CANADA

PROVINCE OF QUÉBEC
DISTRICT OF FRONTENAC

No.: 235-11-000008-259

SUPERIOR COURT

Commercial Division

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF:

ASBESTOS CORPORATION LIMITED

Debtor/Co-Applicant

- and -

CERTAIN UNDERWRITERS AT LLOYD'S, LONDON

- and -

TENECOM LIMITED

- and -

THE OCEAN MARINE INSURANCE COMPANY LIMITED

- and -

NRG VICTORY REINSURANCE LIMITED

- and -

THE SCOTTISH LION INSURANCE COMPANY LIMITED

Co-Applicants

- and -

RAYMOND CHABOT INC.

Monitor

APPLICATION FOR THE ISSUANCE OF A SECOND AMENDED AND RESTATED INITIAL ORDER AND OTHER RELIEF

(Section 11 of the *Companies' Creditors Arrangement Act*)

FITSNEWS

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TO THE HONOURABLE JUSTICE ÉLIF ORAL OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF FRONTENAC, THE CO-APPLICANTS RESPECTFULLY SUBMIT THE FOLLOWING:

1. INTRODUCTION

1. Asbestos Corporation Limited ("**ACL**" or the "**Debtor**"), along with Certain Underwriters at Lloyd's, London, and Tenecom Limited (as successor to Winterthur Swiss Insurance Company, formerly known as Accident & Casualty Insurance Company of Winterthur, Switzerland, and to Yasuda Fire and Marine Insurance Company (UK) Limited and now known as Tenecom Ltd.), The Ocean Marine Insurance Company (as successor to liabilities of Commercial Union Assurance Company Limited, The Edinburgh Assurance Company, The Indemnity Marine Assurance Company Limited, The Northern Assurance Company Limited, The Road Transport & General Insurance Company Limited, United Scottish Insurance Company Limited, and The Victoria Insurance Company Limited), NRG Victory Reinsurance Limited, as successor to liabilities of New London Reinsurance Company Limited, and The Scottish Lion Insurance Company Limited (collectively, "**CLMI**", together with ACL, the "**Co-Applicants**"), hereby submit to the Superior Court of Québec (Commercial Division) (the "**Court**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, (the "**CCAA**" and the present proceedings in respect thereof, the "**CCAA Proceedings**"), the present *Application for the Issuance of a Second Amended and Restated Initial Order and Other Relief* (the "**Application**").

2. By way of the Application, the Co-Applicants seek:

   (a) the issuance of a Second Amended and Restated Initial Order (the "**Second ARIO**"), substantially in the form of the draft Second ARIO communicated herewith as **Exhibit R-1**, providing for an extension of the stay of proceedings in favour of the Debtor, General Dynamics Corporation ("**General Dynamics**"), CLMI, including CLMI's third-party claims administrator, Resolute Management Inc. ("**Resolute**"), and any insurers, including any other third-party claims administrators (collectively, the "**Stay Parties**", which includes, for greater certainty, counsel to the Stay Parties both in Canada and the United States), the Debtor's respective assets, undertakings and properties (collectively, the "**Property**"), and the directors and officers of the Stay Parties (collectively, the "**D&Os**"), until December 15, 2025 (the "**Stay Period**"); and

   (b) the issuance of a Settlement Approval Order (the "**Transactions Approval Order**"), substantially in the form of the draft order communicated herewith as **Exhibit R-2**, authorizing ACL to proceed with the transactions contemplated in a settlement agreement entered into in November 2024 between ACL, the City of Thetford Mines, Raymond Chabot Inc. in its capacity as trustee in bankruptcy of 9075-6453 Québec Inc., and Mazarin Inc. (the "**Settlement Agreement**").

3. The Co-Applicants understand that, in support of this Application and the relief sought herein, Raymond Chabot Inc. ("**RCI**"), as the court-appointed monitor of the

Debtor (in such capacity, the "**Monitor**") will be filing a third report in advance of the hearing on the Second ARIO (the "**Third Report**") setting out its observations and recommendations with respect to the Co-Applicants' request for the issuance of the Second ARIO.

4. The Co-Applicants respectfully submit that the issuance of the Second ARIO is necessary and appropriate in the circumstances and is in the best interest of the Debtor and its stakeholders.

5. Unless indicated otherwise, all references to currency in this Application are in Canadian dollars.

2. THE PROCEDURAL BACKGROUND

2.1. The Initial Order

6. On May 5, 2025, CLMI commenced the CCAA Proceedings by submitting, to this Court, an *Application for the Issuance of a First Day Initial Order and an Amended and Restated Initial Order* (the "**Initial Application**").

7. On May 6, 2025, the Co-Applicants submitted the *Amended Application for the Issuance of a First Day Initial Order and an Amended and Restated Initial Order* (the "**Amended Initial Application**"), in order to include the Debtor as a co-applicant, seeking the relief thereunder and protection pursuant to the CCAA.

8. On the same date, the Honourable Jean-François Émond, J.S.C., granted part of the relief sought under the Amended Initial Application, and issued, pursuant to the CCAA, an initial order, as rectified by the Court on May 7, 2025 (the "**Initial Order**"), which provided for, *inter alia*, the following relief:

   (a) Application of the CCAA. A declaration that ACL is a "*debtor company*" to which the CCAA applies, and that the commencement of these CCAA Proceedings is appropriate in the circumstances;

   (b) The Monitor. The appointment of RCI as the Monitor of the Debtor in these CCAA Proceedings;

   (c) Stay of Proceedings. A stay of proceedings in respect of the Stay Parties, the Property and the D&Os for an initial period of ten (10) days in accordance with the CCAA;

   (d) COMI Declaration. A declaration that Canada is the "*centre of main interest*" (the "**COMI**") of the Debtor; and

   (e) Sealing Order. The granting of a sealing order in respect of certain confidential exhibits communicated as part of the Amended Initial Application.

2.2. The Provisional Relief in the United States

9. On May 6, 2025, RCI, as the duly appointed foreign representative of the Debtor in the CCAA Proceedings (in such capacity, the "**Foreign Representative**"), commenced recognition proceedings pursuant to Chapter 15 of the US Bankruptcy Code (the "**Chapter 15 Proceedings**") through filing, in the United States Bankruptcy Court for the Southern District of New York (the "**US Court**"), a *Chapter 15 Petition for Recognition of Foreign Proceeding* (the "**Petition**") and a *Verified Petition and Motion of the Foreign Representative for (A) Recognition of the CCAA Proceeding as a Foreign Main Proceeding or, in the Alternative, as a Foreign Nonmain Proceeding, and (B) Certain Related Relief* (the "**Verified Petition**") under Chapter 15 of the United States Bankruptcy Code ("**Chapter 15**") seeking, *inter alia*, entry of an order after notice and a hearing granting recognition of the CCAA Proceedings as a foreign main proceeding or, in the alternative, as a foreign non-main proceeding ("**Recognition Order**").

10. On May 6, 2025, the Foreign Representative also filed before the US Court a *Motion for (I) Ex Parte Emergency Relief and (II) Provisional relief* (the "**Stay Motion**") under Chapter 15 seeking on an emergency, *ex parte* basis, the entry of a temporary restraining order (the "**Emergency Order**") staying all persons and entities from taking any and all actions with respect to the Stay Parties (as defined in the Stay Motion) and/or their U.S. Interest (as defined in the Stay Motion) and upon expedited notice and a hearing, the entry of an order continuing the relief sought in the Emergency Order pending entry of the Recognition Order (the "**Provisional Relief**").

11. On May 6, 2025, the US Court issued the Emergency Order granting the *ex parte* stay relief and setting a hearing on the Provisional Relief for May 19, 2025.

12. Following that hearing, on May 20, 2025, the US Court entered an order granting the Provisional Relief.

2.3. The Forman Contestation and the ARIO

13. On May 13, 2025, Charles Forman, as trustee for the Delaware Bankruptcy Estate of National Service Industries, Inc. ("**NSI**"), and certain asbestos claimants (collectively with NSI, the "**Opposing Parties**"), submitted to the Court a *Written Grounds of Contestation* (the "**Forman Contestation**") contesting, among other things:

    (a) the extension of the stay of proceedings to CLMI, General Dynamics, Resolute and other insurers; and

    (b) that the COMI of the Debtor was in fact in Quebec, Canada.

14. At the Comeback Hearing, on May 15, 2025, the Honourable Jean-François Émond, J.S.C., issued, pursuant to the CCAA, an amended and restated initial order (the "**ARIO**"), which provided for, *inter alia*, the following relief:

    (a) Stay of Proceedings. The extension of the stay of proceedings in respect of the Stay Parties, the Property and the D&Os until September 5, 2025 on

a provisional basis pending a hearing to be held on June 17 and June 18, 2025 to consider the lifting of the stay of proceedings as put forth by the Forman Contestation;

(b) COMI. The Court reaffirmed its determination that ACL's COMI is in Québec, Canada;

(c) Administration Charge. The establishment of a super-priority charge against the Property in an initial amount of USD$1,500,000 (the "**Administration Charge**") to secure the fees and obligations incurred towards Stikeman Elliott LLP and Simpson Thacher & Bartlett LLP as legal advisors to CLMI, Fasken Martineau DuMoulin LLP as legal advisors to ACL, Raymond Chabot, as Monitor of the Debtor, and Raymond Chabot's legal advisors in Canada and the United States (collectively, the "**Professionals**"), for work performed and to be performed in connection with these CCAA Proceedings;

(d) Interim Financing and Interim Lender's Charge. The approval of an Interim Financing Term Sheet (the "**Interim Financing Term Sheet**") entered into between the Debtor and Resolute Management Services Limited (in such capacity, the "**Interim Lender**"), and authorization for the Debtor to borrow from the Interim Lender thereunder a maximum principal amount of USD$20,000,000 (the "**Interim Facility**"), to be secured by a super-priority charge against the Property in the amount of USD$23,000,000; and

(e) Directors' and Officers' Charge. The establishment of a super-priority charge against the Property in an initial amount of USD$300,000 (the "**D&O Charge**") to secure the Debtor's indemnification obligations towards its D&Os in connection with potential liabilities that could arise as and from the issuance of the ARIO.

15. On May 19, 2025, the US Court granted the Foreign Representative's request to extend the Provisional Relief granted in the temporary restraining order pending the debate on the Forman Contestation, and the recognition hearing to be scheduled at a later date (the "**Recognition Hearing**").

16. The parties then proceeded to finalize, on May 30, 2025, the following litigation timetable in the CCAA Proceedings, which outlined the procedural steps, including examinations, communication of information and documentation, as well as the length of the pleadings to be submitted in connection with the hearing on the Forman Contestation:

	PROCEDURAL STEPS AND HEARING	**DEADLINE**
1	Communication of answers to requests 1-10 and 11 (first and third bullet) of the Documentary request of Charles Forman, as Trustee for the Delaware Bankruptcy Estate of National Service Industries, Inc. (the "**NSI Trustee**" and the "**NSI Trustee Document Request**") from ACL and the Co-Applicants in	May 23, 2025

	accordance with the *Procès-verbal d'audience* of the hearing of May 15th, 2025 (the "**PV**")	
2	Communication of document and information request by the Co-Applicants and/or Monitor to the NSI Trustee in connection with the Forman Contestation (the "**ACL Document Request**")	May 27, 2025
3	Virtual examination (Zoom or Teams) of Mr. Charles Forman or another representative of the NSI Trustee, on the written grounds of contestation submitted on his behalf by his counsel, including in particular, paragraphs 20 to 24 of the Forman Contestation – 2 hours	June 12, 2025, in the afternoon
4	Communication of the NSI Trustee's answers to the ACL Document Request	June 6, 2025
5	Communication of answers to requests 11 (second bullet) and 12-17 of the NSI Trustee Document Request in accordance with the terms of the PV	June 6, 2025
6	Filing of any additional evidence by all interested parties	June 11, 2025
7	Communication of the Monitor's report	June 13, 2025
8	Filing of an amended or supplemental *Acte de représentation* by Davies Ward Phillips & Vineberg for other opposing parties other than the NSI Trustee (the "**Other Opposing Parties**"). Names of plaintiffs and information pertaining to their respective claims to be provided at the same time.	June 13, 2025
9	Communication of all plans of arguments (in accordance with the terms of the PV: max. 15 pages for each party, subject to *Regulation of the Court of Appeal of Quebec in Civil Matters* (R.C.A.Q.Civ.M.))	June 14, 2025
10	Hearing on the Forman Contestation	June 17 and 18, 2025

2.4. <u>The Appointment of the CRO</u>

17. On June 13, 2025, the Co-Applicants submitted to the Court an *Application for the Appointment of a Chief Restructuring Officer* (the "**CRO Application**") by which the Co-Applicants sought the approval of Leslie Lederer to act as Chief Restructuring Officer (the "**CRO**") of ACL through services to be provided by LTL Advisory LLC.

18. On June 18, 2025, the Court granted the CRO Application and approved the appointment of Mr. Lederer as CRO.

2.5. The Hearing and Judgment on the Forman Contestation

19. On June 17 and June 18, 2025, the hearing on the Forman Contestation took place, with the Honourable Justice Émond ultimately issuing his decision on July 30, 2025, in which the Court dismissed the Forman Contestation, and in doing so:

    (a) re-confirmed that the COMI of the Debtor was unequivocally in Quebec, Canada;

    (b) refused to limit the stay of proceedings to only the Debtor, noting that to do so would doom the proposed restructuring to fail; and

    (c) maintained, in its entirety, the ARIO granted by the Court on May 15, 2025.

20. On August 20, 2025, the Opposing Parties filed an *Application for Leave to Appeal of a Judgment Rendered during the Proceedings*, appealing the judgment on July 30, 2025. The Application for Leave to Appeal is presentable in front of the Court of Appeal of Québec on September 25, 2025.

3. PROGRESS AND ACTIVITIES IN RESPECT OF THE CCAA PROCEEDINGS

21. Since the issuance of the Initial Order on May 5, 2025, the Debtor, in consultation and with the assistance of the Monitor, has been working in good faith and with due diligence to continue to stabilize ACL's business and operations and to ensure that the present CCAA Proceedings progress expeditiously.

22. In this regard, this section will provide an update regarding the following main actions relating to the CCAA Proceedings, as well as the Chapter 15 Proceedings:

    (a) the Amended Representation Statement;

    (b) the June 18 Order and notices to potential asbestos claimants;

    (c) the CRO's activities;

    (d) the preparation of the claims process;

    (e) the Chapter 15 Proceedings; and

    (f) the stay of proceedings and Atlas Turner Inc.

3.1. The Amended Representation Statement

23. On June 27, 2025, Davies Ward Phillips & Vineberg LLP ("**Davies**") filed, on behalf of the Opposing Parties, an *Acte de représentation amendé* (the "**Amended Representation Statement**") in which it is specified that Davies' mandate to act as counsel for the individuals listed at Schedule A of the Amended Representation Statement was granted by the law firms specified at Schedule A thereof (the "**US Law Firms**").

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24. Upon reviewing the Amended Representation Statement, the Co-Applicants identified a number of issues in respect thereof, which they outlined in a letter to Davies dated July 2, 2025, and which include the following:

    (a) the Amended Representation Statement failed to demonstrate that the US Law Firms have a common interest with the asbestos claimants on whose behalf they purport to act and for whom they gave a representative mandate to Davies in the CCAA Proceedings. This appears to be problematic, since it is a requirement pursuant to the *Code of Civil Procedure*, c-25.01 (the "**CCP**"), that the mandatary, in this case, the US Law Firms, share a common interest in the dispute with the mandator, i.e., the asbestos claimants; and

    (b) the US Law Firms were not added as parties to the Amended Representation Statement. In a situation where one or more persons have mandated one or more mandataries to act on their behalf, a plain reading of the CCP indicates that the mandataries are to be parties to the proceeding in question, given that they are the asserted representatives of the mandators on behalf of which they purport to act.

25. A copy of the letter sent by counsel to CLMI to Davies dated July 2, 2025 is communicated herewith as **Exhibit R-3**.

26. On July 10, 2025, Davies responded to the July 2 letter (the "**July 10 Davies Letter**"), noting that the US Law Firms provided the Monitor with a written letter confirming that they have been engaged to represent the asbestos claimants in all matters relating to their asbestos-related claims against ACL, including, without limitation, any claims arising out of the CCAA Proceedings. The July 10 Davies Letter is communicated herewith as **Exhibit R-4**.

27. On July 24, 2025, the Co-Applicants sent a joint letter to Davies in response to the July 10 Davies Letter (the "**July 24 Letter**"), requesting that either:

    (a) the US Law Firms replace the 1,579 claimants listed in the Amended Representation Statement given their role as mandataries of the 1,579 individual claimants; or

    (b) add the US Law Firms as parties to the Amended Representation Statement.

    A copy of the July 24 Letter is communicated herewith as **Exhibit R-5**.

28. On August 11, 2025, Davies sent a letter to the Co-Applicants in response to the July 24 Letter (the "**August 11 Davies Letter**"), a copy of which is communicated herewith as **Exhibit R-6**. In the August 11 Davies Letter, Davies asserted, in respect of the Amended Representation Statement, that the Amended Representation Statement respects procedural requirements.

29. The Co-Applicants respectfully disagree with the position Davies has taken in the August 11 Davies Letter with regards to the Amended Representation Statement. The Co-Applicants consider that there is still a defect with respect to the Amended

Representation Statement, particularly as to the procedural requirements for the mandate to act on behalf of the 1,579 asbestos claimants.

30. Should Davies fail to amend the Amended Representation Statement in accordance with the requests outlined in the July 24 Letter, as well as fail to explain the US Law Firms' common interest with the asbestos claimants on whose behalf they purport to act, the Co-Applicants reserve their rights to contest any further representations made by Davies, on behalf of the parties listed in the Amended Representation Statement, at any future date.

3.2. The June 18 Order and Notices to Potential Asbestos Claimants

31. During the hearing on the Forman Contestation, the Honourable Justice Émond rendered an order in which he ordered that certain information be communicated directly to each of the 1,579 asbestos claimants listed in the *Acte de représentation* filed by Davies, as well as to all other known potential claimants (the "**June 18 Order**").

32. Pursuant to the June 18 Order, the Court ordered, during the course of the hearing, that the exact comments from the Court be transcribed and sent to these 1,579 asbestos claimants, as well as other known claimants. The exact wording of the June 18 Order was as follows:

> *« Sachant que la présente audition fait l'objet d'une transcription au jour le jour, le Tribunal **DEMANDE** que tout ce qui s'est dit en lien avec la procédure de réclamation à être mise en place et le plan d'arrangement à être éventuellement proposé, lesquels seront assujettis ultimement à l'approbation des créanciers en nombre et en valeurs suffisants, soit communiqué à chacun des 1 600 opposants identifiés aux actes de représentation produits au dossier de la Cour. Le Tribunal rend cette ordonnance parce qu'il considère important que chacune des personnes qui ne sont pas présentes à l'audience soit dûment informée des enjeux que la preuve a révélés.*
>
> *La même ordonnance vaut à l'égard des réclamants identifiés et identifiables. »*

33. In connection with the June 18 Order, Davies also undertook to translate said excerpts, as appears from the relevant extracts of the hearing, a copy of which are communicated herewith as **Exhibit R-7**.

34. On June 30, 2025, the Monitor, pursuant to the June 18 Order, sent a notice to counsel for the asbestos claimants listed in the Amended Representation Statement (the "**June 30 Monitor Notice**"), requesting that the US Law Firms provide the physical and email contact information for each of their clients who have asserted, or may assert, a claim for damages resulting from purported exposure to ACL's asbestos. The June 30 Monitor Notice is communicated herewith as **Exhibit R-8**.

35. On July 9, 2025, twenty (20) law firms responded to the June 30 Monitor Notice (the "**US Law Firm Letter**"), in which they rejected the Monitor's request for

physical and email contact information, and also declared that their clients have been fully informed of the CCAA Proceedings, as appears from the US Law Firm Letter, a copy of which is communicated herewith as **Exhibit R-9**. On August 18, 2025, an additional law firm sent a letter to the Monitor demanding that the Monitor stop direct communication to its clients and demanding that all notices and other correspondence be sent solely to the firm.

36. On July 11, 2025, a subsequent hearing was held, during which Davies confirmed that the eight (8) US law firms that mandated Davies to represent the 1,579 asbestos claimants had communicated with said claimants in accordance with the June 18 Order, as appears from excerpts from the July 11 hearing, communicated herewith as **Exhibit R-10**.

37. However, as of July 22, 2025, Davies had not yet obtained a translation of the official French transcripts of the hearing on the Forman Contestation, nor of the excerpts, as required by the June 18 Order. Therefore, it is clear that as at July 11, the translated transcripts had not been sent to the 1,579 asbestos claimants, and accordingly, Davies and the US Law Firms that it represents, had not yet complied with the June 18 Order.

38. As such, on July 24, 2025, the Co-Applicants sent the July 24 Letter (Exhibit R-4) to Davies asking for clarification, and notably requesting that Davies confirm that the translated transcripts had, in fact, been sent to the 1,579 claimants either by Davies or the US Law Firms representing these claimants.

39. In the August 11 Davies Letter (Exhibit R-6), Davies solely confirmed that they requested that the US Law Firms communicate the relevant information, including the requisite excerpts of the transcripts, to the asbestos claimants; however, Davies was unable or unwilling to confirm if it or the US Law Firms did in fact abide by the June 18 Order.

40. Nevertheless, on July 23, 2025, the Monitor, in compliance with the Court's orders, did send a second notice to the asbestos claimants (the "**July 23 Monitor Notice**"), with the translated excerpts from the hearing on the Forman Contestation, so as to adhere to the June 18 Order, and which excerpts were translated by the Monitor. A copy of the July 23 Monitor Notice is communicated herewith as **Exhibit R-11**.

3.3. The CRO's Activities

41. Since this Court's approval of the CRO Application, the CRO has worked to get up to speed and assist the Co-Applicants with the present CCAA Proceedings.

42. Indeed, since his nomination as such, the CRO has been working in close collaboration with the Monitor and the Co-Applicants in helping to prepare the envisioned claims process, including with respect to the retention of experts for the assessment and eventual evaluation of claims.

43. Furthermore, the CRO conducted the following activities since having been appointed, the whole with a view to assisting in the progress of the CCAA Proceedings:

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(a) held meetings with ACL and its law firm of Deveau Dufour Mottet to discuss and gain insights into the Debtor's operations, both past and present, as well as with respect to the history of asbestos-related claims so as to assist in the preparation of the potential claims process;

(b) held meetings with representatives of Resolute in order to better understand the insurance coverage of ACL, including the insurance policies subscribed to by CLMI; and

(c) conducted activities to help the Co-Applicants prepare in view of the Recognition Hearing.

44. In conducting the above activities, the CRO has been conscientious of the necessity to avoid unnecessarily duplicating work with the other Professionals implicated in the CCAA Proceedings and has conducted himself accordingly. However, the CRO has become a key resource in understanding and providing insight into the best path forward for the timely review and adjudication of claims in working alongside the Monitor.

3.4. <u>The Preparation of the Claims Process</u>

45. Since the issuance of the Initial Order and ARIO, the Co-Applicants have continued to engage with the Monitor, and other stakeholders, to advance these CCAA Proceedings, and in particular, to develop a proposed claims process for the Court's consideration that will ensure that asbestos claimants can have their asbestos claims resolved in an efficient and impartial manner, with a view to ensuring a fair recovery for all parties with valid claims as against ACL.

46. To this end, the Monitor, the CRO and the Co-Applicants have diligently worked together to develop the contours and parameters of the contemplated claims process based on the claims process term sheet previously submitted to the Court as Schedule F to the Monitor's second report, dated June 13, 2025.

47. In so doing, the Co-Applicants, in consultation with the Monitor, have conducted the following activities and actions in respect of the contemplated claims process:

(a) continued preparations in respect of a draft claims bar date order dealing with asbestos claims (the "**Asbestos Bar Date Order**"), as well as a draft claims bar date order dealing with non-asbestos claims (the "**Non-Asbestos Bar Date Order**" and, together with the Asbestos Bar Date Order, the "**Bar Date Orders**");

(b) analyzed, alongside the CRO, a portion of ACL's internal historical records, including data on past sales and asbestos-related claims, among other relevant information, so as to obtain a better comprehension of the potential asbestos-related claim data vis-à-vis the Debtor in the immediate term and moving forward; and

(c) held meetings with the CRO and with the law firm of Deveau Dufour Mottet, legal counsel for ACL, to discuss and gain insights into the Debtor's history

of asbestos-related claims with a view to preparing the Asbestos Bar Date Order.

48. Furthermore, the Monitor interviewed and engaged with experts in respect of asbestos-related claims procedures for the purposes of aiding with the development and review of the contemplated claims process, including the Asbestos Bar Date Order. After interviewing multiple potential candidates, the Monitor is in the process of engaging the selected expert to assist in the claims process.

49. The Co-Applicants intend to file an application to approve the Bar Date Orders within one (1) month of obtaining the Recognition Order in the Chapter 15 Proceedings (noting that the hearing on the recognition relief is currently scheduled for September 16, 2025).

50. It is currently anticipated that the Asbestos Bar Date Order will provide for the following key terms:

(a) Claims Bar Date. The Claims Bar Date currently contemplated will be six (6) months after the date upon which the Asbestos Bar Date Order is approved by the Court;

(b) Existing and Future Asbestos Claims. The Asbestos Bar Date Order currently contemplates the assessment of only existing asbestos claims, with any future asbestos claims being excluded from the Asbestos Bar Date Order and deferred for subsequent consideration by the parties and the Court;

(c) Notification Procedure. The Asbestos Bar Date Order provides for a robust and comprehensive notification procedure, including by way of online, social media and traditional newspaper notification means, as well as including the participation of Kroll Inc., a well-known and experienced claims-notification agent in United States restructuring proceedings, including asbestos restructurings, to ensure that proper notice, service, reception and organization of claims in the United States is respected; and

(d) Proof of Claim. The Asbestos Bar Date Order includes a comprehensive proof of claim form specifically designed and tailored for asbestos claims.

51. Additionally, the claims process outlined in the Bar Date Orders is essentially a two-step process, as outlined below:

(a) first, the Bar Date Orders will establish a claims bar date for both asbestos claims and non-asbestos claims by which any current claimants will have to submit their proof of claim; and

(b) second, subsequent adjudication orders will be submitted to the Court after the Claims Bar Date, which will outline the procedures for the adjudication of asbestos claims and non-asbestos claims, as well as provide for an evaluation matrix specifically in respect of the asbestos claims to establish the values for various asbestos claimants and their diseases and injuries.

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52. In proceeding in this manner, the Co-Applicants seek to adopt a prudent and diligent approach, with a view to developing and arriving at an impartial and equitable claims process in respect of both asbestos claims and non-asbestos claims. Furthermore, the Co-Applicants seek to provide for an expeditious and comprehensive claims process to quickly and efficiently evaluate and, eventually, resolve the universe of claims against ACL.

53. This way of proceeding will also enable the Co-Applicants and the Monitor to obtain a better understanding of the scope and realm of claims against ACL and then, subsequently, draft and develop an order in which the evaluation and adjudication procedures for asbestos and non-asbestos claims are detailed. Such an approach will allow for the continued and diligent progression of the CCAA Proceedings, all the while adopting a prudent and thoughtful approach to the claims process.

54. This approach will not only provide for a more complete and comprehensive understanding of the claims against ACL and assist ACL in its process of completely restructuring its business for the benefit of its stakeholders, but also promote the efficient progression of the CCAA Proceedings.

55. The Co-Applicants reiterate that the claims process is being crafted to take into consideration the best interests of all stakeholders and potential stakeholders of ACL, including, among others, asbestos claimants, in order to:

(a) preserve and enhance the value of ACL for its various stakeholders;

(b) allow for a consistent procedure for the review and determination of claims in a single forum, and the satisfactory adjudication of such claims with any appropriate orderly distribution of funds and compensation to any claimant;

(c) avoid the pre-CCAA filing situation in which there was a "race to the courts" on the part of plaintiffs in the United States in order to seek individual recovery to the detriment of other present and future claimants;

(d) resolve claims against ACL based on their merit, with a view to ensuring that claimants with valid claims are considered in a structured and cost-effective manner; and

(e) devise a simpler, less costly, more effective, efficient, and rapid process to deal with all potential claims, and avoid the inefficient and uncoordinated legal processes that have been prevalent in a multitude of jurisdictions throughout the United States.

3.5. <u>The Chapter 15 Proceedings</u>

56. Since the granting of the Provisional Relief on May 19, 2025, the Co-Applicants and the Foreign Representative, with the assistance of their U.S. counsel, have continued work and preparations in respect of the Recognition Hearing, which is now scheduled to be held on September 16, 2025.

57. In view of the Recognition Hearing, on August 19, 2025, the *Supplemental Declaration of Ayman Chaaban in support of the Verified Petition* and the

Declaration of Thomas Ryan were both filed. Both declarations seek to provide additional information necessary to the Recognition Hearing and the Chapter 15 Proceedings.

58. The Recognition Hearing was originally scheduled for June 2, 2025, but was adjourned to June 30, 2025, then to August 6, 2025, and then finally to September 16, 2025, to allow the parties and the U.S. Court to take account of the resolution of the Forman Contestation and the issuance of the Court's judgment in respect thereof on July 30, 2025.

59. The objection deadline for the Recognition Hearing is currently September 2, 2025, with the reply deadline being September 9, 2025.

60. As mentioned above, the Co-Applicants intend to submit the Bar Date Orders to be heard by this Court within one month of the granting of the Recognition Order so as to ensure the continued progression of the CCAA Proceedings.

3.6. <u>The Stay of Proceedings and Atlas Turner Inc.</u>

61. While the stay of proceedings has, by and large, been respected, recent actions have been taken in the United States against Atlas Turner Inc. ("**Atlas**"), a Quebec company incorporated pursuant to the *Canada Business Corporations Act,* whose current parent company is the same as that of ACL, i.e. Mazarin Inc.

62. Atlas was also involved in asbestos-related activities, particularly with respect to mining asbestos fibre; however, Atlas is not related to ACL in any way, save for currently having the same parent entity. During the time period relevant to the underlying asbestos claims against Atlas and ACL, those entities had no corporate relationship whatsoever.

63. The Co-Applicants understand that Atlas does not have any insurance to cover the claims against it, nor does it have sufficient assets to meet the potential liabilities arising from the numerous proceedings pending against it in the United States.

64. On June 21, 2023, Mr. Peter Protopapas was appointed as receiver (the "**Receiver**") by the Court of Common Pleas of Richland County, South Carolina (the "**South Carolina Court**") over the insurance assets of Atlas in the matter *Welch v. 3M Co*. (i.e. the same Receiver that was appointed over the insurance assets of ACL).

65. Given that Atlas is not one of the Stay Parties, it is not subject to the protections provided by the stay of proceedings, nor by the Provisional Relief granted in the United States.

66. Accordingly, since the issuance of the Initial Order and ARIO, the Receiver has taken steps to force disclosure of documents in the Atlas receivership, despite these being directly linked to ACL, and the Receiver being fully aware that Atlas, as the Co-Applicants understand, does not have any insurance to cover any claims or judgments against Atlas, as appears from the report issued by the Receiver on July 11, 2025, communicated herewith as **Exhibit R-12**.

67. More specifically, the Receiver has taken the following actions:

    (a) on May 27, 2025, the Receiver issued a Request for Production (the "**Request for Production**") against Atlas's nationwide counsel Goldfein & Joseph ("**Goldfein**"), who also represents ACL in the United States, requiring that Goldfein provide all correspondence with numerous entities and persons, including Resolute and Simpson Thacher & Bartlett LLP, with respect to ***any*** South Carolina receivership (not just Atlas) which includes that of ACL. A copy of the Request for Production is communicated herewith as **Exhibit R-13**;

    (b) the Receiver, acting on behalf of Atlas (but without Atlas's consent), filed a complaint in the South Carolina Court against Goldfein to force counsel to produce all of counsel's legal files (including attorney-client/work product privileged materials), as well as to pay the Receiver's costs and expenses, as appears from the Atlas Receiver's Complaint, a copy of which is communicated herewith as **Exhibit R-14**.

68. These developments are concerning in that the document and information requests are seemingly attempts to circumvent the stay of proceedings currently in place in Canada and in the United States in favour of ACL in order to prejudice the interests of the Debtor, including by obtaining privileged information about the Debtor. While this motion does not request that the stay of proceedings be extended to Atlas, if the Receiver continues to pursue such activities the Debtor may be forced to request such relief as a means of protecting itself from the ongoing efforts by the Receiver.

4. THE RELIEF SOUGHT

4.1. Stay Period Extension

69. In order to allow the Co-Applicants to initiate the claims process by filing the Asbestos Bar Date Order and the Non-Asbestos Bar Date Order, and seek to proceed with the development and eventual implementation of the subsequent phases of the restructuring process, the Co-Applicants require an extension of the Stay Period beyond the current date of September 5, 2025.

70. As such, the Co-Applicants request, in the Second ARIO, an extension of the Stay Period until and including December 15, 2025 (or until such later date as this Court may determine), so as to allow the Co-Applicants, under the supervision and in consultation with the Monitor, to pursue the restructuring efforts being undertaken, particularly in respect of the claims process.

71. As was previously noted, the Co-Applicants have acted in good faith and with due diligence, having, among other things:

    (a) conducted a wide range of activities in respect of the envisioned claims process, including engaging in discussions regarding the contemplated claims process, analyzing and reviewing ACL's internal records and data, and reviewing asbestos-related claims procedures and documentation in the United States;

(b) collaborated with other stakeholders and parties, including, but not limited to, the Monitor and the CRO in respect of the measures taken concerning the contemplated claims process;

(c) continued preparations in respect of the claims process, including with regard to the Asbestos Bar Date Order and the Non-Asbestos Bar Date Order;

(d) held meetings with the CRO in order to conduct activities in respect of the CCAA Proceedings and also with respect to the Chapter 15 Proceedings;

(e) collaborated with the Monitor to continue to optimize the financial stability of ACL and its liquidity, including by way of preparing updated cash flow projections (the "**Cash Flow Projections**"); and

(f) ensured the funding of the costs of the CCAA Proceeding through the Interim Financing.

72. It is respectfully submitted that the requested extension of the Stay Period is necessary to provide the Co-Applicants with sufficient time and the requisite continued stability in order to, *inter alia*:

(a) finalize and submit to the Court the Asbestos Bar Date Order and the Non-Asbestos Bar Date Order for approval within one month after the granting of the Recognition Order following the Recognition Hearing;

(b) initiate the first phase of the claims process, to the extent that the Bar Date Orders are both approved;

(c) implement additional restructuring measures and steps, as necessary, to improve the financial position of the Debtor; and

(d) consider any and all monetization efforts and maximize the value of the Debtor's assets and business, including by way of a future sale and investment solicitation process, the whole in the interest of all stakeholders.

73. The Co-Applicants, with the collaboration and under the oversight of the Monitor, will continue to act with good faith and due diligence as they continue to operate and conduct activities in the present CCAA Proceedings.

74. Based on the Cash Flow Projections developed by the Debtor and the Monitor, which will be communicated as an exhibit to the Third Report, the Debtor expects to have sufficient funding and liquidity to cover anticipated costs and expenses relating to the present restructuring process during the extended Stay Period.

75. As such, the Co-Applicants understand that the Monitor is of the view that the requested extension of the Stay Period is necessary and reasonable in the circumstances.

76. The desired extension of the Stay Period will not negatively impact the Debtor's creditors or stakeholders, as the Debtor continues to satisfy its post-filing

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obligations in the normal course, and the Co-Applicants conduct the present restructuring in the best interest of the Debtor's creditors, with a view to providing for an equitable and expeditious means to resolve the claims against the Debtor, many of which have been pending for over twenty years without having obtained compensation.

4.2. Amendment of the ARIO

77. The ARIO currently provides for the stay of proceedings in favour of the Stay Parties, which includes, among others, "Insurers" of ACL.

78. During the hearing on the Forman Contestation that took place on June 17 and 18, 2025, counsel for other insurers of ACL (outside of CLMI) suggested that the ARIO be modified to provide for a schedule at the end of the ARIO in order to specifically note certain insurers that benefit from the stay of proceedings, without restricting the breadth of its protection for any other insurers of ACL not specifically listed.

79. Accordingly, the Co-Applicants hereby submit to the Court, for its approval, the Second ARIO that includes a schedule with the name of all insurers represented by Norton Rose Fulbright and Dentons Canada LLP.

80. The Co-Applicants submit that the Second ARIO will provide additional clarity as to the identity of certain insurers benefiting from the stay of proceedings and is reasonable in the circumstances.

4.3. Approval of Transactions with the City of Thetford Mines

81. ACL is also seeking an Order from this Court authorizing ACL to proceed with the transactions contemplated in the Settlement Agreement entered into with the City of Thetford Mines (the "**City**"), Raymond Chabot Inc. in its capacity as trustee in bankruptcy of 9075-6453 Québec Inc ("**9075**"). and Mazarin Inc. in November 2024. A copy of the Settlement Agreement is communicated herewith as **Exhibit R-15**.

82. The Settlement Agreement is the result of negotiations between the City, ACL and Raymond Chabot Inc. as trustee of 9075 over four years prior to its signature.

83. The Settlement Agreement was entered into to resolve long-standing issues between 9075 and the City relating to unpaid property taxes, and with a view to facilitating the revitalization of the former mining sector of the City.

84. The Settlement Agreement provides, among other things, for the exchange of certain properties between ACL and the City, as more fully described in Schedules 1 and 2 of the Settlement Agreement. As appears more fully from Schedule 1, the properties to be transferred by ACL to the City consist of portions of streets, the City Hall's parking lot and other vacant lots located throughout the City, which are not expected to have any market value.

85. The Co-Applicants submit that the exchange of properties contemplated in the Settlement Agreement is fair, reasonable and in the interest of all stakeholders,

notably, the residents of the City of Thetford Mines in that it offers potential for future development of lands that have remained dormant for over a decade.

86. The exchange of properties remains conditional upon the annulment of the bankruptcy of 9075 by the competent courts.

87. The Co-Applicants understand that the Monitor supports this exchange and the approval of the Settlement Agreement.

88. In light of the foregoing, the Co-Applicants respectfully request that this Honourable Court approve the Settlement Agreement and authorize ACL to enter into the transactions contemplated therein.

5. CONCLUSIONS

89. In light of the foregoing, the Co-Applicants respectfully submit that the Application should be granted in accordance with its conclusions.

90. The Co-Applicants understand that the Monitor supports the relief sought in the present Application as will be more fully detailed in the Third Report that will be filed in support of this Application.

91. The present Application is well-founded in both fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the Application.

ISSUE the order substantially in the form of the draft Second ARIO communicated as Exhibit R-1.

ISSUE the order substantially in the form of the draft Transactions Approval Order communicated as Exhibit R-2.

WITHOUT COSTS, save and except in case of contestation.

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MONTRÉAL, August 28, 2025

Fasken Martineau DuMoulin LLP

Fasken Martineau DuMoulin LLP

800 Victoria Square, Suite 3500
Montréal, Quebec H3C 0B4
Fax number: +1 514 397 7600

Me Luc Béliveau
Direct: 514 397 4336
Email: lbeliveau@fasken.com

Me Marc-André Morin
Direct: 514 397 5131
Email: mamorin@fasken.com

Me Éliane Dupéré-Tremblay
Direct: 514 397-7412
Email: edtremblay@fasken.com

Attorneys for Asbestos Corporation Limited

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
1155 René-Lévesque Blvd. West
41st Floor
Montréal (Québec) Canada H3B 3V2

Me Guy P. Martel
Direct : 514 397 3163
Email : gmartel@stikeman.com

Me Nathalie Nouvet
Direct : 514 397 3128
Courriel: nnouvet@stikeman.com

Me Darien Bahry
Direct : 514 397 2441
Courriel : dbahry@stikeman.com

Attorneys for CLMI

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SWORN STATEMENT OF LESLIE LEDERER

I, the undersigned, Leslie Lederer, having my principal place of business at 55 East Erie, Chicago, Illinois, 60611, solemnly declare the following:

1. I am the Chief Restructuring Officer of Asbestos Corporation Limited, through services provided by LTL Advisory LLC; and

2. All the facts alleged in paragraphs 1 to 80 of this *Application for the Issuance of a Second Amended and Restated Initial Order* are, to the best of my knowledge, true.

AND I HAVE SIGNED

LESLIE LEDERER

Solemnly declared before me, by technological means,
at Montréal, on the 28th day of August, 2025

COMMISSAIRE À L'ASSERMENTATION
Danielle Tremblay
126,246
POUR LA PROVINCE DE QUÉBEC

Commissioner for Oaths for the Province of Québec

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SWORN STATEMENT OF GUY BÉRARD

I, the undersigned, Guy Bérard, having my principal place of business at 840 boul. Ouellet, Thetford Mines, Québec, G6G 7A5, solemnly declare the following:

1. I am the President of Asbestos Corporation Limited; and
2. All the facts alleged in paragraphs 81 to 88 of this *Application for the Issuance of a Second Amended and Restated Initial Order and Other Relief* are, to the best of my knowledge, true.

AND I HAVE SIGNED

DocuSigned by:
Guy Bérard
48D771888BC449F...

GUY BÉRARD

Solemnly declared before me, by technological means,
at Montréal, on the 28 day of August, 2025

DS

DocuSigned by:
Claudia Vallée St-Pierre
6B5319659C2349C...

Commissioner for Oaths for the Province of Québec

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NOTICE OF PRESENTATION
COMMERCIAL PRACTICE

TO THE SERVICE LIST :

TAKE NOTICE that the *Application for the Issuance of a Second Amended and Restated Initial Order and Other Relief* will be presented for adjudication before the honourable Justice Élif Oral of the Superior Court, sitting in commercial division for the district of Quebec on September 4, 2025 at 9:00 in Room 3.39 at the Québec courthouse, located at 300 Blvd Jean-Lesage, Québec, QC G1K 8K6.

Microsoft Teams Besoin d'aide?

Rejoignez la réunion maintenant

Numéro de réunion : 225 928 105 479 3
Code secret : Ex26YK35

Participez à l'appel par téléphone
+1 581-319-2194,,49958917# Canada, Québec
(833) 450-1741,,49958917# Canada (Gratuit)
Trouvez un numéro local
Numéro de conférence téléphonique : 499 589 17#

Inviter quelqu'un à prendre part à une conversation sur un appareil en visioconférence
Clé du locataire : teams@teams.justice.gouv.qc.ca
Numéro de vidéo : 116 584 075 2
Plus d'informations
Pour les organisateurs : Options de réunion | Réinitialiser le code d'appel

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DO GOVERN YOURSELVES ACCORDINGLY.

MONTRÉAL, August 28, 2025

Fasken Martineau DuMoulin LLP

Fasken Martineau DuMoulin LLP

800 Victoria Square, Suite 3500
Montréal, Quebec H3C 0B4
Fax number: +1 514 397 7600

FITSNEWS

Me Luc Béliveau
Direct: 514 397 4336
Email: lbeliveau@fasken.com

Me Marc-André Morin
Direct: 514 397 5131
Email: mamorin@fasken.com

Me Éliane Dupéré-Tremblay
Direct: 514 397-7412
Email: edtremblay@fasken.com

Attorneys for Asbestos Corporation Limited

STIKEMAN ELLIOTT LLP
1155 René-Lévesque Blvd. West
41st Floor
Montréal (Québec) Canada H3B 3V2

Me Guy P. Martel
Direct : 514 397 3163
Email : gmartel@stikeman.com

Me Nathalie Nouvet
Direct : 514 397 3128
Courriel: nnouvet@stikeman.com

Me Darien Bahry
Direct : 514 397 2441
Courriel : dbahry@stikeman.com

Attorneys for CLMI

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CANADA

PROVINCE OF QUÉBEC
DISTRICT OF FRONTENAC

No.: 235-11-000008-259

SUPERIOR COURT

Commercial Division

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF:

ASBESTOS CORPORATION LIMITED

Debtor/Co-Applicant

- and -

CERTAIN UNDERWRITERS AT LLOYD'S, LONDON

- and -

TENECOM LIMITED

- and -

THE OCEAN MARINE INSURANCE COMPANY LIMITED

- and -

NRG VICTORY REINSURANCE LIMITED

- and -

THE SCOTTISH LION INSURANCE COMPANY LIMITED

CLMI/Co-Applicants

- and -

RAYMOND CHABOT INC.

Monitor

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LIST OF EXHIBITS IN SUPPORT OF THE APPLICATION FOR THE ISSUANCE OF A SECOND AMENDED AND RESTATED INITIAL ORDER

Exhibit R-1:	Second Amended and Restated Initial Order
Exhibit R-2:	Transactions Approval Order

Exhibit R-3:	Copy of the letter sent by counsel to CLMI to Davies dated July 2, 2025
Exhibit R-4:	The July 10 Davies Letter
Exhibit R-5:	The July 24 Letter
Exhibit R-6:	The August 11 Davies Letter
Exhibit R-7:	Copy of the relevant extracts of the June 17-18 hearing
Exhibit R-8:	The June 30 Monitor Notice
Exhibit R-9:	The US Law Firm Letter
Exhibit R-10:	Excerpts from the July 11 hearing
Exhibit R-11:	The July 23 Monitor Notice
Exhibit R-12:	Report issued by the Receiver on July 11, 2025
Exhibit R-13:	Copy of the Request for Production
Exhibit R-14:	Copy of the Atlas Receiver's Complaint
Exhibit R-15:	Copy of the Settlement Agreement

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MONTRÉAL, August 28, 2025

Fasken Martineau DuMoulin LLP

Fasken Martineau DuMoulin LLP

800 Victoria Square, Suite 3500
Montréal, Quebec H3C 0B4
Fax number: +1 514 397 7600

Me Luc Béliveau
Direct: 514 397 4336
Email: lbeliveau@fasken.com

Me Marc-André Morin
Direct: 514 397 5131
Email: mamorin@fasken.com

Me Éliane Dupéré-Tremblay
Direct: 514 397-7412
Email: edtremblay@fasken.com

Attorneys for Asbestos Corporation Limited

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
1155 René-Lévesque Blvd. West
41st Floor
Montréal (Québec) Canada H3B 3V2

Me Guy P. Martel
Direct : 514 397 3163
Email : gmartel@stikeman.com

Me Nathalie Nouvet
Direct : 514 397 3128
Courriel: nnouvet@stikeman.com

Me Darien Bahry
Direct : 514 397 2441
Courriel : dbahry@stikeman.com

Attorneys for CLMI

FITSNEWS

N° : 235-11-000008-259

PROVINCE OF QUEBEC
SUPERIOR COURT
DISTRICT OF FRONTENAC
LOCALITY OF QUÉBEC

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF:

ASBESTOS CORPORATION LIMITED
Debtor/Co-Applicant
- and -
CERTAIN UNDERWRITERS AT LLOYD'S, LONDON et al.
Co-Applicants
- and -
RAYMOND CHABOT INC.
Monitor

20406/343163.00001 **BF1339**

APPLICATION FOR THE ISSUANCE OF A SECOND AMENDED AND RESTATED INITIAL ORDER AND OTHER RELIEF

ORIGINAL

Fasken Martineau DuMoulin LLP
800 Victoria Square, Suite 3500
Montréal, Quebec H3C 0B4

Me Luc Béliveau
lbeliveau@fasken.com
Tél. +1 514 397 4336
Fax. +1 514 397 7600

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