

***** Non-certified translation of French Initial Order *****

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

File: No: 500-11-033643-087

SUPERIOR COURT
Commercial Division

Montreal, June 26, 2008

Present: The Honourable Chantal Corriveau , S.C.J.

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

A.H. (MTL) INC.,

and

A.H. (T.R.) INC.,

and

A.H. (AYL) INC.,

and

A.H. (QUÉ) INC.,

and

A.H. ROYALE INC.,

and

LES IMMEUBLES A.H. (ST-BASILE) INC.,

and

LES IMMEUBLES A.H. (AYLMER) INC.,

and

**LES IMMEUBLES A.H. (TROIS-RIVIÈRES)
INC.,**

and

A.H.Q. (GESTION) INC.,

Petitioners

and

**ATTRACTIONS HIPPIQUES (MONTRÉAL)
S.E.C.,**

and

**ATTRACTIONS HIPPIQUES (TROIS-
RIVIÈRES) S.E.C.,**

and

**ATTRACTIONS HIPPIQUES (AYLMER)
S.E.C.,**

and

**ATTRACTIONS HIPPIQUES (QUÉBEC)
S.E.C.,**

Mises en cause

and

RSM RICHTER INC.

Monitor

INITIAL ORDER

SEEING Petitioners' petition for an initial order pursuant to Sections 4, 5 and 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "CCAA") and sections 2, 20, 33 and 46 of the C.C.P., and the exhibits, and the affidavit of Mr. Ian Wetherly filed in support thereof (the "**Petition**"), the consent of RSM Richter Inc. to act as monitor (the "**Monitor**") and the submissions of counsel for Petitioners;

GIVEN the provisions of the CCAA;

WHEREFORE, THE COURT:

1. GRANTS the Petition.
2. ISSUES an order pursuant to Sections 4, 5 and 11 of the CCAA and the sections 2, 20, 33 and 46 of the C.C.P. (the “**Order**”), divided under the following headings:
 - Service
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the Petitioner, the Mises en cause, the Property, the Directors or others
 - Possession of Property and Carrying on Business
 - Restructuring
 - Interim Financing
 - [...]
 - Powers of the Monitor
 - Priorities and General Provisions Relating to CCAA Charges
 - General

Service

3. EXEMPTS A.H. (MTL) Inc., A.H. (T.R.) Inc., A.H. (AYL) Inc., A.Y. (QUÉ) Inc., A.H. Royale Inc., Les Immeubles A.H. (St-Basile) Inc., Les Immeubles A.H. (Aylmer) Inc., Les Immeubles A.H. (Trois-Rivières) Inc. and A.H.Q. (Gestion) Inc. (the “**Petitioners**”) from having to serve the Petition and from any notice of presentation.

Application of the CCAA

4. DECLARES that Petitioners are debtor companies to which the CCAA applies. Although not Petitioners, Attractions Hippiques (Montréal) S.E.C., Attractions Hippiques (Québec) S.E.C., Attractions Hippiques (Trois-Rivières) S.E.C. and Attractions Hippiques (Aylmer) S.E.C. (“Mises en cause”) shall enjoy the benefits of the protections provided by this Order.

5. ALLOWS Petitioners and Mises en cause to produce joint proceedings with respect to the CCAA, including the Initial Order;

Effective time

6. DECLARES that from immediately after 11:59 P.M. (Montreal time) on the day prior to the Order (the “**Effective Time**”) to the time of the granting of the Order, any proceeding, act or action taken or notice given by any Person in respect of Petitioners and Mises en cause, the Directors or the Property (as those terms are defined hereinafter), are deemed not to have been taken or given, as the case may be, to the extent such proceeding, act, action or notice would otherwise be stayed after the granting of the Order.

Plan of Arrangement

7. ALLOWS the Petitioners and Mises en cause to file with this Court and submit to their creditors one or more plans of compromise or arrangement under the CCAA (collectively, the “**Plan**”) between, among others, Petitioners and Mises en cause and one or more classes of its creditors as Petitioners and Mises en cause may deem appropriate, on or before the Stay Termination Date (as defined hereinafter) or such other time or times as may be allowed by this Court.

Stay of Proceedings against the Petitioners, the Mises en cause, the Property, the Directors or others

8. ORDERS that, until and including July 24, 2008, or such later date as the Court may order (the “**Stay Termination Date**”, the period from the date of the Order to the Stay Termination Date being referred to as the “**Stay Period**”), no right, legal or conventional, may be exercised and no proceeding, at law or under a contract, by reason of this Order or otherwise, however and wherever taken (collectively the “**Proceedings**”) may be commenced or proceeded with by anyone, whether a person, firm, association, partnership, corporation, stock exchange, government, administration or entity exercising executive, legislative, judicial, regulatory or administrative functions (collectively, “**Persons**” and, individually, a “**Person**”) against or in respect of Petitioners and Mises en cause, or any of the present or future property, assets, rights and undertakings of Petitioners and Mises en cause, of any nature and in any location, whether held directly or indirectly by Petitioners

and Mises en cause, in any capacity whatsoever, or held by others for Petitioners and Mises en cause (collectively, the “**Property**”), and all Proceedings already commenced against Petitioners and Mises en cause or any of the Property, are stayed and suspended until the Court authorizes the continuation thereof, the whole subject to the provisions of the CCAA.

9. ORDERS that, without limiting the generality of the foregoing, during the Stay Period, all Persons having agreements, contracts or arrangements with Petitioners and Mises en cause or in connection with any of the Property, whether written or oral, for any subject or purpose:
 - (a) are restrained from accelerating, terminating, cancelling, suspending, refusing to modify or extend on reasonable terms such agreements, contracts or arrangements or the rights of Petitioners and Mises en cause or any other Person thereunder;
 - (b) are restrained from modifying, suspending or otherwise interfering with the supply of any goods, services, or other benefits by or to such Person thereunder (including, without limitation, any directors’ and officers’ insurance, any telephone numbers, any form of telecommunications service, any oil, gas, electricity or other utility supply); and
 - (c) shall continue to perform and observe the terms and conditions contained in such agreements, contracts or arrangements, so long as Petitioners and Mises en cause pays the prices or charges for such goods and services received after the date of the Order as such prices or charges become due in accordance with the law or as may be hereafter negotiated (other than deposits whether by way of cash, letter of credit or guarantee, stand-by fees or similar items which Petitioners and Mises en cause, shall not be required to pay or grant), unless the prior written consent of Petitioners and Mises en cause and the Monitor is obtained or the leave of this Court is granted;
10. ORDERS that, without limiting the generality of the foregoing and subject to Section 18.1 of the CCAA, if applicable, cash or cash equivalents placed on deposit by Petitioners and

Mises en cause with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by Petitioners and Mises en cause and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into Petitioners and Mises en cause account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

11. ORDERS that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, bond or guarantee (the “**Issuing Party**”) at the request of Petitioners and Mises en cause shall be required to continue honouring any and all such letters, bonds and guarantees, issued on or before the date of the Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid therefore.
12. DECLARES that, to the extent any rights, obligations, or time or limitation periods, including, without limitation, to file grievances, relating to Petitioners and Mises en cause or any of the Property may expire, other than the term of any lease of real property, the term of such rights or obligations, or time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that Petitioners and Mises en cause become bankrupt or a receiver within the meaning of paragraph 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) is appointed in respect of Petitioners and Mises en cause, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of Petitioners and Mises en cause in determining the 30-day periods referred to in Sections 81.1 and 81.2 of the BIA.
13. ORDERS that no Person may commence, proceed with or enforce any Proceedings against any former, present or future director or officer of Petitioners and Mises en cause or any person that, by applicable legislation, is treated as a director of Petitioners and Mises en

cause or that will manage in the future the business and affairs of Petitioners and Mises en cause (each, a “**Director**”, and collectively the “**Directors**”) in respect of any claim against such Director that arose before this Order was issued and that relates to obligations of Petitioners and Mises en cause for which such Director is or is alleged to be liable (as provided under Section 5.1 of the CCAA) until further order of this Court or until the Plan, if one is filed, is refused by the creditors or is not sanctioned by the Court.

[...]

14. ORDERS that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, officers, employees, legal counsel or financial advisers of Petitioners, the Mises en cause, the Monitor, the Interim Lender (as defined hereinafter) or the legal counsel or financial advisers to the Monitor or to the Interim Lender, for or in respect of the Restructuring (as defined hereinafter) or the formulation and implementation of the Plan without first obtaining leave of this Court, upon seven days written notice to Petitioners and Mises en cause’s ad litem counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.

Possession of Property and Carrying on Business

15. ORDERS that, subject to the terms of the Order, Petitioners and Mises en cause shall remain in possession of their Property until further order in these proceedings.
16. ALLOWS Petitioners and Mises en cause to continue to carry on their business and financial affairs in good faith and in a manner consistent with the commercially preservation thereof.
17. ALLOWS the Petitioners and Mises en cause to be entitled, with the consent of the Monitor, to pay the following expenses which may have been incurred prior to the Effective Time:
 - a) All outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay, bonus, and expenses

(but excluding severance pay) payable before or after the Effective Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred;

b) All outstanding and future insurance premiums (including directors and officers liability insurance, property and casualty, group insurance or other necessary insurance policy)

18. ALLOWS the Petitioners and Mises en cause to continue to honour and pay the bettors holding accounts for betting by phone or by internet, and the members of the PariPlus program;
19. ALLOWS the Petitioners and Mises en cause, with the consent of the Monitor, to pay certain critical creditors, whether situated in Canada or outside of Canada;
20. ALLOWS the Petitioners and Mises en cause, with the consent of the Monitor and without Court approval, to terminate or suspend for the period of the Stay Period and any renewal(s), such of their arrangements or agreements of any nature whatsoever (including without limitation racing in the Montreal Hippodrome, the Sulky Québec, the Sulky Trois-Rivières and the Sulky Gatineau), whether written or oral, as Petitioners and Mises en cause deem appropriate and to deal with the consequences thereof in the plan of arrangement to be filed by Petitioners and Mises en cause;
21. ALLOWS the Petitioners and Mises en cause, for the period of the Stay Period and any renewal(s), with the consent of the Monitor and without Court approval, to suspend or downsize or shut down any part or location of the business of the Petitioners and Mises en cause, or their operations and to sell or otherwise dispose of redundant or non material assets in a transaction of \$100,000.00 or in a series of transactions not exceeding \$500,000.00;
22. ORDERS that, in the event of such termination or suspension of any arrangements or agreements, all parties thereto be restrained and prevented, without Court approval, from imposing any penalties as a result thereof, and from suspending or terminating the benefits

of any guaranteed payments and of any exclusivity of holding horse races in any hippodrome or region during the period of the Stay Period and any renewal(s) thereof;

23. ORDERS that, in the event of such termination or suspension of any arrangements or agreements, all parties thereto be restrained and prevented, without Court approval, from imposing any penalties with respect to the minimum amount of purses and / or the allocation of the purses, during the period of the Stay Period and any renewal(s) thereof;
24. ORDERS that during the period of the present Stay Period, and any renewal(s) of same as the case may be, the right of any person, firm, corporation, governmental authority or other entity, without leave of this Court, to assert, enforce or exercise any right, option or remedy arising by law, regulation or contract against any Petitioner or Mises en cause or their Property (including without limitation, rights under subsection 224 (1.2) of the Income Tax Act (Canada) or its provincial equivalents, any right of dilution, registration, encumbrance, buy-out, divestiture, repudiation, rescission, forced sale, acceleration, set off, compensation, repossession, conversion, possession, termination, suspension, modification or cancellation or right to revoke any qualification or registration) by virtue of any agreement, law, regulation or by any other means, including as a result of any default, or non-performance by the Petitioners or Mises en cause, the making or filing of these proceedings, or any allegations contained in these proceedings or the exercising of any right or provision provided for in the order to be issued hereunder, be and is hereby restrained;
25. ORDERS that during the Stay Period, and any renewal(s) of same, as the case may be, no person, firm, corporation or government authority, or other entity shall, without leave of this Court, discontinue, fail to renew, alter, interfere with or suspend or terminate any right, contract, arrangement, agreement, licence or permit in favour of the Petitioners and the Mises en cause or their Property or held by or on behalf of the Petitioners and the Mises en cause including as a result of any default or non-performance by Petitioners or the Mises en cause, the making or filing of these proceedings or any allegation contained in these proceedings, or the exercise of any right or provision provided for in the order to be rendered hereunder;

26. EXEMPTS the Petitioners and the Mises en cause from obtaining any authorization or approval from any government authority or other entity with respect to modifications or suspension or termination of race programs, race calendars, race events, race modalities, terms and conditions, or in relation with any other modification, suspension or termination that the Petitioners and Mises en cause deem appropriate, with the consent of the Monitor;
27. ORDERS that all persons involved in the collection and distribution of monies in connection with inter-track betting (including without limitation all host tracks and guest tracks in virtue of any contract with Attractions Hippiques) are restrained from stopping, withholding, redirecting, off-setting, compensating, of otherwise interfering with any payments payable to Petitioners and the Mises en cause whether pursuant to settlement plans, arrangements, agreements or otherwise provided that Petitioners and Mises en cause shall make all required payments in accordance with the terms of such plans, arrangements and agreements, after the Effective Time;
28. ORDERS that save as permitted herein, the Petitioners and Mises en cause shall until further order of this Court:
 - a) Save for amounts due to Sun Life Assurance Company of Canada, The Manufacturers Life Insurance Company, Industrial Alliance Insurance and Financial Services Inc., RBC Dexia Investor Services Trust, Trustee, BCE Master Trust Fund, The Toronto Dominion Bank and Computershare Trust Company of Canada, in whatever capacity including without limitation, amounts due under the Term loan, the Operating loan and under the Interim Financing Documents and security therefore, not make payments of principal, interest or otherwise on account of amounts owing by Petitioners and Mises en cause to any other creditors and lenders, and bankers as of the Effective Date;
 - b) Other than for Sun Life Assurance Company of Canada, The Manufacturers Life Insurance Company, Industrial Alliance Insurance and Financial Services Inc., RBC Dexia Investor Services Trust, Trustee, BCE Master Trust Fund, The Toronto Dominion Bank and Computershare Trust Company of Canada, in whatever capacity, not grant to any existing creditor, lender or

banker any hypothec, security interest, trust, lien, charge or encumbrance upon or in respect of any of their Property nor become a guarantor or surety nor otherwise become liable in any manner with respect to any other person or entity;

- c) Only grant credit to customers of the business of the Petitioners and Mises en cause only for goods and services actually supplied to those customers and on payment terms ordinarily granted by the Petitioners and Mises en cause in the usual course of their business;

Restructuring

29. DECLARES that, to facilitate the orderly restructuring of its business and financial affairs (the “**Restructuring**”), Petitioners and Mises en cause shall have the right, subject to approval of the Monitor or further order of the Court, to:

- (a) permanently or temporarily cease, suspend, downsize or shut down any of its operations or locations as it deems appropriate and make provision for the consequences thereof in the Plan;

- (b) pursue all avenues to market and sell, subject to subparagraph (c), the Property, in whole or part;

[...]

- (c) convey, transfer, assign, lease, or in any other manner dispose of the Property, in whole or in part, provided that the price of a transaction does not exceed \$100,000.00 and the price of a series of transactions does not exceed \$500,000.00 in the aggregate, and provided that Petitioners and Mises en cause apply any proceeds thereof in accordance with the Interim Financing Term Sheet and the Interim Financing Documents (each as defined hereinafter);

- (d) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other

amounts in respect thereof are not paid in the ordinary course, make provision for any consequences thereof in the Plan, as Petitioners and the Mises en cause may determine;

(e) subject to paragraphs 31 and 32 hereof, vacate or abandon any leased real property or repudiate any lease and ancillary agreements related to any leased premises as it deems appropriate, provided that Petitioners and Mises en cause give the relevant landlord at least seven days prior written notice, on such terms as may be agreed between Petitioners and Mises en cause and such landlord, or failing such agreement, to make provision for any consequences thereof in the Plan; and

(f) repudiate such of its agreements, contracts or arrangements of any nature whatsoever, whether oral or written, as it deems appropriate, on such terms as may be agreed between Petitioners and Mises en cause and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan and to negotiate any amended or new agreements or arrangements.

30. DECLARES that, in order to facilitate the Restructuring, Petitioners and Mises en cause may, without being obliged and subject to approval of the Monitor:

(a) settle claims of customers and suppliers that are in dispute; and

(b) establish a plan for the retention of key employees and the making of retention payments or bonuses in connection therewith.

31. DECLARES that, if leased premises are vacated or abandoned by Petitioners and Mises en cause pursuant to subparagraph 29e), the landlord may take possession of any such leased premises without waiver of, or prejudice to, any claims or rights of the landlord against Petitioners and Mises en cause, provided the landlord mitigates its damages, if any, and releases any such leased premises to third parties on such terms as any such landlord may determine.

32. ORDERS THAT Petitioners and Mises en cause shall provide to any relevant landlord notice of Petitioners and Mises en cause intention to remove any fixtures or leasehold

improvements at least seven days in advance. If Petitioners and Mises en cause have already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute.

33. DECLARES that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, Petitioners and Mises en cause are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to its advisers (individually, a “**Third Party**”), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with Petitioners and Mises en cause binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to Petitioners and Mises en cause or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation and implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by Petitioners and Mises en cause;

Interim Financing

34. ORDERS that, notwithstanding any other provision of the Order, Petitioners and Mises en cause be and are hereby authorized to guarantee the repayment of the Interim Financing, borrow, repay and reborrow from Sun Life Assurance Company of Canada, The Manufacturers Life Insurance Company, Industrial Alliance Insurance and Financial Services Inc., RBC Dexia Investor Services Trust, Trustee, BCE Master Trust Fund, The Toronto Dominion Bank (the “**Interim Lenders**”) such amounts from time to time as Petitioners and Mises en cause may consider necessary or desirable, up to a maximum principal amount of \$2,000,000.00 outstanding at any time, on the terms and conditions

as set forth in the Interim Financing Term Sheet (Exhibit R-9) (the “**Interim Financing Term Sheet**”) and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of Petitioners and Mises en cause and to pay such other amounts as are permitted by the terms of the Order and the Interim Financing Documents (as defined hereinafter) (the “**Interim Facility**”);

35. ORDERS that, notwithstanding any other provision of the Order, Petitioners and Mises en cause are hereby authorized to execute and deliver such credit agreements, security documents, hypothecs and other definitive documents (collectively the “**Interim Financing Documents**”) as may be required by the Interim Lenders in connection with the Interim Facility and the Interim Financing Term Sheet, and Petitioners and Mises en cause are hereby authorized to perform all of their obligations under the Interim Financing Documents;
36. ORDERS that, notwithstanding any other provision of the Order, Petitioners and Mises en cause, shall pay to the Interim Lenders in virtue of their guarantee, when due, all amounts owing (including principal, interest, fees and expenses, including without limitation, all fees and disbursements of counsel and all other advisers to or agents of the Interim Lenders on a full indemnity basis (the “**Interim Lender Expenses**”)) under the Interim Financing Documents and shall perform all of their other obligations to the Interim Lenders pursuant to the Interim Financing Term Sheet, the Interim Financing Documents and the Order;
37. ORDERS that all of the Property, including the immoveables described in the conclusions hereof, of Petitioners and Mises en cause be charged by a hypothec, mortgage, lien and security interest to the extent of the aggregate amount of \$2,500,000.00 (such hypothecs, mortgages, liens and security interests, together with any hypothecs, mortgages, liens or security interests created by the Interim Financing Documents, the “**Interim Lender Charge**”) in favour of Sun Life Assurance Company of Canada, The Manufacturers Life Insurance Company, Industrial Alliance Insurance and Financial Services Inc., RBC Dexia Investor Services Trust, Trustee, BCE Master Trust Fund, The Toronto Dominion Bank and Computershare Trust Company of Canada, in whatever capacity as security for all obligations of Petitioners and Mises en cause to

the Interim Lender with respect to all amounts owing (including principal, interest and the Interim Lender Expenses) under or in connection with the Interim Financing Term Sheet and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs 51 and 52 hereof;

38. ORDERS AND DECLARES that the rights and claims of Sun Life Assurance Company of Canada, The Manufacturers Life Insurance Company, Industrial Alliance Insurance and Financial Services Inc., RBC Dexia Investor Services Trust, Trustee, BCE Master Trust Fund, The Toronto Dominion Bank and Computershare Trust Company of Canada, in whatever capacity including their claims arising under the Interim Financing Documents, shall not be stayed, affected or compromised under any Plan of arrangement and Sun Life Assurance Company of Canada, The Manufacturers Life Insurance Company, Industrial Alliance Insurance and Financial Services Inc., RBC Dexia Investor Services Trust, Trustee, BCE Master Trust Fund, The Toronto Dominion Bank and Computershare Trust Company of Canada shall be treated as unaffected by any stay created in these proceedings or any proceedings, including a filing of a notice of intention to file a proposal, a filing of proposal or receivership commenced by or against Petitioners under the *Bankruptcy and Insolvency Act* of Canada (the "BIA");

39. ORDERS that the Interim Lenders may:

(a) notwithstanding any other provision of the Order, take such steps from time to time as they may deem necessary or appropriate to register, record or perfect the Interim Lenders Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and

(b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to Petitioner and Mises en cause in accordance with and to the extent provided in the provisions of the Interim Financing Term Sheet and the Interim Financing Documents;

39.1 ORDERS AND DECLARES that the existing security, granted by Petitioners and Mises en cause in favour of Sun Life Assurance Company of Canada, The Manufacturers Life Insurance Company, Industrial Alliance Insurance and Financial Services Inc., RBC

Dexia Investor Services Trust, Trustee, BCE Master Trust Fund and The Toronto Dominion Bank or in favour of Computershare Trust Company of Canada on their behalf, is deemed to secure the repayment of all sums owing and the execution of all obligations under the Interim Financing Documents;

40. ORDERS that the Interim Lenders shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least 3 business days written notice (the “**Notice Period**”) of a default thereunder to the Petitioners and Mises en cause, the Monitor and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lenders Charge and otherwise permitted at law, the whole in accordance with applicable provincial laws, but without having to send any demands under Section 244 of the BIA;
41. ORDERS that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 34 to 40 hereof unless either (a) notice of a motion for such order is served on the Interim Lenders by the moving party within seven (7) days after that party was served with the Order or (b) the Interim Lender applies for or consents to such order;

[...]

Powers of the Monitor

42. ORDERS that RSM Richter Inc. is hereby appointed to monitor the business and financial affairs of Petitioners and Mises en cause as an officer of this Court (the “**Monitor**”) and that the Monitor shall, in addition to the duties and functions referred to in Section 11.7 of the CCAA:
- (a) send notice of the Order, within 10 days, to every known creditor of Petitioners and Mises en cause having a claim of more than \$250 against it, advising that such creditor may obtain a copy of the Order on the internet at the website of the Monitor (the “**Website**”) or, failing that, from the Monitor and the Monitor shall

so provide it. Such notice shall be sufficient in accordance with Subsection 11(5) of the CCAA;

- (b) assist Petitioners and Mises en cause, to the extent required by Petitioners and Mises en cause, in dealing with its creditors and other interested Persons during the Stay Period;
- (c) assist Petitioners and Mises en cause, to the extent required by Petitioners and Mises en cause, with the preparation of its cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (d) advise and assist Petitioners and Mises en cause, to the extent required by Petitioners and Mises en cause, to review Petitioners and Mises en cause business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (e) assist Petitioners and Mises en cause, to the extent required by Petitioners and Mises en cause, with the Restructuring and in its negotiations with its creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (f) report to the Court on the state of the business and financial affairs of Petitioners and Mises en cause or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- (g) report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- (h) retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of the Order, including, without limitation, one or more entities related to or affiliated with the Monitor;

- (i) engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;
- (j) may act as a “foreign representative” of Petitioners and Mises en cause in any proceedings outside of Canada;
- (k) may give any consent or approval as are contemplated by the Order;
- (l) may open bank accounts at any financial institution, in the name of the Monitor, on behalf of the Petitioners and Mises en cause;
- (m) may deposit the Interim Facility received by or on behalf of the Petitioners into such bank accounts;
- (n) may draw from such bank accounts in order to pay any of the Petitioners and Mises en cause’s expenses in accordance with the projections (as defined and in accordance with the Interim Financing Term Sheet); and
- (o) perform such other duties as are required by the Order, the CCAA or this Court from time to time.

The Monitor shall not otherwise interfere with the business and financial affairs carried on by Petitioners and Mises en cause, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of Petitioners and Mises en cause.

43. ORDERS that Petitioners and Mises en cause and its directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of Petitioners and Mises en cause in connection with the Monitor’s duties and responsibilities hereunder.

44. DECLARES that the Monitor may provide creditors and other relevant stakeholders of Petitioners and Mises en cause with information in response to requests made by them in writing addressed to the Monitor and copied to and Mises en cause's counsel. The Monitor shall not have any duties or liabilities in respect of such information disseminated by it pursuant to the provisions of the Order or the CCAA, other than as provided in paragraph 46 hereof. In the case of information that the Monitor has been advised by Petitioners and Mises en cause is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of Petitioners and Mises en cause unless otherwise directed by this Court.
45. DECLARES that the Monitor shall not be, nor be deemed to be, an employer or a successor employer of the employees of Petitioners and Mises en cause or a related employer in respect of Petitioners, the Partnerships and Trust within the meaning of any federal, provincial or municipal legislation governing employment, labour relations, pay equity, employment equity, human rights, health and safety or pensions or any other statute, regulation or rule of law or equity for any similar purpose and, further, that the Monitor shall not be, nor be deemed to be, in occupation, possession, charge, management or control of the Property or business and financial affairs of Petitioners and Mises en cause pursuant to any federal, provincial or municipal legislation, statute, regulation or rule of law or equity which imposes liability on the basis of such status, including, without limitation, the *Environment Quality Act* (Quebec), the *Canadian Environmental Protection Act, 1999* or the *Act Respecting Occupational Health and Safety* (Quebec) or similar other federal or provincial legislation.
46. DECLARES that, in addition to the rights and protections afforded to the Monitor by the CCAA, the Order or its status as an officer of the Court, the Monitor shall not incur any liability or obligation as a result of its appointment and the fulfilment of its duties or the provisions of the Order, save and except any liability or obligation arising from the gross negligence or wilful misconduct, and no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven days notice to the Monitor and its counsel. The entities related to or affiliated with

the Monitor referred to in subparagraph 42(h) hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.

47. ORDERS that Petitioners and Mises en cause shall pay the fees and disbursements of the Monitor, the Monitor's legal counsel, Petitioners and Mises en cause's legal counsel and other advisers, incurred in connection with or with respect to the Restructuring, whether incurred before or after the Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
48. DECLARES that the Monitor, the Monitor's legal counsel, the Petitioners and Mises en cause's legal counsel and other advisers, as security for the professional fees and disbursements incurred both before and after the making of the Order in respect of these proceedings, the Plan and the Restructuring, in addition to the retainers referred to paragraph 49 hereof, be entitled to the benefit of and are hereby granted a hypothec on, mortgage of , lien on, and security interest in the Property including the immoveables described in the conclusions hereof to the extent of the aggregate amount of \$350,000.00 (the "**Administration Charge**"), having the priority established by paragraphs 49 and 50 hereof.

Priorities and General Provisions Relating to CCAA Charges

49. DECLARES that the priorities of the Administration Charge [...] and Interim Lender Charge (collectively, the "**CCAA Charges**"), as between them with respect to any Property to which they apply, shall be as follows:
- (a) first, the Administration Charge;
 - (b) second, [...] the Interim Lender Charge;
 - (c) [...]
50. DECLARES that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, conditional sale agreements, financial leases, charges, encumbrances or security of whatever nature or kind (collectively, "**Encumbrances**") affecting any of the Property.

51. ORDERS that, except as otherwise expressly provided for herein, Petitioners and Mises en cause shall not grant any Encumbrances in or against any Property that rank in priority to, or pari passu with, any of the CCAA Charges unless Petitioners and Mises en cause obtain the prior written consent of the Monitor and the prior approval of the Court.
52. DECLARES that each of the CCAA Charges shall attach, as of the Effective Time of the Order, to all present and future Property of Petitioners and Mises en cause, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
53. DECLARES that the CCAA Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any petition for a receiving order filed pursuant to the BIA in respect of Petitioners and Mises en cause or any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of Petitioners and Mises en cause; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds Petitioners and Mises en cause (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:
 - (a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by Petitioners and Mises en cause of any Third Party Agreement to which it is a party; and
 - (b) any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.
54. DECLARES that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of Petitioners and Mises en cause and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of Petitioners and Mises

en cause, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by Petitioners and Mises en cause pursuant to the Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

55. DECLARES that the CCAA Charges shall be valid and enforceable as against all Property of Petitioners and Mises en cause and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of Petitioners and Mises en cause, for all purposes.

General

56. DECLARES that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by Petitioners and Mises en cause under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
57. DECLARES that, except as otherwise specified herein, Petitioners and Mises en cause are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of Petitioners and Mises en cause and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.
58. DECLARES that Petitioners and Mises en cause may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that Petitioners and Mises en cause shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
59. DECLARES that any party in these proceedings, other than Petitioners and Mises en cause, may serve any court materials electronically, by emailing a PDF or other electronic copy of

all materials to counsels' email addresses, provided that such party shall deliver both PDF or other electronic copies and "hard copies" of all materials to counsel to Petitioners and Mises en cause and the Monitor and to any other party requesting same.

60. DECLARES that, unless otherwise provided herein or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for Petitioners and Mises en cause and the Monitor and has filed such notice with this Court.
61. DECLARES that Petitioners and Mises en cause or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
62. DECLARES that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon seven days notice to Petitioners and Mises en cause, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
63. DECLARES that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
64. DECLARES that the Monitor, with the prior consent of Petitioners and Mises en cause, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under section 304 of the *U.S. Bankruptcy Code*, for which the Monitor shall be the foreign representative of Petitioners and Mises en cause. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.
65. REQUESTS the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or

administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.

66. ORDERS the provisional execution of the Order notwithstanding any appeal and without the necessity of furnishing any security.

67. The description of the immovable located in Saint-Basile-le-Grand is as follows:

« Un immeuble situé en la ville de Saint-Basile-le-Grand, province de Québec, connu et désigné comme étant composé des lots numéros TROIS MILLION SOIXANTE-DIX-HUIT MILLE CINQ CENT VINGT-DEUX (lot 3 078 522), TROIS MILLION SOIXANTE-DIX-HUIT MILLE CINQ CENT SOIXANTE-QUATRE (lot 3 078 564), TROIS MILLION SOIXANTE-DIX-HUIT MILLE CINQ CENT SOIXANTE-DIX-SEPT (lot 3 078 577), TROIS MILLION QUATRE-VINGT MILLE (lot 3 080 000) et QUATRE MILLION VINGT-SEPT MILLE DEUX CENT SOIXANTE-SIX (lot 4 027 266), tous du cadastre du Québec, circonscription foncière de Chambly.

Le tout avec tous les bâtiments, installations et structures érigés sur l'immeuble, sans exception ni réserve, notamment sans limitation, un centre public d'entraînement de chevaux de courses sous harnais connu sous le nom de « Centre d'entraînement Des Chênes », lequel est situé au 43, rue Principale, Saint-Basile-le-Grand, province de Québec, J3N 1N3. »

68. The description of the immovable located in Gatineau is as follows:

« Un immeuble ayant front sur le chemin d'Aylmer, en la ville de Gatineau, province de Québec, connu et désigné comme étant composé des lots numéros TROIS MILLION CENT SEIZE MILLE CENT DIX-NEUF (3 116 119), TROIS MILLION CENT SEIZE MILLE SEPT CENT SOIXANTE-CINQ (3 116 765) TROIS MILLION CENT QUINZE MILLE NEUF CENT SOIXANTE-DEUX (3 115 962) TROIS MILLION CENT QUINZE MILLE HUIT CENT CINQUANTE-ET-UN (3 115 851) et TROIS MILLION CENT QUINZE MILLE CINQ CENT SOIXANTE-DOUZE (3 115 572), tous du cadastre du Québec, circonscription foncière de Gatineau.

Le tout avec tous les bâtiments, installations et structures érigés sur l'Immeuble, notamment sans limitation, les bâtisses portant les numéros civiques 768 et 774, chemin d'Aylmer, Ville de Gatineau, province de Québec, J9H 5E5.»

69. The description of the immoveable located in Trois-Rivières is as follows:

«Un immeuble connu et désigné comme étant composé des lots suivants, savoir :

a) le lot numéro TROIS MILLIONS HUIT CENT QUATRE-VINGT-QUINZE MILLE QUATRE CENT QUARANTE SIX (3 895 446) du Cadastre du Québec, circonscription foncière de Trois-Rivières;

b) le lot numéro TROIS MILLIONS HUIT CENT QUATRE-VINGT-QUINZE MILLE QUATRE CENT QUARANTE-SEPT (3 895 447) du cadastre du Québec, circonscription foncière de Trois-Rivières;

c) le lot numéro TROIS MILLIONS HUIT CENT QUATRE-VINGT-QUINZE MILLE QUATRE CENT QUARANTE-HUIT (3 895 448) du cadastre du Québec, circonscription foncière de Trois-Rivières;

d) le lot numéro TROIS MILLIONS NEUF CENT SEPT MILLE DEUX CENT SOIXANTE-DIX-HUIT (3 907 278) du cadastre du Québec, circonscription foncière de Trois-Rivières;

Avec toutes les bâtisses dessus construites, circonstances et dépendances. »

Montreal, June 26, 2008

Honourable Chantal Corriveau S.C.J.