

**Court File No. CV-12-9539-00CL**

**Timminco Limited  
Bécancour Silicon Inc.**

**FIFTH REPORT OF THE MONITOR**

**April 9, 2012**

**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  
TIMMINCO LIMITED AND BÉCANCOUR SILICON INC.

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

**INTRODUCTION**

1. On January 3, 2012, Timminco Limited (“**Timminco**”) and Bécancour Silicon Inc. (“**BSI**”, together with Timminco, the “**Timminco Entities**”) 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**”) was made by the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), granting, *inter alia*, a stay of proceedings against the Applicants until February 2, 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. Pursuant to the Order of the Honourable Mr. Justice Morawetz dated January 27, 2012, the Stay Period was extended to April 30, 2012.

3. Pursuant to the Order of the Honourable Mr. Justice Morawetz granted March 9, 2012 (the “**Bidding Procedures Order**”), the Timminco Entities were authorized to enter into the Stalking Horse Agreement and the Bidding Procedures were approved, each as defined in the Monitor’s Fourth Report.
4. To date, the Monitor has filed reports on various matters relating to the CCAA Proceedings. The purpose of this, the Monitor’s Fifth Report, is to inform the Court on the Timminco Entities’ request for an Order extending the Phase II Bid Deadline as defined in the Bidding Procedures from 10:00 a.m. Eastern Time April 16, 2012 to 5:00 p.m. Eastern Time April 19, 2012 and the Monitor’s 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 previous reports of the Monitor, the Bidding Procedures Order or in the Initial Order.

## **PROPOSED EXTENSION OF THE PHASE II BID DEADLINE**

### **STAKEHOLDER MEETINGS**

7. Following submissions of Phase I Bids, the Timminco Entities, in consultation with the Monitor, determined that several parties were Qualified Phase I Bidders. In order to protect the integrity of the marketing process, the number of Qualified Phase I Bidders and the details of the Phase I Bids are not being disclosed at this time. If the Court so desires, the Monitor will provide a summary of the Phase I Bids under appropriate confidentiality arrangements.
8. A number of Qualified Phase I Bidders requested that they be allowed to have discussions with various stakeholders, including DCC, the CEP (the Quebec-based union of BSI) and IQ prior to the Phase II Bid Deadline. At least one party stated that it may not be prepared to submit a Phase II Bid unless such discussions were allowed.
9. The Timminco Entities, in consultation with the Monitor, determined that it was in the best interests of the marketing process and the estate to allow Qualified Phase I Bidders to have discussions with DCC, CEP and IQ, provided that a representative of the Monitor was present for all such discussions and that the identities of Qualified Phase I Bidders be kept confidential. Accordingly, on March 27, 2012, the Timminco Entities asked the Qualified Phase I Bidders to inform the Timminco Entities and the Monitor if they wished to have discussions with stakeholders. The Stalking Horse Bidder was also asked to advise the Timminco Entities whether it wanted to have discussions with stakeholders.

10. A significant number of the Qualified Phase I Bidders informed the Timminco Entities and the Monitor that they wanted to have discussions with some or all of DCC, CEP and IQ. A number of Qualified Phase I Bidders also requested the opportunity to have discussions with certain other parties. In consultation with the Monitor, the Timminco Entities determined that it would not be in the best interests of the estate or the marketing process to permit discussions with these other parties at this time.
11. On the afternoon of April 2, 2012, DCC informed the Timminco Entities and the Monitor that it would make itself available for meetings and discussions with Qualified Phase I Bidders on April 4, 2012. Given the short notice and the fact that the Qualified Phase I Bidders included a number of parties from outside North America, the Timminco Entities and the Monitor both endeavoured to persuade DCC to make its representatives available at other times prior to the Phase II Bid Deadline. However, DCC's representatives were otherwise unavailable prior to the Phase II Bid Deadline.
12. The Monitor contacted each of the Qualified Phase I Bidders that had expressed an interest in having discussions with DCC to make arrangements for such discussions. While certain Qualified Phase I Bidders were able to make themselves available on April 4, 2012, a number of others were not. In addition, the Stalking Horse Bidder informed the Monitor on April 5, 2012 that it would like to meet with a number of stakeholders.
13. A number of meetings have now taken place either by telephone or in person between Qualified Phase I Bidders and, separately, DCC and CEP. Additional meetings for Qualified Phase I Bidders with CEP and IQ are scheduled for the week ended April 13, 2012.

14. At a meeting on April 4, 2012, the Monitor again urged DCC to make representatives available for meetings at additional times prior to the Phase II Bid Deadline. DCC again stated that the relevant personnel were not available in that period. DCC did, however, state that its representatives could be available for meetings or discussions with Qualified Phase II Bidders for two additional days on either April 17 and 18 or possibly April 16 and 17.

**PROPOSED EXTENSION AND MONITOR'S RECOMMENDATION**

15. Pursuant to the Bidding Procedures, the Phase II Bid Deadline is 10:00 a.m. Eastern Time on April 16, 2012 and the Auction, assuming that at least one Qualified Phase II Bid is submitted by the Phase II Bid Deadline, shall commence at 10:00 a.m. Eastern Time on April 24, 2012.
16. The Bidding Procedures contemplate that changes may be made during the course of the marketing process. Paragraph 15 of the Bidding Procedures states, *inter alia*:

“These Bidding Procedures may be modified or amended only upon the express written consent of the Debtors, after consultation with the Monitor, and, if such modification or amendment materially deviates from these Bidding Procedures, with the written consent of the Stalking Horse Bidder, or by order of the Court.”

17. In order to provide the opportunity for all Qualified Phase I Bidders that have requested the opportunity to speak with DCC prior to the Phase II Bid Deadline, the Timminco Entities sought the consent of the Stalking Horse Bidder for an extension of the Phase II Bid Deadline from 10:00 a.m. Eastern Time April 16 to 5:00 p.m. Eastern Time April 19, 2012 with all other dates set out in the Bidding Procedures, including the date of the Auction, to remain unchanged. The Stalking Horse Bidder declined to provide its consent. Accordingly, the Timminco Entities are now seeking an Order of the Court for the extension of the Phase II Bid Deadline from 10:00 a.m. Eastern Time April 16 to 5:00 p.m. Eastern Time April 19, 2012.
18. The proposed extension of the Phase II Bid Deadline should enable those Qualified Phase I Bidders that were not able to have discussions with DCC on April 4, 2012 to have such discussions prior to the submission of a Phase II Bid, thereby protecting the integrity of the marketing process by providing a reasonable opportunity for all Qualified Phase I Bidders wanting to have discussions with DCC to do so and consequently improving the likelihood that the marketing process will maximize realizations for the benefit of all stakeholders.
19. In drafting the Bidding Procedures, the Timminco Entities, in consultation with the Monitor, included a period between the Phase II Bid Deadline and the date of the Auction in order to provide time for the analysis of Phase II Bids. The Timminco Entities and the Monitor are each of the view that the extension of the Phase II Bid Deadline, and the consequent reduction in time between the Phase II Bid Deadline and the date of the Auction, will not adversely impact their ability to adequately analyse the Phase II Bids prior to the Auction.

20. The Bidding Procedures were intended to provide a fair and reasonable opportunity for other parties to submit offers that would result in a better result for stakeholders than the completion of the Stalking Horse Agreement. The Auction provides for a fair opportunity for all Qualified Phase II Bidders, including the Stalking Horse, to improve their offers in an open and competitive process. In the Monitor's view, given the lack of availability of DCC representatives prior to April 16, 2012, the extension of the Phase II Bid Deadline while leaving the date of the Auction unchanged is a reasonable step in furtherance of those goals and does not prejudice the Stalking Horse or the marketing process as a whole.
21. Accordingly, the Monitor supports the Timminco Entities' request for an extension of the Phase II Bid Deadline to 5:00 p.m. Eastern Time April 19, 2012.

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

Dated this 9<sup>th</sup> day of April, 2012.

FTI Consulting Canada Inc.  
In its capacity as Monitor of  
Timminco Limited and Bécancour Silicon Inc.



Nigel D. Meakin  
Senior Managing Director



Toni Vanderlaan  
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