
Second Report of
Duff & Phelps Canada Restructuring Inc.
as Trustee in Bankruptcy of
Shaw Canada L.P.,
Stone & Webster Canada Holding One
(N.S.), ULC and
Stone & Webster Canada Holding Two, Inc.

October 1, 2013

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Estate Nos.: 32-158522, 32-158523 and 32-158524

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF SHAW CANADA L.P.,
STONE & WEBSTER CANADA HOLDING ONE (N.S.), ULC AND
STONE & WEBSTER CANADA HOLDING TWO, INC.
OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO

SECOND REPORT OF DUFF & PHELPS CANADA RESTRUCTURING INC.
AS TRUSTEE IN BANKRUPTCY OF
SHAW CANADA L.P.,
STONE & WEBSTER CANADA HOLDING ONE (N.S.), ULC AND STONE &
WEBSTER CANADA HOLDING TWO, INC.

October 1, 2013

1.0 Introduction

1. On August 31, 2012, Shaw Canada L.P. ("Shaw Canada"), Stone & Webster Canada Holding One (N.S.), ULC ("SWC1") and Stone & Webster Canada Holding Two, Inc. ("SWC2") (SWC1, SWC2 and Shaw Canada are collectively referred to as the "Bankrupt Entities") made assignments in bankruptcy and Duff & Phelps Canada Restructuring Inc. ("D&P") was appointed trustee in bankruptcy ("Trustee") of the Bankrupt Entities, subject to affirmation at the First Meeting of Creditors. A copy of the Certificate of Appointment dated August 31, 2012, issued by the Office of the Superintendent of Bankruptcy Canada is attached as Appendix "A".
2. D&P's appointment as Trustee was affirmed at the First Meeting of Creditors convened on September 24, 2012.

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
 - a) Provide background information about these proceedings, including the assets and liabilities of the Bankrupt Entities;

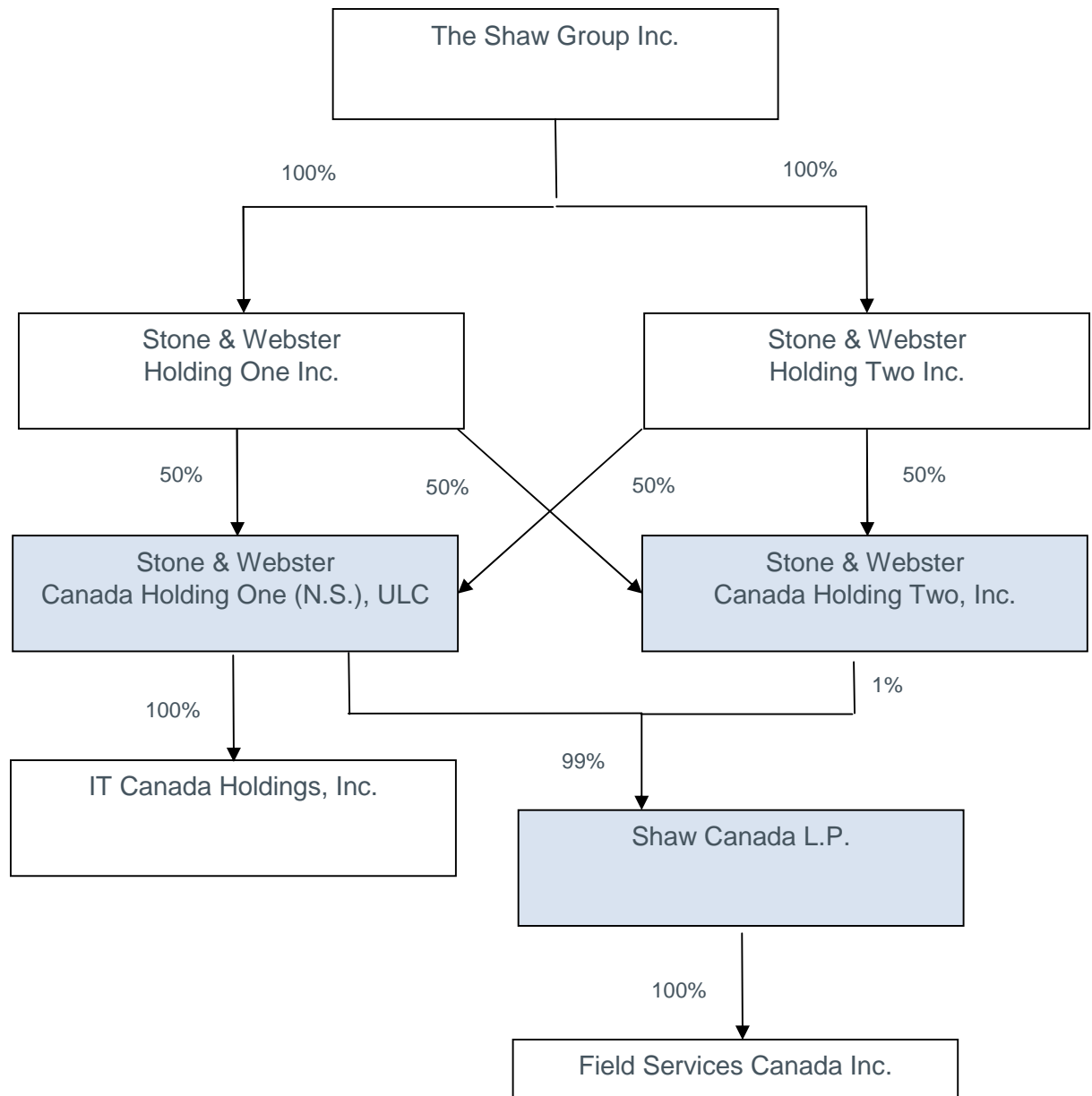
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- b) Summarize the terms of a settlement agreement dated September 10, 2013, among The Shaw Group Inc. ("Shaw US"), Ian Sansom, Robert Lukas, John McNab and Ed Dorr, as the proposed representatives of all terminated employees and retirees of Shaw Canada (the "Plaintiffs"), and the Trustee on behalf of the Bankrupt Entities (the "Settlement Agreement");
 - c) Provide the Trustee's recommendation that the Settlement Agreement be approved by this Honourable Court; and
 - d) Recommend that this Honourable Court issue an Order:
 - Approving the Settlement Agreement;
 - Authorizing and approving the execution of the Settlement Agreement by the Trustee and the performance by the Trustee of its obligations thereunder; and
 - Authorizing the Trustee to take additional steps and execute additional documents as may be required to implement the Settlement Agreement.

1.2 Currency

1. All currency references in this Report are to Canadian dollars, unless otherwise noted.

2.0 Background

1. A summary of the Shaw Group's corporate chart as it relates to these proceedings is provided below (the Bankrupt Entities are shaded).



2. The Bankrupt Entities are indirect subsidiaries of Shaw US.
3. On August 31, 2012, Shaw US completed a sale for approximately US\$290 million of substantially all of its Energy and Chemicals segment ("E&C") to Technip S.A. ("Technip"), a company with its head office in France. The Shaw Canada business was part of the E&C segment. Shaw Canada's business and assets were not acquired by Technip. Shaw Canada's operations were discontinued on August 31, 2012, the date that it made an assignment in bankruptcy.

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4. In February, 2013, Shaw US was acquired by Chicago Bridge & Ironworks (“CB&I”) as part of a US\$3 billion transaction.
 5. Shaw US was a publicly-traded global provider of engineering, construction, technology, fabrication, remediation and support services for clients in the energy, chemicals, environmental, infrastructure and emergency response industries.
 6. SWC1 and SWC2 were inactive holding companies of their partnership interests in Shaw Canada.
 7. Shaw Canada operated from leased premises in Mississauga, Ontario.
 8. At the date of its bankruptcy, Shaw Canada employed 107 individuals, many of whom were long-term employees of Shaw Canada. By virtue of the bankruptcy, all employees were terminated on the date of bankruptcy. Shaw Canada’s workforce was not unionized. Shaw Canada maintained a defined benefit pension plan - the Employee Retirement Plan of Stone & Webster Canada L.P., registration number 0515908 (the “Plan”), which Plan is in the process of being wound up and is in a deficit position.

3.0 The Bankrupt Estates

3.1 Assets

1. The bankruptcy proceedings have largely been funded from the cash in Shaw Canada’s bank accounts on the date of bankruptcy (approximately \$1.1 million).
2. The only other significant assets of the Bankrupt Entities are intercompany accounts receivable with an aggregate book value of between approximately \$7 million to \$10 million¹ owing from Shaw Energy & Chemicals Inc., Stone & Webster International, Inc. and Stone & Webster, Inc. (the “Intercompany Receivables”), which are subsidiaries of Shaw US. The collectability of the Intercompany Receivables is uncertain, as they are disputed by Shaw US and its affiliates (including as to quantum and also as to the availability of set off so as to purportedly eliminate any such obligation).

¹ According to Shaw Canada’s books and records as at the date of bankruptcy, the book value of the Intercompany Receivables was approximately \$7 million. However, based on correspondence reviewed by the Trustee following its appointment, this amount may exclude a transfer pricing adjustment of approximately \$3 million.

3.2 Creditors

1. The only known outstanding priority claim against Shaw Canada is a deemed trust claim totalling approximately \$175,000 owing to Canada Revenue Agency (“CRA”) for unpaid source deductions on Shaw Canada’s final payroll prior to the date of bankruptcy. CRA is to complete a payroll audit in the next few months on this claim and there are sufficient funds in the estate account to pay this claim.
2. Earlier in these proceedings, the Trustee paid from the Shaw Canada estate pension and wage priority claims totalling approximately \$56,000, as authorized by the Inspectors.
3. Shaw Canada does not have any secured obligations.
4. Employee wages and vacation pay were paid up to the date of bankruptcy.
5. Rent was paid through to the date of bankruptcy. The Trustee paid occupation rent until it disclaimed the lease and vacated Shaw Canada’s leased premises on October 26, 2012.
6. Shaw Canada’s principal unsecured creditors are:
 - Shaw Canada’s former employees for their severance and termination claims, which are alleged to total approximately \$13.5 million. There is no dispute as to the former employees having valid and significant claims for severance and termination but, for greater certainty, the Trustee has not undertaken a review of the calculation of the former employees’ statutory and common law entitlements to confirm the methodology and calculations set out in the proof of claim filed on behalf of the former employees;
 - An intercompany obligation owing by Shaw Canada to Shaw Overseas (Far East) Ltd. (“Shaw Overseas”) in the amount of approximately \$14.9 million pursuant to a promissory note dated March 1, 2004 (“Promissory Note”). Shaw US filed a proof of claim in the bankruptcy proceedings in the amount of approximately US\$8.4 million, representing the Promissory Note obligation, net of the value of the Intercompany Receivables reflected in the books and records of Shaw US;

- The members of the Plan as a result of a deficit in the Plan. On September 18, 2012, Financial Services Commission of Ontario (“FSCO”) appointed PricewaterhouseCoopers Inc. (“PwC”) as the Plan administrator. PwC filed an unsecured proof of claim against Shaw Canada in the amount of approximately \$6 million. In April, 2013, FSCO determined that the Pension Benefits Guarantee Fund (“PBGF”) applied to the Plan. In May 2013, the PBGF paid \$4.3 million to the Plan on account of the wind-up deficiency in the Plan; and
- Five other creditor claims, totalling approximately \$400,000 (collectively, the “Remaining Creditors”), including the unsecured claim of Service Canada for amounts paid to former employees under the *Wage Earners Protection Program Act* (“WEPPA”) in respect of severance and termination claims of Shaw Canada’s former employees. A summary of the Remaining Creditors is provided in the table below.

Creditor	Amount
Service Canada re: WEPPA ²	273,068
Flowserve, SA	49,213
Design Group Staffing Inc.	43,423
Amex Bank of Canada	25,936
Oce Canada	1,380
Total	393,020

3.3 Inspectors

1. Section 113(3) of the *Bankruptcy and Insolvency Act* (Canada) prohibits employees of a bankrupt company from nominating or voting on the appointment of inspectors. As the terminated employees represent the overwhelming majority of the Bankrupt Entities’ arms’ length creditors, the Trustee brought a motion on September 21, 2012, to permit the terminated employees to vote on the appointment of inspectors. The Court approved the Trustee’s recommendation pursuant to an Order issued on September 21, 2012, a copy of which is attached as Appendix “B”, together with the related endorsement of Mr. Justice Brown.

² Based on the most recent WEPPA statement provided to the Trustee in September, 2013, the WEPPA claim may be approximately \$338,000. The Trustee is reviewing the discrepancy between this statement and the prior one, which reflected a claim of approximately \$273,000.

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2. At the First Meeting of Creditors convened on September 24, 2012, Messrs. Sansom, McNab and Dorr were appointed Inspectors of the estates of the Bankrupt Entities, each of whom is a former employee of Shaw Canada and is a Plaintiff.
 3. As all the inspectors are Plaintiffs, the Trustee believes that it is appropriate that the Trustee seek the Court's approval for it to enter into the Settlement Agreement.

4.0 Litigation Involving Shaw US

1. The Trustee and the Plaintiffs are each involved in separate legal proceedings against Shaw US. A summary of those proceedings is as follows:
 - Plaintiffs: On December 20, 2012, the Plaintiffs commenced a proposed representative action against Shaw US and certain of its affiliates (Court File No. CV-12-9949-00CL)³. The Plaintiffs allege, *inter alia*, that Shaw US is the "common employer" of Shaw Canada employees as well as the *de facto* legal administrator of the Plan and in that respect is responsible for the deficiency in the Plan; and
 - Trustee: On January 11, 2013, the Trustee disallowed in full the claim of approximately US\$8.4 million filed by Shaw US in the bankruptcy proceedings. For various reasons, the Trustee disputed, *inter alia*, Shaw US' set off of intercompany obligations as between Shaw Canada and Shaw US, which had the effect of eliminating the Intercompany Receivables owing to Shaw Canada. The Trustee also reserved its right to assert the claims of Shaw Canada against Shaw US, including the common employer claim and/or that Shaw US was the *de facto* legal administrator of the Plan. On February 8, 2013, Shaw US appealed the Trustee's notice of disallowance. The hearing of the disallowance appeal was adjourned *sine die* in order to permit the parties to pursue settlement negotiations.

5.0 Settlement Agreement

1. Settlement discussions of the above claims among Shaw US, the Plaintiffs and the Trustee on behalf of the Bankrupt Entities commenced in February, 2013, shortly following CB&I's acquisition of Shaw US.

³ The details regarding the Plaintiffs' "common employer" action are set out in, and appended to, the Plaintiffs' motion materials, and accordingly, are not repeated in this Report.

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2. From the outset, CB&I has been clear that it would not settle either stream of litigation independently of the other, and that in its mind the two streams of litigation involved overlapping claims and issues. Also, given the composition of claims in the bankrupt estates, it has been clear that the principal beneficiaries of a successful resolution of claims in the bankruptcy estates would be the former employees and pensioners of Shaw Canada. Accordingly, the Trustee and the Plaintiffs were prepared to proceed with negotiations on a global basis, as required by CB&I.
 3. On April 19, 2013, the negotiations resulted in an Agreement in Principle, whereby CB&I agreed to pay \$9.4 million to settle the Plaintiffs' action and the Trustee's claims against Shaw US in the bankruptcy proceedings. A copy of the Agreement in Principle is attached as Appendix "C".
 4. A key condition for CB&I in proceeding with a settlement is that it obtain a high degree of certainty that any settlement will bind all former employees and pensioners of Shaw Canada so that CB&I is not subject to further claims or legal proceedings. A considerable amount of time and effort has been expended by the parties to design a mechanism that delivers this level of certainty, and in large measure this has consisted of proceeding with the settlement through a class proceeding.
 5. Following attendances before this Honourable Court on August 6, 2013, and August 23, 2013, to determine procedural and scheduling matters, including the proposed amendment of the Plaintiffs' claim as a class proceeding, and an attendance on September 9, 2013, to approve the notice of settlement, the Settlement Agreement was finalized on September 10, 2013. Copies of the September 9, 2013 Order and the Settlement Agreement are attached as Appendices "D" and "E", respectively.
 6. The significant terms and conditions of the Settlement Agreement are summarized as follows:
 - Shaw US will pay \$9.4 million in total to settle both the Plaintiffs' litigation and the Trustee's claims against Shaw US;
 - The Settlement Agreement provides for a comprehensive release of claims by the Trustee, the Bankrupt Entities and the Plaintiffs against Shaw US and its affiliates;
 - The Plaintiffs have agreed to release their claims in the estates of the Bankrupt Entities and to not participate in any distributions made by the Trustee to other creditors;

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- In order to implement the Settlement Agreement and to obtain a release of all potential claims, the Settlement Agreement contemplates the conversion of the Plaintiffs' action to a class proceeding under the *Class Proceedings Act*, S.O. 1992. Provided that the Court certifies the action and approves the Settlement Agreement at the return of this motion, the class members are to be bound by the settlement and the release, subject to the opportunity to "opt out" of the Settlement Agreement by the deadline, being 30 days following Court approval of the proposed Settlement Agreement (the "Opt Out Deadline");
 - The Settlement Agreement is subject to the following conditions:
 - a. Court approval;
 - b. Not more than three class members opting out of the Settlement Agreement by the Opt Out Deadline;
 - c. The aggregate value of any claims of class members who opt out does not exceed \$50,000; and
 - d. The time for appeals has expired, or if there are appeals, the Settlement Approval Order is upheld.
 - The Settlement Agreement cannot be implemented unless the claims/actions against Shaw US of both the Plaintiffs and the Trustee are settled concurrently. Accordingly, the Court is being asked concurrently to approve both the settlement of the Plaintiffs' action through the class proceeding mechanism and to also approve the Trustee entering into and completing the Settlement Agreement;
 - The settlement proceeds (\$9.4 million) are to be distributed as follows:
 - First: \$200,000 shall be paid to the Trustee in satisfaction of claims against Shaw US, including for the Intercompany Receivables or any other intercompany advance and/or obligation;
 - Then: The legal fees, disbursements and taxes incurred by legal counsel to the Plaintiffs, Koskie Minsky LLP;

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- Then: Remittances to CRA and any other applicable government authority in respect of applicable taxes, payroll or other withholdings or deductions payable in respect of the settlement amounts being paid to the former employees and pensioners; and
 - Then: Payment of the remaining balance to be distributed among the class members pursuant to a distribution schedule and protocol established in the Settlement Agreement.
 - Subject to the approval of this Court and the satisfaction or waiver of the other conditions precedent, payments under the Settlement Agreement are expected to be made on or prior to December 1, 2013.

5.1 Recommendation re: Settlement Agreement

1. The Trustee recommends that the Court approve the Settlement Agreement for the following reasons:
 - The Settlement Agreement results in a significant recovery for the employees and pensioners of Shaw Canada, and enhances the distributions to other creditors of Shaw Canada. According to the Affidavit of Ian Samson filed in support of this motion, recoveries to class members are estimated to be 62% of the amounts claimed – which substantially exceeds the potential recovery that might have been available to creditors in the bankruptcy proceedings absent the claims of the Plaintiffs and/or the Trustee being successfully litigated and any resulting judgment collected – all of which would be uncertain, time consuming and costly;
 - The largest stakeholders in the bankruptcy proceedings, being the employee and retiree group, support the Settlement Agreement. The reasons of the Honourable Justice Brown dated September 21, 2012, refer to this stakeholder group as “*the major creditors of the estate*”. A copy of these reasons is provided in Appendix “F”;

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- The Settlement Agreement results in a release of claims totaling approximately \$22 million against the Bankrupt Entities (being the claims of the former employees (\$13.5 million) and Shaw US' claim (\$8.4 million)). In addition, the Plan Administrator, which has filed a claim against Shaw Canada for \$6 million, has confirmed that it would not participate in the proceeds of the Settlement Agreement to be allocated to the Trustee. This facilitates greater relative recoveries for the Remaining Creditors - the amount allocated to the Trustee under the Settlement Agreement (\$200,000) may result in a recovery of up to 50% for the Remaining Creditors, which exceeds the recovery the Remaining Creditors may have otherwise received had the settlement not been pursued (estimated at between nil and 40% of their claims);
 - Absent the Settlement Agreement, the Trustee would continue to litigate Shaw US' appeal of the Trustee's notice of disallowance. Litigation would be costly, time consuming and there is no certainty of outcome. Any judgment could be appealed. If successful, the Trustee would then need to pursue collection from Shaw US of the Intercompany Receivables (the quantum of which ranges from approximately \$7 million to \$10 million). Shaw US has no assets or operations in Canada, and collecting on a judgment against Shaw US would necessitate seeking to recognize and enforce a judgment in the United States. This would also be complex and costly;
 - One potential result of the Trustee's litigation with Shaw US is for the Trustee to be successful on the setoff issue but not on the disallowance of Shaw US' \$14.9 million claim for amounts owing under the Promissory Note. This potential result would further dilute any recoveries for the creditors of the Bankrupt Entities. In this situation, the result is estimated at nil to 25% of creditor claims; and
 - The Settlement Agreement, once implemented, will enable the Trustee to complete its administration of the bankruptcy proceedings and to apply for its discharge, as there are no other significant outstanding issues in the bankruptcy proceedings.
2. The Trustee established a dialogue throughout these settlement negotiations with the largest creditors and stakeholders which are not parties to the Settlement Agreement, including the Plan administrator. The Trustee is not aware of opposition to any of the relief sought in this motion. The Trustee has also served a copy of this Report on the Remaining Creditors and the Plan administrator.

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3. Based on the foregoing, the Trustee believes the Settlement Agreement is appropriate and produces an excellent result for stakeholders.

6.0 Conclusion and Recommendation

1. Based on the foregoing, the Trustee respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 of this Report.

* * *

All of which is respectfully submitted,

Duff & Phelps Canada Restructuring Inc.

**DUFF & PHELPS CANADA RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY OF
SHAW CANADA L.P.,
STONE & WEBSTER CANADA HOLDING ONE (N.S.), ULC AND
STONE & WEBSTER CANADA HOLDING TWO, INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”



Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

An Agency of
Industry Canada

Un organisme
d'Industrie Canada

District of: ONTARIO

Division No.: 09 - Mississauga

Court No.: 32-158522

Estate No.: 32-158522

In the Matter of the Bankruptcy of:

SHAW CANADA L.P.

Debtor

DUFF & PHELPS CANADA RESTRUCTURING INC

Trustee

ORDINARY ADMINISTRATION

Security: \$0

Date and time of bankruptcy: August 31, 2012, 11:49

Date of trustee appointment: August 31, 2012

Meeting of creditors: September 24, 2012, 14:30
HYATT REGENCY TORONTO ON KING
370 KING STREET WEST
TORONTO, ONTARIO

Chair: Trustee

CERTIFICATE OF APPOINTMENT Section 49 of the Act; Rule 85

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify, that:

- the aforementioned debtor filed an assignment under section 49 of the Bankruptcy and Insolvency Act;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

CHRIS POOLE

Official Receiver

Federal Building, 55 Bay Street North, 9th Floor, Hamilton, ONTARIO, L8R 3P7,
877/376-9902

Canada



Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

An Agency of
Industry Canada

Un organisme
d'Industria Canada

District of: ONTARIO

Division No.: 09 - Mississauga

Court No.: 32-158523

Estate No.: 32-158523

Amended

In the Matter of the Bankruptcy of:
STONE & WEBSTER CANADA HOLDING ONE (N.S.), ULC
Debtor

DUFF & PHELPS CANADA RESTRUCTURING INC
Trustee

ORDINARY ADMINISTRATION

Security: \$0

Date and time of bankruptcy: August 31, 2012, 11:45

Date of trustee appointment: August 31, 2012

Meeting of creditors: September 24, 2012, 14:30
HYATT REGENCY TORONTO ON KING
370 KING STREET WEST
TORONTO, ONTARIO

Chair: Trustee

CERTIFICATE OF APPOINTMENT Section 49 of the Act; Rule 85

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify, that:

- the aforementioned debtor filed an assignment under section 49 of the Bankruptcy and Insolvency Act;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

CHRIS POOLE

Official Receiver

Federal Building, 55 Bay Street North, 9th Floor, Hamilton, ONTARIO, L8R 3P7,
877/376-9902

Canada



Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

An Agency of
Industry Canada

Un organisme
d'Industrie Canada

District of: ONTARIO

Division No.: 09 - Mississauga

Court No.: 32-158524

Estate No.: 32-158524

Amended

In the Matter of the Bankruptcy of:
STONE & WEBSTER CANADA HOLDING TWO, INC.
Debtor

DUFF & PHELPS CANADA RESTRUCTURING INC
Trustee

ORDINARY ADMINISTRATION

Security: \$0

Date and time of bankruptcy: August 31, 2012, 11:48

Date of trustee appointment: August 31, 2012

Meeting of creditors: September 24, 2012, 14:30
: HYATT REGENCY TORONTO ON KING
370 KING STREET WEST
TORONTO, ONTARIO

Chair: Trustee

CERTIFICATE OF APPOINTMENT Section 49 of the Act; Rule 85

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify, that:

- the aforementioned debtor filed an assignment under section 49 of the Bankruptcy and Insolvency Act;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

CHRIS POOLE

Official Receiver

Federal Building, 55 Bay Street North, 9th Floor, Hamilton, ONTARIO, L8R 3P7,
877/376-9902

Canada

Appendix “B”



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
(IN BANKRUPTCY & INSOLVENCY)**

THE HONOURABLE
MR. JUSTICE BROWN

) FRIDAY, THE 21ST DAY
)
) OF SEPTEMBER, 2012

**IN THE MATTER OF THE BANKRUPTCY OF
SHAW CANADA L.P., of the City of Mississauga, in
the Province of Ontario**

**ORDER
(Procedures for First Meeting of Creditors)**

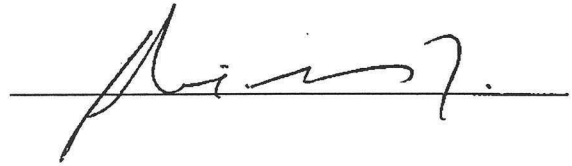
THIS MOTION, made by Duff & Phelps Canada Restructuring Inc., in its capacity as trustee in bankruptcy (in such capacity, the "Trustee") of the estate of Shaw Canada L.P. ("Shaw"), a bankrupt, for an order substantially in the form enclosed in the Motion Record of the Trustee was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, filed, and the Motion Record, including the First Report of the Trustee, dated September 19, 2012, filed, and on hearing submissions of counsel for the Trustee and counsel for

, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Marian Bojovich, sworn on September 19, 2012, filed, and upon being advised that no other persons were served with the aforementioned materials:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record be and it is hereby abridged, if necessary, so that the motion is properly returnable today, and that further service thereof be and it is hereby dispensed with, and that service of the aforementioned materials, be and it is hereby validated in all respects.

2. **THIS COURT ORDERS AND DECLARES** that any retiree or employee of Shaw as at August 31, 2012 who is a creditor of Shaw be permitted to nominate and vote on the appointment of inspectors at the First Meeting of Creditors in respect of Shaw, pursuant to Section 113(3) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.
3. **THIS COURT ORDERS** that the Trustee may from time to time apply to this Honourable Court for advice and directions in the discharge of its powers and duties hereunder.

A handwritten signature in black ink, appearing to be "M. Smith", is written over a horizontal line.

<p>ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST (IN BANKRUPTCY & INSOLVENCY)</p> <p>Proceedings commenced in Toronto</p>	<p>ORDER (Procedures for First Meeting of Creditors)</p>	<p>TORYS LLP Suite 3000 79 Wellington St. W. Box 270, TD Centre Toronto, Ontario M5K 1N2 Canada</p> <p>David Bish (LSUC#: 41629A) Tel: 416.865.7353 Fax: 416.865.7380 Email: dbish@torys.com</p> <p>Adam M. Slavens (LSUC#: 54433J) Tel: 416.865.7333 Fax: 416.865.7380 Email: aslavens@torys.com</p> <p>Lawyers for Duff & Phelps Canada Restructuring Inc., in its capacity as trustee in bankruptcy of Shaw Canada L.P.</p>
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Appendix “C”

Without Prejudice

Agreement in Principle

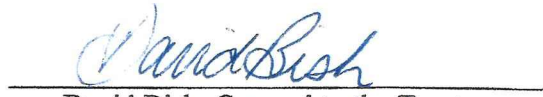
1. The Shaw Group Inc. ("TSGI"), a subsidiary of CB&I, will pay CDN \$9.4 million as "all-in" amount (including costs, taxes etc.) to settle all bankruptcy and employee proceedings raised or which could have been raised in Court File Numbers 32-158522 (the "Bankruptcy") and CV-12-9949-00CL (the "Action") on conditions that (the "Settlement"):
 - (a) Court approvals are obtained on terms satisfactory to the parties acting reasonably;
 - (b) A full release is made in favour of CB&I, TSGI and their affiliates and all related parties in form satisfactory to CB&I; Resolution/release to be binding on all former Shaw Canada L.P. employees/pensioners/beneficiaries/LTD recipients and all other affected parties (e.g. surviving spouses, etc.) (the "Employees");
 - (c) There will be a full written settlement agreement executed by all parties. Such agreement will address, among other things, the court approval process that will ensure that all Employees will be bound by the agreement and releases;
 - (d) All parties acknowledge that no party makes any admission of liability and any liability is expressly denied;
 - (e) Koskie Minsky, Bob Lukas, Ian Sansom, Ed Dorr and John McNab will recommend to the Plaintiffs in the Action to accept the Settlement, and will support the Settlement; and
 - (f) As part of the Settlement, TSGI and its affiliates will release or assign their claims in the Bankruptcy estate.
2. The parties will adjourn *sine die* TSGI's appeal of the disallowance of its claims in the Bankruptcy currently returnable May 3, 2013 pending completion of the Settlement including payment of funds by TSGI, following which the appeal will be withdrawn on a without costs basis.
3. As part of the Settlement, the Plaintiffs will agree to dismiss the Action on a without costs basis once Settlement is completed including payment of funds by TSGI to Counsel to the Plaintiffs in the Action or as otherwise mutually agreed.



Andrew J. Hatnay, Counsel to the
Plaintiffs in the Action



Marc Wasserman, Counsel to TSGI



David Bish, Counsel to the Trustee

Appendix “D”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

THE HONOURABLE) MONDAY, THE
)
MR. JUSTICE NEWBOULD) 9TH DAY OF SEPTEMBER, 2013

B E T W E E N :

IAN SANSOM, ROBERT LUKAS, JOHN MCNAB and ED DORR,
the proposed representatives of all terminated employees and retirees of Shaw Canada L.P.
under Rule 10 of the *Rules of Civil Procedure*

Plaintiffs

- and -

**SHAW CANADA L.P., THE SHAW GROUP INC., STONE AND WEBSTER CANADA
HOLDING ONE (N.S.) ULC, STONE AND WEBSTER CANADA HOLDING TWO,
INC., STONE AND WEBSTER HOLDING ONE, INC., STONE AND WEBSTER
HOLDING TWO, INC., J.M. BERNHARD, JR., JAMES GLASS, HARVEY
VIGNEAULT, THOS E. CAPPS, JAMES F. BARKER, DANIEL A. HOFFLER, ALBERT
D. MCALISTER, DAVID W. HOYLE, STEVE ALLISON, CRAIG PIERCE, and
MICHAEL J. MANCUSO**

Defendants

ORDER

ON BEING ADVISED of the consent of the Plaintiffs, The Shaw Group Inc. and the trustee in bankruptcy (the "Trustee") for Shaw Canada L.P. ("SCLP"), Stone and Webster Canada Holding One (N.S.), ULC ("SWC1") and Stone and Webster Canada Holding Two, Inc. ("SWC2") and on hearing the submissions of counsel for these parties during a case conference held at Toronto, Ontario,

1. **THIS COURT ORDERS** that, for the purposes of this order, the Class is defined as all former employees of SCLP, SWC1 and SWC2, all the beneficiaries of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908, all recipients of any long-term disability program in respect of SCLP, and all surviving spouses, heirs, guardians, administrators, executors, trustees, estate trustees, successors, direct and indirect beneficiaries and assigns of each.

2. **THIS COURT ORDERS** that a hearing to consider, among other relief, certification of the action CV-12-9949-00CL as a class proceeding and approval of the settlement agreement between the Plaintiffs, The Shaw Group Inc. and other parties shall be heard on October 9, 2013 at 330 University Avenue, Toronto, Ontario.
3. **THIS COURT ORDERS** that the Notice of the Hearing for Certification and Settlement Approval in substantially the form attached as **Schedule A** to this order is approved, subject to the right of the Plaintiffs, The Shaw Group Inc. or the Trustee to make minor mutually agreed upon non-material amendments to such form as may be necessary or desirable.
4. **THIS COURT ORDERS** that the Notice of Hearing for Certification and Settlement Approval shall:
 - (a) be posted on Koskie Minsky LLP's website forthwith after the issuance of this order and no later than 5 days after the issuance of this order;
 - (b) be sent by direct mail or email to all known Class Members as soon as practicable and no later than 5 days after the issuance of this order; and
 - (c) be published in one issue of a newspaper of national circulation and one issue of a newspaper of province-wide circulation in Québec as soon as practicable and no later than 10 days after the issuance of this order.
5. **THIS COURT ORDERS** that the Notice of Hearing for Certification and Settlement Approval satisfies the requirements of the *Class Proceedings Act, 1992*, S.O. 1992, c.6 and the provision of said notice to the Class shall constitute good and sufficient notice to the Class.

NEWBOULD, J.

SEP 11 2013

NB

**SCHEDULE A: NOTICE OF HEARING FOR CERTIFICATION AND SETTLEMENT
APPROVAL**

Newspaper Notice of Hearing for Certification and Settlement Approval

Employment and Pension Class Action Against The Shaw Group Inc. et al

To: Former Employees of Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc.

And To: Beneficiaries of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908 (the "Shaw Canada Pension Plan")

And To: Recipients of any long-term disability program in respect of Shaw Canada L.P.

And To: Surviving spouses, heirs, guardians, administrators, executors, trustees, estate trustees, successors and assigns of each of the former employees, pension plan beneficiaries and recipients identified above

Please read this notice carefully as it may affect your legal rights.

This notice is addressed to people who may be "class members" in this proposed class action. It provides information about a hearing before the Ontario Superior Court of Justice (Commercial List) on October 9, 2013 at 330 University Ave., Toronto, Ontario at 9:30 am. The parties have reached a settlement of the action and will be asking the Court to certify the action as a class action and to approve the settlement. If you fit the description above, you may be a class member and your legal rights may be affected by the settlement.

The plaintiffs alleged that The Shaw Group Inc. and other defendants are liable for damages relating to, among other things, wrongful dismissal and the underfunding of the Shaw Canada Pension Plan arising from the bankruptcy of Shaw Canada L.P. The defendants deny the allegations and deny any wrongdoing or liability.

The proposed settlement includes payment of CDN \$9.4 million, inclusive of all legal fees, costs and expenses, for the benefit of the class members and to satisfy certain claims against The Shaw Group Inc. and the bankrupt estates of Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc. If the court approves the settlement, there would be a distribution of settlement funds among eligible class members who do not opt out of the settlement, in accordance with a distribution protocol.

If you are a class member, please review the complete version of this notice, which is available on the website of Koskie Minsky LLP (counsel for the plaintiffs and class members) at: www.kmlaw.ca/ShawClassAction. A copy of the settlement agreement, and other information about the proposed settlement is also available on the website.

To obtain additional information or to object to the proposed settlement, please contact Koskie Minsky LLP at the address below:

Koskie Minsky LLP
20 Queen St. W., Suite 900, Toronto, ON M5H 3R3

Re: The Shaw Group Inc Class Action
Tel: 1-855-595-2624
Email: ShawClassAction@kmlaw.ca

PLEASE DO NOT CONTACT THE COURT ABOUT THIS CLASS ACTION.

Direct Mail/E-Mail Notice of Hearing for Certification and Settlement Approval
Employment and Pension Class Action Against The Shaw Group Inc. et al

To: Former employees of Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc.

And To: Beneficiaries of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908 (the "Shaw Canada Pension Plan")

And To: Recipients of any long-term disability program in respect of Shaw Canada L.P.

And To: Surviving spouses, heirs, guardians, administrators, executors, trustees, estate trustees, successors and assigns of each of the former employees, pension plan beneficiaries and recipients identified above

Please read this notice carefully as it may affect your legal rights.

This notice is addressed to people who may be "class members" in this proposed class action. It provides information about a hearing before the Ontario Superior Court of Justice (Commercial List) on October 9, 2013 at 330 University Ave., Toronto, Ontario at 10:00 am. The parties have reached a settlement of the action and will be asking the court to certify the action as a class action and to approve the settlement.

In 2013, after Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc. had each made an assignment in bankruptcy, Ian Sansom, Robert Lukas, John McNab and Ed Dorr (collectively, the "plaintiffs") commenced a proposed representative action in the Ontario Superior Court of Justice (Commercial List) against The Shaw Group Inc., and certain of its affiliates, directors and other parties.

The plaintiffs alleged that The Shaw Group Inc., the ultimate parent corporation of Shaw Canada L.P., and other defendants are liable for damages relating to, among other things, wrongful dismissal and the underfunding of the Shaw Canada Pension Plan arising from the bankruptcy of Shaw Canada L.P. The defendants deny the allegations and deny any wrongdoing or liability.

The Plaintiffs have reached a settlement in principle with the defendants and, for the purposes of settlement, the action will be converted to a class action. The settlement includes payment of CDN \$9.4 million, inclusive of all costs and fees, including legal fees and administration costs, to provide benefits to class members and to satisfy certain claims against The Shaw Group Inc. and the bankrupt estates of Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc.

If this settlement is approved by the court, class members could choose to either (1) opt out of the settlement and thus receive no compensation from it; or (2) they may participate in the settlement, which provides for a distribution of settlement funds among eligible class members in accordance with a distribution protocol.

The parties will appear before the Ontario Superior Court of Justice (Commercial List) on October 9, 2013 at 330 University Ave., Toronto, Ontario at 9:30 am to ask the court to certify the action as a class action and to approve the proposed settlement. Class members may attend

the hearing and may make submissions regarding the proposed settlement. Any class members who wish to object must provide written notice of their objection to class counsel, Koskie Minsky LLP, by October 4, 2013.

To obtain additional information or to object to the proposed settlement, please contact Koskie Minsky LLP at the address below:

Koskie Minsky LLP
20 Queen St. W., Suite 900, Toronto, ON M5H 3R3
Re: The Shaw Group Inc. Class Action
Tel: 1-855-595-2624
Email: ShawClassAction@kmlaw.ca

A copy of the settlement agreement and other information about the proposed settlement is available on class counsel's website at: www.kmlaw.ca/ShawClassAction.

PLEASE DO NOT CONTACT THE COURT ABOUT THIS CLASS ACTION.

IAN SANSOM, ROBERT LUKAS, JOHN MCNAB and ED DORR.
the proposed representatives of all terminated employees and retirees of Shaw Canada L.P.
under Rule 10 of the *Rules of Civil Procedure*

SHAW CANADA L.P., THE SHAW GROUP INC., STONE & WEBSTER INC., STONE AND WEBSTER HOLDING ONE NS ULC, et al.

Plaintiffs

Defendant

Court File No: CV-12-9949-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

ORDER

KOSKIE MINSKY LLP
20 Queen Street West, Suite 900
Toronto, ON
M5H 3R3

Andrew J. Hatnay LSUC#: 31885W
Tel: 416-595-2083
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James P. Harnum LSUC# 60459F
Tel: 416-542-6285
Fax: 416-204-2819

Counsel to the Plaintiffs

Appendix “E”

SETTLEMENT AGREEMENT

BETWEEN

The Shaw Group Inc.

(“TSGI”)

- and -

**Shaw Canada L.P., a bankrupt, by its trustee in bankruptcy, Duff & Phelps Canada
Restructuring Inc.**

(“SCLP”)

- and -

**Stone & Webster Canada Holding One (N.S.), ULC., a bankrupt, by its trustee in
bankruptcy, Duff & Phelps Canada Restructuring Inc.**

(“SWC1”)

- and -

**Stone & Webster Canada Holding Two, Inc., a bankrupt, by its trustee in bankruptcy, Duff
& Phelps Canada Restructuring Inc.**

(“SWC2”)

- and -

Ian Sansom, Robert Lukas, John McNab and Ed Dorr

(the “Plaintiffs”)

(collectively, the “Parties”)

RECITALS:

- A. On August 31, 2012, SCLP, SWC1 and SWC2 each made an assignment in bankruptcy and Duff & Phelps Canada Restructuring Inc. was appointed as trustee in bankruptcy in respect of each of SCLP, SWC1 and SWC2 (the “**Trustee**”), which assignments in bankruptcy were assigned, respectively, Court File Nos. 32-158522, 32-158523 and 32-158524 (collectively the “**Bankruptcy**”). On August 31, 2012, all employees of SCLP were terminated.
- B. TSGI, certain of its affiliates and certain Class Members (as defined herein) have filed proofs of claim in the Bankruptcy and are, subject to final determination of their claims, creditors of the estate of SCLP.
- C. On January 11, 2013, the Trustee issued a notice of disallowance to TSGI and its affiliates in the Bankruptcy (the “**Disallowance**”), which Disallowance is under appeal by TSGI.
- D. On December 20, 2013, Ian Sansom, Robert Lukas, John McNab and Ed Dorr commenced a proposed representative action in the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) against TSGI and certain of its affiliates, including SCLP, SWC1 and SWC2, and certain directors and officers of TSGI and its affiliates (collectively, the “**Defendants**”), which action was assigned Court File No. CV-12-9949-00CL (the “**Action**”). A list of the directors and officers of TSGI and its affiliates who were named as defendants in the Action are set out in Schedule A to this Settlement Agreement.
- E. The Parties have engaged in arms-length negotiations with the assistance of independent legal counsel with experience in complex bankruptcy law, pensions law, employment law and class proceedings that resulted in an Agreement in Principle on April 19, 2013 (the “**Agreement in Principle**”) and subsequently this Settlement Agreement.
- F. The Parties have reached a full and final settlement of all of their outstanding issues with respect to TSGI, SCLP, SWC1, SWC2, the Defendants, the Plaintiffs and the Trustee, including the Action, the Disallowance and certain other matters in the Bankruptcy, in accordance with the terms of this Settlement Agreement.
- G. The Settlement (as defined herein) is intended by the Parties, subject to the terms and conditions below and without any admission or concession as to the merits of any claim or defence by any of the Parties, to (i) fully and finally compromise, resolve, release and

settle the Action and the Claims (as defined herein) in respect thereof, and to dismiss the Action with prejudice and without costs, (ii) fully and finally resolve the Disallowance and any other issues between the Parties in the Bankruptcy and the Claims in respect thereof, and (iii) fully and finally compromise, resolve, release and settle any other Claims.

- H. The Defendants to the Action deny the allegations and claims made in the Action, and deny any liability or wrongdoing.
- I. The Settlement is to be approved by the court and implemented through a class proceeding under the *Class Proceedings Act, 1992*, S.O. 1992, c. 6 (the “CPA”) in the Ontario Superior Court of Justice (Commercial List) or such other procedure as may be agreed upon among the Parties for the purposes of providing sufficient comfort to TSGI that on payment of the Settlement Amount by TSGI, TSGI will be released from all possible claims arising from or relating to the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908, and the employment and termination of employees of SCLP.
- J. The Plaintiffs have concluded that the Settlement is desirable in order to avoid the uncertainty, delay and expense of further litigation, and to achieve a full and final resolution of all Claims.
- K. The Defendants, while denying liability and wrongdoing, and while asserting the existence of good and valid defences to the Action and the Disallowance, have concluded that the Settlement is desirable in order to avoid the uncertainty, delay and expense of further litigation, and to achieve a full and final resolution of all Claims.

NOW, THEREFORE, in consideration of the covenants, agreements and releases set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

THE SETTLEMENT

1. This Settlement Agreement represents an agreement between the Parties to resolve in accordance with the terms more particularly set out herein all Claims which were made or could have been made by the Class Members, SCLP, SWC1, SWC2 the Trustee and/or other Persons against the Releasees. The terms “Claims”, “Persons” and “Releasees” are defined below.

2. Notwithstanding the foregoing, nothing in this Settlement Agreement shall affect each Class Member's right to a distribution from the estates of SCLP, SWC1 and SWC2, as the case may be, in accordance with the provisions of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3.
3. The terms of the Settlement Agreement are binding on the Parties and their successors and assigns.
4. All Parties acknowledge that no party makes any admission of liability or wrongdoing and any liability or wrongdoing is expressly denied.
5. As more fully set out herein, TSGI will pay CDN \$9.4 million (the "**Settlement Amount**"), less all applicable Taxes (defined below), as an "all-in" amount in accordance with the applicable orders of the Court as soon as practicable after the Effective Date (as defined herein) and no later than 20 days after the Effective Date, to settle all Claims (the "**Settlement**").
6. The Settlement Amount represents the full monetary contribution or payment of any kind to be made by TSGI in settlement of the Claims, inclusive of claims, costs, interest, legal fees, taxes, withholdings and deductions (inclusive of any Taxes, payroll or other withholdings or deductions which may be payable in respect of this Settlement), all costs associated with the distribution of benefits, all costs of any necessary notice, all costs associated with the administration of the Settlement and the Settlement Amount and any other monetary costs associated with the Settlement or otherwise. Neither TSGI nor any of the other Defendants in the Action shall have any obligation to pay any amount in addition to the Settlement Amount, for any reason, pursuant to or in furtherance of this Settlement Agreement. For purposes of this Settlement Agreement, "**Taxes**" includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, body, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity ("**Governmental Authority**"), including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes,

countervail and anti-dumping, all licence, franchise and registration fees and both the employee and the employer contributions in respect of all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

7. Notwithstanding Section 6, if any of the conditions in Section 15 is not satisfied and TSGI does not waive such condition pursuant to Section 16, then TSGI will pay half of the documented actual costs in respect of the Notice of Hearing for Certification and Settlement Approval and Notice of Settlement Approval (the “**Notice Costs**”) up to a maximum amount of \$10,500; for greater certainty, such Notice Costs shall not include amounts in respect of the legal fees of Koskie Minsky, LLP (“**Plaintiffs’ Counsel**”) which legal fees are provided for in Section 31(b) below.
8. As part of the Settlement, TSGI and its affiliates (excluding SCLP, SWC1 and SWC2) will release their claims in the Bankruptcy or assign such claims to the Class Members as directed by the Class Members on or before the Effective Date.
9. Other than the Claims described in the Action, the Parties acknowledge that they are not aware of any Claim against SCLP, SWC1, SWC2 or the Releasees by or on behalf of any former employee of SCLP, SWC1 or SWC2 or by any surviving spouses, heirs, guardians, administrators, executors, trustees, estate trustees, successors and assigns of any such former employee.
10. The Plaintiffs agree to dismiss the Action with prejudice and without costs on payment of the Settlement Amount and to take all necessary steps to effect same.
11. The Parties shall make all reasonable efforts to obtain the Court approvals and/or orders necessary for the implementation of the Settlement.
12. No further proceedings of any kind or nature shall be commenced or continued by the Class Members or the Trustee against the Releasees in respect of any Claims, except as necessary to complete the Settlement set out herein.

CLASS PROCEEDING FOR SETTLEMENT PURPOSES

13. The Plaintiffs will seek to amend the Statement of Claim in the Action to be a claim under the CPA for settlement purposes in form and substance satisfactory to counsel for TSGI (the “**Class Proceeding**”).
14. The proposed settlement class will consist of all former employees of SCLP, SWC1 and

SWC2, all the beneficiaries of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908, all recipients of any long-term disability program in respect of SCLP, and all surviving spouses, heirs, guardians, administrators, executors, trustees, estate trustees, successors and assigns of each (individually, a “**Class Member**”, collectively, the “**Class**”).

15. The Settlement is subject to the following conditions precedent:

- (a) The Court shall grant an order, substantially in the form attached (without Schedules) as Schedule B to this Settlement Agreement, approving the Settlement on the terms set out in this Settlement Agreement, or as amended by the Court on the consent of each of the Parties acting reasonably (the “**Certification and Settlement Approval Order**”). The Parties shall make all reasonable efforts to address any requests of the Court for additional information.
- (b) The Opt Out Deadline (defined below) shall have passed and: (i) not more than three Class Members have opted out of the Settlement and have not revoked their opt out; and (ii) the aggregate value of any Claims of Class Members who opt out of the Settlement and have not revoked their opt out shall not exceed CDN \$50,000 to be valued by TSGLI, acting reasonably and in good faith consultation with Plaintiffs’ Counsel, and based on the information provided by such person(s) in the Opt Out Form.
- (c) With respect to each Court order,
 - (i) the time to appeal or seek leave to appeal from such order shall have expired; or
 - (ii) if an appeal from such order is taken, (a) leave to appeal from such order shall have been denied by the Court; or (b) an appellate court shall have affirmed such order in its entirety and (x) the time for a further appeal or to seek leave to appeal shall have expired or (y) the appellate court of last resort shall have affirmed such order in its entirety.

16. The **Effective Date** shall occur on the date of the satisfaction of all of the conditions set out in Section 15. This Settlement Agreement shall be null and void and of no force and effect in the event that any condition in Section 15 is not satisfied, unless such condition is waived in writing by TSGLI, acting in its sole, unfettered and absolute discretion, and if such condition is so waived, the Effective Date shall occur on the date of such waiver.

17. If the Settlement Agreement is not approved by the Court or if any condition set out in Section 15 is not satisfied or waived pursuant to Section 16, this Settlement Agreement and all of its provisions, and all negotiations, all documents and information exchanged in furtherance of the Settlement, and all statements and proceedings relating to it, and the fact of its existence and any of its terms, shall be without prejudice to the rights of the Parties, all of whom shall be restored to their respective positions existing immediately before this Settlement Agreement and negotiations in respect thereof. For clarity and without limitation, this Settlement Agreement is without prejudice to the rights of each Party to seek or oppose certification of the Action as a class proceeding should the Settlement not be approved by the Court.

SETTLEMENT APPROVAL PROCESS

18. The Plaintiffs will request from the Court an order approving the form of the notice of the hearing seeking certification of the Action as a class proceeding and approval of the settlement, including the date for such hearing (the “**Notice of Hearing for Certification and Settlement Approval**”) in substantially the form attached hereto as Schedule C. This notice will, *inter alia*, advise the Class Members of their right to appear in the Court to object to the Settlement and advise that any person may obtain documents in the French language upon request.
19. On Court approval of the Notice of Hearing for Certification and Settlement Approval, Plaintiffs’ Counsel will send the notice to the Class Members by direct mail or e-mail within five days of the issuance of the Court order approving the said notice and by publication of the notice in one issue of a newspaper of national circulation and a newspaper of Province-wide circulation in Québec.
20. The Plaintiffs will file a motion before the Court requesting the Certification and Settlement Approval Order on the date set out in the Notice of Hearing for Certification and Settlement Approval.
21. The Certification and Settlement Approval Order shall provide, *inter alia*:
 - (a) On or before the day that is 30 days after the date that the Court issues the Certification and Settlement Approval Order (the “**Opt Out Deadline**”), any Class Member who does not want to participate in the Settlement must submit to Plaintiffs’ Counsel an opt out form in substantially the form attached as Schedule D (the “**Opt Out Form**”);

- (b) Any Class Member who opts out shall be excluded from the terms of the Settlement Agreement and from any and all rights and obligations under the Settlement Agreement;
 - (c) Each Class Member who does not opt out of the Settlement in the manner prescribed in this Settlement Agreement (collectively, the “**Settlement Class**” and each member of the Class, a “**Settlement Class Member**”) shall be bound by the terms of this Settlement Agreement and all applicable Court orders;
 - (d) All Claims of each Settlement Class Member have been fully, finally and forever absolutely released and discharged as against the Releasees;
 - (e) The payment of the Settlement Amount is in full satisfaction and release of any and all Claims that could have been brought by the Settlement Class Members and/or the Trustee against the Releasees, howsoever arising; and
 - (f) Enforcement of the Settlement Agreement shall be the sole and exclusive remedy for any and all Claims of the Settlement Class Members.
22. TSGI shall consent to the certification of the common issues set out in the Amended Statement of Claim as part of the Certification and Settlement Approval Order, provided that TSGI’s consent to certification of the Class Proceeding is for settlement purposes only.
23. The Plaintiffs and Plaintiffs’ Counsel shall support the Settlement and shall recommend that the Class Members accept the Settlement.
24. Plaintiffs’ Counsel will send to counsel for TSGI any materials, in draft form, that the Plaintiffs propose to file with the Court in connection with any proceedings with respect to the implementation of the Settlement Agreement, including the motion seeking the Certification and Settlement Approval Order, and TSGI shall be given at least five business days to comment on the draft materials.
25. As part of the motion for the Certification and Settlement Approval Order, the Parties shall request that the Court dismiss, on payment of the Settlement Amount, the Action and Class Proceeding on a with prejudice and without costs basis.
26. The Parties shall bear their own costs on the motions described in Section 18 and Section 20 of this Agreement.

27. Following court approval of the Settlement, Plaintiffs' Counsel will send the notice of settlement approval (the "**Notice of Settlement Approval**"), in a form to be agreed upon among the Plaintiffs and TSGI, to Class Members by direct mail (or e-mail) within five days of the issuance of the Certification and Settlement Approval Order and by publication of the notice in a newspaper of national circulation and a newspaper of Province-wide circulation in Québec.
28. Within two days of receiving a valid Opt Out Form, Plaintiffs' Counsel shall provide a report to TSGI and TSGI's counsel advising as to the names of any Class Members who have opted out of the Settlement and who have not revoked their opt out within two days and, to the extent known, their reasons for opting out.

RELEASE

29. On payment of the Settlement Amount, TSGI, Stone & Webster Holdings One, Inc., Stone & Webster Holdings Two, Inc., Shaw Energy and Chemicals, Inc. and all of their respective present and former affiliates, partners, shareholders, subsidiaries, successor and predecessor companies other than SCLP, SWC1 and SWC2 (collectively, the "**Shaw Group**"), the named Defendants in the Action other than SCLP, SWC1 and SWC2 and the present and former officers, directors, employees, representatives and agents of an entity in the Shaw Group, SCLP, SWC1 and SWC2 (including any person listed in Schedule A to this Settlement Agreement) and the heirs, guardians, administrators, executors, trustees, estate trustees, successors and assigns of each (hereinafter collectively with the Shaw Group referred to as the "**Releasees**") shall be and shall be deemed to have been released and discharged from any and all actions, causes of action, claims, liabilities, losses of any kind, injuries, suits, debts, contracts, obligations, representations, promises, damages, judgments, expenses and demands whatsoever, in law or in equity, whether normal, special, consequential, punitive or otherwise, on all counts howsoever arising and in all jurisdictions, which were made or could have been made by the Settlement Class Members, SCLP, SWC1, SWC2 and/or the Trustee including, without limitation, the Action and all matters arising in respect of the Bankruptcy, including without limitation (i) any claims related to the hiring and employment by the Releasees of the Settlement Class Members and the cessation of such employment effective on or before August 31, 2012; (ii) any proof of claim filed by the Settlement Class Members in the Bankruptcy; (iii) any claims for wages or pay, claims for reinstatement, notice of termination, pay in lieu of such notice, severance pay, retirement benefits, expenses, wages or salary, bonus, incentive plan, stock option plan, profit sharing plan, commissions, overtime pay, interest, benefits, automobile allowance,

vacation pay or general, punitive, mental distress, pain and suffering or aggravated damages or other claims, and specifically including any claim, arbitration, complaints or recourse under common law, contract or statute, including the Ontario *Employment Standards Act, 2000*, (the “ESA”) the Ontario *Human Rights Code* or any other similar legislation; (iv) any benefits that may be owing under the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908; and (v) any accounts payable or other debts owing by the Shaw Group to SCLP, SWC1 or SWC2 (collectively, the “Claims”).

30. On payment of the Settlement Amount, each Settlement Class Member and each of his or her heirs, executors, administrators, legal representatives, successors and assigns, and the Trustee further agree and are hereby deemed to agree not to make any claims, or to commence or continue any proceedings against any other person, partnership, corporation or other entity of any kind who or that might claim contribution or indemnity or any other relief of a monetary, declaratory or injunctive nature from any one or more of the Releasees in connection with any Claims.

THE SETTLEMENT AMOUNT

31. The Settlement Amount shall be allocated and distributed by TSGI as follows:
- (a) CDN \$200,000 shall be paid to the Trustee in satisfaction of certain claims asserted against the Shaw Group by the SCLP estate with respect to intercompany loans or other advances or amounts;
 - (b) Payment to Plaintiffs’ Counsel, in trust, in respect of all legal costs, disbursements and applicable taxes incurred on behalf of the Plaintiffs and the Class Members in respect of the Action in advance of final distribution of the Settlement Amount to the eligible Class Members, including any such costs, disbursements and taxes incurred in the implementation of the Settlement Agreement. The fees of Plaintiffs’ Counsel shall be determined in accordance with Koskie Minsky LLP’s hourly rates without a fee multiplier and shall be subject to any maximum amount that may be specified in the Certification and Settlement Approval Order;
 - (c) such amounts as determined by TSGI, acting reasonably and in consultation with the Plaintiffs’ Counsel, as is required to be remitted to the Canada Revenue Agency and any other applicable Governmental Authority on account of applicable Taxes, including payroll or other withholdings or deductions, applicable in respect of this Settlement; and

- (d) the remaining balance of the Settlement Amount after deduction of the payments referred to in Clauses (a), (b) and (c) of this Section 31 shall be paid to Koskie Minsky, LLP, in trust, on account of damages, including for: (i) termination and severance claims for wages or pay in lieu of notice; or (ii) claims in respect of possible reductions due to the underfunding of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908. Such balance shall be distributed to the Settlement Class Members in a distribution allocation to be determined by Plaintiffs' Counsel and subject to court approval. This distribution allocation shall be substantially in the classifications in the form attached as Schedule E.
32. Within 10 days of such remittance, TSGI shall advise Plaintiffs' Counsel when the amounts in Section 31(c) have been remitted to the Canada Revenue Agency and any other applicable Governmental Authority and the amount of such remittance.

MISCELLANEOUS

33. This Settlement is without prejudice, without admission of liability on the part of TSGI or any of its affiliates or related parties, and may not be raised, referred to, or relied upon by the Parties in any other proceedings except if necessary to enforce its terms. Despite the above, the Trustee may refer to the Settlement in the bankruptcy proceedings.
34. The Parties acknowledge and declare that (a) the Parties have had an adequate opportunity to read and consider this Settlement Agreement and to obtain such advice in regard to this Settlement Agreement as the Parties should consider advisable; (b) the Parties fully understand the nature and effect of the Settlement Agreement, including the Settlement and the Release; (c) the Parties fully understand that the consideration for the Settlement Agreement has been accepted; and (d) this Settlement Agreement has been duly executed voluntarily.
35. This Settlement Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
36. The division of the Settlement Agreement into sections and the insertion of headings are for convenience or reference only and shall not affect the construction or interpretation of this Settlement Agreement.
37. The terms of this Settlement Agreement constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any prior agreement including the Agreement in Principle.

38. This Settlement Agreement may be executed in any number of counterparts and may be delivered by means of facsimile or electronic transmission in portable document format, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.
39. The recitals to this Settlement Agreement are true and form part of the Settlement Agreement.
40. Each of the Parties hereto acknowledges and agrees that Duff and Phelps Canada Restructuring Inc. is entering into this Settlement solely in its capacity as Trustee and not in its personal capacity and is executing this Agreement subject to court approval being obtained pursuant to Section 15(a) herein.

Dated at Toronto, Ontario on September 10, 2013.

THE SHAW GROUP INC.

By: _____
Name:
Title:

**SHAW CANADA L.P. BY ITS TRUSTEE
IN BANKRUPTCY DUFF & PHELPS
CANADA RESTRUCTURING INC.**

By: _____
Name: DAVID SIERADZKI
Title: MANAGING DIRECTOR

**STONE & WEBSTER CANADA HOLDING
ONE (N.S.), ULC. BY ITS TRUSTEE IN
BANKRUPTCY DUFF & PHELPS
CANADA RESTRUCTURING INC.**

By: _____
Name: DAVID SIERADZKI
Title: MANAGING DIRECTOR

STONE & WEBSTER CANADA HOLDING
TWO, INC. BY ITS TRUSTEE IN
BANKRUPTCY DUFF & PHELPS
CANADA RESTRUCTURING INC.

By: 

Name: DAVID S. ROBERTS

Title: MANAGING DIRECTOR

Witness

Ian Sansom

Witness

Robert Lukas

Witness

John McNab

Witness

Ed Dorr

STONE & WEBSTER CANADA HOLDING
TWO, INC. BY ITS TRUSTEE IN
BANKRUPTCY DUFF & PHELPS
CURRY & PESTRICH INC.

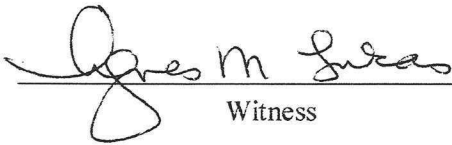
By: _____

Name:

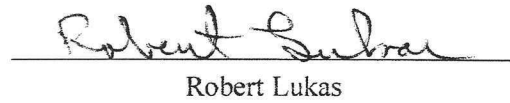
Title:

Witness

Ian Sansom



Witness



Robert Lukas

Witness

John McNab

Witness

Ed Dorr

**STONE & WEBSTER CANADA HOLDING
TWO, INC. BY ITS TRUSTEE IN
BANKRUPTCY DUFF & PHELPS
CANADA RESTRUCTURING INC.**

By: 

Name: DAVID S. S. 7025

Title: MANAGING DIRECTOR

Witness

Ian Sansom

Witness

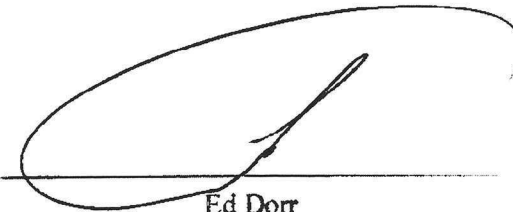
Robert Lukas

Witness

John McNab



Witness



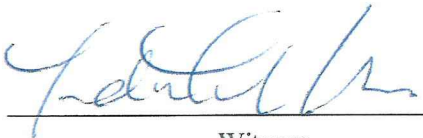
Ed Dorr

**STONE & WEBSTER CANADA HOLDING
TWO, INC. BY ITS TRUSTEE IN
BANKRUPTCY DUFF & PHELPS
CANADA RESTRUCTURING INC.**

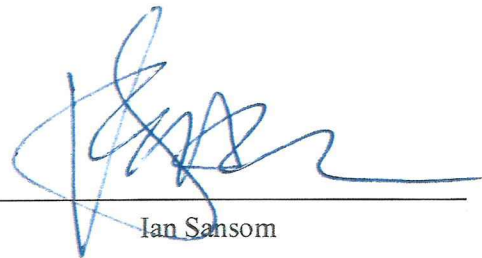
By: _____

Name:

Title:



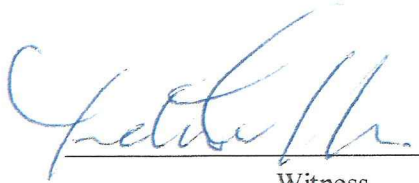
Witness



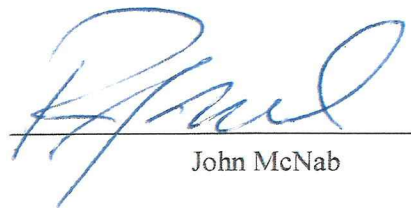
Ian Sansom

Witness

Robert Lukas



Witness



John McNab

Witness

Ed Dorr

SCHEDULE A: DIRECTORS AND OFFICERS NAMED
AS DEFENDANTS IN THE ACTION

J.M. Bernhard, Jr.

James Glass

Harvey Vigneault

Thos E. Capps

James F. Barker

Daniel A. Hoffler

Albert D. McAlister

David W. Hoyle

Steve Allison

Craig Pierce

Michael J. Mancuso

SCHEDULE B: CERTIFICATION AND SETTLEMENT APPROVAL ORDER

Court File No. CV-12-9949-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

THE HONOURABLE) WEDNESDAY, THE
MR. JUSTICE NEWBOULD) 9TH DAY OF OCTOBER, 2013

B E T W E E N :

IAN SANSOM, ROBERT LUKAS, JOHN MCNAB and ED DORR,
the proposed representatives of all terminated employees and retirees of Shaw Canada L.P.
under Rule 10 of the *Rules of Civil Procedure*

Plaintiffs

- and -

**SHAW CANADA L.P., THE SHAW GROUP INC., STONE AND WEBSTER CANADA
HOLDING ONE (N.S.) ULC, STONE AND WEBSTER CANADA HOLDING TWO,
INC., STONE AND WEBSTER HOLDING ONE, INC., STONE AND WEBSTER
HOLDING TWO, INC., J.M. BERNHARD, JR., JAMES GLASS, HARVEY
VIGNEAULT, THOS E. CAPPS, JAMES F. BARKER, DANIEL A. HOFFLER, ALBERT
D. MCALISTER, DAVID W. HOYLE, STEVE ALLISON, CRAIG PIERCE, and
MICHAEL J. MANCUSO**

Defendants

ORDER

THIS MOTION made by the Plaintiffs for an order seeking: (i) leave to amend the statement of claim in the action with Court file number CV 12 9949 00CL (the "Action") to convert the Action into a proceeding under the *Class Proceedings Act, 1992*, S.O. 1992, c. 6; (ii) certification of the Action; (iii) approval of the settlement of the Action and certain claims of the Trustee, in accordance with, and as more particularly set out in, the settlement agreement entered into between the Plaintiffs, The Shaw Group Inc. and the Trustee on September 9, 2013 (the "Settlement Agreement"), a copy of which is attached as **Schedule A** to this order; (iv) approval of class counsel's fees and disbursements, and (v) other relief, was heard this ____ day at ____.

AND ON READING the notice of motion, the affidavit of Ian Sansom, the affidavit of James Harnum and such other material filed and on hearing submissions of counsel for the Plaintiffs, counsel for the Trustee and counsel for The Shaw Group Inc., no one appearing for the other defendants, although having been given notice of this motion,

LEAVE TO AMEND ACTION

1. **THIS COURT ORDERS** that the Plaintiffs are hereby granted leave to amend the statement of claim in the Action substantially in the form attached as **Schedule B** to this order.

APPROVAL OF TRUSTEE'S ENTERING INTO SETTLEMENT AGREEMENT

2. **THIS COURT ORDERS** that the execution of the Settlement Agreement by the Trustee, and the performance by the Trustee of its obligations thereunder, is hereby authorized and approved. The Trustee is hereby authorized to take such additional steps and execute such additional documents as may be necessary or desirable to implement the settlement in accordance with the Settlement Agreement.
3. **THIS COURT ORDERS** that a copy of this Order shall be filed by the Trustee in the Court file for each of Estates numbers 32-158522, 32-158523 and 32-158524.

CERTIFICATION AND SETTLEMENT APPROVAL

4. **THIS COURT ORDERS** that the use of capitalized terms in this order shall have the same meaning as found in the Settlement Agreement.
5. **THIS COURT ORDERS AND DECLARES** that the settlement reflected in the Settlement Agreement is fair, reasonable and in the best interests of the Plaintiffs and the Class Members.
6. **THIS COURT ORDERS** that the Action is certified as a class proceeding pursuant to the *Class Proceedings Act, 1992*.
7. **THIS COURT ORDERS** that the Class is defined as:

all former employees of SCLP, SWC1 and SWC2, all the beneficiaries of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908, all recipients of any long-term disability program in respect of SCLP, and all surviving spouses, heirs, guardians, administrators, executors, trustees, estate trustees, successors, direct and indirect beneficiaries and assigns of each (the "Class Members").

8. **THIS COURT ORDERS** that Ian Sansom, Robert Lukas, John McNab and Ed Dorr are appointed as the representative plaintiffs for the Class.
9. **THIS COURT ORDERS** that the claims asserted on behalf of the Class are: (a) breach of contract; (b) breaches of fiduciary duty, duty of good faith and duty of care; (c) statutory claims for oppression pursuant to section 248 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, section 166 of the *Business Corporations Act*, R.S.N.B. c. B-9.1 and section 5 (third schedule) of the *Companies Act*, R.S.N.S. 1989, c. 81; and (d) conspiracy.
10. **THIS COURT ORDERS** that damages and declaratory relief are sought on behalf of the Class.
11. **THIS COURT ORDERS** that the common issues certified for settlement purposes are:

Breach of Contract

- (a) What were the common terms of the Class Members' contracts of employment?
- (b) If the Class Members' contracts of employment contained notice and severance provisions, did any of the Defendants breach those provisions?
- (c) Did the Defendants breach any other provisions of the Class Members' contracts of employment?
- (d) Are any of the Class Members entitled to damages for:
 - (i) Pay in lieu of notice of termination under the common law;
 - (ii) The value of benefits, including pension, health, life insurance and other benefits, for a period of notice;
 - (iii) Pay in lieu of notice of termination under the *Employment Standards Act*, 2000, S.O. 2000 c. 41 (the "ESA");

- (iv) Breach of the notice and severance provisions under the Class Members contracts of employment; and/or
- (v) Any other amounts for breach of the Class Members contracts of employment?
- (e) If so, what is the quantum of damages owing to the class?
- (f) Was any one or more of the Defendants a common employer of Class members under the common law, the ESA or any other legislation?

Fiduciary Duties and Other Duties to Members of the Shaw Plan

- (g) Were any one or more of the Defendants the administrator of the Employee Retirement Plan of Stone & Webster Canada L.P., (CRA registration number 0515908) (the “Shaw Plan”)?
- (h) Did any of the Defendants owe a fiduciary duty, duty of good faith, a statutory duty, a contractual duty or a duty of care to the Class Members in relation to the Shaw Plan?
- (i) If so, did any of the Defendants breach any duty or duties to the Class Members in relation to the Shaw Plan?
- (j) If the Defendants, or any of them, breached any duty or duties to the Class Members, then:
 - (i) Are any one or more of the Defendants liable for the amount of the wind up deficiency owing to the Shaw Plan?
 - (ii) Are any one or more of the Defendants liable for the amount of the administrative costs relating to the wind up of the Shaw Plan?
 - (iii) Are any one or more of the Defendants liable for any other amount in relation to the Shaw Plan?
 - (iv) What is the quantum of damages owing to the Class?

Oppression Remedy

- (k) What were the reasonable expectations of the Class Members in relation to the conduct of the business or affairs of the corporate Defendants?
- (l) Do the Class Members have standing to make a claim under the oppression remedy under any corporate statute(s) against any of the Defendants?
- (m) If so:
 - (i) Did any act or omission of any of the Defendants effect or threaten to effect a result that was or is oppressive or unfairly prejudicial or that

unfairly disregards or disregarded the interests of any of the Class Members?

(ii) Was the business or affairs of any of the Defendants carried on or conducted in a manner that was or is oppressive or unfairly prejudicial or that unfairly disregards or disregarded the interests of any of the Class Members?

(iii) Were the powers of any of the Defendants exercised or threatened to be exercised in a manner that was or is oppressive or unfairly prejudicial or that unfairly disregards or disregarded the interests of any of the Class Members?

(n) Are the Class Members entitled to a remedy under the oppression remedy under any corporate statute(s)?

(o) If so, what remedy?

Conspiracy

(p) Did any of the Defendants unlawfully conspire to act in a manner that they knew, or ought to have known, would cause harm to the Class Member?

(q) If so, what is the quantum of damages owing to the Class?

Aggravated and Punitive Damages

(r) Are the Class Members entitled to aggravated damages?

(s) If so, what quantum of aggravated damages should be awarded to the Class?

(t) Are the Class Members entitled to punitive damages?

(u) If so, what quantum of punitive damages should be awarded to the Class?

12. **THIS COURT ORDERS** that the settlement of this action on the terms reflected in the attached Settlement Agreement is approved pursuant to subsection 29(3) of the *Class Proceedings Act, 1992* and shall be implemented in accordance with its terms.

13. **THIS COURT ORDERS AND DECLARES** that the Settlement Agreement, including the schedules thereto, is incorporated by reference into and forms part of this order and is binding upon the Plaintiffs, each Class Member who does not opt out of the Action pursuant to paragraph 15 of this order, including those persons who are under disability ("Settlement Class Members") and the Defendants.

14. **THIS COURT ORDERS** that the requirements of Rules 7.04(1) and 7.08(4) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194 are dispensed with in respect of the Action.

RIGHT TO OPT OUT

15. **THIS COURT ORDERS** that any Class Member may opt out of the class proceeding by delivering to Koskie Minsky LLP an Opt-Out Form in substantially the form attached as **Schedule C** by the Opt-Out Deadline (November __, 2013).
16. **THIS COURT ORDERS AND DECLARES** that any Class Member who opts out shall be excluded from the terms of the Settlement Agreement and from any and all rights and obligations under the Settlement Agreement.
17. **THIS COURT ORDERS AND DECLARES** that any Settlement Class Member will be bound by the Settlement Agreement and all applicable court orders.

RELEASE

18. **THIS COURT ORDERS AND DECLARES** that, upon payment of all amounts specified in Section 31 of the Settlement Agreement (the "Payment Date"),
- (a) SCLP, SWC1, SWC2, the Trustee, any Governmental Authority, each Settlement Class Member and any other Person has and shall be deemed to have fully, finally and forever absolutely released and discharged the Releasees in respect of all Claims released in the Settlement Agreement;
 - (b) the initiation, investigation, prosecution, adjudication, determination or assertion of any and all matters in respect of any Claims in respect of the Settlement Class Members and any claim based upon subrogation or otherwise in respect of any Claims that could be made by any Person including any Governmental Authority against or in respect of any of the Releasees is finally and forever barred and enjoined;
 - (c) each Settlement Class Member, the Trustee and other Persons as set out in the Settlement Agreement are hereby deemed to agree not to make any claims, or to commence or continue any proceedings against any other person, partnership, corporation or other entity of any kind who or that might claim contribution or indemnity or any other relief of a monetary, declaratory or injunctive nature from any one or more of the Releasees in connection with any Claims;

- (d) each Settlement Class Member shall be deemed to have consented to the dismissal as against any of the Defendants of any action or proceeding he, she or it has commenced relating in any way to the Claims without costs and with prejudice; and
 - (e) any other action or proceeding commenced by any Settlement Class Member shall be and is hereby dismissed against any of the Defendants without costs and with prejudice.
19. **THIS COURT ORDERS AND DECLARES** that the payment of the Settlement Amount is in full satisfaction and release of any and all Claims that were or could have been brought by SCLP, SWC1, SWC2 and/or the Trustee and any of the Settlement Class Members against the Releasees, howsoever arising.
20. **THIS COURT ORDERS AND DECLARES** that the enforcement of the Settlement Agreement shall be the sole and exclusive remedy for any and all Claims of the Settlement Class Members.
21. **THIS COURT ORDERS AND DECLARES** that each Settlement Class Member, the Trustee and other Persons as set out in the Settlement Agreement is hereby deemed to agree that the Settlement Agreement is a settlement within the meaning of section 112 of the *ESA* and is hereby deemed to agree to the disclosure of the Settlement Agreement in writing to an employment standards officer by counsel to TSGI on behalf of SCLP and each Settlement Class Member pursuant to section 112 of the *ESA*.
22. **THIS COURT ORDERS AND DECLARES** that each Settlement Class Member is deemed to have commenced the Action for the purposes of section 98 of the *Employment Standards Act, 2000* in respect of all Claims.

NOTICE OF CERTIFICATION AND SETTLEMENT APPROVAL

23. **THIS COURT ORDERS** that the Notice of Certification and Settlement Approval in substantially the form attached as **Schedule D** to this order is approved, subject to the right of the Parties to make mutually-agreed upon minor non-material amendments to said notice as may be necessary or desirable.
24. **THIS COURT ORDERS** that the Notice of Certification and Settlement Approval

- (a) be posted on Koskie Minsky LLP's website forthwith after the issuance of this order and no later than 5 days after the issuance of this order;
- (b) be sent by direct mail or e-mail to all known Class Members as soon as practicable and no later than 5 days after the issuance of this order; and
- (c) be published in one issue of a newspaper of national circulation and one issue of a newspaper of province-wide circulation in Québec as soon as practicable and no later than 10 days after the issuance of this order.

25. **THIS COURT ORDERS** that the notice program described in paragraph 24 of this order satisfies the requirements of the *Class Proceedings Act, 1992* and shall constitute good and sufficient service upon Class Members of notice of this order and approval of the Settlement Agreement.

ADMINISTRATION OF THE SETTLEMENT

26. **THIS COURT ORDERS** that TSGI shall pay CDN \$9.4 million (the "Settlement Amount") as soon as practicable after the Effective Date and no later than 20 days after the Effective Date as follows:

- (a) CDN \$200,000 shall be paid to the Trustee in satisfaction of certain claims asserted against the Shaw Group by SCLP estate with respect to intercompany loans or other advances or amounts;
- (b) payment to Koskie Minsky LLP, in trust, in respect of all legal costs, disbursements and applicable taxes incurred on behalf of the Plaintiffs and Class Members in respect of the Action in advance of final distribution of the Settlement Amount to the eligible Class Members, including any such costs, disbursements and taxes incurred in the implementation of the Settlement Agreement. The fees of Koskie Minsky LLP shall be determined in accordance with Koskie Minsky LLP's hourly rates without a fee multiplier. The payment to Koskie Minsky LLP in respect of fees shall be a subject to a maximum of \$*, unless otherwise ordered;
- (c) such amounts as determined by TSGI, acting reasonably and in consultation with Koskie Minsky LLP, as is required to be remitted to the Canada Revenue Agency and any other applicable Governmental Authority on account of applicable Taxes, including payroll or other withholdings or deductions, applicable in respect of this Settlement; and
- (d) the remaining balance of the Settlement Amount after deduction of the payments referred to in clauses (a), (b) and (c) of this paragraph 26 shall be paid to Koskie

Minsky LLP, in trust, on account of damages, including for: (i) termination and severance claims for wages or pay in lieu of notice; or (ii) claims in respect of possible reductions due to the underfunding of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908. Such balance shall be distributed to the Settlement Class Members in accordance with the distribution protocol attached as **Schedule E** to this order.

27. **THIS COURT ORDERS AND DECLARES** that, without affecting the finality of this order, this court reserves exclusive and continuing jurisdiction of the Action, the Plaintiffs, all Settlement Class Members and the Defendants for the purposes of:
- (a) implementing the Settlement Agreement; and
 - (b) enforcing and administering the Settlement Agreement and this order.

DISMISSAL OF CLAIMS

28. **THIS COURT ORDERS** that, as of the Payment Date and except as set out above, the Action be and is hereby dismissed without costs and with prejudice.
29. **THIS COURT DECLARES** that this order and the Settlement Agreement approved hereby are not based upon any finding or admission of liability or wrongdoing by any of the Defendants or Parties to the Settlement Agreement.
30. **THIS COURT ORDERS** that if any of the conditions set out in Section 15 of the Settlement Agreement is not satisfied or waived pursuant to Section 16 of the Settlement Agreement, the Settlement Agreement, and all other provisions of this order shall become null and void and are without prejudice to the rights of the parties in the Action or in any proceedings and any settlement between the parties as incorporated into this order or otherwise shall be deemed in the Action and in any proceedings to be null and void and made without prejudice.

NEWBOULD, J.

**SCHEDULE C : NOTICE OF HEARING FOR CERTIFICATION AND SETTLEMENT
APPROVAL**

Newspaper Notice of Hearing for Certification and Settlement Approval

Employment and Pension Class Action Against The Shaw Group Inc. et al

To: Former Employees of Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc.

And To: Beneficiaries of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908 (the "Shaw Canada Pension Plan")

And To: Recipients of any long-term disability program in respect of Shaw Canada L.P.

And To: Surviving spouses, heirs, guardians, administrators, executors, trustees, estate trustees, successors and assigns of each of the former employees, pension plan beneficiaries and recipients identified above

Please read this notice carefully as it may affect your legal rights.

This notice is addressed to people who may be "class members" in this proposed class action. It provides information about a hearing before the Ontario Superior Court of Justice (Commercial List) on October 9, 2013 at 330 University Ave., Toronto, Ontario at 9:30 am. The parties have reached a settlement of the action and will be asking the Court to certify the action as a class action and to approve the settlement. If you fit the description above, you may be a class member and your legal rights may be affected by the settlement.

The plaintiffs alleged that The Shaw Group Inc. and other defendants are liable for damages relating to, among other things, wrongful dismissal and the underfunding of the Shaw Canada Pension Plan arising from the bankruptcy of Shaw Canada L.P. The defendants deny the allegations and deny any wrongdoing or liability.

The proposed settlement includes payment of CDN \$9.4 million, inclusive of all legal fees, costs and expenses, for the benefit of the class members and to satisfy certain claims against The Shaw Group Inc. and the bankrupt estates of Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc. If the court approves the settlement, there would be a distribution of settlement funds among eligible class members who do not opt out of the settlement, in accordance with a distribution protocol.

If you are a class member, please review the complete version of this notice, which is available on the website of Koskie Minsky LLP (counsel for the plaintiffs and class members) at: www.kmlaw.ca/ShawClassAction. A copy of the settlement agreement, and other information about the proposed settlement is also available on the website.

To obtain additional information or to object to the proposed settlement, please contact Koskie Minsky LLP at the address below:

Koskie Minsky LLP
20 Queen St. W., Suite 900, Toronto, ON M5H 3R3

Re: The Shaw Group Inc Class Action
Tel: 1-855-595-2624
Email: ShawClassAction@kmlaw.ca

PLEASE DO NOT CONTACT THE COURT ABOUT THIS CLASS ACTION.

Direct Mail/E-Mail Notice of Hearing for Certification and Settlement Approval
Employment and Pension Class Action Against The Shaw Group Inc. et al

To: Former employees of Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc.

And To: Beneficiaries of the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908 (the “Shaw Canada Pension Plan”)

And To: Recipients of any long-term disability program in respect of Shaw Canada L.P.

And To: Surviving spouses, heirs, guardians, administrators, executors, trustees, estate trustees, successors and assigns of each of the former employees, pension plan beneficiaries and recipients identified above

Please read this notice carefully as it may affect your legal rights.

This notice is addressed to people who may be “class members” in this proposed class action. It provides information about a hearing before the Ontario Superior Court of Justice (Commercial List) on October 9, 2013 at 330 University Ave., Toronto, Ontario at 9:30 am. The parties have reached a settlement of the action and will be asking the court to certify the action as a class action and to approve the settlement.

In 2013, after Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc. had each made an assignment in bankruptcy, Ian Sansom, Robert Lukas, John McNab and Ed Dorr (collectively, the “plaintiffs”) commenced a proposed representative action in the Ontario Superior Court of Justice (Commercial List) against The Shaw Group Inc., and certain of its affiliates, directors and other parties.

The plaintiffs alleged that The Shaw Group Inc., the ultimate parent corporation of Shaw Canada L.P., and other defendants are liable for damages relating to, among other things, wrongful dismissal and the underfunding of the Shaw Canada Pension Plan arising from the bankruptcy of Shaw Canada L.P. The defendants deny the allegations and deny any wrongdoing or liability.

The Plaintiffs have reached a settlement in principle with the defendants and, for the purposes of settlement, the action will be converted to a class action. The settlement includes payment of CDN \$9.4 million, inclusive of all costs and fees, including legal fees and administration costs, to provide benefits to class members and to satisfy certain claims against The Shaw Group Inc. and the bankrupt estates of Shaw Canada L.P., Stone & Webster Canada Holding One (N.S.), ULC. or Stone & Webster Canada Holding Two, Inc.

If this settlement is approved by the court, class members could choose to either (1) opt out of the settlement and thus receive no compensation from it; or (2) they may participate in the settlement, which provides for a distribution of settlement funds among eligible class members in accordance with a distribution protocol.

The parties will appear before the Ontario Superior Court of Justice (Commercial List) on October 9, 2013 at 330 University Ave., Toronto, Ontario at 9:30 am to ask the court to certify the action as a class action and to approve the proposed settlement. Class members may attend

the hearing and may make submissions regarding the proposed settlement. Any class members who wish to object must provide written notice of their objection to class counsel, Koskie Minsky LLP, by October 4, 2013.

To obtain additional information or to object to the proposed settlement, please contact Koskie Minsky LLP at the address below:

Koskie Minsky LLP
20 Queen St. W., Suite 900, Toronto, ON M5H 3R3
Re: The Shaw Group Inc. Class Action
Tel: 1-855-595-2624
Email: ShawClassAction@kmlaw.ca

A copy of the settlement agreement and other information about the proposed settlement is available on class counsel's website at: www.kmlaw.ca/ShawClassAction.

PLEASE DO NOT CONTACT THE COURT ABOUT THIS CLASS ACTION.

SCHEDULE D

Class Action Against The Shaw Group Inc. et al

OPT OUT FORM

Last Name

First Name

Current Address

City/Town

Province/State

Postal Code/Zip Code

Telephone

Email

I am opting out of this class action because (select only one):

A: I am not owed any amount from The Shaw Group Inc. or its affiliates and not interested in the class action or pursuing any claims against The Shaw Group Inc. or its affiliates

B: I intend to pursue at my own expense a lawsuit against The Shaw Group Inc. or its affiliates for legal claims I have

C: Other (please specify) _____

If you opted out under box (B) above and intend to pursue a lawsuit against The Shaw Group Inc. or its affiliates, please describe the claim you intend to advance (use additional sheets if necessary) and attach all supporting documentation to this form:

I understand that by opting out, I will not be entitled to any of the benefits of the settlement.

Print Name

Signature

To opt out, this form must be received at the following address by November ___, 2013.

Koskie Minsky LLP, Attn. Andrew J. Hatnay
900-20 Queen St. West, Box 52, Toronto, ON M5H 3R3
Tel: 416-595-2083, Email: ahatnay@kmlaw.ca

SCHEDULE E

Allocation of Distribution

<u>Amount</u>	<u>Classification</u>	<u>Source Deductions</u>
■	Damages, including for loss of employment, which are not otherwise described below.	Payor shall deduct or withhold from the payments in accordance with the <i>Income Tax Regulations</i> . In particular, the portion of such payments that is in lieu of earnings for a period of reasonable notice of termination of employment under provincial employment or labour standard laws, as determined by TSGI, acting reasonably, and in consultation with Plaintiffs' Counsel, shall be subject to deduction and withholding determined without regard to subsection 103(4) of the <i>Income Tax Regulations</i> and any amount in excess of such portion shall be subject to deduction and withholding in accordance with subsection 103(4) of the <i>Income Tax Regulations</i> .
■	Damages under the Employees Retirement Plan of Stone & Webster Canada L.P., registration number 0515908 for underfunding on the wind-up of the plan.	Payor shall deduct or withhold from the payments the amounts required under subsection 103(4) of the <i>Income Tax Regulations</i> .
■	Damages for loss of employment payable to a registered retirement savings plan of a Settlement Class Member.	N/A
■	Reimbursement of legal fees and other expenses	N/A

Appendix “F”

CITATION: Shaw Canada L.P. (Re), 2012 ONSC 5333
COURT FILE NO.: 32-158522
DATE: 20120921

SUPERIOR COURT OF JUSTICE – ONTARIO

COMMERCIAL LIST

RE: IN THE MATTER OF THE BANKRUPTCY OF Shaw Canada L.P.

BEFORE: D. M. Brown J.

COUNSEL: A. Slavens, for Duff & Phelps Canada Restructuring Inc., Trustee in Bankruptcy of Shaw Canada L.P.

J. Harnum, for certain employees and retirees of the bankrupt

P. Riesterer, for The Shaw Group Inc.

HEARD: September 21, 2012

REASONS FOR DECISION

I. Motion by Trustee to permit employees of bankrupt corporation to vote on election of inspectors

[1] Shaw Canada L.P. ("Shaw") is an indirect subsidiary of The Shaw Group Inc., a United States global provider of engineering, construction, technology and other services for clients in the energy, chemicals, environmental and infrastructure industries. On August 31, 2012 Shaw made an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and Duff & Phelps Canada Restructuring Inc. was appointed as Trustee, subject to affirmation at the first meeting of creditors.

[2] That meeting is scheduled for next Monday, September 24, 2012. The Trustee moves for an order permitting any employee or retiree of Shaw as at August 31, 2012 who is a creditor of the corporation to nominate and vote on the appointment of inspectors at the first meeting of creditors. No person opposed the order sought. At the hearing I granted the order requested, with these written Reasons to follow.

II. The affairs of the bankrupt

[3] The Trustee reports that as at the date of bankruptcy Shaw possessed assets valued at slightly over \$8.3 million consisting of (i) cash of \$1.1 million, (ii) inter-company accounts receivable of about \$7.2 million, and (iii) office and computer equipment worth several hundred thousand dollars. Shaw's balance sheet reflects an obligation to Shaw Overseas (Far East) Ltd. of about \$14.9 million. The Trustee is investigating the impact of that obligation on the collectability of the intercompany receivables.

[4] As at the date of bankruptcy Shaw employed 107 non-unionized individuals. The company's pension plan included defined benefit and defined contribution components. Based on initial discussions the Trustee believes the deficit in the defined benefit component of the pension plan may be \$5 million.

[5] It appears that the only priority claim is approximately \$200,000.00 in respect of unpaid source deductions. There are no secured creditors. All wages and vacation pay were paid; rent was paid through to the date of bankruptcy.

[6] Based on its initial review of the bankrupt's affairs, the Trustee understands that the principal unsecured creditors consist of (i) Shaw Overseas, (ii) claims by employees for unpaid severance and termination claims, which the Trustee thinks "are likely among the largest claims against the Company", and (iii) members of the pension plan for which there is a deficit.

III. Analysis

[7] Prior to its amendment in 2009, section 113(3) of the *BIA* provided that where the bankrupt was a corporation, any director, officer or employee thereof was not entitled to vote on the appointment of a trustee or inspectors. The rationale for that proscription was explained by the British Columbia Supreme Court in *Re Fintry Estates Ltd.*:

An officer, director or employee of a corporation owes a duty to the corporation, and the observance of that existing duty might conflict with the best interests of the creditors as to the person to be elected trustee or as to the persons to be elected as inspectors. In my view, the purpose of s. 79(3)(b) is to protect the creditors against the election of a trustee or inspectors who might be partial to the bankrupt rather than wholly devoted to the welfare of the creditors.¹

More recently, in *Re Galaxy Sports Inc.*, the British Columbia Court of Appeal stated, in the context of the ineligibility of directors to vote for the trustee or inspectors:

All directors are required to devote their best efforts to the company's affairs, and every director can by the very nature of his or her office "influence" those affairs.²

[8] In 2009 section 113(3) of the *BIA* was amended. The current section preserves the proscription on employees voting on the appointment of a trustee, but provides the court with the discretion to allow them to vote on the election of inspectors:

113. (3) The following persons are not entitled to vote on the appointment of a trustee — and except with the permission of the court and on any condition that the court may impose, the following persons are not entitled to vote on the appointment of inspectors:

¹ (1962), 35 D.L.R. (2d) 584 (B.C.S.C.), p. 589.

² 2004 BCCA 284, para. 56.

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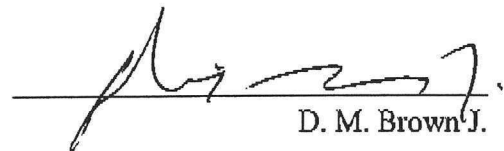
(b) where the bankrupt is a corporation, any officer, director or employee thereof...

[9] The Industry Canada *Clause-by-Clause Briefing Book: An Act to establish the Wage Earner Protection Program Act, to amend the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act and to make consequential amendments to other Acts* explained that the amendment was "intended to allow related parties to vote on the appointment of inspectors, who act as representatives of the creditors, in appropriate circumstances – for example, where the majority creditors are related parties."

[10] In the present case, apart from the priority claim for unremitted source deductions, it appears that the remaining claims against the bankrupt's estate will be those of unsecured creditors – no secured creditor exists and rent was paid up to the date of bankruptcy. The Trustee estimates that the claims of the employees for severance and termination pay and the claims of the retirees in respect of the deficit in their pension plan in aggregate exceed the claim which Shaw Overseas may assert in respect of the inter-company obligation. Shaw Overseas does not object to the order sought.

[11] Given that state of affairs, I think it fair that the employees and retirees, who constitute the major creditors of the estate, should have some say in the selection of the inspectors – their economic welfare makes up a large part of the overall economic welfare of creditors which the bankruptcy proceeding seeks to protect. In my handwritten endorsement made at the hearing I wrote: "BIA 109(1) and 115, of course, apply." By requiring compliance with the obligation to file proofs of claim in order to vote and by stipulating that the standard method of counting votes will apply, no undue prejudice should result to any other interested party.

[12] For those reasons I ordered that any retiree or employee of Shaw as at August 31, 2012 who is a creditor of Shaw be permitted to nominate and vote on the appointment of inspectors at the first meeting of creditors.



D. M. Brown J.

Date: September 21, 2012