

EXCERPT FROM INFORMATION CIRCULAR

DISCLAIMER

This Circular is provided in connection with the solicitation of proxies by and on behalf of the Applicant for use at the Meeting of Affected Creditors to be held on September 14, 2022. This Circular contains important information that should be read before any decision is made with respect to the matters referred to herein. All summaries of and references to the Plan in this Circular are qualified in their entirety by references to the text of the Plan, which is included at Appendix “C” to this Circular. All summaries of, and references to other documents in connection with the Plan, are qualified in their entirety by the actual documentation. The Plan and such other documents may, in accordance with their terms, be amended or supplemented. Capitalized terms, except as otherwise defined herein, are defined in the “Glossary of Terms”, included at Appendix “A” to this Circular.

Information in this Circular is given as at July 21, 2022 unless otherwise indicated.

For your convenience and information only, responses to a series of “Frequently Asked Questions” (“FAQs”) are provided within this Circular. **The FAQs are provided for the reader’s assistance and convenience. By necessity, the FAQs represent a summary of the terms of the Plan and cannot be considered in place of a full review of the Plan and this Circular.**

No Person is authorized to give any information or to make any representation not contained or incorporated by reference in this Circular and, if given or made, such information or representation should not be relied upon. This Circular does not constitute the solicitation of a proxy in any jurisdiction in which such a solicitation is not authorized, or to or from any Person to or from whom it is unlawful to make such proxy solicitation. The delivery of this Circular will not, under any circumstances, create any implication that there has been no change in the information set forth herein since July 21, 2022.

THIS CIRCULAR DOES NOT ADDRESS INCOME TAX CONSEQUENCES TO CREDITORS RESULTING FROM THEIR PARTICIPATION IN THE PLAN AND ALL PERSONS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE INCOME TAX CONSEQUENCES OF THEIR PARTICIPATION IN THE PLAN. CREDITORS SHOULD NOT VIEW THE CONTENTS OF THIS CIRCULAR AS INVESTMENT, LEGAL OR TAX ADVICE. CREDITORS SHOULD CONSULT THEIR OWN COUNSEL, ACCOUNTANTS AND OTHER ADVISORS AS TO ANY LEGAL, TAX, BUSINESS, FINANCIAL AND RELATED ASPECTS OF THE PLAN.

This document uses a number of capitalized terms, all of which have defined meanings that can be found in the glossary of terms attached at Appendix “A”. To fully understand the capitalized terms, please refer to the definitions that are found at Appendix “A”.

FREQUENTLY ASKED QUESTIONS

Updated as at August 15, 2022

1. What does the Plan provide?

The Plan provides for the distribution to Creditors with Proven Claims of up to \$53.5 million (with a minimum requirement of \$45.5 million) from the sale of real estate currently owned by Laurentian to the Province of Ontario. The Plan allows Laurentian to emerge from the CCAA proceeding as a going concern that will continue to offer quality post-secondary education in Northern Ontario for the benefit of its students, employees, suppliers and the community at large.

2. Where can I find a copy of the Plan?

The Plan is attached to this Circular at Appendix “C”. A copy of the Plan can also be found on the Monitor’s website at www.ey.com/ca/Laurentian.

3. When do I get to vote on the Plan?

Affected Creditors and holders of Unresolved Claims can vote on the Plan at the Meeting or, in advance, by filing a proxy with the Monitor. The Meeting will be held virtually and is scheduled for 10:00 a.m. Eastern Time on September 14, 2022. The Monitor will send each Affected Creditor a package setting forth the details of the Meeting and providing instructions on how to attend the Meeting and participate in the vote. If you are an Affected Creditor and have not received your package by August 11, 2022, you can contact the Monitor by telephone at 416-943-3057 or 1-888-338-1766 (toll-free) or by email at: LaurentianUniversity.Monitor@ca.ey.com.

4. When do creditors get paid?

Creditors with CCAA Priority Claims, Secured Claims, and Vacation Pay Compensation Claims will be paid those amounts in full, immediately after the Plan Implementation Date.¹ The package you receive from the Monitor will indicate whether you have one of those priority claims, and if so, what the amount is that you will be paid. That package will also indicate if you have an Affected Claim, and what the amount of that claim is. Creditors with Affected Claims will receive one or more payments on a rolling basis over a period of time based on when the sales of real estate to the Province are completed. Assuming the Guaranteed Minimum Plan Consideration Amount (\$45.5 million) is achieved through the sale of real estate to the Province, Affected Creditors would be expected to receive payment in full within four (4) years after the Plan Implementation Date, subject to any further brief period of time required by the Monitor to calculate and issue payments. The timing of the real estate sales to the Province is subject to a variety of factors, including how long the Province requires to identify the real estate it intends to purchase, undertake the necessary due diligence and obtain all required governmental approvals. If the Guaranteed Minimum Plan

¹ Subject to receipt of confirmation from Employment and Social Development Canada and any deduction or withholding requirements required by applicable law.

Consideration Amount (\$45.5 million) is ultimately not achieved through the sale of real estate to the Province within four (4) years from the Plan Implementation Date, Laurentian will have one year within which to pay the balance into the Distribution Pool for the benefit of Affected Creditors with Proven Claims.

5. How much will I get paid?

If you have a CCAA Priority Claim, a Secured Claim or a Vacation Pay Compensation Claim, you will receive payment in full of those amounts (subject to any deduction or withholding requirement required by applicable law).

If you have an Affected Claim, you will receive payments that provide for partial recovery of your claim amount. You will receive your share of the distributions from the proceeds of the real estate sales, after the payment of priority claims, on a *pro rata* basis (i.e., based on the relative size of your claim compared with the claims of the other Affected Creditors).

It is anticipated that Affected Creditors will receive payment in the range of 14.1% - 24.2% of their Affected Claim under the Plan. The exact amount cannot be determined at this time and is subject to a number of factors described in the Circular.

6. What does *pro rata* payments mean?

A *pro rata, pari passu* distribution means that all Affected Creditors have the same priority of payment (*pari passu*), and the amount of the payment is determined by reference to the proportional amount of each Affected Creditor's Proven Claim relative to all others (*pro rata*). For illustrative purposes, the following example is provided:

- Creditor A has a Proven Claim of \$50
- Creditor B has a Proven Claim of \$100
- There is only \$75 available to pay the Proven Claims of both Creditor A and Creditor B
- Creditor A and Creditor B will share the \$75 on a *pro rata* basis, meaning that Creditor A would receive \$25 and Creditor B would receive \$50

7. What if I have an Affected Claim and an Unaffected Claim?

When you receive the package in the mail from the Monitor showing the amount and type of claim that you have, it may show that you hold more than one type of claim. For example, a terminated employee may hold both a Vacation Pay Compensation Claim and an additional Compensation Claim. That creditor would be an Unaffected Creditor with respect to its Vacation Pay Compensation Claim and an Affected Creditor with respect to the balance of its Compensation Claim. The treatment of each claim under the Plan is not based on, or determined by, who holds the claim. For example, a creditor holding a Vacation Pay Compensation Claim will receive payment in full for that claim. The same creditor may receive one or more *pro rata* distributions from the Distribution Pool in respect of the balance of its Compensation Claim.

8. Are there any deductions made to the amounts distributed by creditors?

All distributions made pursuant to the Plan are, by law, made as if they are payments on account of the underlying nature of the Claim. Accordingly, distributions are subject to any amounts required to be deducted or withheld and remitted to any governmental authority or any other person. In respect of Compensation Claims, these amounts may include source deductions such as income tax, Canada Pension Plan and Employment Insurance contributions. In addition, amounts required to be deducted by Employment and Social Development Canada pursuant to the *Employment Insurance Act* (Canada) will also be deducted. In respect of all Creditors, any Creditor whose address on file with Laurentian or the Monitor is not a Canadian address will be treated as a non-resident of Canada for purposes of any non-resident withholding tax, subject to the receipt by the Monitor of sufficient documentation, in the Monitor's sole discretion that such Creditor is not a non-resident. No gross up or additional amount will be paid to any Creditor in respect of any amounts deducted or withheld for any reason.

9. Why aren't employee claims getting paid ahead of other creditors?

The CCAA provides that only certain types or portions of claims have legal priority status and must get paid in full in priority to other creditors. Other claims without legal priority status generally receive *pro rata* recovery based on the relative size of each creditor's claim. In this case, the first \$2,000 of each former employees' claim for unpaid vacation pay is a priority claim. The Plan also provides for payment on a priority basis of the full amount of unpaid vacation pay, not just the first \$2,000 of each employee's claim for unpaid vacation pay. All other employee claims rank as unsecured claims under law and will be paid out proportionally with other unsecured claims as Affected Claims.

10. How many votes are required for the Plan to be approved?

For the Plan to pass, it must be approved by a majority in number of the Affected Creditors who are present and voting (either at the virtual Meeting or by submitting a written proxy) representing at least two-thirds of the total dollar value of the Proven Claims of Affected Creditors who are present and voting.

11. How do I vote on the Plan?

Affected Creditors and holders of Unresolved Claims can vote in one of three ways:

- (i) Affected Creditors and holders of Unresolved Claims can fill in a proxy form and send it to the Monitor by no later than September 9, 2022 indicating (a) whether they vote in favour of or against the Plan and (b) appointing the Monitor as proxyholder to register the vote at the Meeting. The Affected Creditor or holder of an Unresolved Claim may also submit a registration form to obtain access details to attend the virtual Meeting if they would like to do so. However, even if they don't attend the Meeting, the Monitor will act as proxyholder and ensure that the vote (as marked on the form by the claimant, whether for or against the Plan) is registered at the Meeting in accordance with the proxy submitted. If the proxy form appoints the Monitor as proxyholder but does not specify whether the vote is for or against the Plan, the Monitor will vote for (in favour of) the Plan; or

- (ii) Affected Creditors and holders of Unresolved Claims can fill in a proxy form and send it to the Monitor by no later than September 9, 2022 appointing someone other than the Monitor to register their vote at the meeting. In this case, the proxyholder must submit a registration form and must be in attendance at the Meeting to ensure the vote is registered. The proxyholder will be attending the Meeting in place of the Affected Creditor or holder of Unresolved Claim and in that case, only the proxyholder will be permitted to attend. If the proxy form filed by the Affected Creditor or holder of an Unresolved Claim indicates whether they vote in favour of or against the Plan, the proxyholder must cast the vote in accordance with those instructions. If the proxy form filed by the Affected Creditor or holder of an Unresolved Claim does not indicate whether they vote in favour of or against the Plan, the proxyholder may exercise its discretion with respect to the vote; or
- (iii) Affected Creditors and holders of Unresolved Claims can fill in a pre-registration form to obtain access details to attend the virtual meeting themselves and vote at the Meeting without having submitted a proxy in advance. In this case, the Affected Creditor or holder of Unresolved Claim must be in attendance at the Meeting in order to register the vote.

Please note that if the Monitor is named as proxyholder, the Affected Creditor's or holder of Unresolved Claim's vote will be registered at the Meeting in all circumstances. If a proxy is not submitted or another individual is named as proxyholder, the Affected Creditor, holder of Unresolved Claim or their proxyholder will need to be present at the Meeting and register the vote or it will not be counted.

No accommodation will be made for Affected Creditors, holders of Unresolved Claims, or their proxyholders that are unable to access the virtual Meeting and/or register their vote at the Meeting due to technical issues or for any other reason. Accordingly, even if you intend to submit a registration form and attend the Meeting, it is strongly recommended that you submit your vote in advance by proxy, and name the Monitor as proxyholder to ensure that your vote is counted.

12. Who is entitled to attend the Meeting?

Only Affected Creditors, holders of Unresolved Claims, OR their proxyholders will be eligible to attend the Meeting and vote on the Resolution to approve the Plan. If an Affected Creditor or holder of an Unresolved Claim names someone other than the Monitor as their proxy, only the proxyholder (in place of the Affected Creditor or holder of an Unresolved Claim) may attend the Meeting and vote on the Resolution to approve the Plan. If an Affected Creditor or holder of Unresolved Claim names the Monitor as proxyholder, the Affected Creditor or holder of Unresolved Claim can still attend the Meeting.

13. If the Plan is approved, what happens next?

If the Plan is approved by the Affected Creditors, Laurentian will seek approval of the Plan by the Court on October 5, 2022. Once Court approval is obtained and the Plan Implementation Conditions have been satisfied, the Plan Implementation Date will occur.

14. What is the alternative to the Plan?

If Laurentian cannot obtain the necessary support of its Affected Creditors to the Plan, it will be unable to resolve and settle its substantial debts. As a result, it is expected that the university will cease operating and will commence a liquidation process which would include a sale of all assets including all buildings and real estate. Laurentian has no ability to offer any additional recovery to Affected Creditors other than what is offered under the Plan.

The range of recovery for Affected Creditors in a liquidation is expected to be less than what those creditors could receive under the Plan. In addition, the financial support that has been offered by the Province is conditional upon, and only available in the event that the Plan is approved and implemented – not in any other scenario. If there is a liquidation, and all operations of the university cease, it is expected that this would have a significant negative impact on students, employees, the City of Sudbury and the community at large.

15. What is the impact if the Plan does not get approved and there is a liquidation?

In a liquidation, students would be required to transfer to other universities and all faculty and staff would be terminated, other than a small group retained for a period of time to assist with the transition of students, including the provision of transcripts upon request, as well as assisting with the maintenance of assets. There would be inadequate funds available to pay the termination and severance claims of all terminated faculty and staff (including those terminated during the CCAA restructuring) in full and such claims would constitute unsecured claims. The vacation pay claims of all terminated employees (including those terminated during the CCAA restructuring) would be limited to a priority claim of \$2,000 with the remaining vacation pay claim constituting an unsecured claim.

In addition, a liquidation of the university would result in a wind-up of Laurentian's defined benefit pension plan. There is currently a substantial hypothetical wind-up deficit of approximately \$200 million. It is expected that an administrator would be appointed to wind-up the pension plan and such wind-up will involve a reduction in pension benefits for many current and future retirees, as a result of the funding deficiency.

Additional Supplementary Questions

16. If creditors vote against the Plan, won't Laurentian have to come back with a better offer?

No, there is no requirement or expectation that Laurentian will have to come back with a better offer. Laurentian has put forward a Plan that provides for the best possible recovery for creditors that it has to offer. The recovery offered to creditors under the Plan is only possible due to the financial assistance offered by the Province. That support is conditional upon a successful vote on the Plan. Laurentian does not have the resources to offer more to Affected Creditors than the Plan provides. Therefore, in the event that the creditors vote against the Plan, Laurentian expects that it will report to the Court that it cannot implement a successful Plan. In such circumstances, the most likely outcome is that Laurentian would need to focus its efforts on implementing an orderly liquidation with the least impact upon the students.

17. We have seen references to “Amended” CCAA Plans in other cases. Doesn’t this mean that in those cases, there was a re-negotiation and an improved Plan was offered?

No. It is very common for amendments to be made to a Plan at any time prior to Plan Implementation (i.e. before or after creditors vote on the Plan), but references to an “amended Plan” in a CCAA proceeding do not mean that the financial recovery for creditors was re-negotiated or improved. When amendments are made to a Plan, they are generally in the nature of technical or other non-material, non-economic amendments. For example, amendments might clarify certain language without changing the substance of what was intended, affect non-financial terms or even correct errors in dates or similar terms. These amendments are often made after a Plan has been approved and accepted by the creditors.

18. If the Plan is voted down, will Laurentian really be shut down?

If the Plan is rejected by Affected Creditors at the Meeting, Laurentian will be unable to satisfy the Claims of its creditors and will therefore be unable to emerge from its CCAA proceedings. At that point, the most likely outcome is a liquidation. Laurentian expects that it would work under the supervision of the Monitor and the Court to explore various liquidation options. Options could include a “going-concern liquidation” (the transfer of the assets and operations to another university) or a “piecemeal liquidation” (a complete cessation of operations and sale of assets to one or more parties). In the case of a going concern liquidation, typically only assets are transferred while liabilities, including the claims of Affected Creditors and any additional claims that would arise as a result of additional employee and faculty terminations, the wind-up of the pension plan and other matters, would remain with Laurentian to be dealt with in a liquidation proceeding such as bankruptcy. In a piecemeal liquidation, all operations cease and assets are attempted to be sold at whatever value can be generated, which is often very limited. In all liquidation scenarios, it is expected that recovery to Affected Creditors will be less than what has been offered under the Plan. It would also mean that Laurentian University does not continue its ongoing operations.

19. If the Plan is voted down and a going concern liquidation is not possible, will Laurentian be immediately shut down? What will happen to students who just started their year?

As always, Laurentian’s primary focus is on ensuring that its students are protected and that their studies are unaffected. That is why it is urging Affected Creditors to vote in favour of the Plan, and why it has worked closely with MCU to provide supports for students throughout the CCAA proceeding and to facilitate the terms of the Plan offered to Affected Creditors. If Affected Creditors reject the Plan, it will impact the thousands of students who have chosen to attend or remain at Laurentian throughout the restructuring.

If Affected Creditors reject the Plan and a going concern transfer of operations is not possible (the ongoing operations of Laurentian can no longer continue), the university will work closely with the Province to ensure that a transition plan is in place to help students complete the current academic term and transition to another university.

20. The Monitor's Fourteenth Report indicates that the estimated recovery to Affected Creditors of 14.1 – 24.2% of proven claim amounts is only an estimate. Is there a guarantee that recovery will be within this range?

By definition, any projection or forecast is an estimate based on assumptions about future events. Such estimates and assumptions are, by their nature, uncertain, and as a consequence no assurance can be provided regarding any forecasted or projected results. Accordingly, professional standards require a professional that issues a report containing a projection or forecast to include a qualification cautioning readers that since those projections are based upon assumptions about future events, actual results could vary. The estimate of 14.1 – 24.2% is based on an assumption of \$45.5M to \$53.5M of proceeds being available to creditors pursuant to the terms of the Plan and the best information available to the Monitor at the current time with respect to the aggregate value of claims resolved, or to be resolved or determined pursuant to the Plan.

21. The dollar amount of my claim is small relative to the hundreds of millions of dollars of total creditor claims. Why should I vote if my claim won't affect the outcome?

Every single Affected Creditor's vote, regardless of the dollar amount of their individual claim, is important and can affect the outcome of the vote on the Plan. As set out in FAQ#10 above, in order for the Plan to be approved, the CCAA requires that a "double majority" of Affected Creditors must vote in favour of the Plan. The Plan must be approved by (1) a **majority in number** of Affected Creditors who vote on the Plan (regardless of the dollar amount of their claims) as well as (2) Affected Creditors representing at least two-thirds in value of the total dollar value of Proven Claims of Affected Creditors who vote on the Plan. Every vote is important and counts equally for the **majority in number** component.

In addition, a successful vote on the Plan will provide Laurentian with the opportunity to continue operating, preserve jobs for current faculty and employees and avoid a wind-up of the pension plan and associated reduction of pension benefits for many current and future retirees. A successful vote will also permit Affected Creditors with Vacation Pay Claims to receive payment in full of their Vacation Pay Claims whereas in the event of a bankruptcy, the priority amount to be paid in respect of Vacation Pay Claims is limited to \$2,000 per person. Accordingly, while a single Affected Creditor may view their individual claim as not significant in dollar value, the impact of voting that claim may be significant if it avoids additional faculty and employee terminations, and a reduction of pension benefits while providing much greater recovery on Vacation Pay Claims.

For that reason, all Affected Creditors are urged to either submit a signed Proxy with the Monitor indicating how they wish to vote or attend and vote at the Meeting. Every single Affected Creditor's vote counts.

Additional Questions

22. What if I have additional questions?

To the extent there are additional supplemental FAQs, they will be posted on the Monitor's Website. All interested parties are encouraged to frequently check the Monitor's Website for further information and answers to additional frequently asked questions.