

District of Ontario
Division No. 9 - Toronto
Court No.: 31-1954281
Estate No.: 31-1954281

**IN THE MATTER OF THE PROPOSAL OF
TORONTO GEAR WORKS LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

To: The Creditors of Toronto Gear Works Limited

Toronto Gear Works Limited (“**TGWL**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) under Division I, Part III, of the Bankruptcy and Insolvency Act (“**BIA**”) on January 27, 2015 and Link & Associates Inc. consented to act as Proposal Trustee.

On February 24, 2015, TGWL filed a Proposal with the Office of the Superintendent of Bankruptcy. The Proposal Trustee hereby provides the creditors with the following documents:

- Notice of Proposal to Creditors calling a meeting of creditors for March 13, 2015.
- A copy of the Proposal dated and filed February 24, 2015.
- Statement of Affairs.
- Proof of claim, proxy, and voting letter.

Meeting of Creditors

A meeting of creditors will be held on March 13, 2015, at 11:00 am at the offices of the Proposal Trustee, Link & Associates Inc., 77 King Street West, Suite 3000, Toronto, Ontario, M5G 1K8, to consider the Proposal.

The Proposal to the Unsecured Creditors

The Company received approval from the Ontario Superior Court of Justice on February 13, 2015 to sell all of its machinery, equipment and inventory to its major US-based supplier. The sale of assets was completed effective February 23, 2015.

The net proceeds of sale have been paid over to the Proposal Trustee, and a portion of those proceeds are being offered to the Company’s creditors (excluding all related party creditors) to settle all claims and debts owing by the Company.

The Proposal offers payment of **\$165,000** to the Company’s Preferred and Ordinary Unsecured Creditors, such payment to be paid within 30 days of the Approval Date. The terms “Preferred Creditor”, “Ordinary Unsecured Creditor” and “Approval Date” are defined in the Proposal.

The amount being offered exceeds what the creditors would otherwise receive if the Company is assigned into bankruptcy.

Creditors must file a completed proof of claim form prior to the commencement of the meeting to be eligible to vote. Votes may be made in person at the meeting, or by way of voting letter submitted to the Proposal Trustee prior to the meeting.

Trustee's Preliminary Report to the Creditors

The report of the Proposal Trustee is attached which provides a detailed explanation and assessment of the Proposal, a pro forma dividend schedule, and the Trustee's recommendation.

DATED at Toronto, Ontario this 28th day of February, 2015.

LINK & ASSOCIATES INC.
Proposal Trustee in re
Toronto Gear Works Limited

Per: Robert G. Link, CIRP

Email: rlink@linkassociates.ca
Phone: (416) 862-7785
Fax: (416) 862-2136

Encl.

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FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

Take notice that Toronto Gear Works Limited of the City of Toronto in the Province of Ontario has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at 77 King Street West, Suite 3000, Toronto, ON on the 13th day of March 2015 at 11:00 AM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of Toronto in the Province of Ontario, this 27th day of February 2015.

Link & Associates Inc. - Trustee

Per:


Robert G. Link

P.O. Box 95, TD Centre North Tower

Suite 3000, 77 King Street West

Toronto ON M5K 1G8

Phone: (416) 862-7785 Fax: (416) 862-2136

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)