

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 200-11-019127-102
OFFICE No.: 908322-1000001

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT AND
REORGANIZATION OF:**

DAVIE YARDS INC., a legal person, duly
incorporated according to law, having its head office
and principal place of business at 22 George-D.-Davie
Street, Lévis, Quebec G6V 8V5.

Applicant

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
having a place of business at 1 Place Ville Marie, Suite
3000, Montreal, Quebec H3B 4T9

Court-Appointed Monitor

**SECOND REPORT TO THE COURT
SUBMITTED BY SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR**
(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. On February 25, 2010, Davie Yards Inc. (“Davie” or the “Company”) filed and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* (“CCAA”) pursuant to an Order rendered by this Honourable Court (the “Initial Order”).
2. The Initial Order provides, inter alia, for the following:
 - a. No proceeding or enforcement process in any court or tribunal shall be commenced or continued against or in respect of the Company or its property, or affecting the Company's business operations and activities until and including March 26, 2010 (the “Stay Period”).
 - b. All persons having agreements with the Company for the supply of goods and services must continue to provide goods and services in the normal course of business.
 - c. No person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, cancel, terminate or cease to perform any right, renewal right, contract, agreement, license or

permit in favour of or held by the Company, except with the written consent of the Company and the Monitor, or with leave of the Court.

- d. The appointment of Samson Bélair/Deloitte & Touche Inc. (“Deloitte”) as monitor of the Company under the CCAA.
3. This report covers:
 - (i) The Company’s operations since the granting of the Initial Order.
 - (ii) The Monitor’s activities since the granting of the Initial Order.
 - (iii) The Company’s request for an extension of the Stay Period.
 4. In preparing this Report, the Monitor has relied upon unaudited financial information, the Company’s records, the Motion for an initial order dated February 25, 2010 (the “Motion for Initial Order”) and its discussions with the management of the Company and its financial and legal advisors. While the Monitor has reviewed the information, some in draft format, submitted in the abridged time available, the Monitor has not performed an audit or other verification of such information. Forward looking financial information included in the Report is based on assumptions of the Company’s management regarding future events, and actual results achieved will vary from this information and the variations may be material.
 5. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars. Capitalized terms not defined in this Second Report are as defined in the First Report of the Proposed Monitor submitted to the Court, dated February 24, 2010, and the Initial Order.
 6. A copy of this Second Report, the motion record in this CCAA Proceeding and further reports of the Monitor will be available on the Monitor’s website at www.deloitte.com/ca/davieyards. The Monitor has also established a hotline number that is referenced on the Monitor’s website so that parties may contact the Monitor if they have questions with respect to the Company’s restructuring or the CCAA.

OPERATIONS

General

7. The Company temporarily laid off approximately 1,590 unionized employees during the week ending February 26, 2010.
8. The Company paid its employees in the normal course of business, as authorized by the Initial Order.
9. The highlights of the Company’s financial performance for the period commencing on February 25, 2010 and ending on March 19, 2010 are presented in the Actual Cash Flow annexed hereto as Table A. Our comments on the financial performance of the Company during such period are as follows:
 - a. Compared with the initial statement of projected cash flow presented by the Company to the Court are filed with the Motion for Initial Order (the “Initial Cash Flow Statement”), the Company experienced a favourable variance of approximately \$3.0M in respect of cash inflows. The variance is primarily attributable to a refund from ADP, the Company’s

payroll services provider, which was related to excess cash transferred by the Company to ADP prior to the Initial Order. The cash was initially transferred to cover the salaries, vacation, indemnities and deductions at source payable by the Company for a two-week period. As these amounts were actually paid directly by the Company in accordance with the Initial Cash Flow Statement, the funds transferred to ADP were refunded to the Company.

- b. Compared with the Initial Cash Flow Statement, the Company experienced a favourable variance of approximately \$2.3M in respect of the cash outflows. The variance is primarily attributable to the following:
 - i. Favourable variance of \$861K related to the contingency for unexpected fees and expenses, as those expenses have been lower than anticipated;
 - ii. Favourable timing variance of \$471K related to the material costs disbursement. Based on the revised cash flow statement, these costs will have to be disbursed in the near future;
 - iii. Favourable variance of \$277K related to maintenance fees, as this expense has been lower than anticipated;
 - iv. Favourable variance of \$267K related to electricity, as this expense has been lower than anticipated;
 - v. Favourable variance of \$235K related to heating, as this expense has been lower than anticipated;
 - vi. Favourable timing variance of \$151K related to professional services. Based on the revised cash flow statement, these costs will have to be disbursed in the near future;
 - vii. Favourable timing variance of \$4K related to the other expenses initially budgeted. Based on the revised cash flow statement, these costs will have to be disbursed in the near future.
10. As of the date of this report, all post-filing expenses incurred by the Company have been or will be paid in the normal course out of the existing working capital of the Company. Consequently, at this time, the Company does not require additional financing as appears from the revised cash flow statement annexed hereto as Table B.
11. The management of the Company is presently reviewing and evaluating all available options in order to complete the recapitalization or restructuring of the Company, while maintaining most of the actual jobs on site with a view to delivering the five vessels under construction and limiting the potential monetary losses of all stakeholders. As more fully described below, in the context of such review, the Company is reassessing the costs to complete each of the five vessels under construction (the "Cost to Complete Analysis"). Two special committees have been created by the Company in this regard.
12. The Company and the Monitor are of the opinion that until the Cost to Complete Analysis is completed, the Company will not be in a position to evaluate all potential restructuring options available to the Company that may address its operational and financial issues.
13. As indicated above, as of the date of this report, the Company is still in the process of completing the Cost to Complete Analysis. It is difficult to predict with certainty when this analysis will be completed.

14. It is the Monitor's view however that the Company is working diligently and in good faith to complete the Cost to Complete Analysis in the best possible delays.

Suppliers

15. The Company, with the assistance of the Monitor, succeeded in negotiating acceptable terms of payment with its main suppliers to allow delivery of goods and services in the normal course.
16. The Company is currently reviewing leases and other contracts to which it is a party in order to evaluate the appropriateness of terminating or disclaiming same, to enhance the prospects of a viable compromise or arrangement being made in respect of the Company.

Clients

17. As indicated in the Initial Order, the Company has, among a certain number of clients, two significant clients: Cecon and Ocean Hotel. As of the date of this report, the Company has had preliminary discussions with Cecon with respect to the Company's current operational and financial issues. Cecon has indicated that it would like to complete its own assessment of the costs to complete its vessels. The Company is also planning to meet with Ocean Hotel on April 8, 2010 in order to provide it with a status update of the restructuring process.

Strategic financial partner

18. The Company has been approached by a number of potential strategic and financial partners who have shown an interest in participating in the restructuring of the Company.
19. However, as indicated previously, the Company's management is currently completing the Cost to Complete Analysis. Accordingly, the Company has deferred these discussions until the analysis is completed in order to be in a position to properly evaluate the different options available to the Company.

MONITOR'S ACTIVITIES

20. As of February 25, 2010, the Monitor has made available, on its website, all public information and documentation related to the Company's restructuring process, including the Monitor's reports and all Court documentation.
21. On March 1, 2010 and March 2, 2010, the Monitor sent a notice by regular mail to all known creditors of the Company with claims of at least one thousand dollars (\$1,000). Approximately 2,093 creditors received said notice. Copies of the mailing affidavits are included in Appendix 1 attached hereto (copies of the notices are included in Appendix 2 attached hereto).
22. On March 3, 2010, and March 10, 2010, the Monitor published a notice with respect to the Initial Order in *La Presse*, *Le Soleil* and *The Globe and Mail*.
23. The Monitor is analyzing the receipts and disbursements of the Company on a weekly basis with the full collaboration of the Company's management. Consequently, cash flow forecasts are updated regularly following the weekly variations analysis of the cash utilization.

24. The Monitor is also involved as an observer on both committees created by the Company to supervise the Cost to Complete Analysis.
25. On March 18, 2010, the Monitor engaged an independent marine engineer who will provide the Monitor with its independent opinion regarding the reasonableness of the Company's assumptions underlying the Cost to Complete Analysis and on the potential options identified by the Company's management to resolve the operational and financial issues of the Company. This consultant will also assist both committees with respect to the Cost to Complete Analysis.

EXTENSION TO THE STAY OF PROCEEDINGS PERIOD

26. Pursuant to the Initial Order, a Stay Period was granted until March 26, 2010.
27. The Company notified the Monitor of its intention to request an extension of the Stay Period to allow the Company to develop and eventually submit a plan of arrangement to its creditors under the CCAA.
28. It is the Monitor's opinion that it is necessary to extend the Stay Period to ensure that the Company is able to complete the Cost to Complete Analysis, evaluate the different options available to it for the benefits of all of its stakeholders. The Monitor considers that the Company's restructuring process is progressing well but that the Company needs more time to develop a restructuring plan that would be acceptable to all stakeholders.
29. Over the next sixty-day (60) period, the Company will be focusing its efforts to:
 - a. Complete the Cost to Complete Analysis;
 - b. Hold discussions with its significant clients in the context of developing its restructuring plan;
 - c. Prepare an information package to be remitted to potentially interested financial or strategic partners;
 - d. Hold discussions with potential financial partners in the context of developing its restructuring plan;
 - e. Develop a plan of arrangement;
 - f. Put in place a process for filing proofs of claims.
30. In support of the Company's request for an extension of the Stay Period until May 25, 2010, the Company is providing an updated weekly cash flow statement for the period from March 22 to May 25, 2010, which is attached hereto as Table B.
31. It is the Monitor's view that the Company has acted in accordance with the Initial Order.
32. It is the Monitor's opinion that an extension of the Stay Period to May 25, 2010 will allow the Company to submit a plan of arrangement and will not cause any additional prejudice to the Company's creditors.
33. Based on our discussions with the Company's representatives, it is the Monitor's opinion that the Company has acted and continue to act in good faith and with due diligence, and will likely be able to present a plan of arrangement during or at the expiry of the extension period.

The Monitor respectfully submits to the Court this, its Second Report.

DATED AT MONTREAL, this 24th day of
March 2010.



SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
In its capacity as Court-Appointed Monitor of
Davie Yards Inc.

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
COUR N° : 500-11-038484-107
BUREAU N° : 908322-1000001

COUR SUPÉRIEURE
Chambre commerciale

**DANS L'AFFAIRE DU PLAN D'ARRANGEMENT
ET DE RÉORGANISATION DE :**

CHANTIERS DAVIE INC., compagnie légalement constituée
et ayant son siège social et sa principale place d'affaires au
22 rue George-D.-Davie, Lévis, Québec G6V 8V5

Débitrice

– et –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Pierre Laporte, CA, CIRP, responsable désigné), ayant une
place d'affaires au 1, Place Ville Marie, bureau 3000, Montréal,
Québec H3B 4T9

Contrôleur

AFFIDAVIT AVIS AUX CRÉANCIERS

Je, Suzanne Langlois, demeurant en la ville de LaSalle, dans la province de Québec, étant dûment assermentée, déclare :

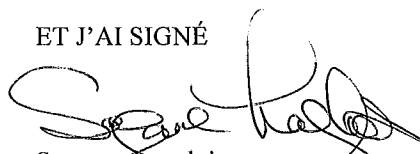
1. QUE je suis à l'emploi de Samson Bélair/Deloitte & Touche Inc., le Contrôleur agissant dans l'affaire du plan d'arrangement et de réorganisation de Chantiers Davie Inc., débitrice, en vertu de la *Loi sur les arrangements avec les créanciers des compagnies, L.R.C. 1985, c. C-3, en sa version modifiée*,
2. Que, le 1^{er} mars 2010, conformément aux termes de l'Ordonnance Initiale, j'ai adressé par courrier ordinaire à la Cour, au fonctionnaire de la personne insolvable ainsi qu'à chaque créancier connu l'*Avis aux créanciers*;
3. Sont annexés à l'affidavit la copie dudit avis ainsi que la liste des créanciers à qui ledit avis a été posté.
4. QUE j'ai donné avis dans le journal *Globe and Mail* pour une publication dans l'édition du mercredi 3 mars 2010 ainsi qu'une publication dans l'édition du mercredi 10 mars 2010, conformément aux termes de l'Ordonnance Initiale (voir copie conforme ci-annexée);
5. QUE j'ai donné avis dans le journal *La Presse* pour une publication dans l'édition du mercredi 3 mars 2010 ainsi qu'une publication dans l'édition du mercredi 10 mars 2010, conformément aux termes de l'Ordonnance Initiale (voir copie conforme ci-annexée);
6. QUE j'ai donné avis dans le journal *Le Soleil* pour une publication dans l'édition du mercredi 3 mars 2010 ainsi qu'une publication dans l'édition du mercredi 10 mars 2010, conformément aux termes de l'Ordonnance Initiale (voir copie conforme ci-annexée).

Assermentée devant moi à Montréal,
ce 1^{er} mars 2010.


Commissaire à l'assermentation



ET J'AI SIGNÉ


Suzanne Langlois

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
COUR N° : 500-11-038484-107
BUREAU N° : 908322-1000001

COUR SUPÉRIEURE
Chambre commerciale

**DANS L'AFFAIRE DU PLAN D'ARRANGEMENT
ET DE RÉORGANISATION DE :**

CHANTIERS DAVIE INC., compagnie légalement constituée
et ayant son siège social et sa principale place d'affaires au
22 rue George-D.-Davie, Lévis, Québec G6V 8V5

Débitrice

– et –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Pierre Laporte, CA, CIRP, responsable désigné), ayant une
place d'affaires au 1, Place Ville Marie, bureau 3000, Montréal,
Québec H3B 4T9

Contrôleur

AVIS AUX CRÉANCIERS

Veillez être informés que la Débitrice a déposé une requête en vertu de la *Loi sur les arrangements avec les créanciers des compagnies* (la «**LACC**») devant la Cour Supérieure du Québec, Chambre commerciale (le «**Tribunal**»), le 25 février 2010.

Le 25 février 2010, le Tribunal a rendu une ordonnance (l'«**Ordonnance initiale**») en vertu de la LACC. L'ordonnance initiale vise la Débitrice. Aux termes de l'Ordonnance initiale, Samson Bélair/Deloitte & Touche Inc. a été nommée Contrôleur (le «**Contrôleur**») de la Débitrice.

L'Ordonnance initiale a été rendue dans le but de protéger la Débitrice, ainsi que ses actifs et les intérêts de ses créanciers, et de lui accorder un délai afin d'explorer des solutions et de formuler un plan d'arrangement et/ou une transaction avec ses créanciers. La LACC prévoit que le Tribunal peut prolonger la Période de suspension des procédures suivant les termes et conditions qu'il estime appropriés.

Le Contrôleur communiquera avec les créanciers s'il y a dépôt d'un plan d'arrangement de la Débitrice afin que ceux-ci produisent leur preuve de réclamation contre la Débitrice et afin de les inviter à une assemblée des créanciers en vue de voter sur le plan d'arrangement proposé.

L'ordonnance initiale ainsi qu'une liste des nom et adresse de chacun des créanciers et des montants estimés qui leur sont dus peuvent être consultées sur le site Web du Contrôleur à l'adresse : <http://www.deloitte.com/ca/chantiersdavie>. Si vous ne pouvez y accéder, veuillez communiquer avec nous au **514-393-5344** en nous laissant votre nom et numéro de téléphone ainsi que votre numéro de télécopieur, adresse courriel ou adresse postale selon le mode de transmission désiré.

FAIT À MONTRÉAL, ce 1^{er} jour de mars 2010.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Contrôleur

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 500-11-038484-107
OFFICE No.: 908322-1000001

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT AND REORGANIZATION OF:**

DAVIE YARDS INC., a legal person, duly incorporated
according to law, having its head office and principal place of
business at 22 George-D.-Davie Street, Lévis, Quebec
G6V 8V5

Debtor

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Pierre Laporte, CA, CIRP, responsible), having a place of
business at 1 Place Ville Marie, Suite 3000, Montreal, Quebec
H3B 4T9

Monitor

NOTICE TO CREDITORS

Please be informed that the Debtor filed a motion pursuant the *Companies' Creditors Arrangement Act* ("CCAA") before the Quebec Superior Court, Commercial Division (the "**Court**"), on February 25, 2010.

The Court has issued an order (the "**Initial Order**") on February 25, 2010 under the CCAA. The Initial Order applies to the Debtor. The Court has appointed Samson Bélair/Deloitte & Touche Inc. as Monitor (the "**Monitor**") of the Debtor.

The Stay was granted to give the Debtor time to determine if it can formulate a plan of compromise or arrangement with its creditors. Under the CCAA, the Stay may be extended on such terms and with such modifications as the Court considers appropriate.

If the Debtor files a plan of compromise or arrangement, the Monitor will invite creditors to submit their proofs of claim against the Debtor, and to attend a meeting to vote on the proposed plan of compromise or arrangement. The Monitor may also prepare progress reports to the Court, copies of which will be provided to the creditors.

The Initial Order and a list showing the name and address of the creditors and the estimated amounts of their related claims have been posted and are available on the Monitor' Web site at <http://www.deloitte.com/ca/davieyards>. If you are unable to access the documents, please contact us at **514-393-5344** by leaving your name and phone number, as well as your fax number, e-mail address or postal address according to the transmission mode desired.

DATED AT MONTREAL, this 1st day of March 2010.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Monitor

Deloitte

Samson Bélaïr/Deloitte & Touche Inc.
1, Place Ville Marie
Bureau 3000
Montréal QC H3B 4T9
Canada

Bureau du Surintendant des Faillites
5, place Ville-Marie
Bureau 800
Montréal QC H3B 2G2

Deloitte

Samson Bélaïr/Deloitte & Touche Inc.
1, Place Ville Marie
Bureau 3000
Montréal QC H3B 4T9
Canada

Monsieur Marc Veilleux
CHANTIERS DAVIE INC.
22 rue George-D.-Davie
Lévis QC G6V 8V5

bureau 3000
Montréal QC H3B 4T9
Canada

Registraire des faillites
Palais de justice de Montréal
Chambre 1.146
1, rue Notre-Dame Est
Montréal QC H2Y 1B6

PUBLICITÉ - PLACEMENT ET STRATÉGIE MÉDIAS - STUDIO DE CRÉATION
 Adm. Pub.: Susie Therrien
 Client : Samson Bélaïr / Deloitte & Touche Inc.
 Contact client : Isabelle Léveillé

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AVIS AUX CRÉANCIERS

DANS L'AFFAIRE DU PLAN D'ARRANGEMENT ET DE RÉORGANISATION DE :

CHANTIERS DAVIE INC., compagnie légalement constituée et ayant son siège social et sa principale place d'affaires au 22 rue George-D.-Davie, Lévis, Québec G6V 8V5

Débitrice

- et -

SAMSON BÉLAÏR/DELOITTE & TOUCHE INC. (Pierre Laporte, CA, CIRP, responsable désigné), ayant une place d'affaires au 1, Place Ville Marie, bureau 3000, Montréal, Québec H3B 4T9

Contrôleur

La Débitrice est visée par une demande en vertu de la *Loi sur les arrangements avec les créanciers des compagnies* (la «LACC») déposée devant la Chambre commerciale de la Cour supérieure du Québec (le «Tribunal»).

Le 25 février 2010, le Tribunal a rendu une ordonnance (l'«Ordonnance initiale») mettant la débitrice à l'abri de ses créanciers pendant qu'elle procède à la réorganisation de ses affaires en vertu de la LACC. Aux termes de l'Ordonnance initiale, Samson Bélaïr/Deloitte & Touche Inc. a été nommée Contrôleur (le «Contrôleur») de la débitrice.

Pour l'instant, les créanciers ne sont pas requis de produire une preuve de réclamation. Au moment opportun, nous vous ferons parvenir le Plan d'arrangement dûment déposé par la Débitrice ainsi qu'une convocation à l'Assemblée des créanciers afin de le soumettre au vote. Prenez note que cette ordonnance suspend toutes les procédures contre la Débitrice jusqu'au 26 mars 2010.

L'ordonnance initiale ainsi qu'une liste des nom et adresse de chacun des créanciers et des montants estimés qui leur sont dus peuvent être consultées sur le site Web du Contrôleur à l'adresse <http://www.deloitte.com/ca/chantiersdavie>. Si vous ne pouvez y accéder, veuillez communiquer avec nous au 514-393-5344 en nous laissant votre nom et numéro de téléphone ainsi que votre numéro de télécopieur, adresse courriel ou adresse postale selon le mode de transmission désiré.


FAIT À MONTRÉAL, ce 3^e jour mars 2010.

SAMSON BÉLAÏR/DELOITTE & TOUCHE INC.
 Contrôleur

Deloitte.
 Samson Bélaïr/Deloitte & Touche

Date d'insertion : Mercredi 3 mars 2010
 Mercredi 10 mars 2010
 Num. de commande : CMG1003027
 Publication : La Presse
 Grandeurs : 4 x 47 = 1411,88 \$ + tx PAR JOUR
 + 90 \$ (FRAIS) + TX
 Publication : Le Soleil
 Grandeurs : 4 x 47 = 750,12 \$ + tx PAR JOUR
 + 60 \$ (FRAIS) + TX
 Section : Avis

OK



CMG COMMUNICATIONS INC.
 COURTEAU - CABRAL

ESTIMATION : _____ \$ + TAXES

S.V.P. faxez votre approbation
 au (450) 581-5035 avant : _____

RÉSERVÉ

PROD. : _____
 PROOF : _____
 RÉDAC. : _____

Date d'insertion : Mercredi 3 mars 2010
 Mercredi 10 mars 2010
 Num. de commande : CMG1003027
 Publication : Globe & Mail
 Grands : 2 x 45 = 2413,80 \$ + tx PAR JOUR
 + 90 \$ (FRAIS) + TX

PUBLICITÉ - PLACEMENT ET STRATÉGIE MÉDIAS - STUDIO DE CRÉATION
 Adm. Pub.: Susie Therrien
 Client : Samson Bélaïr / Deloitte & Touche Inc.
 Contact client : Isabelle Léveillé

Section : Avis

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NOTICE TO CREDITORS

IN THE MATTER OF A PLAN OF ARRANGEMENT AND REORGANIZATION OF:
DAVIE YARDS INC., a legal person, duly incorporated according to law, having its head office and principal place of business at 22 George-D.-Davie Street, Lévis, Quebec G6V 8V5

Debtor

— and —

SAMSON BÉLAÏR/DELOITTE & TOUCHE INC., (Pierre Laporte, CA, CIRP, responsible), having a place of business at 1 Place Vile Marie, Suite 3000, Montreal, Quebec H3B 4T9

Monitor

The Debtor was subject to an application to the Quebec Superior Court Commercial Division (the "Court") pursuant to the Companies' Creditors Arrangement Act ("CCAA").

The Court made an order (the "Initial Order") on February 25, 2010, protecting the Debtor from its creditors while the reorganization of its business under the CCAA. The Initial Order appointed Samson Bélaïr/Deloitte & Touche Inc. as Monitor (the "Monitor") of the Debtor.

At present, creditors are not required to file a Proof of Claim. In due course, we will be forwarding to the creditors the Plan of Arrangement filed by the Debtor as well as convening a creditors' meeting to vote on same. Please note that the Order granted by the Court stays all proceedings against the Debtor until March 26, 2010.

The Initial Order and a list showing the name and address of the creditors and the estimated amounts of their related claims have been posted and are available on the Monitor's Web site at <http://www.deloitte.com/ca/davieyards>. If you are unable to access the documents, please contact us at 514-393-5344 by leaving your name and phone number, as well as your fax number, e-mail address or postal address according to the transmission mode desired.

Dated at Montreal, this 3rd day of March 2010.

SAMSON BÉLAÏR/DELOITTE & TOUCHE INC.
 Monitor

Deloitte.
 Samson Bélaïr/Deloitte & Touche

OK



CMG COMMUNICATIONS INC.
 COURTEAU - CABRAL

ESTIMATION : _____ \$ + TAXES

S.V.P. faxez votre approbation
 au (450) 581-5035 avant : _____

RÉSERVÉ

PROD. : _____
 PROOF : _____
 RÉDAC. : _____

N° 500-11-038484-107

COUR SUPÉRIEURE
Chambre commerciale

CHANTIERS DAVIE INC.

Débitrice

– et –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Contrôleur

AVIS AUX CRÉANCIERS
(Loi sur les arrangements avec les créanciers des
compagnies, L.R.C. 1985, c. C-3, en sa version modifiée)

Deloitte.

Samson Bélair/Deloitte & Touche Inc.
1, Place Ville Marie, bureau 3000, Montréal QC H3B 4T9
Téléphone : 514-393-7115 Télécopieur : 514-390-4103

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
COUR N° : 500-11-038484-107
BUREAU N° : 908322-1000001

COUR SUPÉRIEURE
Chambre commerciale

**DANS L'AFFAIRE DU PLAN D'ARRANGEMENT
ET DE RÉORGANISATION DE :**

CHANTIERS DAVIE INC., compagnie légalement constituée
et ayant son siège social et sa principale place d'affaires au
22 rue George-D.-Davie, Lévis, Québec G6V 8V5

Débitrice

– et –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

(Pierre Laporte, CA, CIRP, responsable désigné), ayant une
place d'affaires au 1, Place Ville Marie, bureau 3000, Montréal,
Québec H3B 4T9

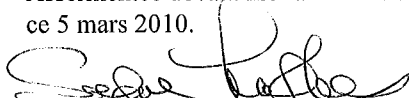
Contrôleur

AFFIDAVIT AVIS AUX CRÉANCIERS

Je, Isabelle Léveillé, demeurant en la ville de Saint-Hubert, dans la province de Québec, étant dûment assermentée, déclare :

1. QUE je suis à l'emploi de Samson Bélair/Deloitte & Touche Inc., le Contrôleur agissant dans l'affaire du plan d'arrangement et de réorganisation de Chantiers Davie Inc., débitrice, en vertu de la *Loi sur les arrangements avec les créanciers des compagnies, L.R.C. 1985, c. C-3, en sa version modifiée*,
2. Que, le 5 mars 2010, conformément aux termes de l'Ordonnance Initiale, j'ai adressé par courrier ordinaire à des créanciers additionnels l'*Avis aux créancier* daté du 1^{er} mars 2010;
3. Sont annexés à l'affidavit la copie dudit avis ainsi que la liste des créanciers additionnels à qui ledit avis a été posté.

Assermentée devant moi à Montréal,
ce 5 mars 2010.


Commissaire à l'assermentation

ET J'AI SIGNÉ


Isabelle Léveillé



CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
COUR N° : 500-11-038484-107
BUREAU N° : 908322-1000001

COUR SUPÉRIEURE
Chambre commerciale

**DANS L'AFFAIRE DU PLAN D'ARRANGEMENT
ET DE RÉORGANISATION DE :**

CHANTIERS DAVIE INC., compagnie légalement constituée
et ayant son siège social et sa principale place d'affaires au
22 rue George-D.-Davie, Lévis, Québec G6V 8V5

Débitrice

– et –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Pierre Laporte, CA, CIRP, responsable désigné), ayant une
place d'affaires au 1, Place Ville Marie, bureau 3000, Montréal,
Québec H3B 4T9

Contrôleur

AVIS AUX CRÉANCIERS

Veillez être informés que la Débitrice a déposé une requête en vertu de la *Loi sur les arrangements avec les créanciers des compagnies* (la «**LACC**») devant la Cour Supérieure du Québec, Chambre commerciale (le «**Tribunal**»), le 25 février 2010.

Le 25 février 2010, le Tribunal a rendu une ordonnance (l'«**Ordonnance initiale**») en vertu de la LACC. L'ordonnance initiale vise la Débitrice. Aux termes de l'Ordonnance initiale, Samson Bélair/Deloitte & Touche Inc. a été nommée Contrôleur (le «**Contrôleur**») de la Débitrice.

L'Ordonnance initiale a été rendue dans le but de protéger la Débitrice, ainsi que ses actifs et les intérêts de ses créanciers, et de lui accorder un délai afin d'explorer des solutions et de formuler un plan d'arrangement et/ou une transaction avec ses créanciers. La LACC prévoit que le Tribunal peut prolonger la Période de suspension des procédures suivant les termes et conditions qu'il estime appropriés.

Le Contrôleur communiquera avec les créanciers s'il y a dépôt d'un plan d'arrangement de la Débitrice afin que ceux-ci produisent leur preuve de réclamation contre la Débitrice et afin de les inviter à une assemblée des créanciers en vue de voter sur le plan d'arrangement proposé.

L'ordonnance initiale ainsi qu'une liste des nom et adresse de chacun des créanciers et des montants estimés qui leur sont dus peuvent être consultées sur le site Web du Contrôleur à l'adresse : <http://www.deloitte.com/ca/chantiersdavie>. Si vous ne pouvez y accéder, veuillez communiquer avec nous au **514-393-5344** en nous laissant votre nom et numéro de téléphone ainsi que votre numéro de télécopieur, adresse courriel ou adresse postale selon le mode de transmission désiré.

FAIT À MONTRÉAL, ce 1^{er} jour de mars 2010.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Contrôleur



Samson Bélair/Deloitte & Touche Inc.
1 Place Ville Marie
Suite 3000
Montreal QC H3B 4T9
Canada

Tel: 514-393-7115
Fax: 514-390-4103
www.deloitte.ca

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 500-11-038484-107
OFFICE No.: 908322-1000001

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT AND REORGANIZATION OF:**

DAVIE YARDS INC., a legal person, duly incorporated
according to law, having its head office and principal place of
business at 22 George-D.-Davie Street, Lévis, Quebec
G6V 8V5

Debtor

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Pierre Laporte, CA, CIRP, responsible), having a place of
business at 1 Place Ville Marie, Suite 3000, Montreal, Quebec
H3B 4T9

Monitor

NOTICE TO CREDITORS

Please be informed that the Debtor filed a motion pursuant the *Companies' Creditors Arrangement Act* ("CCAA") before the Quebec Superior Court, Commercial Division (the "**Court**"), on February 25, 2010.

The Court has issued an order (the "**Initial Order**") on February 25, 2010 under the CCAA. The Initial Order applies to the Debtor. The Court has appointed Samson Bélair/Deloitte & Touche Inc. as Monitor (the "**Monitor**") of the Debtor.

The Stay was granted to give the Debtor time to determine if it can formulate a plan of compromise or arrangement with its creditors. Under the CCAA, the Stay may be extended on such terms and with such modifications as the Court considers appropriate.

If the Debtor files a plan of compromise or arrangement, the Monitor will invite creditors to submit their proofs of claim against the Debtor, and to attend a meeting to vote on the proposed plan of compromise or arrangement. The Monitor may also prepare progress reports to the Court, copies of which will be provided to the creditors.

The Initial Order and a list showing the name and address of the creditors and the estimated amounts of their related claims have been posted and are available on the Monitor' Web site at <http://www.deloitte.com/ca/davieyards>. If you are unable to access the documents, please contact us at **514-393-5344** by leaving your name and phone number, as well as your fax number, e-mail address or postal address according to the transmission mode desired.

DATED AT MONTREAL, this 1st day of March 2010.

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Monitor

Samson Bélaïr/Deloitte & Touche Inc.

Liste additionnelle d'envoi aux créanciers / Additional Creditors Mailing List

dans l'affaire du plan d'arrangement et de réorganisation de / In the matter of the Plan of Arrangement and Reorganization of

CHANTIERS DAVIE INC. / DAVIE YARDS INC.

Le 5 mars 2010 / March 5, 2010

Nom/Name	Adresse / Address	Ville	Province	Code postal	Pays
1 TECHNOGYM USA	830, 4th AVENUE SOUTH SUITE 300	SEATTLE	WA	98134	U.S.A.
2 PRODUCTION ENERIUM INC.	695 BOUL RENÉ LÉVESQUE OUEST	QUÉBEC	QC	G1S 1T1	
3 SOLUTION CELLULAIRE	1200 BOUL ALPHONSE DESJARDINS	LEVIS	QC	G6V 6Y8	
4 UPS CANADA	P.O. BOX 2127 CRO	HALIFAX	NS	B3J3B7	
5 DUTECH / MATERIEL D'ART APPLIQUE INC	1375, BOUL. CHAREST OUEST, BUREAU 31	QUÉBEC	QC	G1N 2E7	
6 AEROSPACE CONSULTING SERVICES	587 ADANAC, LOCAL 101	QUÉBEC	QC	G1C 7G6	
7 YOUNG & CUNNINGHAM CANADA INC.	35 SEAPARK DRIVE, UNIT 4	ST-CATHARINES	ON	L2M 6S5	
8 PRAXAIR CANADA INC.	C.P. 3719, STN B	MONTREAL	QC	H3B 3L2	
9 MONSIEUR MUFFLER	111 ROUTE KENNEDY	LEVIS	QC	G6V 6C8	
10 FORMULES D'AFFAIRES DATA	4715 AVENUE DES REPLATS, BUREAU 215	QUÉBEC	QC	G2J 1B8	
11 GOSSELIN, LAGUEUX, ROY, NOTAIRES	67 COTE DU PASSAGE	LEVIS	QC	G6V 6R8	
12 CALTECH DIVISION AHL INC.	2800 JEAN PERRIN, SUITE 100	QUÉBEC	QC	G2C 1T3	
13 G. MOISAN INC.	350 RUE DES LAURENTIDES	QUÉBEC	QC	G1C 4N3	
14 MARKETWIRE L.P.	48 YONGE STREET, 8th FLOOR	TORONTO	ON	M5E 1G6	
15 PYRO AIR LTEE	2575, BOUL FORD	CHATEAUGUAY	QC	J6J 4Z2	
16 HOTEL CLASSIQUE	2815 BOUL LAURIER	ST-FOY	QC	G1V 4H3	
17 FUSION XCEL	2220 CH GRANDE PRESQU'ILE	PLAISANCE	QC	J0V 1S0	
18 MACPEK INC.	5 RUE DES EMERAUDES	LEVIS	QC	G6W 6Y7	
19 AV-TECH INC.	2300 RUE LEON-HARMEL, BUREAU 101	QUÉBEC	QC	G1N 4L2	
20 IGM INC.	58 DE L'ARMURIER, BUREAU 3	LEVIS	QC	G6V 8C8	
21 PRO-METAL PLUS INC.	12, BOUL. DES SOURCES	DESCHAMBAULT	QC	G0A 1S0	
22 FP INDUSTRIES	102, ROUTE 185 NORD	CABANO	QC	G0L 1E0	
23 RIVIERA MARITIME MEDIA LTD	66 ABBEY ROAD MIRE HOUSE	ENFIELD		EN1 2QN	ENGLAND

N° 500-11-038484-107

COUR SUPÉRIEURE
Chambre commerciale

CHANTIERS DAVIE INC.

Débitrice

– et –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Contrôleur

AVIS AUX CRÉANCIERS
(Loi sur les arrangements avec les créanciers des
compagnies, L.R.C. 1985, c. C-3, en sa version modifiée)

Deloitte.

Samson Bélaïr/Deloitte & Touche Inc.
1, Place Ville Marie, bureau 3000, Montréal QC H3B 4T9
Téléphone : 514-393-7115 Télécopieur : 514-390-4103

Davie Yards Inc.
Actual Cash Flow

(\$ 000 USD)	Week ending February 26th, 2010			Week ending March 5th, 2010			Week ending March 12th, 2010			Week period ending March 19th, 2010			Four weeks ending March 19th, 2010		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Cash Inflows															
Others	162	138	24	69	-	69	2 840	-	2 840	35	-	35	3 106	138	2 968
	<u>162</u>	<u>138</u>	<u>24</u>	<u>69</u>	<u>-</u>	<u>69</u>	<u>2 840</u>	<u>-</u>	<u>2 840</u>	<u>35</u>	<u>-</u>	<u>35</u>	<u>3 106</u>	<u>138</u>	<u>2 968</u>
Cash Outflows															
<i>Vessel C-717</i>															
Salaries (ADP + fringes) C-717	114	-	114	-	82	(82)	-	82	(82)	84	82	(2)	198	246	48
Material Cost	5	-	5	21	202	(181)	-	202	(202)	109	202	93	135	606	471
Insurance premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-	300	300	-	300	300
	<u>119</u>	<u>-</u>	<u>119</u>	<u>21</u>	<u>284</u>	<u>(263)</u>	<u>-</u>	<u>284</u>	<u>(284)</u>	<u>193</u>	<u>584</u>	<u>391</u>	<u>333</u>	<u>1 152</u>	<u>819</u>
<i>Administration</i>															
Overhead salaries disbursement	143	140	3	153	196	(43)	231	196	35	183	196	13	710	728	18
Indemnities	2 473	2 509	(36)	-	-	-	-	-	-	-	-	-	2 473	2 509	36
Heating (Ultramar)	142	75	67	73	125	(52)	-	125	(125)	-	125	125	215	450	235
Electricity	-	-	-	254	255	(1)	-	15	(15)	-	251	251	254	521	267
Communications (Phone , ...)	-	-	-	-	20	(20)	1	-	1	11	20	9	12	40	28
Group Insurance	-	-	-	-	-	-	-	125	(125)	93	-	(93)	93	125	32
Professional services	481	482	(1)	179	200	(21)	140	200	(60)	81	150	69	881	1 032	151
Davie Yards AS (Norway employees sal.)	-	-	-	296	150	146	-	-	-	-	-	-	296	150	(146)
Maintenance	18	65	(47)	-	85	(85)	18	85	(67)	7	85	78	43	320	277
GST / QST paid to suppliers	-	-	-	22	50	(28)	19	50	(31)	10	50	40	51	150	99
Contingency	28	25	3	6	373	(367)	17	108	(91)	2	108	106	53	614	561
Exchange rate (Gain / Loss)	99	-	99	(23)	-	(23)	(37)	-	(37)	19	-	(19)	58	-	(58)
	<u>3 384</u>	<u>3 296</u>	<u>88</u>	<u>960</u>	<u>1 454</u>	<u>(494)</u>	<u>389</u>	<u>904</u>	<u>(515)</u>	<u>406</u>	<u>985</u>	<u>579</u>	<u>5 139</u>	<u>6 639</u>	<u>1 500</u>
<i>KERP</i>															
Kerp transfert	-	-	-	200	1 807	(1 607)	1 660	-	1 660	-	-	-	1 860	1 807	(53)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>1 807</u>	<u>(1 607)</u>	<u>1 660</u>	<u>-</u>	<u>1 660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 860</u>	<u>1 807</u>	<u>(53)</u>
	<u>3 503</u>	<u>3 296</u>	<u>207</u>	<u>1 181</u>	<u>3 545</u>	<u>(2 364)</u>	<u>2 049</u>	<u>1 188</u>	<u>861</u>	<u>599</u>	<u>1 569</u>	<u>970</u>	<u>7 332</u>	<u>9 598</u>	<u>2 266</u>
Variation in Cash Balance	(3 341)	(3 158)	(183)	(1 112)	(3 545)	2 433	791	(1 188)	1 979	(564)	(1 569)	1 005	(4 226)	(9 460)	5 234
Opening Balance	28 735	28 735	-	25 394	25 577	(183)	24 282	22 032	2 250	25 073	20 844	4 229	28 735	28 735	-
Ending Balance	25 394	25 577	(183)	24 282	22 032	2 250	25 073	20 844	4 229	24 509	19 275	5 234	24 509	19 275	5 234

Davie Yards Inc.
Weekly Cash Flow
 From March 22 to May 25 2010

	<i>Projections</i>	<i>Total</i>	<i>Projections</i>	<i>Projections</i>	<i>Projections</i>	<i>Projections</i>	<i>Projections</i>	<i>Total</i>	<i>Projections</i>	<i>Projections</i>	<i>Projections</i>	<i>Projections</i>	<i>Total</i>	<i>Total</i>
WEEK NUMBER	1		2	3	4	5	6		7	8	9	10		
('000) USD WEEK ENDING	27-03-10	March	03-04-10	10-04-10	17-04-10	24-04-10	30-04-10	April	08-05-10	15-05-10	22-05-10	25-05-10	May	March - May
Cash Inflows														
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash inflows total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Outflows														
<i>Vessel C-717</i>														
Salaries (ADP + fringes) C-717	82	82	82	82	82	82	82	410	82	82	82	82	328	820
Material Cost	120	120	120	120	120	120	120	600	120	120	120	120	480	1 200
Insurance premium	-	-	778	-	-	-	-	778	-	-	-	-	-	778
Contingency	-	-	-	300	-	-	-	300	-	300	-	-	300	600
	202	202	980	502	202	202	202	2 088	202	502	202	202	1 108	3 398
<i>Administration</i>														
Overhead salaries disbursement	262	262	196	196	196	196	196	980	196	196	196	196	784	2 026
Indemnities	-	-	70	-	-	-	-	70	-	-	-	-	-	70
Heating (Ultramar)	-	-	30	30	30	10	10	110	10	-	-	-	10	120
Electricity	30	30	235	15	20	-	-	270	235	15	-	-	250	550
Communications (Phone , ...)	8	8	-	-	20	-	-	20	-	-	20	-	20	48
City taxes	-	-	-	-	-	-	-	-	38	-	-	-	38	38
CSST	-	-	-	-	-	-	235	235	-	-	-	-	-	235
Group Insurance	-	-	-	92	-	-	-	92	92	-	-	-	92	184
Professional services	226	226	200	150	150	150	150	800	200	150	150	150	650	1 676
Davie Yards AS (Norway employees sal.)	-	-	180	-	-	-	-	180	180	-	-	-	180	360
Maintenance	85	85	85	85	85	85	85	425	85	85	85	85	340	850
GST / QST paid to suppliers	50	50	50	50	50	50	50	250	50	50	50	50	200	500
Contingency	50	50	315	50	50	50	50	515	315	50	50	50	465	1 030
	711	711	1 361	668	601	541	776	3 947	1 401	546	551	531	3 029	7 687
Cash outflows total	913	913	2 341	1 170	803	743	978	6 035	1 603	1 048	753	733	4 137	11 085
Opening Balance	24 509	24 509	23 596	21 255	20 085	19 282	18 539	23 596	17 561	15 958	14 910	14 157	17 561	24 509
Cash inflows	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows	-913	-913	-2 341	-1 170	-803	-743	-978	-6 035	-1 603	-1 048	-753	-733	-4 137	-11 085
Closing Balance	23 596	23 596	21 255	20 085	19 282	18 539	17 561	17 561	15 958	14 910	14 157	13 424	13 424	13 424

Table B (con't)

NOTES TO THE CASH-FLOW STATEMENT

NOTE A – PURPOSE

The purpose of these cash-flow projections is to determine the liquidity requirements of the Company during the CCAA proceedings.

NOTE B - DEFINITIONS

(1) CASH-FLOW STATEMENT

In respect of a Company, means a statement indicating, on a weekly basis (or such other basis as is appropriate in the circumstances), the projected cash-flow of the Company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the Company's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS:

Means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the Company's judgment, but are consistent with the purpose of the Cash-Flow Statement.

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

- (i) The Company believes reflect the most probable set of economic conditions and planned courses of action, **Suitably Supported** that are consistent with the plans of the Company; and
- (ii) Provide a reasonable basis for the Cash-Flow Statement.

(4) SUITABLY SUPPORTED:

Means that the Assumptions are based on either one or more of the following factors:

- (i) The past performance of the Company;
- (ii) The performance of other industry/market participants engaged in similar activities as the Company;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

NOTE C - ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on current bank balances	x	

<u>Exchange Rate</u>	Exchange rates used by management are the following: <ul style="list-style-type: none"> • US \$ / Cnd \$ = 1.0375 / 1.00 • US \$ / Euro = 1.50 / 1.00 		X
<u>Forecast Cash disbursements:</u>			
Salaries (C-717)	Based on management detailed list of active employees.	X	
Material Cost (C-717)	Based on management expectations of material required for the production of the C-717 vessels.		X
Insurance premium (C-717)	Insurance premium to maintain coverage on all vessels.	X	
Contingency (C-717)	General provision.		X
Overhead salaries disbursement	Based on management detailed list of active employees.	X	
Indemnities	Based on remaining outstanding indemnity payments following lay-offs of previous weeks.	X	
Heating (Ultramar)	Weekly estimate of disbursements required based on historical costs.	X	
Electricity	Monthly estimate of disbursements required based on historical costs.	X	
Communications	Monthly estimate of disbursements required based on historical costs.	X	
Group Insurance	Insurance costs for employees insurance based on management detailed list of active employees.	X	
City taxes	Based on management estimate of city taxes payable for the period of March 2010 to May 2010.	X	
CSST	Based on management estimate of CSST payable for the period of March 2010 to May 2010.	X	
Professional services	Management estimate of professional fees to be incurred in the following week for monitor and legal services.		X
Davie Yards AS (Norway employees salaries)	Based on management detailed list of active employees.	X	
Maintenance	Management estimated expenses required to preserve the assets.		X
GST / QST paid to suppliers	Based on taxable disbursements made to suppliers during the period.	X	
Contingency	General provision.		X