2 Minimum Cash Flow

The Borrowers shall maintain Cash Flow (as determined in accordance with Exhibit 4.2(b)) in an amount not less than each of the following amounts specified for each of the following periods:

<b>Period</b>	<b>Amount</b>
3-months ending 3/31/2012	(\$200,000.00)
6-months ending 6/30/2012	(\$200,000.00)
9-months ending 9/30/2012	(\$300,000.00)
12-months ending 12/31/2012	(\$400,000.00)
12-months ending 3/31/2013	(\$300,000.00)
12-months ending 6/30/2013	
and ending on each quarter thereafter	(\$200,000.00)”

### 5.3 Events of Default.

In the case of a breach of Section 6.1 or Section 6.2 of the Credit Agreement, an Event of Default shall not be deemed to have occurred until written notice thereof has been given to the Borrowers by the Agent.

## **Section 6 Representations and Warranties**

In order to induce the Agents and the Lenders to enter into this Amending Agreement, the Borrowers represent and warrant to the Agents and to Lenders as follows, which representations and warranties shall survive the execution and delivery hereof:

- (a) the representations and warranties set forth in Section 3 of the Credit Agreement continue to be true and correct in all material respects as of the Effective Time with reference to facts subsisting on such date except for those representations and warranties which speak to a specific date;
- (b) all necessary corporate, company or partnership action has been taken to authorize the execution, delivery and performance of this Amending Agreement by the Credit Parties and each has duly executed and delivered this Amending Agreement;
- (c) this Amending Agreement is a legal, valid and binding obligation of each of the Credit Parties enforceable against them by the Agents and the Lenders in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity);
- (d) as of the date hereof and after giving effect to this Amending Agreement, no Event of Default or Defaults under the Credit Agreement exists that has not been waived by the Lenders pursuant to Section 9 hereof.

## **Section 7 Conditions Precedent**

This Amending Agreement shall be subject to and conditional upon the following conditions precedent being satisfied:

- (a) execution and delivery of this Amending Agreement by the Credit Parties, the Agents and the Lenders;
- (b) issuance of the Sanction Order (as defined in the Accommodation Agreement) and the implementation of the CCAA Plan in accordance with its terms, the Sanction Order and the Accommodation Agreement;
- (c) the Borrowers shall have as of the Effective Time minimum "liquidity" (being the sum of (i) the amount of Availability in excess of the minimum Availability required to be maintained under Section 6.1 plus (ii) the amount held in the Investor Advance

Account) plus (iii) the amounts in the bank accounts of the Borrowers subject to Control Agreements) of not less than \$1,500,000;

- (d) the Agent shall have received payment of the first instalment of the Amendment Fee (as defined in Section 10); and
- (e) payment of Agent's fees and expenses including legal fees.

The close of business on the date upon which the foregoing conditions are satisfied is referred to herein as the "Effective Time". This Amending Agreement shall be of no force and effect and shall terminate if (i) the Effective Time does not occur on or before January 6, 2012 or (ii) an Accommodation Termination Event (as defined in the Accommodation Agreement) occurs prior to the Effective Time which has not been waived in writing by the Lenders.

### **Section 8 Continuance of Credit Agreement and Security**

The Credit Agreement and Loan Documents, as changed, altered, amended or modified by this Amending Agreement, shall be and continue in full force and effect and is hereby confirmed and the rights and obligations of all parties thereunder shall not be affected or prejudiced in any manner except as specifically provided for herein.

### **Section 9 Waiver of Defaults**

As of the Effective Time, the Lenders hereby waive the Defaults and Events of Default that are defined as the "Specified Defaults" in the Accommodation Agreement.

### **Section 10 Agent's Amendment Fee**

The Borrowers shall pay a fee (the "Amendment Fee") to Agent on behalf of the Lenders equal to US\$200,000 being 1.00% of the Aggregate Revolving Commitment, which fee shall be fully earned as of the date on which the conditions precedent in Section 7 are satisfied (other than Section 7(d)) (the "Closing Date") and payable in two equal instalments of US\$100,000 on (i) the Closing Date and (ii) the earlier of October 31, 2012 and the Revolving Termination Date.

### **Section 11 No Waiver**

The Borrower acknowledges and confirms except as set out in Section 9 hereof, that none of the terms contained in this Amending Agreement shall operate or be construed as a waiver of any of the provisions of the Loan Documents or any Default or Event of Default existing on or prior to the date hereof or any future Default or Event of Default.

### **Section 12 Liability and Continuing Security of Credit Parties.**

Each Credit Party hereby agrees that (i) it is jointly and severally liable for, and promises to pay when due, all of the Obligations, (ii) it guarantees the Obligations of each of the other Credit Parties, (iii) the Liens granted by it under the Collateral Documents secure all Obligations, including all Obligations arising before or after the Effective Time or in connection with this Agreement. Each

Credit Party hereby ratifies and confirms the validity and enforceability of, and its obligations under, each of the Loan Documents to which it is a party.

**Section 13     Liability and Continuing Security of Guarantors.**

Each of the Sponsor, OCM, Narcissus Mirror Inc., Avatar Corp., KevinC Corp. and J-Pon Corp. and HD Holdco hereby ratifies and confirms, as applicable, the validity and enforceability of, and its obligations under, each of the Loan Documents to which it is a party including, without limitation (i) in the case of the Sponsor, OCM and Narcissus Mirror Inc., the Amended and Restated Limited Guaranty dated as of September 16, 2009 and the Interim Cash Collateral Agreement dated as of October 29, 2008, and (ii) in the case of Narcissus Mirror Inc., Avatar Corp., KevinC Corp. and J-Pon Corp. and HD Holdco, the Shareholder Limited Recourse Guarantee and Pledge Agreements (in each case as such Loan Documents may be amended from time to time), and that such Loan Documents guarantee and secure all Obligations including all Obligations arising before or after the Effective Time or in connection with this Agreement.

**Section 14     Counterparts**

This Amending Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

**Section 15     Governing Law**

This Amending Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

**[Signature Page to Follow]**

**IN WITNESS WHEREOF** the parties hereto have executed this Amending Agreement as of the day and year first above written.

**RENIN CORP.**, as Canadian Borrower

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**RENIN CORP. US**, as US Borrower

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

KINGSTAR PRODUCTS (WESTERN) INC.

By: \_\_\_\_\_

Title:

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

GENERAL ELECTRIC CAPITAL CORPORATION,  
as the US Agent, US L/C Issuer, US Swingline  
Lender and as a US Lender

By: \_\_\_\_\_  
Title: Its Duly Authorized Signatory

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

GE CANADA FINANCE HOLDING COMPANY, as  
the Canadian Agent, Canadian L/C Issuer, Canadian  
Swingline Lender and as a Canadian Lender

By: \_\_\_\_\_  
Title: Its Duly Authorized Signatory

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

**WELLSPRING CAPITAL PARTNERS III, L.P.**

By: WCM GENPAR III, L.P., its General Partner

By: WCM GENPAR III GP, LLC, its General Partner

By: \_\_\_\_\_

Name:

Title:

**OCM HOME DÉCOR HOLDINGS, LTD.**

By: \_\_\_\_\_

Name:

Title: Authorized Signatory

By: \_\_\_\_\_

Name:

Title: Authorized Signatory

**NARCISSUS MIRROR INC.**

By: \_\_\_\_\_

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

**HOME DÉCOR LUXEMBOURG S.À.R.L.**

By: \_\_\_\_\_

Name:

Title: Authorized Signatory

**J-PON CORP.**

By: \_\_\_\_\_

Name:

Title: Authorized Signatory

**KEVINC CORP.**

By: \_\_\_\_\_

Name:

Title: Authorized Signatory

**AVATAR CORP.**

By: \_\_\_\_\_

Name:

Title: Authorized Signatory

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C., 1985 c. C-36, AS AMENDED

Court File No. CV-11-9509-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
RENIN CORP., RENIN CORP. US AND KINGSTAR PRODUCTS (WESTERN) INC.

Applicants

<p><b>ONTARIO</b> <b>SUPERIOR COURT OF JUSTICE</b> <b>COMMERCIAL LIST</b></p> <p>Proceeding commenced at Toronto</p>
<p><b>PLAN OF ARRANGEMENT</b> <b>OF RENIN CORP., RENIN CORP. US and</b> <b>KINGSTAR PRODUCTS (WESTERN) INC.</b></p> <p><b>NORTON ROSE OR LLP</b> 200 Bay Street, Suite 3800 Toronto, Ontario M5J 2Z4</p> <p><b>Mario J. Forte</b> LSUC#: 27293F Tel: 416-216-4870 / Fax: 416-216-3930</p> <p><b>Virginie Gauthier</b> LSUC#: 41097D Tel: 416-216-4853 / Fax: 416-216-3930</p> <p><b>Evan Cobb</b> LSUC #: 55787N Tel: 416-216-1929 / Fax: 416-216-3930</p> <p>Lawyers for Renin Corp., Renin Corp. US and Kingstar Products (Western) Inc.</p>

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985, c.C-36,  
AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF RENIN CORP.,  
RENIN CORP. US AND KINGSTAR PRODUCTS (WESTERN) INC.

APPLICANTS

Court File No: CV11-9509-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SECOND REPORT OF  
FTI CONSULTING CANADA INC.  
DATED DECEMBER 19, 2011**

**OSLER, HOSKIN & HARCOURT LLP**  
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