

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SKYPOWER CORP.

Court File No.:

09-C6-832-1

*Amendment
12/09*

CLASS Protests Granted

Buy remains 15 ftd/60.

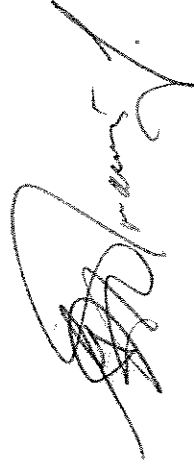
order to incorporate handwritten

clays agreed to by all

applicant + secured order

Applicant 1. Written to be sealed.

Redacted version to be filed.



ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

APPLICATION RECORD

GOODMANS LLP

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Lawyers for the Applicant

F. Myers + C. Carter for Applicants

Aug 13/09

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J. M^{rs} Donald + E. Putman for HSH, lending syndicate

K. M^{rs} Echeverria for CIT Group Inc (DIP Lender)

E. Pillin and K. Mah for Lehman Bros.

M. M^{rs} Naughton for KPMG^{Inc}, Proposed Trust

The Applicant applied for and received an Initial Order under the CCAA on Aug 12/09. Here are the brief reasons relating to the Initial Applicant.

The Applicant is a ~~USRA~~ ~~private~~ privately held company incorporated under the laws of Canada.

It is headquartered in Toronto Canada.

It is currently insolvent and is unable to meet its liabilities as they become due.

The Applicant does have assets having an aggregate book value of \$ 299.8 million as of July 31/09

and liabilities of \$ 257.6 million as of July 31/09

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However, no significant cash flow is generated
from these assets which has resulted in
a liquidity crisis and the Applicant's insolvency.
The Applicant is unable to service its significant
debt. The Applicant currently owes approximately
\$214 million under a secured facility
with a banking syndicate led by
Commerzbank, HSH Nordbank AG ("HSH"), and
approximately \$369 million to an affiliate of
Lehman Brothers Holdings Inc. ("Lehman"). The secured
facility is in default and a forbearance agreement
has lapsed.

The Applicant requires liquidity funding to meet
its current obligations and ~~applies~~ applies for a
DIP Facility in the amount of \$15,000,000.

The parties already in contact on the 5
return of the matter.

The DIP facility is in the form amount
of \$15 million but access to the DIP
is to be governed by the terms of
the Initial Order, which was developed
after lengthy negotiation involving the parties
present. The ~~form~~ ^{terms} of the DIP Facility are set out
in the material and I suggest
the submission of counsel to the Applicant
that there is no real alternative available
to the Applicant. The terms of the DIP
Facility are approved.

The terms of the Admin Charge (\$1.0 million max)
and the Directors' Charge (\$1.95 million max) are
also approved.

KPTI Inc is ^{reported} ~~Head~~ a Toronto.

The record establishes that Restructuring Efforts have been ongoing for a number of months

(see Section 6 of the Order Affidavit). ~~It is~~

~~the Applicant's~~ The available evidence to the Applicant have been identified. As

such the Applicant has agreed to apply to Court for approval of an

expedited sales process in respect of the business and the turbines on or before

August 30/09.

The Record contains the required financial statements and the cash-flow statements

The 349 Date is established at Sept 11/09.

Finally, the record includes HSH filed a voluntarily affidavit of Gregory Hatcher.

The Affidavit was filed in response to the
 Applicant and given to the proper authority
 their neglect which ~~has~~ further resulted
 in the application proceeding without
 objection. I am satisfied that this
 affidavit ^{contains} ~~has~~ sensitive commercial facts,
 the release of which could be prejudicial
 to the State Police. The affidavit of

The letter is to be sealed pending
 further order. A redacted version is
 to be filed by counsel to 1154.

And to give effect to the
 foregoing was signed by me on August 11/09.

The Court extends its appreciation to all
 parties involved for having cooperated to
 produce ^{this} ~~the~~ result in the time
 available. I am also appreciate

of the report produced by the proposed ⁸⁷⁸
committee.

On a going forward basis, the Court does
expect the Trustee to play an important
role in the Sales Process. This is essential
in view of the potential of the DIP Fund
to also be a participant in the sales process.

[subject to
edit if
+ need]


MORAWETZ