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COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

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

AND IN THE MATTER OF THE *ALBERTA BUSINESS CORPORATION ACT*, R.S.A. 2000, c. B-9, AS AMENDED

APPLICANT

RS TECHNOLOGIES INC.

DOCUMENT

AFFIDAVIT IN SUPPORT OF INITIAL ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP

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File Ref.: 89300/1

AFFIDAVIT OF HOWARD R. ELLIOTT

I, Howard R. Elliott, of the City of Milan, in the State of Michigan, United States of America, **MAKE OATH AND SAY THAT:**

1. I am the President and Chief Executive Officer of RS Technologies Inc. (“RS” or the “Company”) and swear this Affidavit on behalf of RS. I have personal knowledge of the facts deposed to herein or, where indicated, I have been advised and believe the facts to be true to the best of my knowledge, information and belief. In preparing this Affidavit, I have also consulted with other members of the senior management team at RS.

2. I am authorized to make this affidavit on behalf of RS.

RELIEF REQUESTED

3. This Affidavit is made in support of an application by the Company for an Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), among other things:

- (a) declaring that the Company is one to which the CCAA applies;
- (b) staying all proceedings and remedies taken or that might be taken in respect of the Company or any of its property, except as otherwise set forth in the Initial Order or as otherwise permitted by law;
- (c) authorizing the Company to carry on business in a manner consistent with the preservation of its property and to make certain payments in connection with its business and the proceedings herein;
- (d) appointing FTI Consulting Canada Inc. as monitor (the "**Monitor**" or "**FTI**") of the Company in these proceedings;
- (e) authorizing FTI to negotiate and, subject to approval of the Court, enter into interim financing (the "**Interim Financing**") up to the amount of \$2,750,000 and granting a charge against all of the property and assets of the Company in favour of such interim lender (the "**Interim Lender**") to secure the Interim Financing;
- (f) authorizing FTI to negotiate and, subject to approval of the Court, enter into a sale and investor solicitation process; and
- (g) permitting the Company to file with the Court a plan or plans of compromise or arrangement between the Company and its creditors.

CORPORATE OVERVIEW

4. RS has its head and registered office in Calgary, Alberta and was incorporated in 1995. RS was previously known as "Resin Systems Inc." and in June of 2010 formally changed its name to RS Technologies Inc. RS was formerly a publicly listed corporation trading on the TSX Venture Exchange (the "TSXV") and is incorporated under the *Alberta Business Corporations Act* (the "ABCA"). The authorized share capital consists of an unlimited number of common shares and unlimited number of preferred shares issuable in series.
5. RS currently has 17,963,864 issued and outstanding common shares, 6,666,480 issued and outstanding preferred shares and 4,977,586 issued and outstanding warrants. RS also has an employee stock option plan for employees, directors and consultants which as of September 30, 2012 has 13,300 stock options outstanding.
6. RS is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia that was previously listed on the TSX, the TSXV and the NEX board of the TSXV until June 27, 2011. Effective June 27, 2011, the common shares of RS are no longer listed and posted for trading on the NEX board of the TSXV. The de-listing was a condition precedent to financing obtained by RS at that time and was done with the consent of its shareholders. Since that date, RS has continued to be a reporting issuer and has complied with those requirements, but its shares are no longer listed on a recognized exchange.
7. RS has two wholly-owned subsidiary companies that do not currently carry on business. These subsidiaries are, RS Advanced Structures Inc. and Resin Systems (USA) Inc., which do not have any material assets. RS does not currently contemplate that either of its subsidiaries will be seeking protection under the CCAA.
8. RS has approximately 54 employees and 3 contractors that work to provide services and manage its operations for clients around the world. As will be described in further detail below, RS's employees and consultants are critical to the operations and success of the Company.

BACKGROUND AND BUSINESS OPERATIONS

9. RS is an ISO 9001:2008 certified company that designs, engineers and manufactures award-winning modular composite poles (“**RS Poles**”). RS Poles are used in transmission, distribution and communication applications and offer a lighter, more durable and longer-lasting solution over wood, steel or concrete alternatives. In many instances, the environmentally friendly poles deliver the lowest total installed and lifecycle costs solution of any pole currently on the market.
10. RS Poles are made of a composite material. Composites are a reinforcing fiber held in a polymer matrix which are found in many high-quality, durable and cost-effective products. The modular and durable design of the RS Poles allows them to be custom fitted to any installation environment as the ten different modules which make up an assembly can be used to make a pole any size up to a maximum length of 47.2 metres (155 feet). Also, the modules can fit or “nest” inside each other for transportation and storage allowing for more poles to be shipped in the same amount of space and more poles to be stored in a smaller area compared to traditional, single piece poles.
11. RS Poles are particularly suitable for both technical and economic reasons, for certain segments of the market where environmental conditions, weight, physical access, lead time, aesthetics, transportation, high strength, enhanced safety or service life requirements can best be satisfied by the use of RS’s advanced composite structures.
12. RS Poles have many product advantages including, but not limited to, lowest total lifecycle costs resulting from low total logistics costs, low liability costs and long life, as elaborated on further below:
 - (a) low total logistics costs – the lightweight modular design produces many benefits including high strength-to-weight ratios;
 - (b) low total liability cost – resulting from increased safety, including, self-extinguishing in the context of a fast-moving brush fire, prevents pole fires and

arcing due to lightning strikes, environmentally friendly, minimal maintenance and reduced inspection frequency; and

- (c) long life – RS Poles are corrosion resistant, immune to rot and pests and UV resistant.
13. RS Poles are unique and are produced exclusively by RS. The process and material inputs by which RS Poles are manufactured is considered a key piece of intellectual property which is critical to RS's business. The Company protects its intellectual property using a combination of trade secrets and know-how, patent protection, trademarks, non-disclosure agreements and physical security measures. RS's intellectual property includes its resin formulations, proprietary product designs and construction methods, and proprietary production equipment and processes.
 14. RS generates revenue from the direct sale, marketing and distribution of RS Poles to communications and utility companies around the world. RS manages and executes both direct sales and sales through designated distributors in certain geographic regions. The designated distributors currently operate on behalf of RS pursuant to distribution agreements in parts of Canada, Caribbean, Scandinavia, Australia, New Zealand, Russia, Ukraine, Kazakhstan, Belarus, Venezuela and Guatemala.
 15. RS has continued its efforts to penetrate the utility and communications industry in these areas by targeting projects and programs whose characteristics present a need for one or more of the features of the RS Poles. RS has also targeted key stakeholders such as regulators and engineering and construction companies.
 16. RS has a sales agreement (the "**Bayer Agreement**") with Bayer Inc. for the supply of certain raw materials. The materials supplied by Bayer Inc. pursuant to the Bayer Agreement are essential for RS to operate its business and continue to produce its inventory.
 17. RS operates a manufacturing plant (the "**Plant**") in Tilbury, Ontario which has been operating at only about 25% of available plant capacity for the past year. Production at

the Plant is supported by the Company's onsite resin blending operation and RS continues to monitor and minimize its raw material inventories.

18. RS's raw material consists of resin, fiberglass, hardware, accessories and chemicals. Glass fibre and chemicals represent a significant cost to produce RS's composite materials and prices of such materials, especially chemicals, fluctuates as they are commodities and are directly dependent on supply.
19. To date, the Company's main source of cash has been through the issuance of debt and equity securities. For the first nine months of 2012, the Company reported a loss of \$1.5 million and used net cash in operating activities of \$0.3 million. At September 30, 2012, the Company had negative working capital of \$6.9 million, an accumulated deficit of \$224.9 million and shareholders deficiency of \$11.5 million.
20. Since 2009 the Company has informally restructured its affairs in a variety of ways in an attempt to become cash flow positive. Steps taken during this period included:
 - (a) January 2010 – amended the terms of unsecured convertible debenture to pay interest payments on the unsecured convertible debentures in common shares instead of in cash;
 - (b) August 2010 - \$25 million of unsecured convertible debentures were converted into common shares of RS; and
 - (c) October 2010 - \$10 million of secured convertible debentures were converted into common shares of RS.
21. In June of 2011, RS obtained additional financing by way of secured convertible debentures in an amount up to \$6.0 million. During this period, RS also secured bank loans up to the amount of \$7.0 million to support its operations.
22. The Company has actively sought to reduce its operating expenses by surrendering leases, improving manufacturing yields, matching its production schedule and capacity to customer demand and minimizing waste at its production facilities. RS has also

monetized extensive existing finished goods inventory and streamlined its management and employees to further reduce its costs and overhead. During 2012, these cost reduction initiatives substantially reduced the Company's estimated breakeven sales requirement.

23. RS has reduced the total amount of outstanding accounts receivable and continues to collect on such accounts receivable in a timely fashion in order to minimize the impact of receivables upon its cash flow and operations.
24. The Company currently has available tax losses in excess of approximately \$170 million and such losses would represent an advantage to the Company if they can be utilized to off-set net income generated from sales.

SENIOR MANAGEMENT

25. The Company's senior management is currently made up of the following:
 - (a) Howard Elliott – President and Chief Executive Officer – I have in excess of 25 years in the development, production and sale of advanced composite material products and have managed businesses in an executive capacity in the United States and Asia. Prior to joining RS in 2008, I acquired extensive experience in the optimization of complex manufacturing and business operations with industry-leading global corporations in the United States, Japan and European Union. Since joining RS in May, 2008, I have led the Company's operations and technical functions, significantly improving manufacturing processes, yields, operating costs and product performance. In November, 2011, I was appointed President and CEO and have since created a business plan to further reduce corporate costs, increase sales, and set-up conditions for growth and value creation;
 - (b) Joel Tennison – Chief Financial Officer – Mr. Tennison has worked previously as a business analyst for a large technology manufacturer and then as a manager of marketing at an emerging software company. Mr. Tennison was called to the bar

in Alberta in June of 2007 and practiced law in the corporate and securities group of a major national law firm. Mr. Tennison has been with RS since 2008 and previously held the position of Director of Corporate Development. Mr. Tennison is a key member of the senior management group.

SECURED CREDITORS

26. RS's secured creditors (collectively, the "**Secured Creditors**") include the following:
- (a) Werklund Capital Corporation ("**WCC**") and Melbye Skandinavia AS ("**Melbye**") – \$6.0 million first secured convertible debenture (the "**Convertible Debenture**");
 - (b) Canadian Western Bank ("**CWB**") – subordinated secured demand loan in the amount of \$7.0 million (the "**Demand Loan**");
 - (c) The Corporation of the Municipality of Chatham-Kent – mortgage over the Plant with the current amount outstanding of \$497,889 (the "**Mortgage**"). Attached hereto and marked as Exhibit "A" is a copy of the Mortgage; and
 - (d) Royal Bank of Canada ("**RBC**") – one year cashable guaranteed investment certificate ("**GIC**") in the amount of approximately \$147,000 which has been provided to secure the amounts outstanding from time to time on the Company's Visa credit card.
27. On September 4, 2012, pursuant to a debenture syndication and agency agreement (the "**Syndication Agreement**") Melbye acquired a 50% interest in WCC's existing \$6.0 million Convertible Debenture and an interest in the security underlying the Convertible Debenture, which granted security against all of the undertaking, property and assets of the Company. Each of WCC and Melbye rank equally and *pari passu* with one another and are secured pro rata based on their respective amounts funded to the Company under the Convertible Debenture. The entire amount available under the Convertible Debenture has now been fully drawn.

28. The Convertible Debenture is set to mature on January 5, 2014 and the entire amount of the Convertible Debenture will be due and payable by RS on that date. A copy of the Convertible Debenture and all amendments are attached hereto and collectively marked as Exhibit "B".
29. The Demand Loan bears interest at bank prime plus one percent and has an outside due date of December 1, 2013. A copy of the Demand Loan is attached hereto and collectively marked as Exhibit "C".
30. The Demand Loan is subordinated to the Convertible Debenture. To secure the Demand Loan and ensure repayment of the amounts outstanding under it, CWB has obtained personal guarantees totalling \$7.0 million and various forms of collateral from certain current and former directors of RS. RS understands that CWB holds approximately \$6.0 million in collateral from the guarantors as security for the current amount outstanding under the Demand Loan.
31. The maximum amount of the Company's Visa cards is \$140,000 and RBC currently holds a cashable GIC in the approximate amount of \$147,000 as security for those obligations. RS believes that RBC is unaffected by the priority charges being sought by the Company as a result of this security.
32. Throughout 2012, RS has been working actively with WCC and Melbye to obtain up to an additional \$6.0 million in financing. WCC and Melbye advised RS that they were prepared to advance a further \$3.0 million on a *pari passu* basis with the Convertible Debenture only if RS could obtain additional financing to match that of WCC and Melbye in the amount of \$3.0 million. Such additional financing would rank *pari passu* with the amounts outstanding under the Convertible Debenture. The most recent deadline imposed by WCC and Melbye for RS to obtain such additional financing was February 28, 2013 and that deadline was not further extended.
33. In February, 2012, RS engaged Kingsdale Capital Inc. ("**Kingsdale**") to assist with raising the additional \$3.0 million. To date, RS and Kingsdale have been unsuccessful in

securing the necessary financing to match the proposed \$3.0 million from WCC and Melbye.

34. The Convertible Debenture is fully drawn and RS has been unable to secure additional financing. As of March 30, 2013, RS will no longer have sufficient cash necessary to operate its business on even a limited basis. At present, RS has limited ability to place orders for raw materials as a result of its cash position and its potential inability to satisfy invoices for such raw materials required to manufacture the RS Poles. As a result of the foregoing, I am of the opinion that RS has no other option but to take steps to restructure its outstanding indebtedness under the CCAA.

INDEBTEDNESS

35. RS owes an aggregate of approximately \$13,500,000 in secured debt to the Secured Creditors.
36. RS's other major creditors include trade creditors and on-going obligations to its employees for wages and employer funded employee benefit programs.

ASSETS AND LIABILITIES

37. Attached hereto and marked as Exhibits "D", "E" and "F", respectively, are copies of the unaudited financial statements for RS for the 9 months ended September 30, 2012 and the audited financial statements for RS for the years ended December 31, 2011 and December 31, 2010.

Assets

38. In general the assets of the Company are comprised of cash on deposit, accounts receivable, property and equipment, prepaid expenses, goodwill, and intangible assets as follows:
- (a) Cash on Deposit –\$300,000 (current);
 - (b) Accounts receivable – \$1,535,490 (current);

- (c) Prepaid expenses and deposits - \$240,000 (as of September 30, 2012);
- (d) Inventories - \$2,279,000 (as of September 30, 2012);
- (e) Property, plant and equipment - \$1,290,000 (as of September 30, 2012);

Total Assets - \$5,644,490;

collectively, the "Assets".

Liabilities

39. The approximate balance owing to the secured and unsecured creditors of the Company are as follows:

Unsecured Liabilities

- (a) Accounts payable - \$985,810 (current);
- (b) Unsecured promissory notes - \$297,000 (as of September 30, 2012);
- (c) Redeemable preference shares - \$2,059,000 (as of September 30, 2012);
- (d) Long-term debt - \$338,000 (as of September 30, 2012);
- (e) Other current liabilities - \$658,000 (as of September 30, 2012); and
- (f) Other long-term liabilities - \$124,000 (as of September 30, 2012).

Secured Liabilities

- (g) As outlined above in paragraph 35, the current secured liabilities of RS total approximately \$13,500,000,

Total liabilities - \$17,961,810

(collectively, the "Liabilities").

INSOLVENCY

40. The Company is currently insolvent as its Liabilities exceed its Assets and the Company is unable to meet its obligations generally as they become due.

EVENTS LEADING TO PRESENT APPLICATION

41. RS's present financial circumstances are the result of an initially over-optimistic estimation of the rate of market penetration for the RS Poles and the aggressive expenditure of capital in a short-period of time when it began producing the RS Poles. This resulted in significantly lower than expected revenue from sales at the outset of the Company's operations and ultimately proved to be a significant drain on the Company's capital resources during this initial period of production.
42. Historically, there have been several major barriers to obtaining high volume sales experienced by RS. Due to the initial cost of implementing the RS Poles into their operations, many utility and transmission companies in the target market have been reticent to be early adopters of this superior form of pole, and, as a result, the RS Poles have not been accepted and implemented by the market as readily as was anticipated by the Company.
43. The issues concerning the relative cost of the RS Poles is further compounded because the utilities industry has traditionally had a conservative mindset when making the decision to purchase poles for its operations. This conservative mindset does not typically take into account the total cost of ownership or total cost of installation of traditional poles versus RS Poles, nor the benefits associated with the superior technical performance of the RS Poles generally.
44. A further historical challenge for RS to increase its sales and market penetration to utility and communications customers is the amount of time it takes to qualify its products for use with new customers. This process involves having its products technically accepted and getting those products entered into a customer's inventory for use in its operations. Other challenges in achieving higher volume sales to new customers are that RS has to

train installation crews on appropriate installation techniques and educate customers' engineers on the inherent characteristics and advantages of composite poles. The completion of this process with a new customer must occur prior to those customers utilizing RS Poles on larger scale commercial projects and more frequently in ongoing pole maintenance and replacement programs. The time it can take for a new customer to become fully capable to integrate the RS Poles into its operations can range from 6 to 48 months.

45. As described above, the process used by utilities to qualify new products is often lengthy and highly technical. However, the Company is beginning to see improvement in its sales, is beginning to realize the results of years of effort in a number of key accounts and is gaining traction and acceptance of its product as a superior alternative in key geographic markets such as North America, Australia, South America and Scandinavia.
46. These results are due to the gradual acceptance of the inherent efficiencies and technical advantages of the RS Poles, the streamlining of the process for integrating the RS Poles into its customers' operations and the low total cost of ownership of the RS Poles. In the first two months of 2013, RS achieved the sales targets set by the Board of Directors for purchase order generation, is expected to reach a break-even operational capacity by 2014 and achieved positive gross margin for the first time in years in the first quarter of 2012. RS continues to improve its sales and marketing by supporting those efforts with detailed design and engineering and, in certain instances, procurement functions for which it does not charge its clients, all of which add additional value to its products.
47. The Company has expended a significant amount of capital on developing the RS Poles, including on its intellectual property and manufacturing operations. RS is burdened by the amount of indebtedness it has incurred in order to finance the development of the RS Poles, the acquisitions of Plant and material processing facilities, to continue with its direct sales, marketing and distribution program and to grow its customer base by seeking out new clients in different parts of the globe. Despite its best efforts to drive sales, informally restructure its finances and reduce the costs of its operations, RS continues to operate on a negative cash flow basis.

48. If RS's assets were to be liquidated, this would have serious impact on the value that might be obtained for its creditors and it would have a detrimental effect for all stakeholders, including employees, suppliers, customers and shareholders. RS has significant assets, including its intellectual property and production facilities, employees and tax losses which may be utilized for the benefit of its stakeholders only if RS continues as a going concern and if such losses can be preserved.
49. Further, and as a result of the foregoing, the holders of the Convertible Debenture have advised that they are not prepared to provide additional working capital to RS in its present financial circumstances. RS urgently requires additional financing in order to fund its on-going operations. Currently, RS is relying on modest cash reserves and funds generated from sales to meet its obligations and the amount of such funds is insufficient to satisfy its general operating costs.
50. As a result of its depleted cash reserves and lack of available credit, RS has been unable to order critical raw materials to maintain continuous operations at its Plant. RS has already had to schedule a one week shutdown of the Plant and if RS does not obtain Court approval of the Interim Financing by the end of business on Thursday, March 14, 2013 it will be unable to order the necessary raw materials and will likely have to schedule a further shutdown of another week.
51. On or about February 13, 2013, RS engaged FTI as financial advisor to assist it with considering strategic alternatives in order to address its current financial circumstances outlined above and some of the challenges to its operations. On February 28, 2013, the board of directors of the Company unanimously resolved to direct the Company to proceed towards making preparations for a filing under the CCAA, if necessary, and to negotiate and finalize agreements and documents necessary for any such filing.
52. As demonstrated in the Cash Flow Projections (as defined below) the revenue generated by RS will only be sufficient to allow it to make its day to day operational payments until March 30, 2013. The cash flow is insufficient to allow it to service or repay its significant secured debt.

53. Further and as a result of the financial condition of the Company described above, certain existing and prospective customers, suppliers, and other creditors have expressed concerns about the Company's long-term viability to provide its products on an ongoing basis. Due to these concerns RS has experienced an additional sales barrier in trying to increase sales of its RS Poles in a competitive market with the inevitable result of the loss of potential customers.

CASH FLOW PROJECTIONS

54. Attached hereto and marked as Exhibit "G" are the cash flow projections of the Company (the "**Cash Flow Projections**") for the 13 week period commencing March 11, 2013 and ending the week of June 29, 2013. Based on my knowledge of the financial position of the Company and based on assumptions set out in the cash flow statements, I do verily believe that they are fair and reasonable. The Cash Flow Projections contain the representations that I am advised by the Company's counsel, Kelly Bourassa of Blake, Cassels & Graydon LLP, are prescribed by the CCAA regulations.
55. Management of the Company has worked with FTI, the proposed Monitor to create the Cash Flow Projections, which include an assumption for provision of Interim Financing.
56. I believe based on the Cash Flow Projections that the Company will be able to meet its post-filing obligations in the ordinary course of business.

INTERIM FINANCING

57. As discussed above, RS is currently suffering a liquidity crisis and requires funding to maintain its operations in the short-term and to fund its restructuring efforts. RS requires Interim Financing in the maximum amount of \$2,750,000 to allow it to continue its operations and fund the costs associated with these proceedings. The ability of RS to obtain advances under the Interim Financing is generally limited to what is contemplated in the Cash Flow Projections approved by the Monitor and the Interim Lender. It is contemplated that the Interim Financing will have priority over all of the property of RS but be subordinate to the Administration Charge (as that term is defined in the Initial

Order). A Copy of the Interim Financing Credit Agreement as negotiated by management is attached hereto as Exhibit "H".

58. In the absence of obtaining the Interim Financing and the Interim Financing charge as sought, RS will not be able to fund its ongoing operations over the next 30 days, and as a result, may be forced into bankruptcy or have a receiver appointed over its assets and undertakings. As described above, this would adversely affect all the stakeholders of RS, including its creditors, customers, employees, suppliers and shareholders.
59. RS's financial advisor, FTI, has advised that given the asset value of the Company and its urgent financial circumstances, it would be very difficult to locate additional proposals from arm's-length interim lenders. Management of RS has taken considerable time to negotiate the terms of the interim financing and, based upon the advice of its advisors and its present financial circumstances, as set out above, I believe that the proposed interim financing is reasonable in the circumstances:

PLAN OF ARRANGEMENT

60. Based upon the Cash Flow Projections and the other financial information set out in this Affidavit, I believe that, given a reasonable period of time to reorganize its financial affairs, the Company has a realistic prospect of filing a viable plan of arrangement or compromise (the "**Plan**"). The Plan may incorporate one or more of the following strategic alternatives:
- (a) a sale of certain or all of the Company's assets or shares pursuant to a sales and investment solicitation procedure;
 - (b) an investment by way of equity in the Company by a qualified investor; or
 - (c) effecting a restructuring of the secured debt and equity to allow a more efficient and streamlined entity to emerge from insolvency.
61. Management of the Company has negotiated with WCC and Melbye regarding the extent to which the Interim Lender may be willing to provide additional support to the Company

in these proceedings, including potentially participating in the SISP by submitting a form of stalking horse credit bid.

MONITOR

62. I believe that FTI is qualified and competent to act as Monitor under the CCAA proceedings. FTI is not the auditor of the Company. Attached hereto and marked as Exhibit "I" is a copy of the signed Consent of FTI to act as Monitor.

ADMINISTRATION AND DIRECTOR AND OFFICER CHARGES

63. The proposed Initial Order contains a charge against the property of the Company as security for the professional fees and disbursements incurred by the Monitor, counsel to the Monitor, and the Company's legal counsel both prior to and after the making of the Initial Order.
64. The Company currently has in place directors and officers insurance that does not expire until September 13, 2012. A copy of the directors and officers insurance policy is attached hereto as Exhibit "J".

NOTICE AND URGENCY

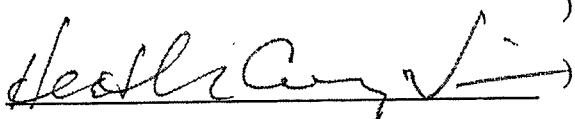
65. Notice of this application has been given to the Secured Creditors (except RBC) and no other notice of this application has been given to any other creditor or interested party because:
- (a) the Company has numerous contracts, including the distribution agreements and the Bayer Agreement, with third parties. The continuation of these contracts is critical to the ability of the Company to operate while under protection of the CCAA and in order for the Company to develop a viable plan of arrangement and maximize value for its creditors, and if these agreements were terminated before the Initial Order is granted, it would have a material adverse affect on the Company; and

(b) if the Company gives general notice to other creditors, those creditors might take steps to enforce their claims against the Company and the Company's assets, before the Initial Order is granted, which would have a material adverse affect on the ability of the Company to continue to operate its business in the ordinary course.

66. I believe that the most feasible option for RS to restructure and best serve all of its stakeholders is through a CCAA proceeding. The protection provided by the CCAA will allow RS to conduct a sales and investment solicitation procedure, determine how to restructure its indebtedness and maximize the value of its assets for the benefit of all of its stakeholders.

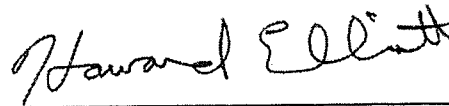
67. I swear this Affidavit in support of the application of the Company under the provisions of the CCAA for an Initial Order substantially in the form of the draft Initial Order which is submitted with this Application, declaring the Company is a corporation to which the CCAA applies, authorizing the Company to obtain the Interim Financing, providing for the appointment of the Monitor, granting a stay of proceedings on the terms set out in the draft Initial Order, and granting such other relief as is set out in the draft Initial Order.

SWORN BEFORE ME, at the City of)
Ann Arbor, Michigan this 13 day of)
March, 2013)



A Notary Public in and for the State of)
Michigan, United States of America)

HEATHER CONWAY-VISSER)
NOTARY PUBLIC, STATE OF MI)
COUNTY OF WASHTENAW)
MY COMMISSION EXPIRES Aug 12 2017)
ACTING IN COUNTY OF Wash^{tenaw})



HOWARD R. ELLIOTT

