

Court File No.: CV-19-631523-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF OLD CLHC COMPANY, OLD CBCLSC COMPANY,
OLD KCRFL LIMITED, OLD 616CL LIMITED, OLD CBHC COMPANY
AND OLD CBSFC COMPANY**

**FOURTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

MARCH 25, 2020

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1.0 INTRODUCTION

- 1.1 On November 22, 2019, Old CLHC Company (f/k/a Clover Leaf Holdings Company), Old CBCLSC Company (f/k/a Connors Bros. Clover Leaf Seafoods Company), Old KCRFL Limited (f/k/a K.C.R. Fisheries Ltd.), Old 616CL Limited (f/k/a 6162410 Canada Limited), Old CBHC Company (f/k/a Connors Bros. Holdings Company) and Old CBSFC Company (f/k/a Connors Bros. Seafoods Company) (together, the “**Applicants**”) obtained an initial order (as amended and restated, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The Applicants’ proceedings under the CCAA are referred to herein as the “**CCAA Proceedings**”. Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”).
- 1.2 In connection with the CCAA Proceedings, the Monitor has provided to this Court its First Report of the Monitor dated November 24, 2019 (the “**First Report**”), its Second Report of the Monitor dated December 16, 2019 (the “**Second Report**”) and its Third Report of the Monitor dated January 27, 2020 (the “**Third Report**”, and together with the First Report and the Second Report, the “**Prior Reports**”). The Prior Reports and other Court-filed documents, orders and notices in the CCAA Proceedings are available on the Monitor’s website at www.alvarezandmarsal.com/CloverLeaf (the “**Case Website**”).
- 1.3 Old CLHC Company is an indirect wholly owned subsidiary of Bumble Bee Holdco S.C.A., an indirect wholly owned subsidiary of their ultimate corporate parent Big Catch 1 L.P. (“**Big Catch**”, collectively, Big Catch and its direct and indirect subsidiaries, the “**Old BB Group**”).

- 1.4 The CCAA Proceedings were commenced as part of a larger coordinated restructuring of the Old BB Group. On November 21, 2019, certain of the Applicants’ U.S.-based affiliates (collectively, the “**Chapter 11 Debtors**”)¹ each filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) (the proceedings commenced by the filing of such petitions, the “**Chapter 11 Proceedings**”, and together with the CCAA Proceedings, the “**Restructuring Proceedings**”). Between November 22 and 25, 2019, the U.S. Court granted a number of “first day orders” in the Chapter 11 Proceedings.²
- 1.5 As described in the Prior Reports, prior to the commencement of the Restructuring Proceedings, the Old BB Group conducted two sales processes, the second of which culminated in the Applicants and the Chapter 11 Debtors entering into an asset purchase agreement with certain affiliates of FCF Co. Ltd. dated November 21, 2019 (as amended, the “**Stalking Horse APA**”).
- 1.6 Pursuant to the bidding procedures approved in the Restructuring Proceedings, the Stalking Horse APA acted as the stalking horse bid in connection with the sales process conducted in the Restructuring Proceedings pursuant to which the Stalking Horse APA was subject to better and higher offers received on or prior to January 20, 2020 (the “**Bid Deadline**”). Other than the Stalking Horse APA, no such offers were received by the Old BB Group by

¹ The Chapter 11 Debtors are: Old BBP, Inc. (f/k/a Bumble Bee Parent, Inc.); Old BBH, Inc. (f/k/a Bumble Bee Holdings, Inc.); Old BBF, LLC (f/k/a Bumble Bee Foods, LLC); Anova Foods, LLC; and Old BBC Corp. (f/k/a Bumble Bee Capital Corp.). None of the Applicants are Chapter 11 Debtors.

² Materials filed in connection with the Chapter 11 Proceedings are available at: <https://cases.primeclerk.com/bumblebee>

the Bid Deadline and the Old BB Group declared the Stalking Horse APA as the “Successful Bid” on January 20, 2020.

1.7 On January 28, 2020, this Court issued an Order (the “**Approval and Vesting Order**”) which, among other things, approved the sale transaction (the “**Sale Transaction**”) contemplated by the Stalking Horse APA. Also on January 28, 2020, this Court issued an Order (the “**Monitor’s Expansion of Powers & Stay Extension Order**”) which, among other things, (i) granted the Monitor the Expanded Powers (as defined and described in the Third Report), expanding the powers of the Monitor to, among other things, oversee the remaining business and wind-down activities of the Applicants, and provided that formal bankruptcies in respect of the Applicants shall not occur during the 90 days following the Closing Date (as defined herein); and (ii) extended the Stay Period (as defined in the Initial Order) until and including April 3, 2020.

1.8 The purpose of this Fourth Report of the Monitor (the “**Fourth Report**”) is to provide this Court with:

- (i) information regarding the following:
 - (a) the closing of the Sale Transaction;
 - (b) the establishment of the Wind-Down Reserve (as defined in the Third Report) and the payments from such reserve made to date;
 - (c) the status of the motion seeking the appointment of Affleck Greene McMurtry LLP (“**AGM**”) as representative counsel for putative class action

claimants in two uncertified Canadian class actions pursuant to which certain of the Applicants are defendants (the “**Class Action Claimants**”);

(d) the Monitor’s activities since the date of the Third Report and the anticipated activities to complete the CCAA Proceedings; and

(e) the Monitor’s motion seeking to extend the Stay Period until and including September 30, 2020; and

(ii) the Monitor’s conclusions and recommendations in connection with the foregoing, as applicable.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Fourth Report, the Monitor has been provided with and has relied upon unaudited financial information and the books and records prepared by the Old BB Group (collectively, the “**Information**”).

2.2 Except as otherwise described in this Fourth Report:

(i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(ii) some of the information referred to in this Fourth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.3 Future oriented financial information referred to in this Fourth Report was prepared based on the Applicants' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.4 Unless otherwise stated, all monetary amounts contained in this Fourth Report are expressed in Canadian dollars.

3.0 SALE TRANSACTION

3.1 On January 31, 2020 (the "**Closing Date**"), the Applicants, as the Canadian sellers (the "**Canadian Sellers**"), and Tonos 1 Operating Corp., as the Canadian buyer (the "**Canadian Buyer**"), under the Stalking Horse APA, delivered written confirmations to the Monitor that the conditions to closing as set out in Article VIII of the Stalking Horse APA had been satisfied or waived by the Canadian Sellers and the Canadian Buyer, as applicable.

3.2 On January 31, 2020, following receipt of the confirmations referred to above, the Monitor delivered the Monitor's certificate (the "**Monitor's Certificate**") to the Canadian Buyer in accordance with the Approval and Vesting Order resulting in all of the Canadian Sellers' right, title and interest in and to the Canadian Assets (as defined in the Approval and Vesting Order) being vested in the Canadian Buyer free and clear of any security, charge or other restriction other than certain permitted encumbrances. The Monitor thereafter filed

the Monitor's Certificate with the Court in accordance with the Approval and Vesting Order and posted a copy of the Monitor's Certificate to the Case Website.

Other Matters

- 3.3 Pursuant to the Monitor's Expansion of Powers & Stay Extension Order, upon the closing of the Sale Transaction, the legal names of the Applicants were changed in order to avoid confusion with the business to be operated by the Canadian Buyer. The legal names of the Applicants were changed to Old CLHC Company, Old CBCLSC Company, Old KCRFL Limited, Old 616CL Limited, Old CBHC Company and Old CBSFC Company.

4.0 ESTABLISHMENT OF THE WIND-DOWN RESERVE

- 4.1 A reserve from the proceeds of the Sale Transaction was established with the Monitor (the "**Wind-Down Reserve**") pursuant to the Monitor's Expansion of Powers & Stay Extension Order to be used to pay all remaining costs, professional fees and other amounts in connection with the completion of the CCAA Proceedings and the wind-down of the Applicants.
- 4.2 A summary of the cash flow activity in the Wind-Down Reserve since the Closing Date is set out in the following table:

Summary of Wind-Down Reserve	<i>CAD in \$000's</i>
Funded amount on Closing Date	\$1,123.7
Add: Interest and Other Receipts	1.1
Less: Payment of Professional Fees	(258.3)
Balance as at March 16, 2020	\$866.5

The activity set out above includes:

- (i) interest received for the month of February 2020; and
- (ii) professional fees paid for the period from January 31, 2020 to March 16, 2020 to:
 - (a) the Monitor and the Monitor's legal counsel for ongoing activities (including certain legal fees for the period prior to the Closing Date); and
 - (b) legal counsel to the DIP Term Agent (as defined in the First Report) in respect of certain final costs for the period prior to the Closing Date.

5.0 REPRESENTATIVE COUNSEL MOTION UPDATE

5.1 As further described in the Third Report, AGM agreed to adjourn the motion seeking its appointment as representative counsel to represent the interests of the Class Action Claimants to allow for discussions between the Monitor, AGM, counsel to the Applicants and counsel to the Term Agent (as defined in the Initial Order) on the potential terms of a consensual representative counsel order. These discussions remain ongoing and no agreement has been reached as of the date of this Fourth Report. To the extent that the parties are unable to agree on the terms of a representative counsel order, the Monitor understands that AGM will seek to have its motion scheduled and determined by this Court.

6.0 ACTIVITIES TO COMPLETE

6.1 The Monitor anticipates that the following activities will need to be completed prior to the completion of the CCAA Proceedings and the discharge of the Monitor:

- (i) the filing, on behalf of and in the name of the Applicants, of claims for any rebates, refunds and any other tax (including sales taxes, capital taxes and income taxes)

previously paid or payable by the Applicants. The Monitor is currently corresponding with representatives of the Canada Revenue Agency (the “CRA”) in connection with the Applicants’ sales tax account. The Monitor notes that, during the CCAA Proceedings, the CRA put a hold on the sales tax account and has not provided refunds to the Applicants in the ordinary course. The Monitor is currently working with the CRA to quantify any amounts owing to the Applicants and attempting to collect such amounts. Based on the books and records of the Applicants as of January 31, 2020, it is anticipated that a sales tax refund should be received from the CRA;

- (ii) the hiring, on behalf of the Applicants, of assistants to prepare and file final tax returns;
- (iii) the completion of statutory and administrative duties and filings; and
- (iv) other administrative and wind-down matters, such as commencing formal bankruptcies in respect of the Applicants.

7.0 EXTENSION OF THE STAY PERIOD

7.1 The Stay Period currently expires on April 3, 2020.

7.2 The Monitor proposes that this Court extend the Stay Period to September 30, 2020 for the following reasons:

- (i) the stay of proceedings is required to provide the necessary stability and certainty to enable the Monitor to facilitate the wind-down of the CCAA Proceedings;

- (ii) the Wind-Down Reserve is sufficient to fund the remaining costs anticipated as being required during the wind-down of the CCAA Proceedings (and any related wind-down proceedings such as formal bankruptcies); and
- (iii) the Applicants, with the assistance and oversight of the Monitor, continue to act in good faith and with due diligence.

8.0 MONITOR'S ACTIVITIES SINCE THE DATE OF THE THIRD REPORT

8.1 In addition to those activities described above, the activities of the Monitor from the date of the Third Report have also included the following:

- (i) continuing to assist the Applicants with communications related to the CCAA Proceedings;
- (ii) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the hotline number or email account established by the Monitor for the CCAA Proceedings;
- (iii) posting non-confidential materials filed with the Court to the Case Website;
- (iv) attending the January 28, 2020 hearing for the granting of the Approval and Vesting Order and the Monitor's Expansion of Powers & Stay Extension Order;
- (v) delivering the Monitor's Certificate;
- (vi) preparing and filing sales tax returns for the period following the Closing Date;
- (vii) engaging in regular discussions with CRA representatives;

- (viii) administering the Wind-Down Reserve; and
- (ix) drafting this Fourth Report and motion seeking the proposed extension of the Stay Period.

9.0 MONITOR'S RECOMMENDATIONS

- 9.1 For the reasons set out in this Fourth Report, the Monitor is of the view that an extension of the Stay Period until and including September 30, 2020 is reasonable in the circumstances and respectfully recommends that this Court grant such an extension of the Stay Period.

All of which is respectfully submitted to this Court this 25th day of March, 2020.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Old CLHC
Company, Old CBCLSC Company, Old KCRFL
Limited, Old 616CL Limited, Old CBHC
Company and Old CBSFC Company and in no
other capacity**

Per:



Alan J. Hutchens
Senior Vice President

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Proceeding commenced at Toronto

FOURTH REPORT OF THE MONITOR
(March 25, 2020)

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