

IN THE MATTER OF THE SECURITIES ACT
R.S.B.C. 1996, c. 418

AND

IN THE MATTER OF UNIFOR? INC.

Exemption Order Under Sections 48 and 76

WHEREAS Unifor? Inc. has applied to the Executive Director for an order under sections 48 and 76 of the *Securities Act*, R.S.B.C. 1996, c. 418 that certain intended trades in Class A Subordinate Voting Shares (the "Shares") of Unifor? pursuant to a plan of arrangement made under the *Companies' Creditors Arrangement Act* (the "CCAA") to holders of Debentures (defined below) in British Columbia (the "B.C. Holders") are exempt from the requirements of sections 34(1)(a) and 61 of the Act;

AND WHEREAS Unifor? has represented to the Executive Director that:

1. Unifor? is incorporated under the *Canada Business Corporations Act* with its head office located in Saint-Leonard, Qu?c;
2. Unifor? is a reporting issuer under the Act and is not in default of any of the requirements of the Act or the *Securities Rules*, B.C. Reg. 194/97;
3. Unifor? is an integrated forest products company that produces softwood lumber and bleached chemi-thermomechanical pulp and operates in the Province of Qu?c, through its subsidiaries located in Port-Cartier (sawmill) and in the Peribonka region (sawmill);
4. Unifor?'s authorized share capital consists of an unlimited number of Shares, Class B Multiple Voting Shares, Series 1 Preferred Shares and Preferred Shares, of which 57,630,668 Shares and 7,728,889 Class B Multiple Voting Shares were issued and outstanding as of August 10, 2001;
5. in May 1996, Unifor? issued 8% convertible unsecured subordinate debentures, series A, maturing in 2006 (the "Debentures"); the aggregate principal amount of the Debentures is \$16,554,500;
6. the Shares and Debentures are listed and posted for trading on The Toronto Stock Exchange (the "TSE");
7. over the last few months, Unifor? has experienced cash flow difficulties and on several occasions has issued press releases announcing that it was no longer able to meet all of its financial obligations;
8. as a result of the financial difficulties experienced by Unifor? on April 17, 2001,

Unifor 靑 obtained an Order from the Superior Court of the Province of Qu 靑, District of Montr 靑 (the "Court") under the CCAA (the "CCAA Order") under which, amongst other things, all legal proceedings against Unifor 靑 were stayed for a period of at least 30 days from the date of the CCAA Order;

9. the CCAA Order also stated that Unifor 靑 would submit a proposal (the "Plan of Arrangement") for a plan of arrangement or compromise to its creditors within the same period of 30 days from the date of the grant of the CCAA Order;

10. the time for Unifor 靑 to submit the Plan of Arrangement to its creditors was subsequently extended for 45 day periods on May 16, 2001 and July 6, 2001;

11. Unifor 靑 submitted the Plan of Arrangement to the Court on July 11, 2001, and will seek creditor approval of the Plan of Arrangement at a meeting scheduled for August 15, 2001 (the "Creditors' Meeting");

12. under the Plan of Arrangement, the holders of Debentures will be offered, against their Debentures, either a payment in cash or a conversion of their Debentures into Shares at a conversion price of \$6.00 per Share;

13. Richter & Associates Inc. ("Richter") was appointed as monitor by the CCAA Order and has prepared an independent report in accordance with the CCAA Order (the "Richter Report");

14. the following materials were delivered to all of Unifor 靑's creditors, including the B.C. Holders, and have been filed with the British Columbia Securities Commission:

- (a) a copy of the Plan of Arrangement;
- (b) a letter of explanation from Unifor 靑's management;
- (c) a copy of the Richter Report; and
- (d) a proxy form,
(the "Meeting Materials");

15. the Meeting Materials were delivered on July 26, 2001 to the beneficial holders of the Debentures who held such Debentures as of July 10, 2001;

16. the Meeting Materials will provide the B.C. Holders with appropriate information on which to base their decision of how to vote on the Plan of Arrangement;

17. Unifor 靑 placed advertisements in two newspapers of national circulation that advised the beneficial holders of the Debentures of their right to attend the

Creditors' Meeting and to vote on the Plan of Arrangement; the advertisements also advised the beneficial holders of Debentures that copies of the Meeting Materials would be available upon request and at no charge up to the commencement of the Creditors' Meeting;

18. in the Richter Report, Richter provided an opinion that the acceptance of the Plan of Arrangement would be more advantageous for all the creditors than the liquidation of Unifor's assets;

19. the TSE has conditionally approved the listing of the Shares under the Plan of Arrangement, subject to certain conditions, one of which is that Unifor obtain the consent of Somiper Inc., the controlling shareholder of Unifor. Unifor has obtained the consent of Somiper Inc. to the Plan of Arrangement; and

20. there are no exemptions from the requirements of sections 34(1)(a) and 61 of the Act in respect of an intended trade of Shares to B.C. Holders under the Plan of Arrangement;

AND WHEREAS the Executive Director considers that it would not be prejudicial to the public interest to do so:

IT IS ORDERED:

(a) under sections 48 and 76 of the Act, that the intended trades of Shares to B.C. Holders under the Plan of Arrangement are exempt from the requirements of sections 34(1)(a) and 61 of the Act; and

(b) under section 76 of the Act, that a trade of Shares acquired under this order by the B.C. Holders will be deemed to be a distribution unless:

(i) Unifor is a reporting issuer and has been a reporting issuer for the 12 months immediately preceding the trade;

(ii) if the seller is an insider of Unifor other than a director or senior officer of Unifor the seller has filed all records required to be filed under sections 87 and 90 of the Act;

(iii) if the seller is a director or senior officer of Unifor the seller has filed all records required to be filed under sections 87 and 90 of the Act and Unifor has filed all records required to be filed under Part 12 of the Act and the Rules;

(iv) the trade is not a distribution from the holdings of a control person;

(v) no unusual effort is made to prepare the market or create a demand for the security; and

(vi) no extraordinary commission or other consideration is paid in respect of the trade.

DATED August 14, 2001.

Derek E. Patterson
Manager