

District of Alberta
Division No. 01-Edmonton
Court No. 24-1593455
Estate No. 24-1593455

**IN THE MATTER OF THE DIVISION I PROPOSAL OF
SUNLITE ELECTRIC (ST. PAUL) LTD.
AN INSOLVENT PERSON
DIVISION I PROPOSAL
(Section 50 of the Act)**

TABLE OF CONTENTS

Article 1 Interpretation.....	1
Article 2. Insolvent Person	4
Article 3 Trustee of Proposal.....	4
Article 4 Purpose and Effect of Proposal.....	5
Article 5 Meeting of Creditors.....	5
Article 6 Conditions for Implementation of the Proposal.....	6
Article 7 Third Party Undertakings.....	6
Article 8 Monitoring and Supervision.....	6
Article 9 Default in the Performance of the Proposal.....	6
Article 10 Definition of Creditor Claims.....	6
Article 11 Arrangements Affecting Post Filing Creditors	8
Article 12 Arrangements Affecting Canada Revenue Agency ("CRA")	8
Article 13 Arrangements Affecting Certain Crown Claims	9
Article 14 Arrangements Affecting Secured Claims	9
Article 15 Arrangements Affecting Employees and Former Employees.....	11
Article 16 Arrangements Affecting Director's Liabilities	11
Article 17 Arrangements Affecting Preferred Claims	11
Article 18 Arrangements Affecting Unsecured Claims.....	11
Article 19 Classes of Secured Claims	11
Article 20 Classes of Preferred and Unsecured Claims.....	12
Article 21 Contributions to the Proposal by the Insolvent Person	12
Article 22 Distribution and Priority of Payments.....	12
Article 23 Comparative Analysis – Division I Proposal vs Bankruptcy	14
Article 24 Security for the Performance of the Proposal.....	13

Article 25 Applicable Dates, Valuation of Claims, Voting and Acceptance.....	14
Article 26 Modification and Amendments	14
Article 27 Non-Application of Sections 91 to 101 of the Act.....	14
Article 28 Notice.....	15

APPENDICIES

Exhibit "A" Comparative Analysis – Division I Proposal vs Bankruptcy

District of Alberta
Division No. 01-Edmonton
Court No. 24-1593455
Estate No. 24-1593455

Form 35

IN THE MATTER OF THE DIVISION I PROPOSAL OF
SUNLITE ELECTRIC (ST. PAUL) LTD.

AN INSOLVENT PERSON

DIVISION I PROPOSAL
(Section 50 of the Act)

Article 1. Interpretation

1.1 Definitions

“Acceptance” means the acceptance of the Proposal by the prescribed majority of the Creditors and by an Order of the Court for which all delays to appeal have expired and no appeal having been filed, or any appeal therefrom having been dismissed and such dismissal having become final;

“Act” means the Bankruptcy and Insolvency Act;

“Business Day” means a day, other than a Saturday or a Sunday on which banks are generally open for business in Edmonton, Alberta;

“Certain Crown Claims” means all those creditors of Sunlite Electric (St. Paul) Ltd. defined in Article 10.2 herein;

“Claims” means any right of any person in connection with any indebtedness, liability or obligation of any kind against the Insolvent Person which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executor in nature including, without limitation, product warranty liabilities and the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of the Date of Filing, but does not include Unaffected Obligation;

“Court” means the Court of Queen’s Bench of Alberta, Judicial District of Edmonton, In Bankruptcy and Insolvency;

"Court Approval Date" means the date on which the Court grants an Order approving the Proposal pursuant to the provisions of the Act, for which all appeal periods have expired and no appeal having been filed, or any appeal therefrom having been dismissed and such dismissal having become final;

"Creditor or Creditors" means the creditors of Sunlite Electric (St. Paul) Ltd. affected by the Proposal;

"Date of Filing" means the date of filing the Notice of Intention or of filing the Proposal under the Act, being the 21st day of February 2012;

"Director's Liability" means all those claims of Sunlite Electric (St. Paul) Ltd. defined in Article 10.5 herein for which the director(s) is liable arising out of the director(s) legal capacity as director of the Insolvent Person;

"Insolvent Person" means Sunlite Electric (St. Paul) Ltd.;

"Inspector" means one or more persons to a maximum of five persons appointed pursuant to the Act in respect of the Proposal of the Insolvent Person;

"Interim Period" means the period from the time of filing the Notice of Intention or of filing the Proposal and the Court Approval Date;

"Meeting of Creditors" means the Meeting of Creditors called to consider and vote upon the Proposal;

"Notice of Meeting" means notice of the Meeting of Creditors that is mailed or otherwise provided to the creditors by the Trustee;

"Person" means any individual, partnership, joint venture, trust corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;

"Post Filing Creditors" means the ordinary creditors of Sunlite Electric (St. Paul) Ltd. that have supplied goods or do supply services, utilities, goods or materials or advanced funds during the Interim Period, but only to the extent of the Unaffected Obligation during the Interim Period;

"Post Filing Goods and Services" means the goods, services utilities, materials or advanced funds or other consideration provided to Sunlite Electric (St. Paul) Ltd. during the Interim Period;

"Preferred Creditor" means all those creditors of Sunlite Electric (St. Paul) Ltd. defined in Article 10.7 herein;

"Proposal" means the series of steps and arrangements contemplated herein, all of which are independent, by which the relations between Sunlite Electric (St. Paul) Ltd. and the Creditors will be reconstructed pursuant to the Act together with any amendments or additions thereto;

"Proposal Valuation Date" means the date of filing the Notice of Intention or of filing the Proposal under the Act, being the 21st day of February 2012;

"Proven Claim" of a creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the Act and of the Proposal;

"Secured Creditor" means all those creditors of Sunlite Electric (St. Paul) Ltd. defined in Article 10.3 herein;

"Termination Date" means the date upon which the claims of all creditors have been satisfied in accordance with the Proposal or otherwise satisfied;

"Trustee" means Faber Inc. and its successors and assigns;

"Unaffected Creditor" means a Person having a Claim in respect of an Unaffected Obligation but only in respect of such Unaffected Obligation;

"Unaffected Obligation" means the obligation of the Insolvent Person to Post Filing Creditors;

"Unsecured Creditors" means all those creditors of Sunlite Electric (St. Paul) Ltd. defined in Article 10.8 herein;

"Valuated Claim" means the claim of a creditor valued by the Trustee as of the 21st day of February 2012;

"Wage Claim" means all those creditors of Sunlite Electric (St. Paul) Ltd. defined in Article 10.4 herein.

1.2 Accounting Terms and Principles

All accounting terms not otherwise defined herein shall have the meanings ascribed to them in accordance with Canadian generally accepted accounting principles including those prescribed by the Canadian Institute of Chartered Accountants. Accounting policies and standards of financial disclosure shall be in accordance with Canadian generally accepted accounting principles.

1.3 Currency

Unless otherwise stated herein all references to currency in the Proposal are in reference to lawful money of Canada.

1.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Time

All times expressed herein are local time in Edmonton, Alberta unless otherwise stated.

1.6 Headings

The division of this Proposal into articles, sections, subsections, clauses and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Proposal.

1.7 Number, etc.

In this Proposal, where the context requires, a word importing the singular number shall include the plural and vice versa; and a word or words importing gender shall include all genders.

1.8 Successors and Assigns

This Proposal shall be binding upon and shall enure to the benefits of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in this Proposal.

Article 2. Insolvent Person

- 2.1** I, Sunlite Electric (St. Paul) Ltd., the above named Insolvent Person, hereby submit the following Proposal under the Bankruptcy and Insolvency Act ("Act").

Article 3. Trustee of Proposal

- 3.1** That Faber Inc. of the City of Edmonton in the Province of Alberta shall be the Trustee of the Proposal.
- 3.2** That Faber Inc, the Trustee, is acting in its capacity as Trustee under the Act and not in its personal capacity and no officer, director, employee or agent of Faber Inc. shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Insolvent Person.
- 3.3** That the fees and disbursements of the Trustee including legal and accounting fees incurred by the Trustee shall be paid in priority to the claims of all creditors from the distribution of property of the Insolvent Person or otherwise.

- 3.4 That the Trustee's fees, excluding legal and accounting fees are estimated to total the sum of \$60,000 plus disbursements and GST. Any additional fees incurred by the Trustee shall be submitted to the Court for approval and taxation pursuant to the Act.
- 3.5 That any payments made by the Trustee to any of the proven claims herein shall be made by the Trustee net of any levies payable or due under the Act.

Article 4. Purpose and Effect of Proposal

- 4.1 The purpose of the Proposal is to allow the Insolvent Person, Sunlite Electric (St. Paul) Ltd. to:
- a) offer a Compromise to its creditors in full and complete satisfaction of all claims against the Insolvent Person; and
 - b) offer a Compromise with respect to director's liabilities arising out of claims for which the directors of the Insolvent Person is personally liable in their legal capacity as director for wage claims, employee source deduction claims, goods and services tax claims, WCB claims and environmental claims.
- 4.2 That the Insolvent Person wishes to avoid further collection action and judicial proceedings and also wishes to avoid subjecting the creditors to the uncertainties and potential losses involved in a receivership or bankruptcy.
- 4.3 That it is the expectation that the stakeholders will derive a greater benefit from the continued operation of the Insolvent Person than would otherwise result from the discontinuation of operations and the liquidation of assets.
- 4.4 That on and after the Court Approval Date, this Proposal will become effective on and, subject to the fulfilment by the Insolvent Person of its obligations hereunder, shall be binding on the Insolvent Person, the Shareholders and the Creditors.

Article 5. Meeting of Creditors

- 5.1 The Creditors of the Insolvent Person shall be given formal notice to attend a Meeting of Creditors at the office of the Trustee, Faber Inc., located at 200, 17510 – 107 Avenue, Edmonton, Alberta.
- 5.2 That the creditors, with the consent of the Insolvent Person, may include such provisions or terms in the Proposal with respect to the supervision of the affairs of the Insolvent Person as they may deem advisable.
- 5.3 That the creditors may appoint one or more, but not exceeding five, Inspectors of the Proposal of the Insolvent Person.

Article 6. Conditions for Implementation of the Proposal

- 6.1 That the Proposal shall be implemented upon the fulfilment of the following conditions:
- a) a resolution by the prescribed majority of creditors to accept the Proposal as made or as amended at the Meeting of Creditors or any adjournment thereof; and
 - b) an Order of the Court approving the Proposal.
- 6.2 That the Proposal shall be terminated upon the date on which the claims of all creditors have been satisfied pursuant to the terms of the Proposal, or upon the bankruptcy of the Insolvent Person, or upon default under the terms of the Proposal by the Insolvent Person.

Article 7. Third Party Undertakings

- 7.1 There are Guarantee Agreements or Third Party Deposit Agreements with respect to this Proposal.

Article 8. Monitoring and Supervision

- 8.1 That the Trustee shall not be providing any monitoring or supervision with respect to this Proposal.

Article 9. Default in the Performance of the Proposal

- 9.1 That a default under Articles 12.5 to 12.7, inclusive shall be deemed to have occurred on the date the Trustee is advised in writing by Canada Revenue Agency of such default having occurred.
- 9.2 That a default under Article 21.1 shall be defined as any payment that is overdue to the extent of one day.
- 9.3 That where default occurs in the performance of any provision of the Proposal by the Insolvent Person and the default is not remedied by the Insolvent Person within thirty (30) days immediately following the date of default or the default is not waived by the Inspectors, or if there are no Inspectors, by a majority of the creditors as defined in dollar value of proven claims, within thirty (30) days immediately following the date of default, the trustee shall so inform all the creditors and the Official Receiver in the manner prescribed pursuant to the Act.

Article 10. Definition of Creditor Claims

- 10.1 That the claims of creditors shall be defined as follows:
- 10.2 Certain Crown Claims means any claim of Her Majesty in the Right of Canada or a Province of all amounts of a kind that could be subject to a demand under:

- a) subsection 224(1.2) of the Income Tax Act;
 - b) any provision of the Canada Pension Plan or the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act; or
 - c) under any substantially similar provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act.
- 10.3** Secured claim means a person holding a mortgage, hypothec, pledge, charge or lien on or against the property of the Insolvent Person or any part of that property as security for a debt due or accruing due to the person from the Insolvent Person, or a person whose claim is based on, or secured by, a negotiable instrument held as collateral security and on which the Insolvent Person is only indirectly or secondarily liable.
- 10.4** Wage claim includes any claim of employees and former employees of amounts equal to the amounts that employees may be qualified to receive pursuant to subsection 136(1)(d) of the Act as at the time of the filing of the Notice of Intention or of filing the Proposal. Wage claim shall also include any wages, salaries, commissions or compensation for services rendered after that date and before Court approval of the Proposal, together with, in the case of travelling sales persons, disbursements properly incurred by those sales persons in and about the Insolvent Persons business during the same period.
- 10.5** Director's liability claim shall include any claim for obligations of the Insolvent Person where the claim extends to the Director(s) of the Insolvent Person and the Director(s) are by law personally liable in their legal capacity as Director of the Insolvent Person for:
- a) certain crown claims as defined in Article 10.2;
 - b) wage claims as defined in Article 10.4;
 - c) goods and services tax claims as defined pursuant to the Excise Tax Act;
 - d) workers' compensation claims as directed under any provincial Workers' Compensation Act; and
 - e) any claim respecting any environmental contamination or condition under any federal or provincial Environmental Act.
- 10.6** That for greater certainty, director's liability claim shall exclude any claims that relate to obligations arising out of contractual obligations or claims that are based on allegations of misrepresentation or wrongful or oppressive conduct.
- 10.7** Preferred claim includes any claim defined pursuant to subsection 136 (1) of the Act, however preferred claim shall exclude any wage claim coming within subsection 136 (1)(d) of the Act as defined in Article 10.4.
- 10.8** Unsecured claim includes all obligations of the Insolvent Person of any nature and kind whatsoever, whether due or not due for payment at the time of the filing of the Notice of Intention or of filing the Proposal and including contingent or unliquidated claims arising

out of any transactions entered into by the Insolvent Person at law or in equity prior to the time of the filing of the Notice of Intention or of filing the Proposal.

Article 11. Arrangements Affecting Post Filing Creditors

- 11.1** That any indebtedness incurred by the Insolvent Person for the provision of goods or the supply of services, utilities, goods or materials or advanced funds but only to the extent of the Unaffected Obligation during the Interim Period shall be paid in full by the Insolvent Person from proceeds realized in relation to the business operations in the ordinary course of business pursuant to regular trade terms or as may be negotiated in priority only to the claims of the unsecured creditors as defined in Article 10.8 existing at the time of the filing of the Notice of Intention or of filing the Proposal.
- 11.2** That creditors dealing with the Insolvent Person following the time of the filing of the Notice of Intention or of filing the Proposal shall have no right of set-off.

Article 12. Arrangements Affecting Canada Revenue Agency ("CRA")

- 12.1** That the indebtedness of the Insolvent Person to Canada Revenue Agency shall include all amounts owing up to and including the time of filing the Notice of Intention or of filing the Proposal which shall, with the exception of Certain Crown Claims defined in Article 10.2, be included as an unsecured claim pursuant to Article 10.8.
- 12.2** That the Insolvent Person shall file a provisional corporate tax return for the current calendar year being the period commencing on the 1st day following its year end to the time of filing the Notice of Intention or of filing the Proposal to reasonably calculate the estimated pre Proposal corporate tax debt.
- 12.3** That the Insolvent Person shall file a corporate tax return for the corporate year end being the period May 1st 2011 to April 30th 2012 together with a detailed calculation of the actual pre Proposal corporate tax debt to disclose any variance between the estimated pre Proposal corporate tax debt as calculated in the provisional corporate tax return and the actual pre Proposal corporate tax debt as calculated in the corporate year end return.
- 12.4** That the Insolvent Person shall pay to Canada Revenue Agency any amount in excess of the estimated corporate tax payable in the provisional corporate tax return and the actual amount calculated in the corporate year end return and further acknowledges that the excess corporate tax payable shall become a post Proposal corporate tax liability.
- 12.5** That the Insolvent Person shall comply with the Income Tax Act and the Excise Tax Act and all other applicable tax related matters including, but not necessarily limited to, the filing of all pertinent statutory returns on or before the date upon which the returns become due and the payment all monies for source deductions, including the employer's portion where applicable, goods and services tax, and corporate tax, on or before the date upon which the payments become due.
- 12.6** That the Insolvent Person shall, commencing no later than thirty (30) days following Court approval of the Proposal, file GST returns with CRA on a monthly basis on or before the 15th day of the following month and shall remit any balance payable upon

filing the said GST return. The monthly filing of GST returns and the monthly payment of any and all amounts due upon filing the GST return shall continue for the complete term of the Proposal.

- 12.7 That the Insolvent Person shall, commencing no later than thirty (30) days following Court approval of the Proposal, file Employer Remittance Forms for all employee source deductions, which shall include the employer's portion where applicable, for Income Tax, Canada Pension Plan and Employment Insurance for all employees of the Sunlite Electric (St. Paul) Ltd., on a monthly basis on or before the 15th day of the following month and shall remit all source deductions payable upon filing the said Employer Remittance Form. The monthly filing of the Employer Remittance Form and the monthly remittance of all amounts owing for source deductions including the employer's portion, where applicable, shall continue for the complete term of the Proposal.
- 12.8 That CRA shall apply as a credit all remittances for GST and source deductions made by the Insolvent Person following the time of the filing of the Notice of Intention or of filing the Proposal to the Insolvent Person's respective post proposal tax accounts, with the exception of any one or more payments identified by the Trustee as being payment of Certain Crown Claims as defined in Article 10.2.
- 12.9 CRA shall have no right of set off for any indebtedness of the Insolvent Person at the time of filing the Notice of Intention or of filing the Proposal against any remittances made by the Insolvent Person or any federal or provincial corporate tax refunds payable to the Insolvent Person for the period following the time of the filing of the Notice of Intention or of filing the Proposal.

Article 13. Arrangements Affecting Certain Crown Claims

- 13.1 That the claims defined in Article 10.2, comprised of all amounts outstanding at the time of the filing of the Notice of Intention or of filing the Proposal, shall be paid in full by the {(Trustee from the distribution of the property of the Insolvent Person) or (Insolvent Person from proceeds realized in relation to the business operations)} within six (6) months following Court approval of the Proposal or in an extended period of time if approved by Her Majesty in Right of Canada as represented by Canada Revenue Agency.
- 13.2 That the Insolvent Person is not aware of any indebtedness to Her Majesty in the Right of Canada or a Province as defined in Article 10.2.

Article 14. Arrangements Affecting Secured Creditors

- 14.1 That the creditors with secured claims shall prove the secured claims with the Trustee by submitting to the Trustee a Proof of Claim together with pertinent documentation in support of its secured claim.
- 14.2 That where a creditor with a secured claim(s) fails to submit to the Trustee a Proof of Claim in the prescribed form together with all pertinent documentation in support of the secured claim, the Trustee may serve upon the creditor a Notice to Prove Claim.
- 14.3 That where the Trustee serves upon a creditor with a secured claim(s) a Notice to Prove Claim and the creditor fails to respond to the notice within thirty (30) days, the Trustee

- may, with leave of the Court sell or otherwise dispose of the property free of the security; and
- a) all proceeds arising from the realization of the aforesaid property by the Trustee shall be distributed pursuant to Article 22.1 to the creditors with unsecured claims as defined in Article 10.8, in addition to any other sums payable to the creditors with unsecured claims as provided in this Proposal to the maximum sum of one hundred (100) cents on the dollar on the amount of the proven unsecured claims or such greater amount as may be otherwise provided in this Proposal.
- 14.4** That where the security interest held by a creditor is unperfected or invalid for any reason whatsoever and such imperfection or invalidity renders the security interest held by the creditor subordinate to the security interest held by the Trustee, the Trustee may disallow the secured claim; and
- a) where the secured claim is disallowed by the Trustee, all property that comprises the security interest held by the secured creditor shall vest in the Trustee in priority to the secured creditor for the general benefit of the unsecured creditors; and
- b) all proceeds arising from the realization of the aforesaid property by the Trustee shall be distributed pursuant to Article 22.1 to the creditors with unsecured claims as defined in Article 10.8, in addition to any other sums payable to the creditors with unsecured claims as provided in this Proposal to the maximum sum of one hundred (100) cents on the dollar on the amount of the proven unsecured claims or such greater amount as may otherwise be provided in this Proposal.
- 14.5** That subject to Articles 14.1 and 14.2, payment by the Insolvent Person from proceeds realized from business operations to the creditors with secured claims shall be made subject to the terms and conditions of the security agreement in respect of the collateral held by it.
- 14.6** That subject to Articles 14.1 and 14.2 and in the alternative to Article 14.5, payment by the Insolvent Person from proceeds realized from business operations to the creditors with secured claims shall be made as may be negotiated between the Insolvent Person and the holders of the secured claims.
- 14.7** That from and after the Court Approval Date, the recourse of a creditor with a secured claim against the Insolvent Person or any property, assets or undertaking of the Insolvent Person shall for all purposes be limited to the rights and remedies of the creditor with a secured claim under its security in respect of any collateral held by it and the creditor with a secured claim shall have no rights against the property, assets or undertaking of the Insolvent Person other than the collateral and its entitlement under Article 14.5 or Article 14.6.
- 14.8** That Articles 14.5 through 14.7 above do not apply to the indebtedness owed to the Alberta Treasury Branches.

Article 15. Arrangements Affecting Employees and Former Employees

- 15.1 That the claims defined in Article 10.4 of all amounts outstanding at the time of the filing of the Notice of Intention or of filing the Proposal, together with all amounts accrued due for services rendered after that date and before Court approval of the Proposal, shall be paid by the Insolvent Person in full immediately following Court approval of the Proposal from proceeds realized in relation to business operations and in priority to the claims of all other creditors.
- 15.2 That the Insolvent Person is not aware of any indebtedness to employees or former employees as defined in Article 10.4.

Article 16. Arrangements Affecting Director's Liabilities

- 16.1 That upon the full performance of the terms of the Proposal, the Directors of the Insolvent Person shall be released from all claims as defined in Article 10.5 including contingent claims that arose prior to the filing of the Notice of Intention or of filing the Proposal, but the Directors of the Insolvent Person shall not be released from claims that relate to obligations arising out of contractual obligations or claims that are based on allegations of misrepresentation or wrongful or oppressive conduct.

Article 17. Arrangements Affecting Preferred Claims

- 17.1 That the funds available for distribution in this Proposal shall be distributed by the Trustee to the creditors with preferred claims as defined in Article 10.7, from the distribution of the property of the Insolvent Person in priority only to the creditors with unsecured claims.
- 17.2 That the Insolvent person is not aware of any indebtedness to creditors with preferred claims as defined in Article 10.7.

Article 18. Arrangements Affecting Unsecured Claims

- 18.1 That the funds available for distribution in this Proposal shall be distributed by the Trustee to the creditors with unsecured claims as defined in Article 10.8 from the distribution of the property of the Insolvent Person in subordination to the claims of all other creditors.

Article 19. Classes of Secured Claims

- 19.1 That for the purpose of this Proposal the creditors with secured claims shall be divided into the following classes.

Class 1 shall be the secured claim of Alberta Treasury Branches in the approximate sum of \$740,000.

Alberta Treasury Branches will continue with its foreclosure action that it commenced regarding the real property, legally described as 2244Z; Lots 11, 19, and 20.

Any deficiency incurred by the Alberta Treasury Branches subsequent the sale of the real property and payment from this Proposal as described in Article 22.1(c) will continue to be a responsibility of the guarantors.

Alberta Treasury Branches, at its discretion, may postpone its actions against the guarantors until such time that the real property is sold and the approximate sum of \$200,000 is distributed to Alberta Treasury Branches as described in Article 22.1(c) of this Proposal.

Article 20. Classes of Preferred and Unsecured Claims

- 20.1 That for the purpose of this Proposal the preferred and unsecured claims shall be included in a single Class of creditors.

Article 21. Contributions to the Proposal by the Insolvent Person

- 21.1 That the Insolvent Person shall contribute to the Trustee for the purpose of this Proposal the sum of \$560,000. The Insolvent Person has provided the Trustee with an initial deposit of \$10,000. The balance of \$550,000 shall be paid to the Trustee as follows:

- (i) Sufficient lump sum payment to pay the Canada Revenue Agency's source deductions claim within six (6) months following the Court Approval of the Proposal.

AND

- (ii) A third party lump sum payment in the sum of \$100,000 to be paid on or before the 31st day of December 2012 plus a further third party lump sum payment of \$100,000 to be paid on or before the 30th day of April 2013.

AND

- (iii) Consecutive minimum monthly payments of \$10,000 commencing the 15th day of April 2012 until such time that the total required contribution under this Proposal has been paid.

- 21.2 That the aforesaid sum may be pre-paid by the Insolvent Person at any time without penalty.

Article 22. Distribution and Priority of Payments

- 22.1 That the claims of the creditors shall be paid by the Trustee from the distribution of the property of the Insolvent Person in the following manner and priority.

- a) payment of the fees and disbursements of the Trustee including GST;

- b) payment of the claims of Her Majesty in the Right of Canada or a Province as defined in Article 10.2;
- c) the claims of the secured creditors in the following manner and priority:
 - Class 1 payment not exceeding the sum of \$200,000, net of the Superintendent's Levy (this amount depends on the status of the foreclosure action);
- d) payment on a pro rata basis of the preferred claims as defined in Article 10.7;
- e) payment on a pro rata basis of the unsecured claims as defined in Article 10.8;
- f) payment of the Superintendent's levy.

22.2 That the Trustee shall distribute dividends, where applicable, once every three (3) months following Court approval of the Proposal or as funds are made available.

Article 23 Comparative Analysis – Division I Proposal vs. Bankruptcy

23.1 That the Comparative Analysis of Projected Dividends, attached hereto as Exhibit "A" to this Proposal, calculates the estimated funds available for distribution to the creditors with unsecured claims pursuant to the Proposal at the sum of \$157,000 representing a dividend of 44.44%.

That the Comparative Analysis of Projected Dividends further shows that the source deduction claim of Canada Revenue Agency will be paid in full under both the Proposal and the Bankruptcy scenarios.

That the Comparative Analysis of Projected Dividends further shows that the secured claim of Alberta Treasury Branches will receive a higher recovery in the Proposal rather than in a Bankruptcy.

23.2 That conversely, the Comparative Analysis calculates the estimated funds available for distribution to the unsecured creditors in a Bankruptcy at the sum of \$0.00 representing a dividend of 0.00%.

Article 24. Security for the Performance of the Proposal

24.1 That the assets of the bankrupt are not of a value equal to fifty (50) cents on the dollar on the amount of the Insolvent Person's unsecured liabilities.

24.2 That the Proposal provides for payment to the unsecured creditors of an amount less than fifty (50) cents on the dollar on all the unsecured claims.

24.3 That the security for the performance of the Proposal shall be the sum of \$10,000 being the amount of the deposit provided to the Trustee by the Insolvent Person.

Article 25. Applicable Dates, Valuation of Claims, Voting and Acceptance

- 25.1 That the Claims of all proven creditors shall be valued by the Trustee as at 21st day of February 2012, at or before the Meeting of Creditors.
- 25.2 That proofs of claim, proxies and voting letters intended to be used at the Meeting of Creditors must be lodged with the Trustee prior to the Meeting of Creditors.
- 25.3 That the creditors must vote their claims by either returning a properly completed Voting Letter to the Trustee prior to the Meeting of Creditors, or by attending at the Meeting of Creditors and voting in person or by proxy.
- 25.4 That acceptance of the Proposal by the creditors requires a majority of creditors of each Class, either by Voting Letter or present personally or by proxy, at the Meeting of Creditors representing at least two-thirds (2/3) or 66.66% in dollar value of the proofs of claim lodged with the Trustee prior to the Meeting of Creditors and voting for the acceptance of the Proposal.

Article 26. Modifications and Amendments

- 26.1 That the Insolvent Person reserves the right to file an Amended Proposal at any time prior to the Meeting of Creditors held to consider and vote on the acceptance of the Proposal and in the event of any Amended Proposal being filed the Amended Proposal shall be provided to the creditors prior to any vote being taken by the creditors to approve the Proposal or Amended Proposal.
- 26.2 That the Insolvent Person reserves the right to propose any amendment or modification to the Proposal or Amended Proposal at any Meeting of Creditors.
- 26.3 The Trustee, with the approval of the Court and without notice to the Creditors, may agree to concur in any modification or amendment to the Proposal after the Creditors have voted on the Proposal, including without limiting the generality of the foregoing, any extension of time for carrying out the terms of the Proposal or for taking any steps or proceedings hereunder, other than any modification or amendments which would materially adversely affect the rights of any creditor.

Article 27. Non-Application of Sections 91 to 101 of the Act

- 27.1 That Sections 91 to 101 of the Act under the heading "Preferences and Transfers at Undervalue", shall not apply to the within Proposal. The Trustee and the Creditors shall not be entitled to avail themselves of these sections of the Act.

Article 28. Notice

28.1 Unless otherwise indicated, any notice required or permitted to be given pursuant to the Proposal shall be sufficiently given or made if delivered, faxed or mailed by prepaid post as follows:

To the Trustee:

FABER INC.
Insolvency and Restructuring
10047 - 81 Avenue
Edmonton, Alberta
T6E 1W7
Telephone: 780.944.1177
Facsimile: 780.944.6979

Attention: Dan Faber, CA, CIRP
Trustee in Bankruptcy

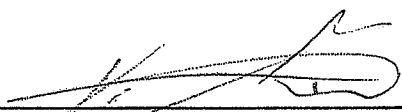
To the Creditors:

At their last known address according to the Insolvent Person or such other addresses as any of the foregoing may designate from time to time.


Any notice delivered as aforesaid shall be deemed to have been received when delivered, if delivered on a day other than Saturday, Sunday or statutory holiday, and otherwise on the next following business day. Any notice mailed as aforesaid shall be deemed to have been received on the 7th business day following the day on which such notice is mailed.

Dated at the City of Edmonton in the Province of Alberta this 21st day of March 2012.

Sunlite Electric (St. Paul) Ltd., Insolvent Person
By its Duly Authorized Representative



Per:



Witness

IN THE MATTER OF THE DIVISION I PROPOSAL OF
SUNLITE ELECTRIC (ST. PAUL) LTD.
OF THE CITY OF EDMONTON IN THE PROVINCE OF ALBERTA
SCHEDULE OF PROJECTED DISTRIBUTION TO CREDITORS

Projected Receipts	Bankruptcy	Proposal
Payment by the Bankrupt	-	N/A
Payment by the Debtor	N/A	560,000
Net Realizations from the Sale of Assets:	-	N/A
Real Property	-	N/A
Personal Property	299,500	N/A
Total Projected Receipts	299,500	560,000
Projected Trustee's Fees, G.S.T., and Disbursements	75,000	65,000
Total Available for Distribution	224,500	495,000
Projected Distribution to Canada Revenue Agency - Source Deductions Claim (\$)	138,000	138,000
Projected Distribution to Canada Revenue Agency - Source Deductions Claim (%)	100.00%	100.00%
Projected Distribution to Class 1 Secured Creditor	86,500	200,000
Projected Distribution to the Unsecured Creditors (\$)	-	157,000
Percentage Distribution to the Unsecured Creditors (%) (Note 1)	0.00%	44.44%

1. For purposes of this presentation we have assumed that the value of the proven unsecured claims will be \$352,282.