

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF THE:

Companies' Creditors Arrangement Act,
R.S.C. 1985, c. C-36, as Amended

AND IN THE MATTER OF:

Certain proceedings taken in the United
States Bankruptcy Court for the District of
Delaware with respect to IMRIS Inc.,
IMRIS, Inc. and NeuroArm Surgical Ltd.,
(Collectively, the "Chapter 11 Debtors")

Application of Imris, Inc. ("Applicant") under the: *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. 36, s. 46, as Amended

**PRELIMINARY REPORT TO THE COURT SUBMITTED
BY ALVAREZ & MARSAL CANADA INC., IN ITS CAPACITY AS
PROPOSED INFORMATION OFFICER**

June 10, 2015

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**THE QUEEN'S BENCH
WINNIPEG CENTRE**

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

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED
STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELEWARE WITH
RESPECT TO THE IMRIS INC., IMRIS, INC. and NEUROARM SURGICAL LTD.
(THE "CHAPTER 11 DEBTOR")**

**APPLICATION OF IMRIS, INC. ("APPLICANT") INDER SECTION 46 OF
THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**PRELIMINARY REPORT TO THE COURT
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INTRODUCTION

1. Alvarez & Marsal Canada Inc. ("**A&M Canada**" or the "**Proposed Information Officer**") has been informed that on May 25, 2015 (the "**Petition Date**"), the Chapter 11 Debtors filed voluntary petitions under Chapter 11 of Title 11 of the United States Code (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**US Bankruptcy Court**"). The Proposed Information Officer is informed by Counsel for the Chapter 11 Debtors that motions for the first day orders (the "**First Day Orders**") in the Chapter 11 Proceedings were heard on May 27, 2015.
2. The Proposed Information Officer understands that on May 27, 2015 the US Bankruptcy Court made certain First Day Orders including appointing IMRIS, Inc. ("**IMRIS US**") as a foreign representative of the Chapter 11 Debtors (the "**Foreign Representative**"). The Foreign Representative has commenced proceedings (the "**Recognition Proceedings**" or "**Canadian Proceedings**") before this Honourable Court and obtained two Orders (the

“Initial Recognition Order” and the **“Supplemental Order”**) under Part IV of the *Companies’ Creditor Arrangement Act*, R.S.C. 1985, c. C-36, (the **“CCAA”**).

3. A&M Canada hereby submits this report (the **“Preliminary Report”**) to provide information and to assist this Honourable Court in considering the Foreign Representative’s request to replace the Information Officer, FTI Consulting Canada Inc. (**“FTI Consulting”**).
4. In preparing this Report, A&M Canada has relied solely on information and documents provided by the Foreign Representative, FTI Consulting, the Chapter 11 Debtors and their affiliates and their Counsel. A&M Canada has not audited, reviewed or otherwise attempted to independently verify the accuracy of completeness of this information. Accordingly, A&M Canada expresses no opinion or other form of assurance on the information contained herein.
5. The Supplemental Order, amongst other things, appointed FTI Consulting as Information Officer. The parties to the Canadian Proceedings have agreed that FTI Consulting will be removed as Information Officer and A&M Canada will be substituted as the Information Officer. A&M Canada has consented to act as Information Officer and has the necessary qualifications as noted below. FTI Consulting has consented to be removed as Information Officer.

ALVAREZ & MARSAL CANADA INC. QUALIFICATIONS TO ACT AS INFORMATION OFFICER

6. A&M Canada is expected to be retained as replacement Information Officer by the Chapter 11 Debtors on or around June 11, 2015.
7. Tim Reid of A&M Canada will have primary carriage of this matter and is a Trustee within the meaning of subsection 2(1) of the Bankruptcy and Insolvency Act (Canada) (**“BIA”**). Neither A&M Canada nor any of its representatives have been at any time in the two preceding years:

- (a) the auditor of the Chapter 11 Debtors;
 - (b) a director, an officer or an employee of any of the Chapter 11 Debtors;
 - (c) related to the Chapter 11 Debtors or to any director or officer of the Chapter 11 Debtors.
 - (d) trustee (or related to any such trustee) under a trust indenture issued by the Chapter 11 Debtors or any person related to the Chapter 11 Debtors, or the holder of a power of attorney under an act constituting a hypothec within the meaning of the Civil Code of Quebec that is granted by the Chapter 11 Debtors or any person related to the Chapter 11 Debtors.
8. A&M Canada has consented to act as Information Officer should this Honourable Court grant the Order.

FTI CONSULTING RE-FILING REPORT

9. FTI Consulting prepared and filed a report dated June 1, 2015 in connection with the Canadian Proceedings (the “**Pre-Filing Report**”).
10. A&M Canada has reviewed the Pre-Filing Report and intends to adopt that report if appointed as Information Officer.

NOTICE TO CREDITORS AND AVAILABILITY OF PRESCRIBED INFORMATION

11. The Proposed Information Officer understands that given the need for the current Information Officer to be replaced, the confusion that might arise with the stakeholders if two separate Notices as contemplated by the Initial Recognition Order were published, as well as the significant costs thereto, FTI Consulting refrained from publishing the Notice until a replacement Information Officer could be approved.

12. At the request of the Chapter 11 Debtors, if the Initial Recognition Order and Supplemental Order are amended on June 11, 2015 and A&M Canada is appointed as Information Officer, A&M Canada will send notice of the Chapter 11 Proceedings and the Recognition Proceedings to all known creditors of the Chapter 11 Debtors in Canada within five business days of the granting of the amended Orders.

13. The Proposed Information Officer is establishing a website at www.alvarezandmarsal.com/IMRIS to make available copies of the Orders granted in the Canadian Proceedings as well as other relevant motion materials and reports. In addition, the Proposed Information Officer will from time to time report as needed on the status of the Chapter 11 Proceedings and the Restructuring process.

SUMMARY

14. The Proposed Information Officer understands that the Chapter 11 Debtors have filed petitions commencing the Chapter 11 Proceedings and that a stay of proceedings in respect of the Chapter 11 Debtors' property and business in Canada and also in respect of the directors and officers of the Chapter 11 Debtors, is required in order to obtain sufficient time to affect a sale of the business.

15. The Proposed Information Officer is of the view that the Initial Recognition Order and Supplemental Order are appropriate in the circumstances, having regard to the current status of the Chapter 11 Debtors, the orders made in the US Bankruptcy Court and to allow for co-ordination of the Canadian Proceedings with the Chapter 11 Proceedings.

The Proposed Information Officer respectfully submits to the Court this Report.

Dated this 10th day of June, 2015.

Alvarez & Marsal Canada Inc.
The Proposed Information Officer
IMRIS, Inc.

A handwritten signature in blue ink, appearing to be 'Tim Reid', is written over a horizontal line.

Tim Reid
Senior Vice President