2013 NOTICE OF SPECIAL MEETING OF SHAREHOLDERS AND MANAGEMENT PROXY CIRCULAR

REGARDING THE PROPOSED PLAN OF ARRANGEMENT INVOLVING SHAWCOR LTD., ITS SHAREHOLDERS AND THE OTHER PARTIES NAMED THEREIN

February 11, 2013

FOR THE REASONS SET OUT HEREIN, THE BOARD OF DIRECTORS OF SHAWCOR LTD. RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOUR OF THE ARRANGEMENT RESOLUTION

February 11, 2013

Dear Shareholder:

On behalf of the board of directors (the "**Board**"), we would like to invite you to attend a special meeting of shareholders (the "**Shareholders**") of ShawCor Ltd. (the "**Company**" or "**ShawCor**"), which will be held on Thursday, March 14, 2013 at 9:00 a.m. (Toronto time), at The Albany Club, 91 King Street East, Toronto, Ontario, M5C 1G3, Canada (the "**Meeting**").

The Meeting has been called to provide Shareholders with the opportunity to vote on those matters described in the accompanying notice of meeting ("**Notice**") and management information circular ("**Circular**"), including the proposed elimination of the Company's dual class share structure by way of a court-approved plan of arrangement (the "**Arrangement**"). The Arrangement contemplates the elimination of the Company's dual class share structure through the purchase of all the Class A subordinate voting shares ("**Class A Shares**") and the Class B multiple voting shares ("**Class B Shares**") of the Company by a newly formed Canadian corporation, Seaborn Acquisition Inc., formerly known as 8404810 Canada Inc. ("**Purchaseco**"). Pursuant to the Arrangement, Purchaseco will purchase all of the Class A Shares of the Company in exchange for new common shares of Purchaseco on a 1:1 basis and all of the Class B Shares of the Company in exchange for a mix of new common shares of Purchaseco and cash. The consideration paid for the Class B Shares of the Company will be $43.43 in cash or 1.1 new common shares of Purchaseco per Class B Share, such that (subject to fractions) 90% of the total consideration to each Class B Shareholder will be paid in cash and 10% of the total consideration will be paid to each Class B Shareholder in common shares of Purchaseco. For example, where a Class B Shareholder holds 100 Class B Shares, the consideration that would be received would be $3,908.70 [100 × $43.43 × 90%] in cash and 11 new common shares [100 × 1.1 × 10%] of Purchaseco. For greater certainty, Class B Shareholders are not entitled to elect the form of consideration to be received under the Arrangement. Purchaseco and the Company will then amalgamate under the name ShawCor Ltd. ("**New ShawCor**"). Following closing, a special dividend of $1.00 per share will be paid on all common shares of New ShawCor. Immediately following the Arrangement, New ShawCor will have a single class of voting equity securities.

The Arrangement is subject to the approval of the Ontario Superior Court of Justice (the "**Court**") and satisfaction or waiver of the conditions of closing set out in the arrangement agreement between the Company, Purchaseco and Shaw International S.à r.l. dated January 14, 2013 (the "**Arrangement Agreement**"), and in particular the approval of the proposed plan of arrangement under Section 192 of the Canada Business Corporations Act (the "**Plan of Arrangement**"). In order to proceed and in addition to approval by the Court, a special resolution approving the Plan of Arrangement (the "**Arrangement Resolution**") must be approved at the Meeting by:

i. two-thirds of the votes cast by the holders of Class A Shares ("**Class A Shareholders**") and the holders of Class B Shares ("**Class B Shareholders**"), voting together as if a single class, present in person or represented by proxy;

ii. a simple majority of the votes cast by Class A Shareholders present in person or represented by proxy, excluding the votes attached to Class A Shares held by Interested Shareholders (as defined in the accompanying circular); and

iii. a simple majority of the votes cast by Class B Shareholders present in person or represented by proxy, excluding the votes attached to Class B Shares by Interested Shareholders (as defined in the accompanying circular).

The accompanying Notice of Meeting and Circular provide a full description of the Arrangement and include certain additional information to assist you in considering how to vote on the Arrangement Resolution.

You are urged to read this information carefully and, if you require assistance, to consult your legal, financial, tax or other professional advisor.

Your vote is important. Accompanying the Circular are several documents requiring your attention. We encourage you to complete, sign, date and return the applicable form of proxy or voting instruction form, in accordance with the instructions set out therein and in the Circular, so that your shares can be voted at the Meeting in accordance with your instructions. In order to be effective, a proxy must be deposited with the Company's transfer agent, CIBC Mellon Trust Company, c/o Canadian Stock Transfer Company Inc., P.O. Box 721, Agincourt, Ontario, M1S 0A1, Canada, Attention: Proxy Department or fax to (416) 368-2502 or (866) 781-3111 (toll-free in North America). Proxies must be received by the transfer agent not later than Tuesday, March 12, 2013 at 9:00 a.m. (Toronto time). The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice. We also encourage registered Shareholders to complete, sign, date and return the enclosed applicable Class A Letter of Transmittal or Class B Letter of Transmittal in accordance with the instructions set out therein and in the accompanying Circular, to the Depositary, Canadian Stock Transfer Company Inc., to the address specified in the applicable Class A Letter of Transmittal or Class B Letter of Transmittal, so that, if the Arrangement is completed, the consideration to which you are entitled can be sent to you as soon as possible following completion of the Arrangement. If you have any questions regarding the deposit of your shares to the Arrangement, please contact Canadian Stock Transfer Company Inc. at 1-800-387-0825 or (416) 682-3860 or by email at inquiries@canstockta.com.

Kingsdale Shareholder Services Inc. ("Kingsdale") has been retained to assist in connection with communications with shareholders of the Company and to solicit proxies in favour of the Arrangement Resolution more fully described in the Circular. For more information and assistance in voting your proxy, please contact Kingsdale toll-free at 1-877-657-5859 or by email at contactus@kingsdaleshareholder.com. Further information with respect to Kingsdale is set forth on the back cover of the Circular.

Subject to obtaining the approval of the Shareholders and the Court, and to satisfying certain other conditions, the Arrangement is expected to close on or about March 20, 2013. We hope that we will have the opportunity to welcome you at the Meeting.

Sincerely,

John Frank Petch
Lead Director

William P. Buckley
President and Chief Executive Officer

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of ShawCor Ltd. (the "**Company**" or "**ShawCor**") will be held at The Albany Club, 91 King Street East, Toronto, Ontario, M5C 1G3, Canada at the hour of 9:00 a.m. (Toronto time), on Thursday, March 14, 2013 (the "**Meeting**") for the following purposes:

1. to consider, pursuant to an interim order of the Ontario Superior Court of Justice dated Monday, February 11, 2013 (the "**Interim Order**"), and, if deemed advisable, to pass a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Schedule B to the accompanying management information circular (the "**Circular**"), approving a plan of arrangement ("**Plan of Arrangement**") implementing an arrangement (the "**Arrangement**") under Section 192 of the Canada Business Corporations Act ("**CBCA**") involving the Company, its shareholders and the other parties to the Arrangement as set out therein; and

2. transact such other business as may properly be brought before the Meeting.

The full text of the Plan of Arrangement and the Interim Order are attached as Schedules A and C, respectively, to the Circular. The full text of the arrangement agreement entered into on January 14, 2013 (the "**Arrangement Agreement**") is available on SEDAR at www.sedar.com.

Your vote is important. It is desirable that as many shares as possible be represented at the Meeting. A registered Shareholder may attend the Meeting in person or may be represented by proxy. If you are unable to attend the Meeting in person and would like your shares represented at the Meeting, please complete, date and sign the enclosed blue form of proxy in the case of the Class A subordinate voting shares ("**Class A Shares**") and the enclosed yellow form of proxy in the case of the Class B multiple voting shares ("**Class B Shares**" and together with the Class A Shares, the "**Shares**") and return your completed proxy in the envelope provided to the Company's transfer agent, CIBC Mellon Trust Company, c/o Canadian Stock Transfer Company Inc., P.O. Box 721, Agincourt, Ontario, M1S 0A1, Canada, Attention: Proxy Department or fax to (416) 368-2502 or (866) 781-3111 (toll-free in North America). **Proxies must be received by the transfer agent not later than Tuesday, March 12, 2013 at 9:00 a.m. (Toronto time).** The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice. Shareholders who are planning to return a form of proxy are encouraged to review the Circular carefully before submitting the applicable proxy form.

Specific details of the matters proposed to be put before the Meeting are set forth in the Circular which accompanies this Notice of Special Meeting.

The record date for determining the shareholders entitled to receive notice of and vote at the Meeting is the close of business on January 24, 2013 (the "**Record Date**"). Only shareholders whose names have been entered in the register of shareholders as of the close of business on the Record Date are entitled to receive notice of and vote at the Meeting. The shareholders of record will be entitled to vote those Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date.

If you are a non-registered or beneficial holder of Shares and have received these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein. Failure to do so may result in your Shares not being eligible to be voted at the Meeting. In addition, if you are a beneficial holder of Shares, please contact your broker or other intermediary to instruct them to deposit your Shares to the Arrangement. Your broker should do so prior to the Meeting in order for you to receive your entitlement as soon as possible after the closing of the Arrangement.

If you are a registered holder of Shares, in order to receive the consideration for your Shares, you should submit the accompanying Class A Letter of Transmittal or Class B Letter of Transmittal, as applicable, together

with the share certificates representing your Shares to the Depositary, Canadian Stock Transfer Company Inc., in accordance with the instructions provided therein. If you have any questions about depositing your shares, please contact Canadian Stock Transfer Company Inc. by telephone at 1-800-387-0825 or (416) 682-3860 or by email at inquiries@canstockta.com.

Pursuant to the Interim Order, each registered shareholder has been granted the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of such holder's Shares in accordance with Section 190 of the CBCA, as modified and supplemented by the Interim Order and the Plan of Arrangement. To exercise such right, (a) a written notice of objection to the Arrangement Resolution must be received by the Company, c/o Darrell R. Ewert, Corporate Secretary, to the Company, not later than 4:30 p.m. (Toronto time) on Wednesday, March 13, 2013, or the Business Day immediately preceding the time of any adjournment or postponement of the Meeting, (b) the shareholder must not have voted the applicable Shares in favour of the Arrangement Resolution, and (c) the shareholder must have otherwise complied with the provisions of Section 190 of the CBCA, as modified and supplemented by the Interim Order and the Plan of Arrangement. The right to dissent is described in the Circular and the texts of the Interim Order and Section 190 of the CBCA are set forth in Schedules C and D, respectively, to the Circular.

Persons who are beneficial owners of Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Shares are entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise this right must make arrangements for the Shares beneficially owned by such person to be registered in his, her or its name prior to the time the written notice of dissent to the Arrangement Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of Shares to dissent on his, her or its behalf.

Failure to strictly comply with the requirements set forth in Section 190 of the CBCA, as modified and supplemented by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent.

We also encourage you to complete, sign, date and return the enclosed Class A Letter of Transmittal or Class B Letter of Transmittal, as applicable, in accordance with the instructions set out therein on how a registered holder may deposit their ShawCor shares, and return your completed Class A Letter of Transmittal or Class B Letter of Transmittal in the envelope provided to the Company's Depositary, Canadian Stock Transfer Company Inc., so that if the Arrangement is completed, payment for your ShawCor shares, as applicable, can be sent to you as soon as possible following the completion of the Arrangement. The Letters of Transmittal contain complete instructions on how to exchange the certificates(s) representing your ShawCor shares and receive your cash consideration and/or share consideration under the Arrangement.

If you have any questions, please feel free to contact Kingsdale Shareholder Services Inc. by telephone at 1-877-657-5859 or by email at contactus@kingsdaleshareholder.com.

DATED at Toronto, Ontario the 11th day of February, 2013.

By Order of the Board of Directors

Darrell R. Ewert
Corporate Secretary

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ADDENDA

FORWARD-LOOKING STATEMENTS

This Circular contains statements that constitute "forward-looking statements" within the meaning of applicable securities legislation, including, but not limited to, statements relating to the results and the potential benefits expected to be achieved from the completion of the transactions contemplated by the proposed Arrangement, including the increased marketability and improved liquidity of the New Common Shares. The forward-looking information in this Circular is presented for the purpose of providing information about the Company's current expectations having regard for the plans and proposals relating to the transactions contemplated by the Arrangement, and such information may not be appropriate for other purposes.

Forward-looking statements may also include statements regarding our future plans, objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not recitations of historical fact. We use words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "outlook", "estimate" and similar expressions suggesting future outcomes or events to identify forward-looking statements. Any such forward-looking statements are based on information currently available to us, and are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.

However, whether actual results and developments will conform with our expectations and predictions, is subject to a number of risks, assumptions and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict, including, without limitation, risks, assumptions and uncertainties related to: the consummation of the Arrangement, including, Shareholder approval, Court approval, the satisfaction or waiver of the other conditions to complete the transactions contemplated by the Arrangement, and the termination of the Arrangement Agreement; the market value and trading price of the Class A Shares and Class B Shares; and other factors set out in this Circular and in our AIF filed with applicable securities commissions, and subsequent filings. In evaluating any forward-looking statements in this Circular, we caution readers not to place undue reliance on any forward-looking statements. Readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by our forward-looking statements. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking statements contained in this Circular to reflect subsequent information, events, results or circumstances or otherwise.

INFORMATION CONTAINED IN THIS CIRCULAR

No person has been authorized to give information or to make any representations in connection with the Arrangement other than those contained or incorporated by reference in this Circular and, if given or made, any such information or representations should not be relied upon in making a decision as to how to vote on the Arrangement Resolution or to be considered to have been authorized by the Company, Purchaseco or the Controlling Shareholder.

This Circular does not constitute the solicitation of a proxy by any person in any jurisdiction in which such a solicitation is not authorized or in which the person making such a solicitation is not qualified to do so or to any person to whom it is unlawful to make such a solicitation.

Shareholders should not construe the contents of this Circular as legal or financial advice and should consult with their own professional advisors in considering the relevant legal or financial and other matters contained in this Circular.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Company have been filed with the securities regulatory authority in each of the provinces and territories of Canada, and are specifically incorporated by reference into, and form an integral part of, this Circular:

a. the AIF;

b. the 2012 Notice of Annual Meeting of Shareholders and Management Proxy Circular dated March 20, 2012;

c. the Audited Annual Financial Statements dated December 31, 2011 and Management's Discussion and Analysis; and

d. the Unaudited Interim Consolidated Financial Statements dated September 30, 2012 and the Management's Discussion and Analysis of Financial Condition and Results of Operations for the three-month and nine-month period ended September 30, 2012.

SUMMARY

The following summarizes certain material information contained elsewhere in this Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the documents incorporated by reference herein. You are urged to carefully read this entire Circular and the documents incorporated by reference in this Circular. All capitalized terms used in this Circular but not otherwise defined herein have the meaning set forth under "Glossary of Terms"

The Meeting

This Meeting is to be held at The Albany Club, 91 King Street East, Toronto, Ontario, M5C 1G3, Canada at the hour of 9:00 a.m. (Toronto time), on Thursday, March 14, 2013. The Board has fixed the Record Date as the close of business on January 24, 2013. Only holders of Class A Shares and Class B Shares at the close of business on the Record Date are entitled to receive notice of and vote at the Meeting.

The Arrangement

If the Arrangement is approved by the Shareholders and the Court, and the other conditions to the closing as set out in the Arrangement Agreement are either satisfied or waived, the Company will file the Articles of Arrangement to give effect to the Arrangement. The Arrangement contemplates the elimination of the Company's dual-class share structure through:

- Purchaseco's purchase of all of the issued and outstanding Class A Shares in exchange for Purchaseco Shares on a 1:1 basis; and
- Purchaseco's purchase of all of the issued and outstanding Class B Shares in exchange for consideration of $43.43 in cash or 1.1 Purchaseco Shares per Class B Share, such that (subject to fractions) 90% of the total consideration for the Class B Shares is paid in cash and 10% is paid in Purchaseco Shares. For example, where a Class B Shareholder holds 100 Class B Shares, the consideration that would be received would be: $3,908.70 [100 × $43.43 × 90%] in cash and 11 new Purchaseco Shares [100 × 1.1 × 10%]. For greater certainty, Class B Shareholders are not entitled to elect the form of consideration to be received under the Arrangement.

Purchaseco and the Company will thereafter amalgamate under the name ShawCor Ltd. ("**New ShawCor**"), with each Purchaseco Share becoming a New Common Share and a special dividend of $1.00 per share being paid following closing on all of the New Common Shares. As a result of the amalgamation and immediately following the Arrangement, New ShawCor will have a single class of voting equity securities.

Pro Forma Consolidated Capitalization Table

The following table sets out the consolidated capitalization of New ShawCor as at the dates indicated before and after the completion of the Arrangement. This table should be read in conjunction with the financial statements incorporated by reference into this Circular and the unaudited pro forma financial statements giving effect to the Arrangement included in this Circular.

	As at September 30, 2012 Before Giving Effect to the Arrangement	As at September 30, 2012 After Giving Effect to the Arrangement
	(unaudited)	(unaudited)
Cash	345,500	118,077
Long-Term Debt	—	347,400
Shareholders' Equity	913,563	340,070
Total Capitalization	913,563	687,470
Class A Shares Issued	57,428,092	—
Class B Shares Issued	12,784,335	—
New Common Shares Issued	—	58,834,369

Background to the Proposed Arrangement

The Company's dual class share structure was originally created through a capital reorganization transaction that was undertaken in 1988. The purpose of the capital reorganization was to allow the Company to raise new capital while permitting the then controlling shareholders to maintain control of the Company though their continued ownership of Class B Shares.

On August 30, 2012, for personal reasons, the indirect controlling shareholder of ShawCor, Ms. Virginia L. Shaw, indicated to the Board that she was prepared to consider a possible sale of her indirectly held shares in ShawCor, and that she felt that all Shareholders should be offered the opportunity to participate in such a sale transaction. In that context, she requested that a special committee be constituted and that it work closely with Ms. Shaw and her representatives.

Recommendations of the Special Committee and the Board

The Special Committee unanimously recommended, based on the considerations set out below, that the Board approve the entering into by the Company of the Arrangement Agreement and recommend that Shareholders vote in favour of the Arrangement Resolution. The Special Committee also determined, based on its overall consideration of procedural and substantive factors relating to the Arrangement, that the proposed arrangement is in the best interests of the Company and is fair and reasonable in the circumstances. Based on, among other things, the recommendation of the Special Committee, the Board approved the entering into by the Company of the Arrangement Agreement, determined that the Arrangement is in the best interests of the Company and is fair and reasonable in the circumstances, and recommended that Shareholders vote in favour of the Arrangement Resolution.

All members of the Board (other than Ms. Virginia L. Shaw and Mr. Leslie Hutchison, who are spouses and therefore associated persons) voted in favour of this recommendation. Ms. Shaw and Mr. Hutchison having declared their interest in the Arrangement, did not vote on the Arrangement.

The Board recommends that the Shareholders vote in favour of the Arrangement Resolution.

Reasons for Recommendations of the Special Committee

In its review of the proposed Arrangement, the Special Committee considered a number of factors that it characterized as either positive (for approval) or negative (against approval) in arriving at its conclusions. In doing so, it considered issues of procedural fairness and substantive fairness in respect of the proposed Arrangement.

The Special Committee held a number of meetings with TD Securities, its financial advisors, and Stikeman Elliott LLP, its legal advisors, and considered a range of possible strategic alternatives, as well as the potential parameters for a transaction involving an offer for all of the Class B Shares that would, with the consent of the Class A Shareholders and Class B Shareholders, collapse the Company's dual-class share structure. The Special Committee was of the view that, if acceptable terms could be reached with the Controlling Shareholder, then a transaction that would collapse the Company's dual-class share structure would be worth pursuing, in that it could, among other things:

- Allow the Company to eliminate the Class B Shares, which do not otherwise have a "sunset" provision, thereby transferring control to the general market.
- Result in a widely held single class structure, which could be expected to increase the shareholder base and enhance liquidity for Shareholders.
- Eliminate any overhang related to the Controlling Shareholder's possible sale of its shares, and resolve the resulting uncertainty to the Shareholders and other stakeholders of the Company, including management, employees, customers and suppliers.
- Provide the Company with enhanced financing flexibility going forward.

Over a series of meetings, TD Securities provided detailed financial and market advice to the Special Committee as to the potential parameters of such a transaction, and the Special Committee also sought input from management on key points and advice from Stikeman Elliott. As the Special Committee formulated its views on potential transactions involving the Class B Shares, key considerations which it considered, and on which it received advice from TD Securities and Stikeman Elliott and input from management of the Company, included, among others:

- The total premium payable to the Class B Shareholders under any such transaction, and the total economic dilution to the Class A Shareholders arising from the transaction, including in light of relevant historical precedents, and in particular those involving shares with "coat-tails".
- The impact of any recapitalization transaction on earnings per share and on the trading value of the Class A Shares.
- The size of any special dividend to be paid to the Class A Shareholders in connection with such a transaction.
- The total leverage that could reasonably be taken on by the Company to fund any transaction in light of management forecasts for the business, comparable company leverage levels, financing alternatives and the deleveraging profile of the business, and the degree to which such leverage might limit the capital structure flexibility of the Company, including for future acquisitions or in the event of an adverse change in business conditions.
- The settled trading price range for the Class A Shares and Class B Shares of the Company based on historical trading and comparable company analysis.

Court Approval

The Arrangement requires Court approval under the CBCA. The court proceeding necessary to obtain that approval was commenced on Monday, February 4, 2013 by Notice of Application to the Court. On Monday, February 11, 2013, prior to the mailing of this Circular, the Interim Order was granted providing for the calling and holding of the Meeting and other certain procedural matters. A copy of the Interim Order is attached as Schedule C to this Circular.

Subject to requisite approvals of the Arrangement Resolution by Shareholders at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on Monday, March 18, 2013 at 10:00 a.m. (Toronto time) in the Court at 330 University Avenue, Toronto, Ontario. A copy of the Notice of Application for the Final Order is attached as Schedule E to this Circular.

Closing Conditions and Termination

Certain conditions to the closing of the Arrangement are set out in the Arrangement Agreement. Assuming that the conditions to the closing of the Arrangement are satisfied or waived, the Arrangement is expected to be implemented on or about Wednesday, March 20, 2013.

Dissent Rights

The Interim Order provides that each registered Class A Shareholder and registered Class B Shareholder will have the right to dissent and, if the Arrangement becomes effective, to have his, her or its Shares purchased by Purchaseco in exchange for a cash payment equal to the fair value of his, her or its Shares as of the close of business on the day before the Arrangement Resolution was adopted. In order to validly dissent, any such registered Shareholder must not vote any Class A Shares or Class B Shares in respect of which Dissent Rights have been exercised in favour of the Arrangement Resolution, must provide the Company with written objection to the Arrangement by 4:30 p.m. (Toronto time) on Wednesday, March 13, 2013, the Business Day immediately preceding the time of any adjourned or postponed Meeting, and must otherwise comply with the dissent procedures. A Non-Registered Holder who wishes to exercise Dissent Rights must arrange for the registered

Class A Shareholder or registered Class B Shareholder holding its Class A Shares or Class B Shares to deliver the Dissent Notice.

Certain Canadian Federal Income Tax Considerations

Subject to the assumptions and limitations described under "Certain Canadian Federal Income Tax Considerations", the exchange of Class A Shares for Purchaseco Shares under the Arrangement will occur on a tax-deferred basis, and will not give rise to a capital gain (or capital loss) to a Shareholder unless such Shareholder elects to report such capital gain or capital loss in its income tax return for the year in which the exchange occurs. The exchange of Class B Shares for cash and Purchaseco Shares will generally give rise to a capital gain (or capital loss). A Class B Shareholder who is resident, or deemed to be resident, in Canada for the purposes of the Tax Act will generally be required to include one-half (½) of any capital gain in computing its income for the year. A Class B Shareholder who is not resident, and is not deemed to be resident, in Canada for the purposes of the Tax Act will not generally be subject to tax under the Tax Act on any capital gain arising on the disposition of the Class B Shares unless (i) such shares are "taxable Canadian property" of such Shareholder at the time of the disposition, and (ii) such Shareholder is not entitled to an exemption from taxation in Canada on the disposition of such shares under the terms of an applicable income tax convention or treaty. Holders of Purchaseco Shares will realize neither a capital gain nor a capital loss in respect of the amalgamation of Purchaseco and ShawCor under the Arrangement.

A holder of the New Common Shares that is resident, or deemed to be resident, in Canada for purposes of the Tax Act will be required to include the Special Dividend in computing its income for the year. A holder of the New Common Shares that is neither resident, nor deemed to be resident, in Canada for purposes of the Tax Act will be subject to withholding tax on the Special Dividend at a rate of 25% of the gross amount of the Special Dividend, unless the rate is reduced by an applicable tax convention or treaty.

Risks Relating to the Arrangement

The risk factors set out under the heading "Risk Factors" in this Circular should be carefully considered by Shareholders in evaluating whether to approve the Arrangement Resolution.

GLOSSARY OF TERMS

The following glossary of terms used in this Circular, but not including the Schedules, is provided for ease of reference:

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 — *Prospectus and Registration Exemptions*;

"**AIF**" means the Annual Information Form of the Company for the year ended December 31, 2011;

"**Arrangement**" means an arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the consent of the Company, Purchaseco and the Controlling Shareholder, each acting reasonably;

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered by the Shareholders at the Meeting, substantially in the form of Schedule B;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement that are required by the CBCA to be filed with the Director after the Final Order is made in order for the Arrangement to become effective;

"**associate**" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"**Board**" means the board of directors of the Company;

"**Business Day**" means any day on which commercial banks are generally open for business in Toronto, Ontario, other than a Saturday, a Sunday or a day observed as a statutory holiday in Toronto, Ontario;

"**CBCA**" means the *Canada Business Corporations Act*;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to Section 192 of the CBCA in respect of the Articles of Arrangement;

"**Circular**" means this management information circular, including all schedules and exhibits thereto and any amendments or supplements thereto;

"**Class A Letter of Transmittal**" means the letter of transmittal sent to requested holders of the Class A Shares for use in connection with the Arrangement;

"**Class A Shares**" means the Class A subordinate voting shares in the capital of the Company;

"**Class A Shareholders**" means the registered or beneficial holders of Class A Shares, as the context requires;

"**Class B Letter of Transmittal**" means the letter of transmittal sent to holders of the Class B Shares for use in connection with the Arrangement;

"**Class B Shares**" means the Class B multiple voting shares in the capital of the Company;

"**Class B Shareholders**" means the registered or beneficial holders of Class B Shares, as the context requires;

"**Company**" or "**ShawCor**" means ShawCor Ltd.;

"**Company DSU Grant**" means any grants of deferred share units issued by the Company pursuant to the deferred share unit plan for directors, and includes grants of deferred share units that are credited to a director's account as dividend equivalents pursuant to such plan;

"**Company ESUP Award**" means any awards granted under the employee share unit plan of the Company providing for the grant of restricted awards or performance awards;

"**Company Options**" means the options to purchase Class A Shares granted pursuant to the Company's Employee Stock Option Plan — 2001 (as amended);

"**Compensation Committee**" means the compensation committee of the Board;

"**Competition Act**" means the Competition Act (*Canada*);

"**Controlling Shareholder**" means Shaw International S.à r.l.;

"**Court**" means the Ontario Superior Court of Justice;

"**CRA**" means Canadian Revenue Agency and any successor thereto;

"**Depositary**" means Canadian Stock Transfer Company Inc.;

"**Director**" means the Director appointed under Section 260 of the CBCA;

"**Dissent Notice**" means a written objection to the Arrangement Resolution received from registered Class A Shareholders or registered Class B Shareholders who wish to exercise their Dissent Rights in respect of the Arrangement;

"**Dissent Rights**" means the rights of dissent of a registered Class A Shareholder or registered Class B Shareholder granted pursuant to the Plan of Arrangement and the Interim Order;

"**Dissenting Shareholders**" means a registered holder of Class A Shares and/or Class B Shares who has validly exercised his, her or its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Class A Shares and/or Class B Shares in respect of which Dissent Rights are validly exercised by such holder;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time), or such other time as may be specified in writing by the Company with the consent of Purchaseco and the Controlling Shareholder, each acting reasonably, on the Effective Date;

"**Final Order**" means the final order of the Court approving the Arrangement as such order may be amended by the Court (with the consent of the Company, Purchaseco and the Controlling Shareholder, each acting reasonably) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"**Governmental Entity**" means any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitrator or arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) self-regulatory organization or stock exchange, including the TSX, (iii) subdivision, agent, commission, board or authority of any of the foregoing, or (iv) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Interested Shareholders**" means (i) the Controlling Shareholder and any of its affiliates or associates, and (ii) any other Shareholders whose votes would be excluded for the purposes of "minority approval" (as described in Part 8 of National Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*);

"**Interim Order**" means the interim order of the Court providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court with the consent of the Company, Purchaseco and the Controlling Shareholder, each acting reasonably;

"**Intermediary**" may include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans, that the Non-Registered Holder deals with in respect of the Shares;

"**Kingsdale**" means Kingsdale Shareholder Services Inc.;

"**Letters of Transmittal**" means collectively, the Class A Letter of Transmittal and the Class B Letter of Transmittal;

"**Lien**" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, deemed trust, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention

agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the *Personal Property Security Act* (Ontario) or comparable notice filing under the law of any other jurisdiction, or any option, warrant, right or privilege capable of becoming a transfer, sale, assignment, exchange, gift, donation, mortgage, pledge, charge, encumbrance, grant of security interest or other disposition of securities where possession, legal title, beneficial ownership or the economic risk or return associated with such securities passes directly or indirectly from one person to another or to the same person in a different legal capacity, whether or not for value, whether or not voluntary and however occurring, or any binding voting agreement, understanding or arrangement);

"**Material Adverse Change**" means any change, effect, condition, development, event, occurrence or set of facts or circumstances that is, or would reasonably be expected to be, material and adverse to the business, properties, assets, liabilities (whether absolute, accrued, contingent or otherwise), capitalization, condition (financial or otherwise), operations, results of operations, claims, rights or privileges (whether contractual or otherwise) of the Company and its Subsidiaries, taken as a whole;

"**Meeting**" means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the terms of the Arrangement Agreement and the Interim Order, to consider and if deemed advisable, to approve, the Arrangement Resolution;

"**Meeting Materials**" means this Circular and the accompanying Notice of Meeting together with the forms of proxy and letters of transmittal;

"**New Common Shares**" means the common shares in the capital of New ShawCor;

"**New ShawCor**" means the corporate entity formed by the amalgamation of Purchaseco and ShawCor pursuant to the Plan of Arrangement;

"**New ShawCor DSU Grant**" is any Company DSU Grant, that has not been settled prior to the Effective Time, pursuant to the Plan of Arrangement;

"**New ShawCor ESUP Award**" is any Company ESUP Award, that has not been settled prior to the Effective Time, whether vested or unvested, pursuant to the Plan of Arrangement;

"**New ShawCor Option**" is any Company Option that has not been duly exercised prior to the Effective Time, whether vested or unvested, pursuant to the Plan of Arrangement;

"**Non-Registered Holder**" means a beneficial owner of Class A Shares or Class B Shares that are registered either in the name of the Intermediary or the clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant, or its nominee;

"**Outside Date**" means June 30, 2013 or such other date as may be mutually agreed from time to time by the Parties, provided, however, that if the closing of the Arrangement is delayed by (a) an injunction or order made by a Governmental Entity, (b) the failure to obtain any regulatory approvals referred to in the Arrangement Agreement, or (c) an appeal of the Final Order or the Final Order not having yet been obtained, then, provided that such injunction or order is being contested or appealed, the Regulatory Approvals are actively being sought, or the Final Order is being actively sought, as applicable, the Outside Date shall be extended until the earlier of (i) 60 days following such date and (ii) the fifth Business Day following the date on which such injunction or order ceases to be in effect or the Final Order is upheld on appeal or obtained, as applicable;

"**Party**" or "**Parties**" means a signatory to the Arrangement Agreement;

"**Person**" includes any individual, firm, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, S.à r.l, association, trust, trustee, heir, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement substantially in the form attached as Schedule A, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or

the Plan of Arrangement or made at the direction of the Court in the Final Order (with the consent of the Company, Purchaseco and the Controlling Shareholder, each acting reasonably);

"**Purchaseco**" means Seaborn Acquisition Inc. (formerly known as 8404810 Canada Inc.), which will amalgamate with the Company at the Effective Time under the name ShawCor Ltd.;

"**Purchaseco Shares**" means the common shares issued by Purchaseco pursuant to the Arrangement, which will become the New Common Shares under the Arrangement upon the amalgamation of Purchaseco and ShawCor;

"**Record Date**" means the record date for the Meeting, which is the close of business on January 24, 2013;

"**Representative**" means, with respect to any person, any of such person's (or any of its affiliates') officers, directors, employees, representatives (including any financial or other advisor) or other agents;

"**securities laws**" means the *Securities Act* (Ontario), together with all other applicable rules and regulations thereunder;

"**Shareholders**" means, collectively, the Class A Shareholders and the Class B Shareholders;

"**Shares**" shall mean the Class A Shares and/or the Class B Shares;

"**Special Committee**" means the special committee of independent members of the Board, appointed to deal with, among other things, the Arrangement;

"**Special Dividend**" means, in respect of each New Common Share, a dividend of $1.00 payable in accordance with the terms of the Plan of Arrangement;

"**Subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 — *Prospectus and Registration Exemptions*;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder; and

"**TSX**" means the Toronto Stock Exchange.

THE BUSINESS OF THE MEETING

The information contained in this Circular is provided in connection with the solicitation of proxies by and on behalf of management of ShawCor for use at the Meeting of the Company.

Date, Time and Place of Meeting

This Circular is being provided to Shareholders in connection with the Meeting to be held at The Albany Club, 91 King Street East, Toronto, Ontario, M5C 1G3, Canada at the hour of 9:00 a.m. (Toronto time), on Thursday, March 14, 2013.

Record Date

January 24, 2013 is the record date for the Meeting (the "**Record Date**"). Only Shareholders of record as of the close of business on the Record Date are entitled to receive notice of and to attend (in person or by proxy) and vote at the Meeting.

Special Business to be Conducted at the Meeting

At the Meeting, Shareholders will be asked to consider and, if determined advisable, to approve the Arrangement Resolution. The full texts of the form of Plan of Arrangement and the Arrangement Resolution are attached as Schedule A and Schedule B to this Circular.

Votes

Each Class A Share is entitled to one vote per share and each Class B Share is entitled to 10 votes per share at the Meeting. As of February 11, 2013, there are 57,524,150 Class A Shares and 12,760,635 Class B Shares of ShawCor issued and outstanding.

Required Shareholder Approvals

In order to proceed and in addition to approval by the Court, the Arrangement Resolution must be approved at the Meeting by:

i. two thirds of the votes cast by Class A Shareholders and Class B Shareholders, voting together as if a single class, present in person or represented by proxy;

ii. a simple majority of the votes cast by Class A Shareholders present in person or represented by proxy, excluding the votes attached to Class A Shares held by Interested Shareholders; and

iii. a simple majority of the votes cast by Class B Shareholders present in person or represented by proxy, excluding the votes attached to Class B Shares held by Interested Shareholders.

Notwithstanding the approval of the Arrangement Resolution, the Company reserves the right not to proceed with the Arrangement in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement.

Forms of Proxy

If you are a registered Class A Shareholder or Class B Shareholder, you are entitled to vote your Shares in respect of the Arrangement Resolution. You will have received a form of proxy together with this Circular in respect of such Shares.

HOW TO VOTE YOUR SHARES

Solicitation of Proxies

This solicitation of proxies is made on behalf of the management of the Company for use at the Meeting and every adjournment thereof for the purposes set forth in the accompanying Notice of Meeting. The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone or other means of telecommunication by directors, officers or employees of the Company and Kingsdale. The cost of solicitation by management will be borne by the Company.

Appointment

The persons named in the enclosed form of proxy are directors or officers of the Company. A Shareholder has the right to appoint some other person to represent the Shareholder at the Meeting. A Shareholder desiring to appoint some other person to represent him or her at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. In either case, the Shareholder must deliver or send the completed form of proxy to the Company's transfer agent, CIBC Mellon Trust Company, c/o Canadian Stock Transfer Company Inc., P.O. Box 721, Agincourt, Ontario, M1S 0A1, Canada, Attention: Proxy Department or fax to (416) 368-2502 or (866) 781-3111 (toll-free in North America). **Proxies must be received by the transfer agent not later than Tuesday, March 12, 2013 at 9:00 a.m. (Toronto time).** The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice.

Revocation of Proxies

A Shareholder who has given a proxy may revoke it by instrument in writing executed by the Shareholder or by his, her or its attorney authorized in writing and deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chair of the Meeting on the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law.

Proxy Voting

The enclosed forms of proxy confer discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and to other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no such amendment, variation or other matter expected to come before the Meeting other than the matters referred to in the Notice of Meeting. If any matters which are not now known should properly come before the Meeting, the persons named in the accompanying forms of proxy will vote on such matters in accordance with their best judgment.

If you have not specified how you want your shares to be voted, your shares will be voted FOR approval of the Arrangement Resolution.

Voting by Non-Registered Holders

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Class A Shares or Class B Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either:

a. in the name of an intermediary (an "**Intermediary**") (which may include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans) that the Non-Registered Holder deals with in respect of the shares; or

b. in the name of a clearing agency (such as the CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant, or its nominee.

In accordance with applicable regulatory requirements, the Company has distributed copies of the Circular and the accompanying Notice of Meeting together with forms of proxy or voting instruction forms, as applicable (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Frequently, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived their right to receive Meeting Materials will either:

i. be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of Shares beneficially owned by the Non-Registered Holder but which is not otherwise completed. Since the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it; or

ii. more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company in accordance with the directions accompanying the voting instruction form. A Non-Registered Holder receiving a voting instruction form cannot use that voting instruction form to vote Shares directly at the Meeting; rather the voting instruction form must be returned to the Intermediary well in advance of the Meeting in order to have the Non-Registered Holder's Shares voted.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Class A Shares and Class B Shares which they beneficially own. A Non-Registered Holder who has received a pre-signed form of proxy as mentioned in (i) above and who wishes to attend and vote at the Meeting in person (or to have another person attend and vote on behalf of the Non-Registered Holder) should print the Non-Registered Holder's (or such other person's) name in the blank space provided for that purpose in the first paragraph of the proxy form or, in the case of a voting instruction form, follow the corresponding instructions on that form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary and its service company, as applicable.**

ARRANGEMENT MECHANICS

Letters of Transmittal

Included with this Circular, in the case of registered Shareholders, is the Class A Letter of Transmittal and the Class B Letter of Transmittal. In order to receive the consideration for their Class A Shares or Class B Shares, as applicable, registered Shareholders must complete and sign the applicable Letter of Transmittal and deliver it, together with certificates representing their Class A Shares and/or Class B Shares and the other required documents, to the Depositary in accordance with the instructions contained in the applicable Letters of Transmittal. Despite the foregoing, holders of Class A Shares may elect to hold on to these share certificates which will continue to represent an equal number of New Common Shares.

The Letters of Transmittal contain procedural information relating to the Arrangement and should be reviewed carefully. The deposit of Class A Shares or Class B Shares pursuant to the procedures in the Letters of Transmittal will constitute a binding agreement among the depositing Shareholder, the Company and Purchaseco upon the terms and subject to the conditions of the Plan of Arrangement.

Copies of the Letters of Transmittal may be obtained by contacting the Depositary. The Letters of Transmittal will also be available on SEDAR at www.sedar.com under the Company's profile.

The Company and Purchaseco reserve the right to waive or not to waive any and all errors or other deficiencies in any Letters of Transmittal or other document and any such waiver or non-waiver will be binding upon the affected Shareholder. The granting of a waiver to one or more Shareholders does not constitute a waiver for any other Shareholder. The Company and Purchaseco reserve the right to demand strict compliance with the terms of the Letters of Transmittal and the Arrangement. The method used to deliver the Letters of

Transmittal and any accompanying certificates representing the Shares is at the option and risk of the holder surrendering them, and delivery will be deemed effective only when such documents are actually received by the Depositary. The Company recommends that the necessary document be hand delivered to the Depositary, and a receipt obtained therefor; otherwise the use of registered mail with return receipt requested, and with proper insurance obtained, is recommended.

Any Shareholders whose Class A Shares or Class B Shares are registered in the name of a broker, investment dealer, bank, trust company, trustee or other nominee should contact that nominee for assistance in depositing their Class A Shares or Class B Shares and should follow the instructions of such nominee in order to deposit their Shares.

U.S. Holders — Information Reporting and Backup Withholding

Payments of cash made to U.S. holders under the Arrangement, including the exercise of a Dissent Right under the Arrangement, and payments of cash or property made to U.S. holders relating to proceeds arising from the sale or other taxable disposition of, a Class B Share, generally may be subject to information reporting requirements and may be subject to backup withholding (currently at the rate of 28%) unless the U.S. holder provides an accurate taxpayer identification number or otherwise demonstrates that it is exempt. For more information, please see the Letters of Transmittal.

In addition, for taxable years beginning after March 18, 2010, new legislation requires certain U.S. holders who are individuals that hold certain foreign financial assets (which may include Class A Shares or Class B Shares) to report information relating to such assets, subject to certain exceptions. **U.S. holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Class A Shares or Class B Shares.**

Exchange of ShawCor Share Certificates

Following the later of the Effective Date and the surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Class A Shares or Class B Shares that were exchanged under the Agreement, together with a duly completed and executed Class A Letter of Transmittal or Class B Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the former holder of such surrendered certificate will be entitled to receive in exchange therefor, the New Common Shares and/or the cash which such Shareholder has the right to receive under the Arrangement for such Class A Shares and Class B Shares, and any certificate so surrendered will forthwith be cancelled. Despite the foregoing, holders of Class A Shares may elect to hold on to these share certificates, which will continue to represent an equal number of New Common Shares upon completion of the Arrangement.

As soon as practicable following the later of the Effective Date and the date of deposit by a former holder with the Depositary of a duly completed Class A Letter of Transmittal or Class B Letter of Transmittal and the certificates representing Class A Shares or Class B Shares or other documentation as provided in the Letters of Transmittal, Purchaseco shall cause the Depositary to:

(a) forward or cause to be forwarded by first class mail (postage prepaid) to the Shareholder at the address specified in the Class A Letter of Transmittal or Class B Letter of Transmittal;

(b) if requested by the holder in the Class A Letter of Transmittal or Class B Letter of Transmittal, make available at the office of the Depositary specified in the Class A Letter of Transmittal or Class B Letter of Transmittal for pick-up by the holder; or

(c) if the Class A Letter of Transmittal or Class B Letter of Transmittal neither specifies an address as described in (a) above nor contains a request as described in (b) above, forward or cause to be forwarded by mail (postage prepaid) to the Shareholder at the address of such holder as shown on the share register maintained by the Company as at the Effective Time,

a direct registration system statement ("**DRS Statement**") or certificates representing the number of New Common Shares issuable to such Shareholder as determined in accordance with the provisions of the Plan

of Arrangement and/or a cheque representing the amount of cash to which such Shareholder is entitled to, if any, as determined in accordance with the provisions of the Plan of Arrangement.

No Shareholder shall be entitled to receive any consideration with respect to the deposited Class A Shares or Class B Shares other than the DRS Statement or certificates representing the New Common Shares and/or the amount of cash to which such Shareholder is entitled as determined in accordance with the provisions of the Plan of Arrangement.

If you are a beneficial holder of Class A Shares or Class B Shares, please contact your broker or other Intermediary to instruct them to deposit your shares to the Arrangement. Your broker should do so prior to the Meeting Date in order to receive your entitlement as soon as possible after closing of the Arrangement.

Please also note that, if you are a registered holder of Class B Shares, in order to receive the cash consideration for your Class B Shares, you must submit the accompanying Class B Letter of Transmittal, together with your share certificates representing your Class B Shares to the Depositary. Please refer to the Class B Letter of Transmittal for instructions in that regard.

If you have any questions relating to the deposit of your Shares to the Arrangement, please contact the Depositary.

Lost Certificates

If any certificate representing Class A Shares or Class B Shares has been lost, stolen or destroyed, the registered holder of such Class A Shares or Class B Shares should complete the applicable Letters of Transmittal as fully as possible and forward it, together with a letter describing the loss, theft or destruction, to the Depositary. The Depositary will assist in making arrangements for the necessary affidavit (which will include a bonding requirement) for payment of the consideration in accordance with the Arrangement. Further details are set out in the Letters of Transmittal. As a condition precedent to the delivery of the consideration in exchange for Class A Shares or Class B Shares represented by certificates which have been lost, stolen or destroyed, the registered holder thereof will be required to indemnify the Company, Purchaseco and the Depositary against any claim that may be made against the Company, Purchaseco or the Depositary with respect to such lost, stolen or destroyed certificate.

Cancellation of Rights after Six Years

Any certificate which immediately before the Effective Date represented Class B Shares and which has not been duly surrendered, with all other documents required by the Depositary, on or before the sixth anniversary of the Effective Date, will cease to represent any claim against or interest of any kind or nature in the Company, Purchaseco or the Depositary. On such date, all New Common Shares and/or cash to which the former holder of such certificates was entitled shall be deemed to have been surrendered to Purchaseco. Accordingly, persons who deposit certificates for Class B Shares after the sixth anniversary of the Effective Date will not receive New Common Shares, will not own any interest in New ShawCor, and will not be paid any cash or other compensation.

BACKGROUND TO THE PROPOSED ARRANGEMENT

The following is a summary of the principal events leading up to the proposed arrangement, the initial strategic review process, the discussions with the Controlling Shareholder, the role of the Special Committee and the steps and discussions between the Company and the Controlling Shareholder and its affiliates leading to the current proposed arrangement subject to Board approval and the receipt of a fairness opinion, which is attached to this Circular as Schedule G.

Overview of the Dual-Class Share Structure

The Company's dual class share structure was originally created through a capital reorganization transaction that was undertaken in 1988. At the time, the existing common shares of the Company were converted into Class A Shares, and the then current common shareholders received additional Class B Shares as a stock dividend. The purpose of the capital reorganization was to allow the Company to raise new equity capital while permitting the then controlling shareholders, Mr. Leslie E. Shaw and his siblings, Mr. James R. Shaw,

Mrs. Bertha Atkinson and Mrs. Dolly MacDonald, to maintain control of the Company through their continued ownership of Class B Shares. This was effected by granting the Class A Shares the right to one vote per share, and the Class B Shares the right to ten votes per share. The two classes of shares were otherwise substantially identical, except that the Class A Shares carried a slight dividend preference and enjoyed the benefits of "coat-tail" protection in the event of an exclusionary offer for the Class B Shares.

Under the "coat-tail" provisions and applicable Canadian take-over bid laws, a Class B Shareholder is entitled to sell those shares to a person who would as a result hold 20% or more of the Class B Shares for up to a 15% premium to the then market price without triggering any requirement on the part of the purchaser to make a formal tender offer to the other Class B Shareholders, and without triggering the right of the Class A Shareholders to participate on similar terms. As a result, control of ShawCor could be transferred by the Controlling Shareholder in its discretion at any time, subject to this 15% cap on any premium paid to the Controlling Shareholder.

As of the date hereof, the Class A Shares represent approximately 82% of the total outstanding equity, but hold approximately 31% of the total votes, while the Class B Shares represent approximately 18% of the total outstanding equity but hold approximately 69% of the total votes. As of the date hereof, Ms. Virginia L. Shaw, directly and indirectly through the Controlling Shareholder, owns a total of 11,716,235 Class B Shares and 80,000 Class A Shares, which represent approximately 63% of the total votes attaching to the Class A Shares and Class B Shares:

	Class A Subordinate Voting Shares		Class B Multiple Voting Shares	
Name	Number of shares beneficially owned or controlled	Percentage of outstanding Class A Subordinate Voting Shares	Number of shares beneficially owned or controlled	Percentage of outstanding Class B Multiple Voting Shares
Virginia L. Shaw	80,000	0.14%	11,716,235	91.82%

Initial Strategic Review Process

On August 30, 2012, for personal reasons, the indirect controlling shareholder of ShawCor, Ms. Virginia L. Shaw, indicated to the Board that she was prepared to consider a possible sale of her shares in ShawCor, and that she felt that all shareholders should be offered the opportunity to participate in such a sale transaction. In that context, she requested that a special committee be constituted and that it work closely with Ms. Shaw and her representatives.

In response, the Board decided to organize a special committee of independent directors (the "**Special Committee**") consisting of Mr. John Frank Petch (as Chair), Mr. Jim Derrick, Mr. Dennis Freeman and Mr. Paul Robinson. On August 30, 2012, these directors met and decided to retain Stikeman Elliott LLP as legal counsel to provide them with independent legal advice. The members of the Special Committee received advice from Stikeman Elliott as to their legal duties, and as to the workings of the "coat-tail" provisions, and concluded that, in light of, among other things, the position of the Controlling Shareholder, it was in the best interests of ShawCor and the other Shareholders to seek to maximize value via a sale of the whole Company, rather than risk a sale solely by the Controlling Shareholder, and to cooperate with the Controlling Shareholder for such purpose. On September 1, 2012, after considering a number of possible financial advisors, and after discussions with representatives of the Controlling Shareholder, these directors decided to retain Credit Suisse as their financial advisor.

On September 5, 2012, the Board adopted a resolution approving the mandate of the Special Committee, and authorized it to conduct a review of strategic alternatives, including canvassing potentially interested third parties to determine if an appropriate transaction would be available that would be acceptable to Ms. Shaw and in the best interests of ShawCor and its shareholders. The Special Committee's mandate was to, among other things:

- Deal with all matters pertaining to ShawCor's response to the possible sale of the Controlling Shareholder's shares as part of a sale of the Company and, in connection therewith, to consider alternative courses of action in the best interests of ShawCor.
- Determine if and when confidential information may be made available to prospective buyers, and the terms on which it may be made available.

- Supervise the negotiation of the terms and conditions of any sale transaction or any proposed alternative to the sale transaction.

The Special Committee met on over 40 occasions between the date it was established and January 13, 2013 (being the date the Special Committee delivered its formal report and recommendation to the Board).

In light of, among other things, the broad canvass of market participants that had been recommended by Credit Suisse, including potential competitors and customers of ShawCor, and the likelihood that such a broad canvass would result in a "leak" of the strategic review process to the market and others, the Board of ShawCor decided to issue a press release announcing the formation of the Special Committee and the commencement of the strategic review process. A communications strategy for management, employees, customers, suppliers and joint venture partners of ShawCor was also developed. A press release was issued on September 5, 2012, formally announcing the strategic review process and cautioning that there could be no assurance that a sale or any other transaction would occur. The press release also cautioned that ShawCor did not intend to comment further regarding the strategic review until such time, if any, as the Company entered into a definitive agreement in respect of a particular transaction or otherwise determined that disclosure was appropriate or required.

In response to this press release, the closing trading price of the Class A Shares increased from approximately $35.08 on September 5, 2012 to approximately $42.20 on September 6, 2012. At the time, various analysts predicted transaction values of up to $60.00 per share, and a high level of interest from strategic buyers.

The strategic review process initially focused primarily on canvassing approved third parties to gauge their interest in a transaction to acquire all of the outstanding Class A Shares and Class B Shares. Seventy-three parties (forty-eight strategic parties and twenty-five financial sponsors) were contacted by Credit Suisse as part of the process. Eighteen parties (eight strategic parties and ten financial sponsors) executed confidentiality agreements with ShawCor and received a confidential information package that included a three-year (2013-2015) confidential financial forecast. The confidentiality agreements signed with the different bidders included a customary "standstill" in favour of ShawCor that, subject to various terms and conditions, restricted the interested parties from, among other things, purchasing Class A Shares and/or Class B Shares of ShawCor. The confidentiality agreements also required that all confidential information disclosed by ShawCor to the various interested parties be used only for the purpose of a Board-supported acquisition of all of the outstanding Class A Shares and Class B Shares.

Contemporaneously with the Special Committee's work, the Compensation Committee of ShawCor approved certain retention, transaction bonus and termination and severance related arrangements designed primarily to retain and motivate senior employees and others to assist in achieving a successful transaction, as outlined under the heading "Strategic Review Retention Program" below.

As the strategic review process progressed, the Special Committee requested that all interested participants provide it with initial indications of interest for an acquisition of all of the outstanding Class A Shares and Class B Shares of ShawCor. In discussions between Credit Suisse and various interested parties, however, Credit Suisse began to receive feedback from interested parties which suggested that there could be challenges to achieving an acceptable sale transaction.

Certain financial sponsors indicated that the then current market valuation of ShawCor, as a result of the sharp run-up in the market price (the Class A Shares reached a 52-week high of $46.75 per share in November 2012), as well as the market expectations of a premium to that price, made the achievement of compelling, risk-adjusted returns difficult, including having regard to the historical cyclicality of ShawCor's business. In addition, these sponsors indicated that the fact that ShawCor's expected rapid sales, earnings and EBITDA[(1)] growth was not yet reflected in its historical financial results, might make obtaining sufficient acquisition debt financing challenging from a timing perspective.

(1) Earnings before interest, income taxes, depreciation and amortization ("**EBITDA**") is a non-GAAP measure and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP measures do not have standardized meanings under IFRS. The Company's method of calculating these measures may differ from other entities and as a result may not necessarily be comparable to measures used by other entities. In addition, for the purposes of calculating EBITDA under ShawCor's covenants in its credit agreements, foreign exchange losses, losses on the disposal of capital assets and interest income are excluded from (i.e. added back to) EBITDA. For additional information with respect to non-GAAP measures used by the Company, please refer to the Management's Discussion and Analysis of Financial Condition and Results of Operations for the three-month and nine-month periods ended September 30, 2012 of the Company incorporated by reference herein.

Strategic parties involved in the process expressed concern regarding the potential strategic fit of an acquisition, given the diversity of ShawCor's businesses, or noted their own unique timing or other issues that made proceeding with an acquisition of the whole company at that time difficult. Some expressed interest in particular divisions only, or in purchasing only the shares owned by the Controlling Shareholder.

Ultimately, and despite the efforts of the Special Committee, the Controlling Shareholder and Credit Suisse, while various expressions of interest were received, no proposals to acquire all of the outstanding Class A Shares and Class B Shares were received. Accordingly, on December 3, 2012, ShawCor issued a press release advising that an acceptable sale transaction for all of the Shares was highly unlikely at that time, and that the Special Committee was continuing to review and consider a range of strategic alternatives.

Discussions with the Controlling Shareholder

As the strategic review process unfolded and it began to appear less likely that there would be an acceptable sale transaction for all of the Shares, the Special Committee began to consider in more detail, with the advice and assistance of Credit Suisse, other potential alternatives to a sale transaction that might be pursued in the best interests of ShawCor and its other Shareholders. These alternatives included, among other things, a dividend recapitalization transaction, a substantial issuer bid, a purchase of the Class B Shares, and the sale of a significant division. Representatives of the Controlling Shareholder expressed to the Special Committee a strong preference for some form of purchase transaction, and that the Controlling Shareholder would not be supportive of any other alternatives.

In late November 2012, the Special Committee retained TD Securities to provide it with advice on any offers that might be pursued and on potential strategic alternatives, including potential transactions with the Controlling Shareholder, and if requested, provide a fairness opinion in respect of any such transaction.

The Special Committee held a number of meetings with TD Securities and Stikeman Elliott, and considered a range of possible strategic alternatives, as well as the potential parameters for a transaction involving an offer for all of the Class B Shares that would, with the consent of the Class A Shareholders and Class B Shareholders, collapse the Company's dual-class share structure. The Special Committee was of the view that, if acceptable terms could be reached with the Controlling Shareholder, then a transaction that would collapse the Company's dual-class share structure would be worth pursuing, in that it could, among other things:

- Allow the Company to eliminate the Class B Shares, which do not otherwise have a "sunset" provision, thereby transferring control to the general market.
- Result in a widely held single class structure, which could be expected to increase the shareholder base and enhance liquidity for Shareholders.
- Eliminate any overhang related to the Controlling Shareholder's possible sale of its shares, and resolve the resulting uncertainty to the Shareholders and other stakeholders of the Company, including management, employees, customers and suppliers.
- Provide the Company with enhanced financing flexibility going forward.

Over a series of meetings, TD Securities provided detailed financial and market advice to the Special Committee as to the potential parameters of such a transaction, and the Special Committee also sought input from management on key points and advice from Stikeman Elliott. As the Special Committee formulated its views on potential transactions involving the Class B Shares, key considerations which it considered, and on which it received advice from TD Securities and Stikeman Elliott and input from management of the Company, included, among others:

- The total premium payable to the Class B Shareholders under any such transaction, and the total economic dilution to the Class A Shareholders arising from the transaction, including in light of relevant historical precedents, and in particular those involving shares with "coat-tails".
- The impact of any recapitalization transaction on earnings per share and on the trading value of the Class A Shares.

- The size of any special dividend to be paid to the Class A Shareholders in connection with such a transaction.
- The total leverage that could reasonably be taken on by the Company to fund any transaction in light of management forecasts for the business, comparable company leverage levels, financing alternatives and the deleveraging profile of the business, and the degree to which such leverage might limit the capital structure flexibility of the Company, including for future acquisitions or in the event of an adverse change in business conditions.
- The settled trading price range for the Class A Shares and Class B Shares of the Company based on historical trading and comparable company analysis.

Following receipt and consideration of these and other matters, and discussions with the Controlling Shareholder, the Special Committee proposed to the Controlling Shareholder a transaction to collapse the Class B Shares, under which Class B Shareholders would be entitled to receive a combination of cash and shares under a court and shareholder approved plan of arrangement, and under which Class A Shareholders would receive a special dividend. This non-binding proposal, which was subject to definitive documentation, financing and board approval, was made at an in-person meeting between the Chair of the Special Committee and a representative of the Controlling Shareholder on December 14, 2012.

After receipt of the proposal from the Special Committee, the representative of the Controlling Shareholder requested permission to speak with a small number of interested parties that had signed confidentiality agreements with ShawCor as part of the strategic review process, in addition to speaking with at least one other party that had not signed a confidentiality agreement, in order to compare potential offers to acquire the Class B Shares of the Controlling Shareholder before deciding on the proposal offered by the Special Committee. The Special Committee agreed to allow such discussions on a limited basis, including on the condition that no further confidential information be provided to these persons and that the discussions could only continue for a limited period of time. The Committee was hopeful that one of the strategic parties, which had for internal timing reasons not been in a position to submit a proposal earlier, might now be prepared to make an offer to buy all of the outstanding Shares.

On December 20, 2012, the Special Committee was advised by representatives of the Controlling Shareholder that one of the interested parties had made a conditional and non-binding proposal to the Controlling Shareholder to acquire all of its Class B Shares at a price per Class B Share equal to the lesser of: (a) 115% of the simple average of the closing prices of the Class B Shares on the TSX for each of the business days on which there was a closing price in the 20 business days preceding the date of signing a binding agreement, and (b) $46.89 (which represented the maximum price at that date that could have been paid without triggering the ''coat-tail'' provisions). The proposed offer was accordingly structured so that it would not trigger the ''coat-tail'' provisions set out in the Company's articles, and was subject to, among other things, due diligence access (which was requested) and regulatory approvals. After deliberation and consideration and receiving the advice of TD Securities and Stikeman Elliott and input from management, the Special Committee declined the request for due diligence access at that time, as it was considered not to be in the best interests of the Company and its other Shareholders.

Following this, a representative of the Controlling Shareholder made a proposal to the Special Committee. This proposal was rejected, and the Special Committee provided a counter-proposal. On December 23, 2012, the Controlling Shareholder declined the Special Committee's counter-proposal, and renewed the request that the Special Committee allow the interested party to do due diligence. The Special Committee had, earlier in the week, also received this request directly from the interested party. The Special Committee was also asked to, but refused to, waive the standstill commitment set out in the confidentiality agreement that had been entered into between the Company and such interested party.

The Special Committee carefully considered the question of whether to provide due diligence access, and whether it would be in the best interests of the Company and all of its Shareholders to facilitate such a transaction by providing confidential information of the Company to the interested party and ultimately waiving the existing time-limited standstill. To that end the Special Committee, among other things, asked management to advise on the potential impact on the Company of such a transaction, and provided a set of detailed questions

to the interested party regarding its plans and intentions for ShawCor and the Class A Shares and Class B Shares.

On January 3, 2013, the Special Committee received a reply from the interested party in which it indicated, among other things, that it was not willing to acquire all of the Class A Shares and Class B Shares, and that it was not willing to collapse the dual-class share structure. In addition, substantial due diligence information was requested.

The Special Committee reflected on the responses provided to it by the interested party, as well as the specific due diligence information that had been requested, the feedback it had received from management, the advice of Stikeman Elliott and TD Securities, and other relevant factors. After considering all these and other factors, the Special Committee concluded that it would not be in the best interests of the Company and all of its stakeholders to provide confidential information of the Company to a bidder who was only interested in acquiring the Controlling Shareholder's interest in the Company. The Special Committee therefore decided to reject the request of the interested party to do additional due diligence, and advised the Controlling Shareholder of this decision. The Special Committee was at this point very conscious of the fact that the Controlling Shareholder was willing to (and could potentially manage at any time to) sell just its Class B Shares, at up to a 15% premium to the market price (based on a 20 day average). The Special Committee had serious concerns with this scenario, including its impact on other Shareholders.

On January 5, 2013, representatives of the Controlling Shareholder communicated a further proposal to the Special Committee, which was not acceptable to the Special Committee. Over the next eight days, the transaction structure and the terms of the definitive agreement were negotiated strenuously between the Controlling Shareholder and the Special Committee and their respective counsel. As a result, the economic and other terms of the proposed transaction were agreed to. In addition to the financial terms, namely $43.43 in cash or 1.1 New Common Shares per Class B Share, with 90% of the total consideration to each Class B Shareholder to be in cash and 10% of the total consideration to each Class B Shareholder to be in New Common Shares, and a $1.00 special dividend to be paid on all remaining New Common Shares after closing. It was agreed that certain Company assets of historical and sentimental significance to the Shaw family but without material value would be transferred to Ms. Shaw without charge at or promptly following closing. In addition, the Controlling Shareholder agreed not to directly or indirectly dispose of its New Common Shares obtained under the transaction for at least 90 days following closing, unless approved by the Board. This transaction proposal was agreed to in principle, subject to Board approval.

Throughout the negotiation process, the Special Committee kept the Board apprised of the progress of the negotiations, and from time to time requested and received feedback from the Board. After two meetings, the transaction was approved by the Board and entered into, and publicly announced, on January 14, 2013.

Recommendations of the Board and the Special Committee

In approving the Arrangement Agreement and making the recommendation that Shareholders (other than the Controlling Shareholder) vote in favour of the transaction proposal, the Board and the Special Committee considered the fairness opinion prepared by TD Securities and a number of other factors relating to the fairness of the Arrangement.

The factors relied on by the Board and the Special Committee in reaching their recommendations included, among others, the following:

- The Arrangement, including the payment of the Special Dividend, is expected to be accretive to ShawCor from an earnings per share perspective while maintaining an appropriate amount of leverage including as compared to comparable companies.
- The premium to the current trading price and resulting dilution to Class A Shareholders is within the range of precedents generally for similar types of transactions.
- The fairness opinion received from TD Securities that the consideration to be paid to the Class B Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Class A and

Class B Shareholders, other than the Controlling Shareholder, and the factors relied on by TD Securities in reaching its opinion. See "Background to the Proposed Arrangement — Fairness Opinion" below.

- The elimination of the Class B Shares will result in a widely held single class structure, and is expected to diversify ShawCor's shareholder base, as many investment mandates exclude investment in companies with dual class share structures, and to increase liquidity and provide for enhanced financing flexibility going forward.
- The transaction is subject to Shareholder and Court Approval, and Shareholders will be provided with Dissent Rights.

The Board and the Special Committee also considered a number of potential risks relating to the Arrangement in reaching their recommendations. See "Risk Factors".

Under the Arrangement Agreement, the Board retains the right to consider, and if deemed advisable, make recommendations to Shareholders regarding, any alternative proposals for transactions involving the Company in accordance with the discharge of its fiduciary duties to the Company. However, the Company has agreed to hold the Meeting, despite any change in recommendation.

Fairness Opinion

The Special Committee retained TD Securities to, among other things, provide financial analysis and advice to the Special Committee in connection with its evaluation of strategic alternatives including potential transactions with the Controlling Shareholder. On January 14, 2013, TD Securities provided a fairness opinion to the Special Committee and the Board to the effect that, as of the date of such opinion, and based on and subject to the scope of review, assumptions and limitations and other matters described in the fairness opinion and contemplated by the engagement agreement between TD Securities and the Company (the "**Engagement Agreement**"), the consideration to be paid to the Class B Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Class A Shareholders and Class B Shareholders, other than the Controlling Shareholder (the "**Fairness Opinion**").

Neither TD Securities nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company, the Controlling Shareholder, or any of their respective associates or affiliates (collectively, the "**Interested Parties**"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Arrangement other than to the Company pursuant to the Engagement Agreement.

In considering the fairness of the consideration to be paid to the Class B Shareholders pursuant to the Arrangement (the "**Consideration**") from a financial point of view to the Class A Shareholders and Class B Shareholders, other than the Controlling Shareholder, TD Securities principally considered and relied upon the following: (i) a comparison of the dilution to Class A Shareholders and premium paid to Class B Shareholders pursuant to the Arrangement to the dilution and premium in precedent multi-class share collapse transactions; (ii) a comparison of the Consideration to the results of a discounted cash flow analysis of the Company; (iii) a comparison of multiples implied by the Consideration to multiples paid in selected comparable precedent transactions; (iv) a comparison of multiples implied by the Consideration to market trading multiples of selected publicly traded manufacturers, suppliers and service providers to the oil and gas industry; and (v) a review of the sale process conducted by Credit Suisse on behalf of the Company to solicit interest in the Company and the third party proposal received by the Controlling Shareholder for its Class B Shares.

In addition to the foregoing, TD Securities also reviewed and considered the following: the impact of the Arrangement on ShawCor; the historical trading price of the Class A Shares relative to that of the Class B Shares; the dividend differential between Class A Shares and Class B Shares; analyst target prices for ShawCor; precedent targeted buyback transactions; and precedent transactions where differential consideration was paid to different classes of shareholders. TD Securities concluded that the foregoing information was either not indicative of value or less relevant to its determination of fairness than the other factors principally considered by TD Securities referred to above, and accordingly did not rely on such information.

The full text of the Fairness Opinion, setting out the scope of review, assumptions and limitations and matters considered, is attached as Schedule "G" to this Circular and should be reviewed and considered in its entirety in conjunction with this Circular. The summary of the Fairness Opinion in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion. The Fairness Opinion is not a recommendation as to how Class A Shareholders or Class B Shareholders should vote with respect to the Arrangement. TD Securities has not prepared a formal valuation or appraisal of the Company or any of its securities or assets, and the Fairness Opinion should not be construed as such. In addition, the Fairness Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to the Company, nor does it address the underlying business decision to implement the Arrangement or any other term or aspect of the Arrangement or the Arrangement Agreement or other agreement entered into or amended in connection with the Arrangement. TD Securities expresses no opinion with respect to future trading prices of securities of the Company.

The opinion expressed by TD Securities in the Fairness Opinion was one of a number of factors taken into consideration by the Special Committee and the Board in connection with their evaluation of the fairness of the proposed Arrangement, and in making their determination that the Arrangement is in the best interests of the Company and is fair and reasonable in the circumstances, authorizing the entry by the Company into the Arrangement Agreement, and recommending that Shareholders vote in favour of the Arrangement Resolution. The Board urges Shareholders to read the Fairness Opinion in its entirety.

Pursuant to the terms of the Engagement Agreement, TD Securities is to be paid a fee for its services as a financial advisor, a portion of which is payable on delivery of the Fairness Opinion (but is not contingent on the successful completion of the Arrangement). In addition, TD Securities will be reimbursed for its reasonable out-of-pocket expenses. The Company has also agreed to indemnify TD Securities against certain liabilities in connection with its engagement.

Strategic Review Retention Program

As a result of the uncertainty caused by the Company's announcement of the Special Committee's strategic review process on September 5, 2012, management of the Company, the Compensation Committee and the Special Committee recommended the implementation of a strategic review retention program for key ShawCor personnel. The purpose of the program was to retain and incentivize a motivated and productive management group throughout and following the strategic review process.

This program, approved by both the Special Committee and the Compensation Committee of the Board, included:

- providing employees with assurance that their unvested stock options, share units and engagement units would be rolled over into similar long term incentive plans in the event of a change of control of the Company;
- providing a transaction bonus to 19 senior executives, critical to the success of any transaction (including Mr. William Buckley, as President & Chief Executive Officer of ShawCor, and Mr. Leslie Hutchison, Ms. Virginia L. Shaw's spouse, as Managing Director of ShawCor Global Services Limited), for a transaction involving the sale of the Company or the sale by the Controlling Shareholder of its shares;
- providing a retention bonus to 19 key management staff to be paid eight months following a transaction; and
- providing extended severance protection periods of up to 20 months' notice for 30 senior executives or managers critical to the transaction and to the performance of the Company (including Ms. Virginia L. Shaw and Mr. Leslie Hutchison), in most cases requiring a "double-trigger" consisting of a change in control of ShawCor and the subsequent termination (either by the Company or, in certain cases, by the employee for "good reason") of such a senior executive's or manager's employment.

After careful consideration and with the advice and input of the Special Committee, TD Securities and Stikeman Elliott, the Board recommends that the Shareholders vote for the Arrangement Resolution.

Required Shareholder Approvals

The Arrangement is subject to the approval of the Court and satisfaction or waiver of the conditions to closing set out in the Arrangement Agreement, and in particular the approval of the Plan of Arrangement. In addition to approval by the Court, the Arrangement Resolution must, pursuant to the Interim Order, be approved at the Meeting by:

i. two-thirds of the votes cast by the Class A Shareholders and the Class B Shareholders, voting together as if a single class, present in person or represented by proxy;

ii. a simple majority of the votes cast by Class A Shareholders present in person or represented by proxy, excluding the votes attached to Class A Shares held by Interested Shareholders; and

iii. a simple majority of the votes cast by Class B Shareholders present in person or represented by proxy, excluding the votes attached to Class B Shares held by Interested Shareholders.

Notwithstanding the approval of the Arrangement Resolution, the Company reserves the right not to proceed with the Arrangement in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement.

The Arrangement Agreement

The Company, Purchaseco and the Controlling Shareholder entered into the Arrangement Agreement on January 14, 2013. Under the Arrangement Agreement, the parties have agreed to effect certain transactions in connection with the implementation of the Arrangement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Company, Purchaseco and the Controlling Shareholder, and closing conditions precedent, both mutual and with favourable conditions for the Company and the Controlling Shareholder. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement which has been filed on SEDAR and can be viewed at www.sedar.com.

In the Arrangement Agreement, the Company agreed to, among other things: (a) comply with Section 192 of the CBCA and prepare, file and diligently pursue an application for the Interim Order; (b) prepare this Circular in consultation with the Controlling Shareholder and its legal counsel; (c) convene and conduct the Meeting in accordance with the Interim Order; (d) if the Arrangement Resolution is approved at the Meeting, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order; and (e) if the Final Order is obtained and the other Closing conditions in the Arrangement Agreement are satisfied or waived, file Articles of Arrangement and such other documents as may be required in connection therewith under the CBCA with the Director to give effect to the Arrangement.

Fiduciary Duties

Under the Arrangement Agreement, the Board retains the right to take or refrain from taking any action that would be inconsistent with its obligation to properly discharge its fiduciary duties under applicable laws after having been advised by its financial advisors and outside counsel, including, without limiting the generality of the foregoing, changing its recommendation that the Shareholders vote in favour of the Arrangement Resolution. However, the Company has agreed to hold the meeting, despite any change in recommendation.

In addition, the Board may delay the holding of or adjourn the Meeting upon at least 48 hours' notice in order to communicate to Shareholders any decision to change the recommendation or to seek an amendment to the terms of the Arrangement Agreement, provided that the Company shall have notified the Controlling Shareholder of its intention to do so prior to announcing any delay or adjournment of the Meeting.

Mutual Conditions

Under the Arrangement Agreement, the obligation of the Company to file Articles of Arrangement is subject to the fulfillment of the following mutual conditions, which may only be waived by the unanimous written consent of the Company, Purchaseco and the Controlling Shareholder:

- the Arrangement Resolution shall have been approved by the Shareholders as required by the Interim Order;
- each of the Interim Order and the Final Order shall have been obtained on terms consistent with the Arrangement Agreement and in form and content satisfactory to the Company, Purchaseco and the Controlling Shareholder, each acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Company, Purchaseco or the Controlling Shareholder, each acting reasonably, on appeal or otherwise;
- the Articles of Arrangement shall be in form and content consistent with the Arrangement Agreement and satisfactory to the Company, Purchaseco and the Controlling Shareholder, each acting reasonably;
- the Arrangement Agreement shall not have been terminated in accordance with its terms;
- the New Common Shares issuable pursuant to the Arrangement and the Plan of Arrangement shall have been approved for listing on the TSX, subject only to satisfaction of customary listing conditions, and the TSX shall have consented to the terms of the transaction if and to the extent required;
- the Regulatory Approvals (as defined in the Arrangement Agreement) shall have been obtained or occurred, as applicable;
- no Governmental Entity shall have enacted, issued, promulgated, enforced or entered any law which is then in effect and has the effect of making the execution, delivery or performance of the Arrangement Agreement illegal or otherwise preventing or prohibiting the consummation of the transactions contemplated by the Arrangement Agreement; and
- no legal or regulatory action or proceeding shall be pending or threatened by any person that would reasonably be expected to enjoin, restrict or prohibit the transactions contemplated by the Arrangement Agreement.

Subsequent to the entering into of the Arrangement Agreement, the requirements of the Competition Act and the United States Hart-Scott-Rodino Antitrust Improvement Act of 1976 with respect to the Arrangement have been satisfied.

Conditions in Favour of ShawCor

The obligations of the Company are subject to the fulfillment of the following conditions, any of which may be waived in writing by the Company:

- the representations and warranties of the Controlling Shareholder contained in the Arrangement Agreement in favour of the Company and Purchaseco shall be true and correct in all material respects at the Effective Time with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate dated the Effective Date to that effect shall have been signed on behalf of the Controlling Shareholder by a senior officer of the Controlling Shareholder, and delivered to the Company;
- the Controlling Shareholder shall have complied in all material respects with and performed in all material respects its covenants and obligations under the Arrangement Agreement that are to be complied with or performed at or before the Effective Time, and a certificate dated the Effective Date to that effect shall have been signed on behalf of the Controlling Shareholder by a senior officer of the Controlling Shareholder, and delivered to the Company;
- prior to the Effective Date, there shall not have occurred a Material Adverse Change;

- Dissent Rights shall not have been exercised with respect to more than 5% of the issued and outstanding Shares;
- the Company or Purchaseco shall have received financing sufficient to complete the transactions contemplated in the Arrangement and the Plan of Arrangement, on terms and conditions satisfactory to the Board and the Special Committee, acting reasonably; and
- no applicable law, proposed applicable law, any change in any applicable law, or the interpretation or enforcement of any applicable law, in each case respecting taxes, shall have been introduced, enacted or announced, the effect of which would reasonably be expected, in each case, to have a material adverse impact on the Company or Purchaseco if it completes the transactions contemplated in the Plan of Arrangement.

Conditions in Favour of the Controlling Shareholder

The obligations of the Controlling Shareholder are subject to the fulfillment of the following conditions, any of which may be waived in writing by the Controlling Shareholder:

- the representations and warranties of the Company and Purchaseco contained in the Arrangement Agreement shall be true and correct in all material respects at the Effective Time with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate dated the Effective Date to that effect shall have been signed on behalf of the Company and by Purchaseco by a senior officer of each of the Company and Purchaseco, and delivered to the Controlling Shareholder, provided that the Controlling Shareholder may not rely on this condition if it had knowledge of the applicable breach or inaccuracy of the representation or warranty on the date hereof;
- the Company and Purchaseco shall have complied in all material respects with and performed in all material respects their covenants and obligations under the Arrangement Agreement that are to be complied with or performed at or before the Effective Time, and a certificate dated the Effective Date to that effect shall have been signed on behalf of the Company and Purchaseco by a senior officer of each of the Company and Purchaseco, and delivered to the Controlling Shareholder; and
- no applicable law, proposed applicable law, any change in any applicable law, or the interpretation or enforcement of any applicable law, in each case respecting taxes, shall have been introduced, enacted or announced, the effect of which would reasonably be expected, in each case, to have a material adverse impact on the Controlling Shareholder if it completes the transactions contemplated in the Plan of Arrangement.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated at any time prior to the Effective Time, notwithstanding any requisite approval and authorization of the Arrangement Agreement by the Shareholders:

- by the mutual agreement of the Company, Purchaseco and the Controlling Shareholder, whether before or after the Meeting (and, for greater certainty, without further action on the part of the Shareholders if terminated after the Meeting);
- by the Company, Purchaseco or the Controlling Shareholder if the Effective Time has not occurred on or prior to the Outside Date, provided that the right to terminate the Arrangement Agreement shall not be available to a Party whose failure to fulfill any of its obligations under the Arrangement Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before such date;
- by the Company, Purchaseco or the Controlling Shareholder if any Governmental Entity shall have enacted, issued, promulgated, enforced or entered any law or any final non-appealable order which is then in effect and has the effect of making the execution, delivery or performance of the Arrangement Agreement illegal or otherwise preventing or prohibiting the consummation of the transactions contemplated by the Arrangement Agreement;
- by the Company, Purchaseco or the Controlling Shareholder if the Arrangement Resolution shall have failed to receive the requisite votes for approval at the Meeting in accordance with the Interim Order;

- by the Company or the Controlling Shareholder, as applicable, if any applicable law, proposed applicable law, any change in any applicable law, or the interpretation or enforcement of any applicable law, in each case respecting taxes, shall have been introduced, enacted or announced, the effect of which is reasonably expected, in each case, to have a material adverse impact on the Company or the Controlling Shareholder, as the case may be, if it completes the transactions contemplated in the Plan of Arrangement;
- by the Company or Purchaseco if a Material Adverse Change shall have occurred prior to the Effective Date;
- by the Company or Purchaseco if Dissent Rights have been exercised with respect to more than 5% of the issued and outstanding Shares prior to the Effective Date;
- by the Company or Purchaseco if the Company and Purchaseco fail to receive financing sufficient to complete the transactions contemplated in the Arrangement and the Plan of Arrangement, on terms and conditions satisfactory to the Board and the Special Committee, acting reasonably;
- by the Company or Purchaseco if there has been a breach of or failure to perform any representation, warranty, covenant or agreement on the part of the Controlling Shareholder set forth in the Arrangement Agreement, which breach or failure to perform would cause the conditions set forth in specified sections of the Arrangement Agreement not to be satisfied and such breach or failure to perform is incapable of being cured or is not cured prior to the Outside Date; or
- by the Controlling Shareholder if there has been a breach of or failure to perform any representation, warranty, covenant or agreement on the part of the Company or Purchaseco set forth in the Arrangement Agreement, which breach or failure to perform would cause the conditions set forth in specified sections in the Arrangement Agreement not to be satisfied and such breach or failure to perform is incapable of being cured or is not cured prior to the Outside Date.

Pre-Closing Covenants of the Company and Purchaseco

Until the Effective Date, the Company and Purchaseco agree to refrain from any action that would constitute a material breach of any representation and warranty or a material breach of any covenant or other provision of the Arrangement Agreement. The Company and Purchaseco agree that they shall not permit any of their subsidiaries to, other than in the ordinary course of business or with the prior consent of the Controlling Shareholder (i) amend their articles (with certain exceptions on the part of Purchaseco); (ii) split, combine or reclassify any shares of the Company or Purchaseco; (iii) redeem, repurchase, or otherwise acquire, or offer to redeem, repurchase or otherwise acquire, any shares of capital stock of the Company, Purchaseco or any of their subsidiaries, except for the acquisition of shares of capital stock of any subsidiary of the Company or Purchaseco by the Company or Purchaseco, as the case may be, or by any other subsidiary of the Company or Purchaseco, or acquisitions from employees; or (iv) agree, resolve or commit to do any of the foregoing.

In addition, the Company and Purchaseco shall use reasonable commercial efforts to arrange for financing sufficient in order to complete the transactions contemplated in this Agreement and the Plan of Arrangement and for payment of the Special Dividend.

Timing of Effective Date

Pursuant to the Arrangement Agreement, the Company, Purchaseco and the Controlling Shareholder have agreed to cause the Effective Date to be the date shown on the Certificate of Arrangement issued by the Director pursuant to Section 192 of the CBCA giving effect to the Arrangement, when all of the conditions to closing in the Arrangement Agreement (excluding those that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where permitted, waiver of such conditions as of the Effective Date) have been satisfied or waived.

Terms of the Plan of Arrangement

The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached as Schedule A to this Circular.

Commencing at the Effective Time, except as noted below, the following shall occur and shall be deemed to occur in the following order, without any further act or formality:

(a) All Shares held by Dissenting Shareholders shall be deemed to have been transferred (free and clear of all Liens) to Purchaseco; and

  i. such Dissenting Shareholders shall cease to be the holders of such Shares and to have any rights as Shareholders other than the right to be paid the fair value for such Shares; and

  ii. the name of each such Dissenting Shareholder shall be removed as a Shareholder from the registers of Shareholders maintained on or on behalf of the Company;

(b) Each outstanding Class A Share (other than those held by Dissenting Shareholders) shall be transferred (free and clear of all Liens) to Purchaseco in consideration for one (1) Purchaseco Share, and any certificates formerly representing Class A Shares shall represent and be deemed to represent Purchaseco Shares;

(c) Subject to there being no fractional New Common Shares, each outstanding Class B Share (other than those held by Dissenting Shareholders) shall be transferred (free and clear of all Liens) to Purchaseco in exchange for Purchaseco Shares and cash;

(d) The Company and Purchaseco shall amalgamate to form New ShawCor under Section 192 of the CBCA, such that:

  i. the name of New ShawCor shall be "ShawCor Ltd.";

  ii. the initial directors of New ShawCor shall be the directors of the Company;

  iii. the initial officers of New ShawCor shall be the officers of the Company;

  iv. New ShawCor shall have a minimum of 1 director and a maximum of 20 directors;

  v. all of the property (except shares in the capital stock of the Company) of each of the Company and Purchaseco continues to be the property of New ShawCor;

  vi. New ShawCor continues to be liable for the obligations of each of the Company and Purchaseco (other than any obligations of the Company or Purchaseco to the other);

  vii. any existing cause of action, claim or liability to prosecution is unaffected;

  viii. a civil, criminal or administrative action or proceeding pending by or against the Company or Purchaseco may continue to be prosecuted by or against New ShawCor;

  ix. a conviction against, or ruling, order or judgment in favour of or against the Company or Purchaseco may be enforced by or against New ShawCor;

  x. the articles of Purchaseco immediately before the Effective Time are deemed to be the articles of incorporation of New ShawCor, and the Certificate of Arrangement is deemed to be the certificate of incorporation of New ShawCor;

  xi. the by-laws of Purchaseco immediately before the Effective Time are deemed to be the by-laws of New ShawCor;

  xii. New ShawCor shall be authorized to issue an unlimited number of common shares;

  xiii. the directors of New ShawCor may appoint one or more directors of New ShawCor but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders of New ShawCor, and any directors of New ShawCor

appointed pursuant to the previous sentence shall hold office for a term expiring not later than the close of the next annual meeting of shareholders;

xiv. The Purchaseco Shares shall continue as New Common Shares, and certificates formerly representing the Class A Shares and Purchaseco Shares shall represent and be deemed to represent New Common Shares;

xv. all shares in the capital stock of the Company shall be cancelled; and

xvi. the stated capital of the New Common Shares shall be the same as the stated capital of the Purchaseco Shares.

(e) Unless otherwise approved by the Board or the board of directors of New ShawCor, any Company Option that has not been duly exercised prior to the Effective Time, whether vested or unvested, shall, by virtue of this Plan of Arrangement and without any further action of the Company or Purchaseco, represent an option (a "**New ShawCor Option**") to purchase the same number of New Common Shares at the same exercise price as applied to the acquisition of Class A Shares pursuant to the Company Option. The term to expiry, conditions to and manner of exercising, vesting schedule and all other terms and conditions of such New ShawCor Option will otherwise be unchanged, and any document or agreement previously evidencing a Company Option shall thereafter evidence and be deemed to evidence such New ShawCor Option;

(f) Unless otherwise approved by the Board or the board of directors of New ShawCor, any Company award granted under the employee share unit plan ("**Company ESUP Award**") that has not been settled prior to the Effective Time, whether vested or unvested, shall, by virtue of this Plan of Arrangement and without any further action of the Company or Purchaseco, represent a grant (a "**New ShawCor ESUP Award**") in respect of the same number of New Common Shares as applied to the acquisition of Class A Shares pursuant to the Company ESUP Award. All other terms and conditions of such New ShawCor ESUP Award will otherwise be unchanged, and any document or agreement previously evidencing a Company ESUP Award shall thereafter evidence and be deemed to evidence such New ShawCor ESUP Award;

(g) Unless otherwise approved by the Board or the board of directors of New ShawCor, any Company grant of deferred share units issued pursuant to the deferred share unit plan ("**Company DSU Grant**") that has not been settled prior to the Effective Time shall, by virtue of this Plan of Arrangement and without any further action of the Company or Purchaseco, represent a unit (a "**New ShawCor DSU Grant**") in respect of the same number of New Common Shares as applied to the acquisition of Class A Shares pursuant to the Company DSU Grant. All other terms and conditions of such New ShawCor DSU Grant will otherwise be unchanged, and any document or agreement previously evidencing a Company DSU Grant shall thereafter evidence and be deemed to evidence such New ShawCor DSU Grant; and

(h) A dividend on each New Common Share shall become payable to the holder of record of such share on the special dividend record date (which shall be 10 Business Days after the Effective Time) in an amount equal to the Special Dividend.

Fractional Shares and Rounding of Cash

In no event shall a Class B Shareholder be entitled to a fractional Purchaseco Share. Where the aggregate number of Purchaseco Shares to be issued to a Class B Shareholder would result in a fraction of a Purchaseco Share being issuable, (i) the number of Purchaseco Shares to be received by such Class B Shareholder shall be rounded down to the nearest whole Purchaseco Share where such fraction is less than 0.5, and otherwise rounded up to the nearest whole Purchaseco Share and (ii) such Class B Shareholder shall receive a cash payment (rounded down to the nearest cent) equal to the product of the (i) $43.43 and (ii) any fractional share amount not rounded up.

If the aggregate cash amount which a Class B Shareholder is entitled to receive would otherwise include a fraction of $0.01, then the aggregate cash amount to which such Class B Shareholder shall be entitled to receive shall be rounded down to the nearest whole $0.01.

Principal Effects of the Arrangement

If the Arrangement is approved by the Shareholders and the Court, and the other conditions to the closing set out in the Arrangement Agreement are either satisfied or waived, ShawCor will file Articles of Arrangement with the Director to give effect to the Arrangement.

Pursuant to the Plan of Arrangement, Purchaseco will directly acquire all of the issued and outstanding Class A Shares in exchange for Purchaseco Shares on a 1:1 basis. Purchaseco will also acquire all of the issued and outstanding Class B Shares in exchange for consideration of $43.43 in cash or 1.1 Purchaseco Shares per Class B Share, such that (subject to fractions) 90% of the total consideration for the Class B Shares is paid in cash and 10% is paid in Purchaseco Shares. For example, where a Class B Shareholder holds 100 Class B Shares, the consideration that would be received would be: $3,908.70 [100 × $43.43 × 90%] in cash and 11 new Purchaseco Shares [100 × 1.1 × 10%]. For greater certainty, Class B Shareholders are not entitled to elect the form of consideration to be received under the Arrangement.

Purchaseco and the Company will thereafter amalgamate to form New ShawCor and the Special Dividend will be paid following closing on all of the New Common Shares. As a result of the amalgamation and immediately following the Arrangement, New ShawCor would have a single class of voting equity securities.

On January 14, 2013, and in concurrence with the Arrangement Agreement, it was agreed that certain Company assets of historical and sentimental significance to the Shaw family but without material value would be transferred to Ms. Virginia L. Shaw without charge at or promptly following closing of the Arrangement.

In addition, Ms. Shaw will be entitled, pursuant to an amended employment agreement as President of ShawCor Global Services Limited, to payments at closing of approximately US$3.9 million. Mr. Leslie Hutchison will be entitled, pursuant to an amended employment agreement as Managing Director of ShawCor Global Services Limited, to payments at closing of approximately US$4.9 million. These payments are in respect of severance, bonuses, the vesting of Company Options and units under the Company's value growth incentive plan, and their supplemental employee retirement plans, all as a result of the implementation of the Arrangement. The following table lists the Company Options that will accelerate pursuant to these amendments:

	Company Options			
Name	**Grant**	**Grant Date**	**Strike Price**	**Number**
Virginia L. Shaw	Options/SARs	06-Mar-2010	$27.49	8,400
	Options/SARs	08-Mar-2011	$37.32	11,829
	Options/SARs	03-Mar-2012	$32.81	30,400
Leslie Hutchison	Options	24-Feb-2009	$15.51	2,400
	Options	12-Mar-2009	$17.24	4,000
	Options/SARs	09-Mar-2010	$27.58	3,600
	Options/SARs	08-Mar-2011	$37.32	9,651
	Options/SARs	03-Mar-2012	$32.81	24,720
Total				**95,000**

Shareholder Approvals in Respect of the Arrangement Resolution

In accordance with the Interim Order by the Court, the Arrangement Resolution must be approved at the Meeting by:

i. two-thirds of the votes cast by Class A Shareholders and Class B Shareholders, voting together as a single class, present in person or represented by proxy;

ii. a simple majority of the votes cast by Class A Shareholders present in person or represented by proxy, excluding the votes attached to Class A Shares held by Interested Shareholders; and

iii. a simple majority of the votes cast by Class B Shareholders present in person or represented by proxy, excluding the votes attached to Class B Shares by Interested Shareholders.

Notwithstanding the approval of the Arrangement Resolution, the Company reserves the right not to proceed with the Arrangement in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement.

Effects on ShawCor if the Arrangement is Not Completed

If the Arrangement is not approved, or if the Arrangement is not completed for any other reason, the Arrangement will not be implemented with the result that the Company's dual class share structure will remain in place, and the Controlling Shareholder will continue to exercise control over the Company through its ownership of the majority of the issued and outstanding Class B Shares. In these circumstances, the Board will continue to supervise and oversee the business and affairs of the Company with a view to the best interests of the Company, and the Controlling Shareholder would retain the ability to sell all of its Class B Shares at a price representing up to a maximum 15% premium to the market price (based on a 20 day average), at any given time, without triggering the "coat-tail" provisions contained in the Company's articles.

Expenses

Each of the Company and the Controlling Shareholder will bear and pay its own costs, expenses and fees incurred by it in connection with the transaction contemplated by the proposed Arrangement. The Company estimates that the expenses to be borne by it in connection with the Arrangement, including legal, financial advisory, accounting, severance, governmental fees, filing and printing costs, will be approximately $20 million.

Intentions of ShawCor Ltd. Directors and Officers

The directors and officers of the Company, who beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 634,397 Class A Shares and 11,719,535 Class B Shares as at January 31, 2013, which represent approximately 1.10% of the outstanding Class A Shares and 91.84% of the outstanding Class B Shares, have indicated that they intend to vote in favour of the Arrangement Resolution.

***Pro Forma* Consolidated Capitalization Table**

The following table sets out the consolidated capitalization of New ShawCor as at the dates indicated before and after the completion of the Arrangement. This table should be read in conjunction with the financial statements incorporated by reference into this Circular and the unaudited pro forma financial statements giving effect to the Arrangement attached as Schedule F to the Circular.

	As at September 30, 2012 Before Giving Effect to the Arrangement	As at September 30, 2012 After Giving Effect to the Arrangement
	(unaudited)	(unaudited)
Cash	345,500	118,077
Long-Term Debt	—	347,400
Shareholders' Equity	913,563	340,070
Total Capitalization	913,563	687,470
Class A Shares Issued	57,428,092	—
Class B Shares Issued	12,784,335	—
New Common Shares Issued	—	58,834,369

Source of Funds for the Arrangement

Under the terms of the Arrangement, Purchaseco is required to pay an aggregate amount of approximately $520 million in cash, including transaction costs and approximately $498.7 million in respect of a portion of the consideration for the purchase of the Class B Shares. New ShawCor will also have to pay approximately $58.8 million in respect of the Special Dividend.

Debt Financing

It is a condition of closing of the Arrangement in favour of the Company that sufficient financing shall have been obtained, on terms and conditions satisfactory to the Board and the Special Committee, acting reasonably. The total cash needed for the Class B Share purchase, Special Dividend and transaction costs are estimated to be approximately $580 million.

At this time, the Company or New ShawCor are expected to increase the existing revolving credit facility by $100 million, in conjunction with an overall reduction of interest rates thereunder and minor amendments to the financial covenants. This amended facility is expected to be unsecured, but guaranteed by the Company's principal subsidiaries. The revolver term is expected to be extended to five (5) years.

In addition, the Company or New ShawCor are expecting to complete a private placement of at least US$200 million in senior unsecured notes, with terms to maturity of between seven and fifteen years, similarly guaranteed by the Company's principal subsidiaries. This Circular does not constitute an offer to sell or the solicitation of an offer to buy the senior unsecured notes. Some of the required funding may also be sourced from cash on hand.

The Company and Purchaseco believe that the funds from the revolving credit facility, the private placement as well as the additional cash on hand, are more than sufficient to close the Arrangement, and that excess funds will be used for on-going business operations and the future growth of New ShawCor.

The Company believes that sufficient debt financing on reasonable terms should be available to it and New ShawCor to complete the Arrangement, but there can be no assurance of this, or of the terms. In addition, the Company believes that New ShawCor's leverage will not be excessive taking into account the cyclicality of the business, and will enable it to continue its capital expenditure program and make acquisitions (if necessary or desirable, in conjunction with additional debt or equity financing) where appropriate. Among other things, the key financial covenants are expected to require a maximum coverage ratio (total debt to EBITDA) of not more than 3.0:1.0, and a minimum interest coverage ratio of at least 2.5:1.0.

DISSENT RIGHTS

The Interim Order provides that each registered Class A Shareholder and registered Class B Shareholder will have the right to dissent and, if the Arrangement becomes effective, to have his, her or its shares purchased by Purchaseco in exchange for a cash payment equal to the fair value of his, her or its shares as of the close of business on the day before the Arrangement Resolution was adopted. In order to validly dissent, any such registered Shareholder must not vote any Class A Shares or Class B Shares in respect of which Dissent Rights have been exercised in favour of the Arrangement Resolution, must provide the Company with written objection to the Arrangement by 4:30 p.m. (Toronto time) on Wednesday, March 13, 2013, the Business Day immediately preceding the time of any adjourned or postponed Meeting, and must otherwise comply with the dissent procedures. A Non-Registered Holder who wishes to exercise Dissent Rights must arrange for the registered Class A Shareholder or registered Class B Shareholder holding its Class A Shares or Class B Shares to deliver the Dissent Notice.

Persons who are beneficial owners of Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Shares are entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise this right must make arrangements for the Shares beneficially owned by such person to be registered in his, her or its name prior to the time the Dissent Notice is required to be received by the Company or, alternatively, make arrangements for the registered Shareholder to dissent on his, her or its behalf.

Failure to strictly comply with the requirements set forth in Section 190 of the CBCA, as modified and supplemented by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent.

PRINCIPAL LEGAL MATTERS

Court Approval of the Arrangement

The Arrangement requires Court approval under the CBCA. The court proceeding necessary to obtain that approval was commenced on Monday, February 4, 2013 by Notice of Application to the Court. On Monday, February 11, 2013, prior to the mailing of this Circular, the Interim Order was granted providing for the calling and holding of the Meeting and other certain procedural matters. A copy of the Interim Order is attached as Schedule C to this Circular.

Subject to the approval of the Arrangement Resolution by the Shareholders at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on Monday, March 18, 2013 at 10:00 a.m. (Toronto time) at the Court at 330 University Avenue, Toronto, Ontario. A copy of the Notice of Application for the Final Order is attached as Schedule E to this Circular.

The Special Committee and the Board have concluded that the Arrangement, if completed, is in the best interests of the Company and is fair and reasonable. However, regardless of the conclusions of the Special Committee and the Board as to the fairness and reasonableness of the Arrangement, whether or not the Arrangement is fair and reasonable in accordance with applicable corporate law is a legal conclusion to be made by the Court.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived to the extent legally permissible, Articles of Arrangement are expected to be filed with the Director to give effect to the Arrangement.

Canadian Securities Law Matters

Status under Canadian Securities Laws

The issue of New Common Shares pursuant to the Arrangement will constitute distributions of securities which are exempt from the registration and prospectus requirements of applicable Canadian securities laws. The New Common Shares may be resold in each province and territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 — *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for those securities; (iii) no extraordinary commission or consideration is paid in respect of that trade; and (iv) if the selling security holder is an insider or officer of New ShawCor (as such terms are defined in applicable Canadian securities laws), the insider or officer has no reasonable grounds to believe that New ShawCor is in default of applicable Canadian securities laws.

Collateral Benefits under MI 61-101

Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") is intended to regulate certain transactions to seek to ensure equality of treatment among security holders, generally by requiring enhanced disclosure, approval by a majority of security holders excluding interested or related parties and, in certain instances, independent valuations and approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" (as defined in MI 61-101) that terminate the interests of security holders without their consent.

MI 61-101 provides that, in certain circumstances, where a "related party" (as defined in MI 61-101) of an issuer is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with an arrangement transaction (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements.

A "collateral benefit", as defined under MI 61-101, includes any benefit that a "related party" of ShawCor (which includes the Controlling Shareholder and the directors and senior officers of ShawCor) is entitled to receive as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum

payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of ShawCor. However, MI 61-101 excludes from the meaning of "collateral benefit" certain benefits to a related party received solely in connection with the related party's services as an employee, director or consultant of an issuer or an affiliated entity of the issuer or a successor to the business of the issuer where, among other things, (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction, (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner, (c) full particulars of the benefit are disclosed in the disclosure document for the transaction, and (d) at the time the transaction was agreed to, the related party and its associated entities beneficially own or exercise control or direction over less than 1% of the outstanding shares of the issuer.

As part of the Company's strategic review retention program, the Company agreed to provide transaction bonuses to 19 senior executives (including Mr. William Buckley and Mr. Leslie Hutchison), retention bonuses to 19 key management, technical, sales and administrative employees (to be paid 8 months following completion of any transaction) and extended severance protection periods of up to 20 months' notice for 30 senior executives and managers in order to retain and incentivize a motivated and productive management group throughout and following the strategic review process. These benefits may be considered to be "collateral benefits" received by the applicable senior executives of ShawCor for the purposes of MI 61-101. Following disclosure by each of the senior executives of ShawCor of the number of Shares held by them and consideration of the total consideration that they expect to receive pursuant to the Arrangement, the Board has determined that no such senior executive and his or her associated persons (other than Ms. Virginia L. Shaw and Mr. Leslie Hutchison, who are spouses and therefore associated persons, and Mr. William Buckley) has beneficial ownership of or control or direction over 1% or more of the Shares, as calculated in accordance with MI 61-101.

In addition, the Company agreed to amend the employment agreements of Ms. Virginia L. Shaw and Mr. Leslie Hutchison with a subsidiary of the Company in order to deal with the payment of severance following their termination of employment in connection with the closing of the Arrangement, the accelerated vesting of their Company Options, the accelerated vesting of their units under the Company's value growth incentive plan, and payments under the Company's supplemental employee retirement plan. The Company also agreed to transfer certain Company assets of historical and sentimental significance to the Shaw family but without material value to Ms. Shaw without charge at or promptly following closing. These agreements, taken together, may be considered to be "collateral benefits" received by senior executives of ShawCor for the purposes of MI 61-101. Given that Ms. Shaw, Mr. Hutchison and Mr. Buckley exercise (or are deemed to exercise) indirect beneficial ownership of or control or direction over 1% or more of either class of the Shares, as calculated in accordance with MI 61-101, the minority approval requirements of MI 61-101 apply to the Arrangement.

ShawCor is not required to obtain a formal valuation under MI 61-101 as no "interested party" (as defined in MI 61-101) of ShawCor is, as a consequence of the Arrangement, directly or indirectly acquiring ShawCor or its business and there is no "connected transaction" (as defined in MI 61-101) in conection with the Arrangement that is a "related party transaction" (as defined in MI 61-101) for which ShawCor would be required to obtain a formal valuation.

Interested Parties under MI 61-101

To the knowledge of ShawCor after reasonable inquiry, the 11,716,235 Class B Shares held by the Controlling Shareholder, which are indirectly beneficially owned by Ms. Virginia L. Shaw, the 80,000 Class A Shares held by Ms. Virginia L. Shaw directly, the 17,366 Class A Shares held by Mr. Leslie Hutchison and the 283,214 Class A Shares and 3,300 Class B Shares held by Mr. William Buckley, will be excluded from the minority approval votes of the Class A Shareholders and Class B Shareholders at the Meeting in respect of the Arrangement.

Ownership of Securities of Issuer

The following states the number, designation and the percentage of the outstanding Class A Shares and Class B Shares beneficially owned by each director and senior officer of the Company as at January 28, 2013:

Name of Director or Officer	Number of Shares		Percentage
	Class A	Class B	
Baldwin, J	—	—	—
Blackwood, D	—	—	—
Buckley, W.	283,214	3,300	0.49% / 0.03%
Derrick, J.W.	6,000	—	0.01%
Freeman, D	—	—	—
Hutchison, L.	17,366	—	0.03%
Petch, J. F	4,000	—	0.01%
Ritchie, R. J.	38,000	—	0.07%
Robinson, P. G.	14,000	—	0.02%
Shaw, H.	58,611	—	0.10%
Shaw, V.	80,000	11,716,235	0.14% / 91.8%
Simo, Z.	107,000	—	0.19%
Valiquette, E. C.	12,000	—	0.02%
Ewert, Darrell	2,206	—	—
Love, Gary	12,000	—	0.02%

Certain Canadian Federal Income Tax Considerations

General

The following summary fairly describes the principal Canadian federal income tax considerations under the Tax Act in respect of the Arrangement generally applicable to a Shareholder who, for the purposes of the Tax Act, and at all relevant times: (i) hold its Shares, and will hold its Purchaseco Shares and New Common Shares to be received under the Arrangement as capital property, and (ii) deals at arm's length, and is not affiliated, with ShawCor, Purchaseco or New ShawCor for the purposes of the Tax Act (a "**Holder**").

Shares, Purchaseco Shares and New Common Shares will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of buying and selling securities, or were acquired in a transaction or transactions which may be considered to be an adventure or concern in the nature of trade. Certain Holders who are resident in Canada for the purposes of the Tax Act and whose Shares, Purchaseco Shares or New Common Shares might not otherwise qualify as capital property may be entitled to have them, and all other "Canadian securities" (as defined in the Tax Act) owned by them, deemed to be capital property by making an irrevocable election in accordance with subsection 39(4) of the Tax Act. Holders considering making such an election should consult their own tax advisors for advice as to whether the election is available or advisable in their own particular circumstances.

This summary is not applicable to a Holder: (a) that is a "financial institution" (as defined in the Tax Act) for the purposes of the mark-to-market rules contained in the Tax Act; (b) that is a "specified financial institution" (as defined in the Tax Act); (c) an interest in which would be a "tax shelter investment" (as defined in the Tax Act); (d) which is exempt from tax under Part I of the Tax Act; or (e) who makes or has made a functional currency reporting election pursuant to Section 261 of the Tax Act. This summary also does not address the income tax considerations of the Arrangement to the holders of the Company Options, Company ESUP Awards or Company DSU Grants.

This summary is based upon the current provisions of the Tax Act and the current published administrative policies and assessing practices of the CRA publicly available to the date hereof. This summary assumes that all specific publicly announced proposals to amend the Tax Act announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof will be enacted as proposed, although there is no assurance that such proposed amendments will be enacted as proposed, or at all. This summary does not take into account or

anticipate any other changes in the law, whether by judicial, governmental or legislative action or decision, nor does it take into account the tax laws of any province, territory or foreign jurisdiction, any of which may differ significantly from the Canadian federal income tax considerations described herein.

This summary is of a general nature only and is not exhaustive of all Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any Holder. Holders should consult their own tax advisors to determine the particular Canadian federal income tax consequences to them of the Arrangement.

Holders Resident in Canada

This part of the summary is applicable to a Holder who, at all relevant times, is resident, or deemed to be resident, in Canada for the purposes of the Tax Act and any applicable income tax convention (a "**Resident Holder**").

Exchange of Class A Shares for Purchaseco Shares

In general, the exchange of Class A Shares for Purchaseco Shares under the Arrangement will not give rise to a capital gain (or capital loss) to a Resident Holder unless such Holder elects to report such capital gain or capital loss in its income tax return for the year in which the exchange occurs.

Except where a particular Resident Holder chooses to recognize a capital gain (or capital loss) on the exchange of Class A Shares for Purchaseco Shares (as discussed below), Resident Holders will generally be deemed to have disposed of Class A Shares for proceeds of disposition equal to the adjusted cost base of such shares immediately before the exchange and will be deemed to acquire their Purchaseco Shares at a cost equal to that same amount.

A Resident Holder may choose to recognize a capital gain or capital loss on the exchange of Class A Shares for Purchaseco Shares under the Arrangement in such Holder's taxation year in which the exchange occurs. In such event, the Resident Holder will be considered to have disposed of the Class A Shares for proceeds of disposition equal to the fair market value of the Purchaseco Shares received on the exchange. Such Holder will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the adjusted cost base of that Resident Holder's Class A Shares immediately before the exchange and any reasonable costs of disposition. Any Resident Holder that chooses to recognize a capital gain or capital loss will acquire the Purchaseco Shares at a cost equal to the fair market value of such Purchaseco Shares received on the exchange. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Taxation of Capital Gains and Capital Losses".

Exchange of Class B Shares for Cash Consideration and Purchaseco Shares

The exchange of Class B Shares for consideration consisting of cash and Purchaseco Shares will generally give rise to a capital gain (or capital loss). The Resident Holder will be considered to have disposed of the Class B Shares for proceeds of disposition equal to the fair market value of the consideration received on the exchange. Such Holder will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the adjusted cost base of that Resident Holder's Class B Shares immediately before the exchange and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Taxation of Capital Gains and Capital Losses".

The Resident Holder will acquire the Purchaseco Shares at a cost equal to the fair market value of such Purchaseco Shares received on the exchange. The cost of such Purchaseco Shares must be averaged with the adjusted cost base of all other Purchaseco Shares held by such Resident Holder for the purposes of determining the adjusted cost base of each Purchaseco Share to the Holder.

Amalgamation of Purchaseco and ShawCor

A Resident Holder will realize neither a capital gain nor a capital loss in respect of the amalgamation of Purchaseco and ShawCor under the Arrangement. The Resident Holder will be considered to have disposed of the Purchaseco Shares for proceeds of disposition equal to the adjusted cost base of the Purchaseco Shares to

the Resident Holder immediately before the amalgamation and to have acquired the New Common Shares at an aggregate cost equal to those proceeds of disposition.

Dividends on New Common Shares

A Resident Holder will be required to include in computing its income for a taxation year any dividends received (or deemed to be received), including the Special Dividend, on its New Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by New ShawCor as eligible dividends in accordance with the provisions of the Tax Act. New ShawCor may be subject to restrictions on its ability to make such designations under the Tax Act, and has made no commitment in this regard.

A dividend received (or deemed to be received) by a Resident Holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing the corporation's taxable income.

A Resident Holder that is a "private corporation" or "subject corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 33⅓% under Part IV of the Tax Act on dividends received (or deemed to be received) on New Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

Taxable dividends received by an individual or trust, other than certain specified trusts, may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Dispositions of New Common Shares

Generally, on a disposition or deemed disposition of a New Common Share (except to New ShawCor, unless purchased by New ShawCor in the open market in the manner in which shares are normally purchased by any member of the public), a Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder of the New Common Shares immediately before the disposition or deemed disposition and any reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see "Taxation of Capital Gains and Capital Losses" below.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in computing the Resident Holder's income for that taxation year. One-half of any capital loss (an "allowable capital loss") must be deducted against taxable capital gains realized by the Resident Holder in the year of disposition, in accordance with the detailed rules of the Tax Act. Allowable capital losses not deducted in the taxation year in which they are realized may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such taxation years, to the extent and under the circumstances as specified in the Tax Act.

If a Resident Holder is a corporation, the amount of any capital loss otherwise arising upon the disposition of a Share or New Common Share may be reduced by certain dividends previously received or deemed to have been received on the Share or New Common Share, all to the extent and under the circumstances prescribed by the Tax Act. Similar rules may also apply in other circumstances, including where a corporation, trust or partnership is a member of a partnership or a beneficiary of a trust that owns such shares.

Capital gains realized by an individual or trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

Dissenting Resident Holders

A Resident Holder who, as a result of the exercise of Dissent Rights, disposes of Shares to Purchaseco in consideration for a cash payment, will be deemed to have disposed of such holder's Shares for proceeds of disposition equal to the cash payment (excluding interest, if any, awarded by a court).

Such a disposition will give rise to a capital gain (or capital loss) equal to the amount by which such proceeds of disposition exceed (or are less than) the aggregate of such dissenting Resident Holder's adjusted cost base of such Shares immediately before the disposition and any reasonable costs of disposition. The general tax consequences to a dissenting Resident Holder of realizing such a capital gain or capital loss are described above in "Taxation of Capital Gains and Capital Losses". Interest awarded by a court to a dissenting Resident Holder will be included in such Holder's income for purposes of the Tax Act.

Dissenting Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

Canadian-Controlled Private Corporations

A Resident Holder that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6⅔% on certain investment income, including interest, net taxable capital gains and any dividends or deemed dividends that are not deductible in computing taxable income.

Non-Resident Holders

The following portion of the summary is applicable to a Holder who, at all relevant times, for the purposes of the Tax Act and any applicable income tax convention, is neither resident nor deemed to be resident in Canada, and who does not use or hold and is not deemed to use or hold their Shares, Purchaseco Shares or New Common Shares in carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

Exchange of Class A Shares for Purchaseco Shares

A Non-Resident Holder will generally be subject to the same income tax considerations as those discussed above with respect to Resident Holders under "Holders Resident in Canada — Exchange of Class A Shares for Purchaseco Shares". However, if a Non-Resident Holder chooses to report a capital gain or capital loss on the exchange of such shares, the Non-Resident Holder will not be subject to tax under the Tax Act unless the Class A Shares constitute "taxable Canadian property" to the Non-Resident Holder at the time of the exchange and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, shares of a corporation will not constitute taxable Canadian property to a holder thereof at the time of disposition provided that the shares are listed on a designated stock exchange (which includes the TSX) at that time, unless at any time during the 60-month period that ends at that time: (a) such holder, persons with whom such holder did not deal at arm's length, or such holder together with all such persons, owned 25% or more of the issued shares of any class or series of the capital stock of the particular corporation; and (b) more than 50% of the fair market value of the shares disposed of was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource property (as defined in the Tax Act), timber resource property (as defined in the Tax Act), and options in respect of, or interests in, or civil law rights in, any such properties. Class A Shares and Purchaseco Shares received in exchange therefor may also be deemed to be taxable Canadian property of a Non-Resident Holder in certain circumstances. Non-Resident Holders whose Class A Shares are "taxable Canadian property" are advised to consult their own tax advisors with respect to the Arrangement.

Exchange of Class B Shares for Cash Consideration and Purchaseco Shares

A Non-Resident Holder will generally be subject to the same income tax considerations as those discussed above with respect to Resident Holders under "Holders Resident in Canada — Exchange of Class B Shares for Cash Consideration and Purchaseco Shares". However, any capital gain realized by a Non-Resident Holder on the disposition of the Class B Shares will not be subject to tax under the Tax Act unless (i) such shares are "taxable Canadian property" of the Non-Resident Holder at the time of the disposition, and (ii) the Non-Resident Holder is not entitled to an exemption from taxation in Canada on the disposition of such shares under the terms of an applicable income tax convention or treaty.

See the discussion above regarding the description of "taxable Canadian property."

Amalgamation of Purchaseco and ShawCor

A Non-Resident Holder will realize neither a capital gain nor a capital loss in respect of the amalgamation of Purchaseco and ShawCor under the Arrangement. The Non-Resident Holder will be considered to have disposed of the Purchaseco Shares for proceeds of disposition equal to the adjusted cost base of the Purchaseco Shares to the Non-Resident Holder immediately before the amalgamation and to have acquired the New Common Shares at an aggregate cost equal to those proceeds of disposition.

Non-Resident Holders who dispose of Purchaseco Shares that are "taxable Canadian property" should consult their own tax advisors concerning the potential requirement to file a Canadian income tax return depending on their particular circumstances. See the discussion above regarding the description of "taxable Canadian property."

Disposition of New Common Shares

Any capital gain realized by a Non-Resident Holder on the disposition or deemed disposition of New Common Shares acquired pursuant to the Arrangement will not be subject to tax under the Tax Act unless (i) such shares are "taxable Canadian property" of the Non-Resident Holder at the time of the disposition, and (ii) the Non-Resident Holder is not entitled to an exemption from taxation in Canada on the disposition of such shares under the terms of an applicable income tax convention or treaty.

See the discussion above regarding the description of "taxable Canadian property."

Dividends on New Common Shares

Dividends paid, deemed to be paid, or credited on New Common Shares, including the Special Dividend, to a Non-Resident Holder will be subject to withholding tax under the Tax Act at a rate of 25% of the gross amount of the dividends unless the rate is reduced by an applicable income tax convention or treaty. For example, under the Canada-U.S. Income Tax Convention (1980) (the "**Convention**"), where dividends are paid to or derived by a Non — Resident Holder who is the beneficial owner of the dividends and is a resident of the United States for purposes of, and who is entitled to benefits in accordance with the provisions of, the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dissenting Non-Resident Holders

A Non-Resident Holder who, as a result of the exercise of Dissent Rights is deemed to have disposed of the Non-Resident Holder's Shares to Purchaseco in consideration for a cash payment, will be deemed to have disposed of such holder's Shares for proceeds of disposition equal to the value of the cash payment (excluding interest, if any, awarded by a court).

Such a disposition will give rise to a capital gain (or capital loss) equal to the amount by which such proceeds of disposition exceed (or are less than) the aggregate of such dissenting Non-Resident Holder's adjusted cost base of such Shares immediately before the disposition and any reasonable costs of disposition. Any capital gain realized by a dissenting Non-Resident Holder on such a disposition of Shares will generally not be subject to tax under the Tax Act unless the Shares are "taxable Canadian property" to the Holder and the shares are not exempt from taxation in Canada under the terms of an applicable income convention or treaty.

See the discussion above regarding the description of "taxable Canadian property."

Any interest awarded to a dissenting Non-Resident Holder by a court will not be subject to Canadian withholding tax unless such interest constitutes "participating debt interest" for purposes of the Tax Act.

Dissenting Non-Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

Eligibility for Investment

Provided that Purchaseco is a public corporation for purposes of the Tax Act, or the Purchaseco Shares and the New Common Shares are listed on a designated stock exchange, the Purchaseco Shares and the New Common Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts ("**TFSAs**"), each as defined in the Tax Act (collectively, "**Deferred Plans**"). Upon completion of the Arrangement, Purchaseco intends to elect to be a public corporation from the date of its incorporation.

Notwithstanding the foregoing, if the Purchaseco Shares or New Common Shares are "prohibited investments" for a particular TFSA, RRSP or RRIF for purposes of the Tax Act, the holder of the TFSA or annuitant of the RRSP or RRIF will be subject to a penalty tax under the Tax Act. The Purchaseco Shares or New Common Shares will generally not be a "prohibited investment" for these purposes unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm's length with Purchaseco or New ShawCor (as applicable) for purposes of the Tax Act, (ii) has a "significant interest" as defined in the Tax Act in Purchaseco or New ShawCor (as applicable) or (iii) has a "significant interest" as defined in the Tax Act in a corporation, partnership or trust with which Purchaseco or New ShawCor (as applicable) does not deal at arm's length for purposes of the Tax Act. Proposed amendments to the Tax Act released on December 21, 2012 (the "**December 2012 Proposals**") propose to delete the condition in (iii) above. In addition, pursuant to the December 2012 Proposals, the Purchaseco Shares or New Common Shares will generally not be a "prohibited investment" if the Purchaseco Shares or New Common Shares, respectively, are "excluded property" as defined in the December 2012 Proposals for TFSAs, RRSPs or RRIFs. There can be no assurance that the December 2012 Proposals will be enacted in their current form or at all.

Holders or annuitants should consult their own tax advisors with respect to whether the New Common Shares or Purchaseco Shares would be prohibited investments, including with respect to whether the Purchaseco Shares or the New Common Shares would be "excluded property" as defined in the December 2012 Proposals.

Interest of Management and Others in Material Transactions

Except as disclosed in this Circular, none of the persons anticipated to be directors or executive officers of New ShawCor, or any person or company that will be the direct or indirect owner of, or will exercise control or direction over, more than 10% of the outstanding New Common Shares, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any past transaction or any proposed transaction that has materially affected or will materially affect New ShawCor.

MARKET PRICE AND TRADING VOLUME DATA

The Company's outstanding Class A Shares and Class B Shares are listed for trading on the TSX under the trading symbols "SCL.A" and "SCL.B." respectively. It is a closing condition of the Arrangement that the New Common Shares of New ShawCor issuable pursuant to the Arrangement shall have been approved for listing on the TSX. The Company has filed applications with the TSX to approve the Arrangement.

The TSX has conditionally approved the Arrangement, subject to the satisfaction of customary listing requirements.

The following table sets forth, for the periods indicated, the reported high and low closing market prices and the aggregate volume of trading of the Class A Shares on the TSX:

	Class A Shares		
Period	High	Low	Total Monthly Volume Traded
2013			
February	$ 39.82	$ 39.00	1,169,394
January	$ 41.15	$ 39.00	4,101,650
2012			
December	$ 45.94	$ 38.05	5,920,114
November	$ 46.00	$ 44.15	3,564,417
October	$ 44.93	$ 42.16	3,624,886
September	$ 43.94	$ 34.92	5,241,313
August	$ 36.00	$ 34.18	1,529,214
July	$ 37.29	$ 35.41	2,011,004
June	$ 36.85	$ 32.58	3,937,051
May	$ 33.90	$ 31.22	3,904,419
April	$ 31.95	$ 29.93	2,034,669
March	$ 32.81	$ 30.60	1,622,518
February	$ 32.18	$ 29.75	1,290,338
January	$ 30.39	$ 27.87	1,348,721

The Company publicly announced the proposed Arrangement on January 14, 2013. On January 11, 2013, the last trading day immediately prior to the announcement, the closing price of the Class A Shares on the TSX was $41.15. On February 11, 2013, the closing price of the Class A Shares on the TSX was $39.00.

The following table sets forth, for the periods indicated, the reported high and low closing market prices and the aggregate volume of trading of the Class B Shares on the TSX:

	Class B Shares		
Period	High	Low	Total Monthly Volume Traded
2013			
February	$ 43.75	$ 43.75	200
January	$ 44.89	$ 39.94	19,625
2012			
December	$ 45.21	$ 38.35	27,575
November	$ 46.13	$ 43.88	39,020
October	$ 44.65	$ 41.94	5,093
September	$ 43.49	$ 41.74	12,435
August	$ 36.02	$ 35.05	3,616
July	$ 37.07	$ 35.80	1,550
June	$ 35.54	$ 33.00	2,300
May	$ 33.59	$ 32.04	12,900
April	n/a	n/a	26
March	$ 32.57	$ 30.94	2,472
February	$ 32.33	$ 30.32	6,300
January	$ 30.17	$ 28.26	6,902

The Company publicly announced the proposed Arrangement on January 14, 2013. On January 11, 2013, the last trading day immediately prior to the announcement, the closing price of the Class B Shares on the TSX was $40.22. On February 4th, 2013, the closing price of the Class B Shares on the TSX was $43.75.

INFORMATION CONCERNING THE COMPANY AND NEW SHAWCOR

Unless otherwise noted, the disclosure section has been prepared assuming that the Arrangement has been completed. New ShawCor will be the publicly listed corporation resulting from the Arrangement. Except as discussed herein, New ShawCor's financial position, risks and outlook once the Arrangement is completed will be substantially the same as those outlined in the documents incorporated by reference in this Circular.

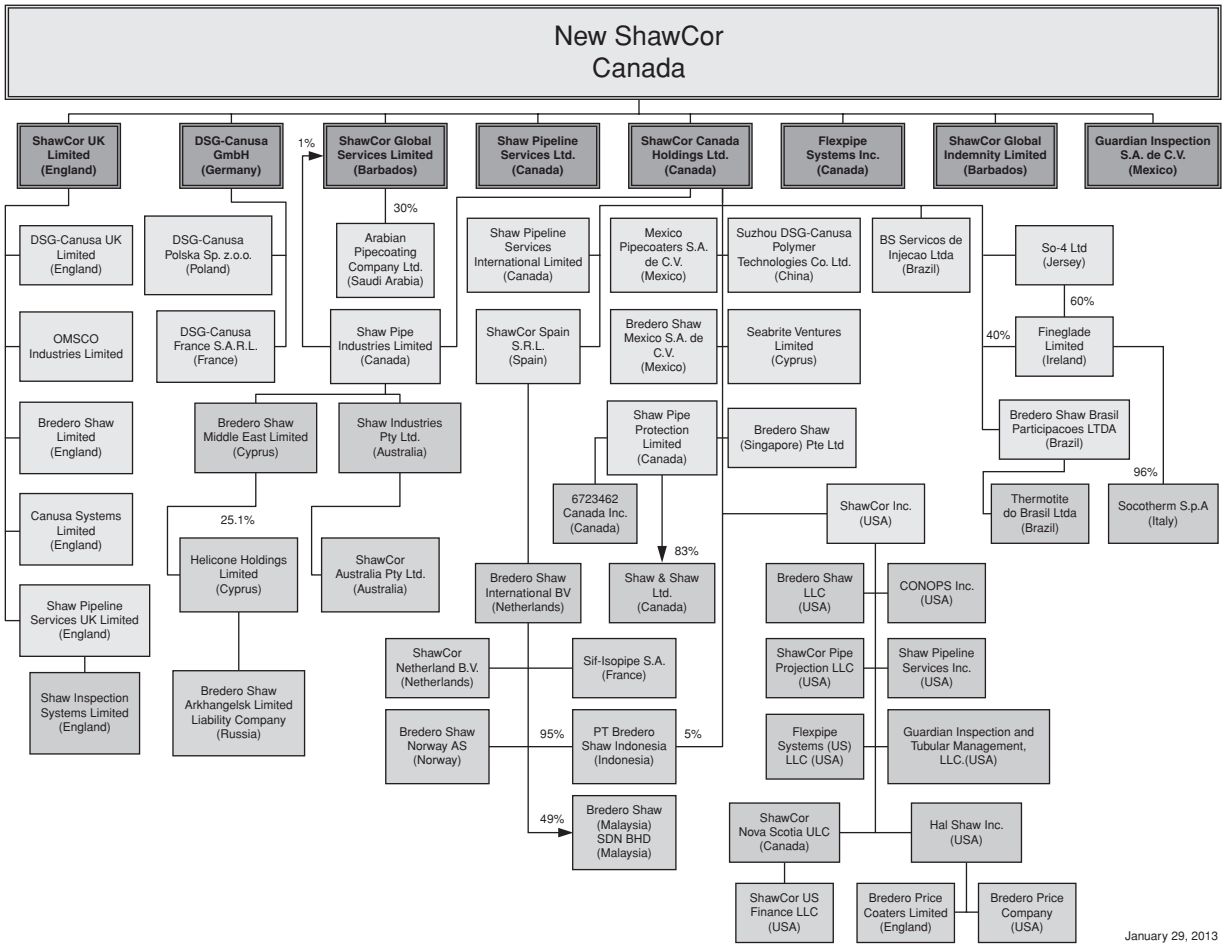
Name, Address and Incorporation

New ShawCor will result from the amalgamation of the Company and Purchaseco. Purchaseco was incorporated on January 14, 2013 and its articles were amended on January 25, 2013 for purposes of the Arrangement. The Company was originally incorporated under the laws of Canada in 1968 as Shaw Pipe Industries Ltd. and was continued under the CBCA in 1980, at which time it adopted the name Shaw Industries Ltd. Two subsidiaries, Shaw Pipe Protection Limited (which was originally incorporated in 1954), and ShawFlex Inc. (which was originally incorporated in 1960), were amalgamated with the Company under the CBCA, effective January 1, 1991 and January 1, 1994, respectively. Effective May 4, 2001, the Company adopted its present name.

Additional amendments made to the articles of the Company since its amalgamation on January 1, 1994 include a subdivision of the Company's outstanding shares on a three for one basis, effected in 1998; an amendment empowering the Board to appoint additional directors, effected in 2002; and the imposition of certain restrictions on the issuance of additional Class B Shares, effected in 2004.

If the Arrangement is completed, Purchaseco and the Company will amalgamate as New ShawCor. The address of New ShawCor's head and registered office will be 25 Bethridge Road, Toronto, Ontario, Canada.

Organizational Structure



Description of Business

Overview

New ShawCor will continue to operate as a global energy services company specializing in products and services for the pipeline, pipe services, petrochemical and industrial segments of the oil and gas industry and certain industrial markets. New ShawCor will operate through eight divisions, with manufacturing and service facilities located around the world. These divisions (or business units) operate within the two principal market segments described in the AIF as incorporated by reference in this Circular.

Description of Share Capital

Upon completion of the proposed Arrangement, the authorized capital of New ShawCor will consist of an unlimited number of New Common Shares. The following is a summary of the rights, privileges, restrictions and conditions attaching to such Shares.

Holders of New Common Shares will be entitled to one vote per share at meetings of shareholders of New ShawCor, to receive dividends if, as and when declared by the board of directors of New ShawCor and to receive pro rata the remaining property and assets of New ShawCor upon its dissolution or winding-up.

Dividend Policy

The declaration and payment of dividends of New ShawCor will be at the discretion of the board of directors of New ShawCor. The board of directors of New ShawCor is expected to maintain ShawCor's current dividend policy unless and until changes are warranted.

Prior Sales

One (1) share of Purchaseco has been issued for $1.00, which will be cancelled before the Effective Time.

Principal Shareholders

There is only one shareholder of Purchaseco at the date hereof. His share will be cancelled prior to the Effective Time. No shareholder of New ShawCor is expected to have over 10% of the New Common Shares following the closing of the Arrangement.

Directors of New ShawCor

Following the completion of the Arrangement, the board of directors of New ShawCor will initially be comprised of the same individuals serving as members of the Board, namely John T. Baldwin, Derek S. Blackwood, William P. Buckley, James W. Derrick, Dennis H. Freeman, Leslie Hutchison, John Frank Petch, Robert J. Ritchie, Paul G. Robinson, Heather A. Shaw, Virginia L. Shaw, Zoltan D. Simo, E. Charlene Valiquette. The directors of New ShawCor will hold office until the next annual meeting of New ShawCor Shareholders or until their respective successors have been duly elected or appointed. Item 8 in the AIF outlines the name of each director, his or her municipality of residence, principal occupation, committee membership and period during which he or she has served as director, as of March 1, 2012.

Officers of New ShawCor

Upon completion of the Arrangement, it is anticipated that the current officers of the Company will become the officers of New ShawCor, including Mr. William P. Buckley as President and Chief Executive Officer and Mr. Gary S. Love as Chief Financial Officer. In connection with the Arrangement the employment of Ms. Virginia L. Shaw and Mr. Leslie Hutchison with ShawCor Global Services Limited will terminate on closing. Item 8.1.2 in the AIF outlines the name of each officer of the Company, his or her municipality of residence and position with the Company as of the date of March 22, 2012.

Other current officers of New ShawCor's subsidiaries may be appointed as officers from time to time. Immediately after giving effect to the Arrangement, it is anticipated that the individuals named above and their associates, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 1,923,546 New Common Shares, representing approximately 3.27% of the issued and outstanding New Common Shares.

Employees

At closing, New ShawCor is expected to have approximately 8,000 full-time employees.

Corporate Governance

It is currently anticipated that each of the existing committees of the Board will become the committees of the board of directors of New ShawCor with similar mandates.

Conflicts of Interest

Except as disclosed in this Circular, following closing of the Arrangement, none of the persons anticipated to be directors or executive officers of New ShawCor are expected to have any existing or potential material conflict of interest with New ShawCor or any of its subsidiaries.

Legal Proceedings and Regulatory Actions

Other than the proceedings relating to the approval of the Arrangement, to the knowledge of the Company, there are no legal proceedings to which the Company is a party or to which any of its assets are subject, which are material to the Company, and the Company is not aware of any such proceedings that are contemplated, other than as set out in the AIF.

Auditors, Transfer Agent and Registrar

New ShawCor's auditor will be Ernst & Young LLP, which will be independent of New ShawCor in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

New ShawCor's transfer agent and registrar will be CIBC Mellon Trust Company, c/o Canadian Stock Transfer Company Inc., located in Toronto, Ontario.

Material Contracts

The only material contracts entered into or expected to be entered into by Purchaseco or the Company with respect to the Arrangement, or to which New ShawCor is expected to become a party on or prior to the Effective Date, are the Arrangement Agreement and the new credit arrangements. A copy of the Arrangement Agreement is available on SEDAR at www.sedar.com.

RISK FACTORS

Risk Factors Relating to the Company

For a discussion of certain risks relating to an investment in shares of New ShawCor, please refer to the "Risk Factors" section in the AIF incorporated by reference herein. Please also refer to the "Risk and Uncertainties" section of the Management's Discussion and Analysis of Financial Condition and Results of Operations for the three-month and nine-month periods ended September 30, 2012 of the Company incorporated by reference herein. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Company could be materially adversely affected.

Risks Relating to the Arrangement

The following factors should be carefully considered by Shareholders in evaluating whether to approve the Arrangement Resolution:

There is no certainty that the conditions to completion of the Arrangement will be satisfied

The completion of the Arrangement is subject to a number of conditions, some of which are outside the control of the Company, including receipt of the Final Order, Shareholder approval, the Arrangement Agreement remaining in force and Purchaseco and the Controlling Shareholder having performed their respective obligations under the Arrangement Agreement. There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

If the Arrangement is completed, the Company will no longer be controlled by the Controlling Shareholder and will become widely-held with the result that it may become more vulnerable to take-over or tender offer

The consummation of the Arrangement will eliminate the Company's dual class share structure. As a result, voting power would be spread out amongst a wide shareholder base without a controlling shareholder, and the inherent protection from an unsolicited take-over bid afforded by a dual class share structure will no longer exist. Accordingly, the Company may become more vulnerable to a take-over bid or a tender offer.

Risk Factors Relating to New ShawCor

Risk factors related to the business of the Company and its subsidiaries will continue to apply to New ShawCor after the Effective Date. In the event the Arrangement is completed, the business and operations of, and an investment in, New ShawCor will be subject to the various risk factors set forth in this Circular.

There is no certainty that New ShawCor will have access to debt-financing

The business of New ShawCor is cyclical. In the event that New ShawCor is unable to meet its obligations under the debt financing expected to be incurred in connection with the Arrangement, or to refinance such debt in the future, New ShawCor could be materially adversely affected. In such a case, New ShawCor may be required, among other things, to raise additional equity and/or sell assets. In addition, the expected debt financing could adversely affect New ShawCor's ability to make any necessary or desirable capital expenditures or to complete desirable acquisitions.

Payment of future dividends are uncertain

The future payments of dividends by New ShawCor and the level thereof are uncertain, as such payment of dividends is dependent upon, among other things, operating cash flow generated by New ShawCor and its subsidiaries, financial requirements of New ShawCor, restrictions under credit facilities and the satisfaction of solvency tests imposed by the CBCA for the payment of dividends.

TRANSFER AGENT

CIBC Mellon Trust Company, c/o Canadian Stock Transfer Company Inc., is the Company's transfer agent for the New Common Shares.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon by Stikeman Elliott LLP, on behalf of the Company.

ADDITIONAL INFORMATION

Financial information about the Company is contained in its comparative annual financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2011. Additional information about the Company is available on SEDAR at www.sedar.com. If you would like to obtain, at no cost, a copy of any of the following: (i) the AIF of the Company, together with any document or the pertinent pages of any document incorporated by reference therein; (ii) the comparative financial statements of the Company for the fiscal year ended December 31, 2011 together with the accompanying report of the auditor thereon and any interim financial statements that have been filed for any period subsequent to December 31, 2011 together with the Management's Discussion and Analysis with respect thereto; (iii) a copy of the Company's Code of Conduct; or (iv) an additional copy of this Management Proxy Circular, please send your request to the Company at 25 Bethridge Road, Toronto, Ontario M9W 1M7, Attention: Darrell Ewert, Corporate Secretary.

The information contained herein is given as of the date hereof unless otherwise noted. The contents and sending of this Management Proxy Circular have been approved by the Board.

QUESTIONS AND FURTHER ASSISTANCE

If you have any questions about the information contained in this Circular or require assistance in completing your proxy form, please contact Kingsdale, the Company's proxy solicitation agent in connection with the Meeting, at 1-877-657-5859.

If you require assistance in completing your Letter of Transmittal, please contact Canadian Stock Transfer Company Inc., the Company's Depositary at 1-800-387-0825 or (416) 682-3860 or by email at inquiries@canstockta.com.

APPROVAL OF SHAWCOR LTD.

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board.

Toronto, Ontario
February 11, 2013

By Order of the Board

(signed) John Frank Petch
Lead Director

(signed) William P. Buckley
President and Chief Executive Officer

CONSENT OF ERNST & YOUNG LLP

We have read the notice of special meeting of shareholders of ShawCor Ltd. (the "**Company**" or "**ShawCor**") and management information circular dated February 11, 2013 with respect to the proposed plan of arrangement involving the Company, its shareholders and other parties named therein. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned management information circular of our report to the shareholders of ShawCor Ltd. on the consolidated balance sheets of ShawCor Ltd. as at December 31, 2011 and 2010, and January 1, 2010 and the consolidated statements of income, comprehensive income, changes in shareholder's equity, and cash flows for the years ended December 31, 2011 and 2010. Our report is dated March 1, 2012.

Toronto, Ontario
February 11, 2013

(signed) Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

CONSENT OF TD SECURITIES INC.

TO: The Directors of ShawCor Ltd.
AND TO: The Special Committee of the Board of Directors of ShawCor Ltd.

We hereby consent to the reference to our fairness opinion contained under the headings "Background to the Proposed Arrangement", "Background to the Proposed Arrangement — Recommendations of the Board and the Special Committee" and "Background to the Proposed Arrangement — Fairness Opinion", and to the inclusion of the full text of our opinion in Schedule G of the Notice of Special Meeting of Shareholders and Management Proxy Circular of ShawCor Ltd. dated February 11, 2013, in connection with the proposed plan of arrangement. In providing such consent, we do not permit any person other than the Board of Directors of ShawCor Ltd. and the Special Committee of the Board of Directors of ShawCor Ltd. to rely upon such fairness opinion.

Toronto, Ontario
February 11, 2013

(signed) TD Securities Inc.

Schedule A
Plan of Arrangement

UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1

INTERPRETATION

Section 1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**Amalco**" has the meaning ascribed thereto in Section 3.1(d) hereof;

"**Amalco Common Share**" means a common share in the capital of Amalco;

"**Amalco DSU Grant**" has the meaning ascribed thereto in Section 3.1(g) hereof;

"**Amalco ESUP Award**" has the meaning ascribed thereto in Section 3.1(f) hereof;

"**Amalco Option**" has the meaning ascribed thereto in Section 3.1(e) hereof;

"**Arrangement**" means an arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations hereto made in accordance with the Arrangement Agreement or Article 7 hereof or made at the direction of the Court in the Final Order with the consent of the Company, Purchaseco and the Controlling Shareholder, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated January 14, 2013 between the Company, Purchaseco and the Controlling Shareholder (including the schedules thereto), as it may be amended, modified or supplemented from time to time in accordance with its terms;

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered by the Shareholders at the Meeting;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement that are required by the CBCA to be filed with the Director after the Final Order is made in order for the Arrangement to become effective;

"**Board of Directors**"means the board of directors of the Company;

"**Business Day**" means any day on which commercial banks are generally open for business in Toronto, Ontario, other than a Saturday, a Sunday or a day observed as a statutory holiday in Toronto, Ontario;

"**CBCA**" means the *Canada Business Corporations Act*;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement;

"**Class A Share**s" means the Class A subordinate voting shares in the capital of the Company;

"**Class A Shareholders**" means the registered or beneficial holders of Class A Shares, as the context requires;

"**Class B Consideration**" means, collectively, the Class B Share Cash Consideration and the Class B Share Equity Consideration;

"**Class B Share Cash Consideration**" means, for each Class B Share, the aggregate amount of cash determined by multiplying (i) $43.43, by (ii) 0.90;

"**Class B Share Equity Consideration**" means, for each Class B Share, the aggregate number of Purchaseco Common Shares determined by multiplying (i) 1.1, by (ii) 0.10;

"**Class B Shares**" means the Class B multiple voting shares in the capital of the Company;

"**Class B Shareholders**" means the registered or beneficial holders of Class B Shares, as the context requires;

"**Company**" means ShawCor Ltd.;

"**Company DSU Grants**" means any grants of deferred share units issued by the Company pursuant to the Deferred Share Unit Plan for directors, and includes grants of deferred share units that are credited to a director's account as dividend equivalents pursuant to such plan;

"**Company ESUP Awards**" means any awards granted under the Employee Share Unit Plan of the Company providing for the grant of restricted awards or performance awards;

"**Company Option**" means the options to purchase Class A Shares granted pursuant to the Company's Employee Stock Option Plan — 2001 (as amended);

"**Controlling Shareholder**" means Shaw International S.à r.l.;

"**Court**" means the Superior Court of Justice (Ontario);

"**Depository**" means Canadian Stock Transfer Company Inc.;

"**Director**" means the Director appointed pursuant to Section 260 of the CBCA;

"**Dissent Rights**" has the meaning ascribed thereto in Section 5.1 hereof;

"**Dissenting Shareholder**" means a registered holder of Class A Shares and/or Class B Shares (other than the Controlling Shareholder) who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Class A Shares and/or Class B Shares in respect of which Dissent Rights are validly exercised by such holder;

"**Dividend Amount**" means $1.00 per Amalco Common Share;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time) or such other time as may be specified in writing by the Company with the consent of Purchaseco and the Controlling Shareholder, each acting reasonably, on the Effective Date;

"**Final Order**" means the final order of the Court approving the Arrangement, as such order may be amended by the Court (with the consent of the Company, Purchaseco and the Controlling Shareholder, each acting reasonably) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"**Interim Order**" means the interim order of the Court in respect of the Arrangement as contemplated by Section 2.2 of the Arrangement Agreement as the same may be amended, containing declarations and directions with respect to the Arrangement and providing for, among other things, the calling and holding of the Meeting;

"**Letters of Transmittal**" means the letter of transmittal to be sent by the Company to Class B Shareholders in connection with the Arrangement;

"**Liens**" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, deemed trust, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the *Personal Property Security Act* (Ontario) or comparable notice filing under the law of any other jurisdiction, or any option, warrant, right or privilege capable of becoming a transfer, sale, assignment, exchange, gift, donation, mortgage, pledge, charge, encumbrance, grant of security interest or other disposition of securities where possession, legal title, beneficial ownership or the economic risk or return associated with such securities passes directly or indirectly from one person to another or to the same person in a different legal capacity, whether or not for value, whether or not voluntary and however occurring, or any binding voting agreement, understanding or arrangement);

"**Meeting**" means the special meeting of Shareholders, including any adjournments or postponements thereof, to be called and held in accordance with the terms of the Arrangement Agreement and the Interim Order, to consider and, if deemed advisable, to approve the Arrangement Resolution;

"**Payment Date**" means the date of payment of the Dividend Amount, as determined by the board of directors of Amalco;

"**person**" includes any individual, firm, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, S.a r.l., association, trust, trustee, heir, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**" means this plan of arrangement proposed under Section 192 of the CBCA, and any amendments or variations thereto made in accordance with the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order (with the consent of the Company, Purchaseco and the Controlling Shareholder, each acting reasonably);

"**Purchaseco**" means Seaborn Acquisition Inc.;

"**Purchaseco Common Share**" means a common share in the capital of Purchaseco;

"**Record Date**" means the 10th Business Day after the Effective Date;

"**Shareholders**" means, collectively, the Class A Shareholders and the Class B Shareholders;

"**Shares**" means the Class A Shares and/or the Class B Shares; and

"**TSX**" means the Toronto Stock Exchange.

Section 1.2 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections, and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article" or "Section" followed by a number and/or a letter refer to the specified Article or Section of this Plan of Arrangement. The terms "hereof", "herein" and "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or other portion hereof.

Section 1.3 Rules of Construction

In this Plan of Arrangement, unless the context otherwise requires, (a) words importing the singular number include the plural and vice versa, (b) words importing any gender include all genders, and (c) "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

Section 1.4 Currency

Unless otherwise indicated, all references to money amounts are expressed in lawful currency of Canada.

Section 1.5 Date for Any Action

If the date on which any action is required or permitted to be taken hereunder by a person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

Section 1.6 References to Dates, Statutes, etc.

(a) In this Agreement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

(b) In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute, regulation, direction or instrument is to

that statute, regulation, direction or instrument as now enacted or as the same may from time to time be amended, re-enacted or replaced and, in the case of a reference to a statute, includes any regulations or rules made thereunder. Any reference in this Agreement to a person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and assigns. References to any contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with its terms.

Section 1.7 Time

Time shall be of the essence in this Plan of Arrangement.

Section 1.8 Governing Law

This Plan of Arrangement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

ARTICLE 2

BINDING EFFECT

Section 2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

Section 2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective at, and be binding at and after, the Effective Time on (i) the Company, (ii) Purchaseco, (iii) the Controlling Shareholder, and (iv) all holders and all beneficial owners of Class A Shares, Class B Shares and securities or other instruments convertible into, exchangeable for or carrying the right to acquire Class A Shares or Class B Shares.

ARTICLE 3

ARRANGEMENT

Section 3.1 Arrangement

Commencing at the Effective Time, except as noted below, the following shall occur and shall be deemed to occur in the following order, without any further act or formality:

(a) All Shares held by Dissenting Shareholders shall be deemed to have been transferred (free and clear of all Liens) to Purchaseco; and

  (i) such Dissenting Shareholders shall cease to be the holders of such Shares and to have any rights as Shareholders other than the right to be paid the fair value for such Shares as set out in Section 5.1; and

  (ii) the name of each such Dissenting Shareholder shall be removed as a Shareholder from the registers of Shareholders maintained on or on behalf of the Company;

(b) each outstanding Class A Share (other than those held by Dissenting Shareholders) shall be transferred (free and clear of all Liens) to Purchaseco in consideration for one (1) Purchaseco Common Share, and any certificates formerly representing Class A Shares shall represent and be deemed to represent Purchaseco Common Shares;

(c) Subject to Section 4.3, each outstanding Class B Share (other than those held by Dissenting Shareholders) shall be transferred (free and clear of all Liens) to Purchaseco in exchange for the Class B Consideration;

(d) The Company and Purchaseco shall amalgamate to form one corporate entity ("**Amalco**") under Section 192 of the CBCA, such that:

(i) the name of Amalco shall be "ShawCor Ltd.";

(ii) the initial directors of Amalco shall be the directors of the Company;

(iii) the initial officers of Amalco shall be the officers of the Company;

(iv) Amalco shall have a minimum of 1 director and a maximum of 20 directors;

(v) all of the property (except shares in the capital stock of the Company) of each of the Company and Purchaseco continues to be the property of Amalco;

(vi) Amalco continues to be liable for the obligations of each of the Company and Purchaseco (other than any obligations of the Company or Purchaseco to the other);

(vii) any existing cause of action, claim or liability to prosecution is unaffected;

(viii) a civil, criminal or administrative action or proceeding pending by or against the Company or Purchaseco may continue to be prosecuted by or against Amalco;

(ix) a conviction against, or ruling, order or judgment in favour of or against the Company or Purchaseco may be enforced by or against Amalco;

(x) the articles of Purchaseco immediately before the Effective Time are deemed to be the articles of incorporation of Amalco, and the Certificate of Arrangement is deemed to be the certificate of incorporation of Amalco;

(xi) the by-laws of Purchaseco immediately before the Effective Time are deemed to be the by-laws of Amalco;

(xii) Amalco shall be authorized to issue an unlimited number of common shares;

(xiii) the directors of Amalco may appoint one or more directors of Amalco but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders of Amalco, and any directors of Amalco appointed pursuant to the previous sentence shall hold office for a term expiring not later than the close of the next annual meeting of shareholders;

(xiv) the Purchaseco Shares shall continue as Amalco Common Shares, and certificates formerly representing the Class A Shares and Purchaseco Shares shall represent and be deemed to represent Amalco Common Shares;

(xv) all shares in the capital stock of the Company shall be cancelled; and

(xvi) the stated capital of the Amalco Common Shares shall be the same as the stated capital of the Purchaseco Common Shares.

(e) Unless otherwise approved by the Board of Directors or the board of directors of Amalco, any Company Option that has not been duly exercised prior to the Effective Time, whether vested or unvested, shall, by virtue of this Plan of Arrangement and without any further action of the Company or Purchaseco, represent an option (an "**Amalco Option**") to purchase the same number of Amalco Common Shares at the same exercise price as applied to the acquisition of Class A Shares pursuant to the Company Option. The term to expiry, conditions to and manner of exercising, vesting schedule and all other terms and conditions of such Amalco Option will otherwise be unchanged, and any document or agreement previously evidencing a Company Option shall thereafter evidence and be deemed to evidence such Amalco Option;

(f) Unless otherwise approved by the Board of Directors or the board of directors of Amalco, any Company ESUP Award that has not been settled prior to the Effective Time, whether vested or unvested, shall, by virtue of this Plan of Arrangement and without any further action of the Company or Purchaseco, represent a grant (an "**Amalco ESUP Award**") in respect of the same number of

Amalco Common Shares as applied to the acquisition of Class A Shares pursuant to the Company ESUP Award. All other terms and conditions of such Amalco ESUP Award will otherwise be unchanged, and any document or agreement previously evidencing a Company ESUP Award shall thereafter evidence and be deemed to evidence such Amalco ESUP Award;

(g) Unless otherwise approved by the Board of Directors or the board of directors of Amalco, any Company DSU Grant that has not been settled prior to the Effective Time shall, by virtue of this Plan of Arrangement and without any further action of the Company or Purchaseco, represent a unit (an "**Amalco DSU Grant**") in respect of the same number of number of Amalco Common Shares as applied to the acquisition of Class A Shares pursuant to the Company DSU Grant. All other terms and conditions of such Amalco DSU Grant will otherwise be unchanged, and any document or agreement previously evidencing a Company DSU Grant shall thereafter evidence and be deemed to evidence such Amalco DSU Grant; and

(h) A dividend on each Amalco Common Share shall become payable on the Payment Date to the holder of record of such share on the Record Date in an amount equal to the Dividend Amount.

ARTICLE 4

ARRANGEMENT MECHANICS

Section 4.1 Deposit of Class B Shares

(a) With respect to the transfer or exchange, surrender and cancellation of Class B Shares effected pursuant to Section 3.1(c), each Class B Shareholder shall be required to deposit with the Depository, in order to receive the Class B Consideration, a duly completed Letter of Transmittal together with any certificates representing such Class B Shares and any such additional documents and instruments as the Depository may reasonably require.

(b) Any Letter of Transmittal, once deposited with the Depository, shall be irrevocable and may not be withdrawn by a Class B Shareholder.

Section 4.2 Transfer of Securities

With respect to each Shareholder (other than Dissenting Shareholders), immediately before the Effective Time, upon and at the time of the transfer of each Share effected pursuant to Section 3.1(b) or Section 3.1(c), as applicable:

(a) such Shareholder shall cease to be a Shareholder, and the name of such Shareholder shall be removed from the register of Class A Shareholders and/or Class B Shareholders, as applicable, maintained by or on behalf of the Company;

(b) Purchaseco shall become the transferee (free and clear of all Liens) of such Shares and shall be added to the register of Class A Shareholders and/or Class B Shareholders, as applicable, maintained by or on behalf of the Company;

(c) Pursuant to Section 3.1(b), and the name of such former Class A Shareholder shall be added to the register of holders of Purchaseco Common Shares maintained by or on behalf of Purchaseco; and

(d) Subject to the deposit of the applicable Class B Shares in accordance with Section 4.1, Purchaseco shall pay and deliver to such former Class B Shareholder the cash amount and/or the Purchaseco Common Shares payable and deliverable to such Shareholder, as applicable, pursuant to Section 3.1(c) and Section 4.3, and the name of such former Class B Shareholder shall be added to the register of holders of Purchaseco Common Shares maintained by or on behalf of Purchaseco.

Section 4.3 No Fractional Purchaseco Common Shares and Rounding of Cash Consideration

(a) In no event shall a Class B Shareholder be entitled to a fractional Purchaseco Common Share. Where the aggregate number of Purchaseco Common Shares to be issued to a Class B Shareholder pursuant to Section 3.1(c) would result in a fraction of a Purchaseco Common Share being issuable, (i) the

number of Purchaseco Common Shares to be received by such Class B Shareholder shall be rounded down to the nearest whole Purchaseco Common Share where such fraction is less than 0.5, and otherwise rounded up to the nearest whole Purchaseco Common Share and (ii) such Class B Shareholder shall receive a cash payment (rounded down to the nearest cent) equal to the product of the (i) $43.43 and (ii) any fractional share amount not rounded up.

(b) If the aggregate cash amount which a Class B Shareholder is entitled to receive pursuant to Section 3.1(c) would otherwise include a fraction of $0.01, then the aggregate cash amount to which such Class B Shareholder shall be entitled to receive shall be rounded down to the nearest whole $0.01.

ARTICLE 5

RIGHTS OF DISSENT

Section 5.1 Rights of Dissent

(a) Registered holders of Shares (other than the Controlling Shareholder) may exercise dissent rights ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order and this Section 5.1; provided that, notwithstanding subsection 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in subsection 190(5) of the CBCA must be received by the Company not later than 4:30 p.m. (Toronto time) on the Business Day immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Class A Shares or Class B Shares (or both) held by them and in respect of which Dissent Rights have been validly exercised to Purchaseco free and clear of all Liens, as provided in Section 3.1(a), and if they:

(i) ultimately are entitled to be paid fair value for such Shares, will be entitled to be paid the fair value of such Shares by Amalco, and will not be entitled to any other payment or consideration, including any Class B Share Cash Consideration, Purchaseco Common Shares or Amalco Common Shares, that would have been issuable under the Arrangement had such holders not exercised their Dissent Rights in respect of their Shares; or

(ii) ultimately are not entitled, for any reason, to be paid fair value for such Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares.

Section 5.2 Recognition of Dissenting Shareholders

(a) In no circumstances shall the Company or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Shares in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no case shall the Company or any other person be required to recognize Dissenting Shareholders as holders of the Shares in respect of which Dissent Rights have been validly exercised after the Effective Time, and the Shares of such Dissenting Shareholders in respect of which Dissent Rights have been validly exercised at the Effective Time shall be deemed transferred to Purchaseco.

(c) In addition to any other restrictions under Section 190 of the CBCA, holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights in respect of such Shares.

ARTICLE 6

PAYMENT AND CERTIFICATES

Section 6.1 Payment and Delivery

(a) Upon the surrender to the Depository of a certificate which immediately prior to the Effective Time represented outstanding Class B Shares, together with a duly completed and executed Letter of

Transmittal, and any such additional documents and instruments as the Depository may reasonably require, each Class B Share represented by such surrendered certificate shall be exchanged by the Depository, and the Depository shall deliver to the applicable Class B Shareholder, as soon as practicable and in accordance Section 3.1(c) and Section 4.3, (i) a cheque (or other form of immediately available funds) representing the Class B Share Cash Consideration that such Class B Shareholder is entitled to receive under the Arrangement, and (ii) the certificates representing the Amalco Common Shares as a result of the Class B Share Equity Consideration that such Class B Shareholder is entitled to receive under the Arrangement.

(b) Until surrendered as contemplated by this Section 6.1, each certificate that immediately prior to the Effective Time represented outstanding Class B Shares shall be deemed, immediately after the completion of the transactions contemplated in Section 3.1(c), to represent only the right to receive upon such surrender the Class B Consideration in lieu of such certificate as contemplated by Section 3.1(c) and Section 4.3. Any such certificate formerly representing outstanding Class B Shares not duly surrendered on or before the sixth (6^{th}) anniversary of the Effective Date shall cease to represent a claim by or interest of any kind or nature against or in the Company, Purchaseco or Amalco.

(c) Any payment made by way of cheque by the Depository on behalf of Purchaseco or Amalco pursuant to the Arrangement that has not been deposited or has been returned to the Depository or that otherwise remains unclaimed, in each case, on or before the sixth (6^{th}) anniversary of the Effective Date shall cease to represent a claim by or interest of any kind or nature against or in the Company, Purchaseco or Amalco.

(d) All dividends payable with respect to any Purchaseco Common Shares or Amalco Common Shares allotted and issued pursuant to this Arrangement in exchange for Class B Shares for which a certificate has not been issued shall be paid or delivered to the Depository to be held by the Depository in trust for the Person entitled thereto upon proper deposit of the applicable Class B Shares. The Depository shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depository in such form as the Depository may reasonably require, upon proper deposit of the applicable Class B Shares, such distributions to which such holder is entitled, net of applicable withholding and other taxes.

Section 6.2 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Class B Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depository will pay or deliver in exchange for such lost, stolen or destroyed certificate, as applicable, either a new certificate representing such Class B Shares or the cash amount and/or the Purchaseco Common Shares which such holder is entitled to receive pursuant to Section 3.1(c) and Section 4.3. When authorizing such payment or delivery in exchange for any lost, stolen or destroyed certificate, the person to whom the payment or delivery is to be made shall, as condition precedent to the payment or delivery thereof, give a bond satisfactory to the Company, Purchaseco or Amalco and the Depository in such sum as the Company, Purchaseco or Amalco may direct or, if permitted by the Company, Purchaseco or Amalco and the Depository, otherwise indemnify the Company and Purchaseco or Amalco in a manner satisfactory to the Company, Purchaseco or Amalco and the Depository against any claim that may be made against the Company, Purchaseco, Amalco or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 7

AMENDMENTS

Section 7.1 Amendments to Plan of Arrangement

(a) The Company may amend, modify or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by Purchaseco and the Controlling Shareholder, each acting reasonably, (iii) filed with the Court and, if made following the Meeting, approved by the Court, and (iv) communicated to Shareholders if and as required by the Interim Order or otherwise by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Meeting (provided that Purchaseco and the Controlling Shareholder shall have consented thereto, each acting reasonably) with or without any other prior notice or communication, and if so proposed and approved by the persons voting at the Meeting (as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if (i) it is consented to by each of the Company, Purchaseco, or Amalco and the Controlling Shareholder, each acting reasonably, and (ii) if required by the Court, it is approved by Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date by Amalco, provided that it concerns a matter which, in the reasonable opinion of Amalco, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any former Shareholder.

(e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 8

FURTHER ASSURANCES

Section 8.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Company, Purchaseco or Amalco and the Controlling Shareholder shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

Schedule B
Arrangement Resolution

BE IT RESOLVED THAT:

The arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") involving ShawCor Ltd., a corporation amalgamated under the laws of Canada (the "**Company**"), as more particularly described and set forth in the management proxy circular (the "**Circular**") of the Company accompanying the notice of this meeting, and as it may be amended, modified or supplemented in accordance with the arrangement agreement dated January 14, 2013 between the Company, Seaborn Acquisition Inc. (formerly 8404810 Canada Inc.) and Shaw International S.à r.l. (as it may from time to time be amended, modified or supplemented, the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

The plan of arrangement (the "**Plan of Arrangement**"), as it may be amended, modified or supplemented in accordance with its terms and the Arrangement Agreement, the full text of which is set out in Schedule A to the Circular, is hereby authorized, approved and adopted.

The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any amendments, modifications or supplements thereto are hereby ratified and approved.

The Company be and is hereby authorized to apply for a final order from the Ontario Superior Court of Justice to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).

Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Shareholders of the Company or that the Arrangement has been approved by the Ontario Superior Court of Justice, the directors of the Company are hereby authorized and empowered to, without notice to or approval of the Shareholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.

Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Director under the CBCA articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

Schedule C
Interim Order

Court File No. CV-13-9994-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	MONDAY, THE 11TH
	)	
JUSTICE MORAWETZ	)	DAY OF FEBRUARY, 2013

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING SHAWCOR LTD.

INTERIM ORDER

THIS MOTION made by the Applicant, ShawCor Ltd. ("**ShawCor**"), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on February , 2013 and the Affidavit of John Petch sworn February 6, 2013, (the "**Petch Affidavit**"), including the Plan of Arrangement, found at Schedule A to the draft management proxy circular of ShawCor (the "**Circular**"), which is attached as Exhibit "A" to the Petch Affidavit, and on hearing the submissions of counsel for ShawCor and counsel for Shaw International S.a.r.l. ("**Shaw International**"), and on

being advised that the Director appointed under the CBCA (the "**Director**") does not consider it necessary to appear.

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that ShawCor is permitted to call, hold and conduct a special meeting (the "**Meeting**") of the holders of Class A subordinate voting shares of ShawCor (the "**Class A Shareholders**") and the holders of Class B multiple voting shares of ShawCor (the "**Class B Shareholders**") (collectively the "**Shareholders**") to be held on March 14, 2013 at 10:00 a.m. (Toronto time) at The Albany Club, 91 King Street East, Toronto, Ontario in order for the Shareholders to consider and, if determined advisable, pass special resolutions authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "**Arrangement Resolution**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of meeting of Shareholders, which accompanies the Circular (the "**Notice of Meeting**") and the articles and by-laws of

ShawCor, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the "**Record Date**") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be the close of business on January 24, 2013.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

(a) the Shareholders or their respective proxyholders;

(b) the officers, directors, auditors and advisors of ShawCor;

(c) representatives and advisors of Seaborn Acquisition Inc. and Shaw International S.a.r.l.;

(d) the Director; and

(e) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that ShawCor may transact such other business at the Meeting as is contemplated in the Circular, or as may properly come before the Meeting or any adjournment or postponement thereof.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by ShawCor and that the quorum at the Meeting shall be two Shareholders, personally present, at the Meeting.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that ShawCor is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented, shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further

order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as ShawCor may determine.

Amendments to the Circular

10. **THIS COURT ORDERS** that ShawCor is authorized to make such amendments, revisions and/or supplements to the draft Circular as it may determine and the Circular, as so amended, revised and/or supplemental, shall be the Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that ShawCor, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as ShawCor may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, ShawCor shall send the Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the forms of proxy and the letters of

transmittal, along with such amendments or additional documents as ShawCor may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "**Meeting Materials**"), to the following:

(a) the registered Shareholders as at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

(i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of ShawCor, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of ShawCor;

(ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

(iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of ShawCor, who requests such transmission in writing;

(b) the non-registered Shareholders, by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

(c) the respective directors and auditors of ShawCor, and to the Director appointed under the CBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the event that ShawCor elects to distribute the Meeting Materials, ShawCor is hereby directed to distribute the Circular (including the Notice of Application and this Interim Order), and any other communications or documents determined by ShawCor to be necessary or desirable (collectively, the "**Court Materials**") to the holders of options to acquire Class A Shares, the holders of employee share unit plan awards to acquire Class A Shares and/or the holders of deferred share units to acquire Class A Shares by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of ShawCor or its transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by ShawCor to give notice of the Meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of ShawCor, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of ShawCor, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that ShawCor is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as ShawCor may determine in accordance with the terms of the Combination Agreement ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as ShawCor may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that ShawCor is authorized to use the letters of transmittal and proxies substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as ShawCor may determine are necessary or desirable, subject to the terms of the Arrangement

Agreement. ShawCor is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. ShawCor may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies by Shareholders, if ShawCor deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s.148(4)(a)(i) of the CBCA: (a) may be deposited at the office of ShawCor's transfer agent, as set out in the Circular; and (b) any such instruments must be received by ShawCor or its transfer agent not later than 9:00 a.m. on March 12, 2013 or, in the event that the Meeting is adjourned or postponed, at least two business days before the time to which the Meeting is adjourned or postponed.

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold shares of ShawCor as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies

that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of: one vote per Class A subordinate voting share of ShawCor ("**Class A Share**") and ten votes per Class B multiple voting share of ShawCor ("**Class B Share**"). In order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

(a) an affirmative vote of at least two-thirds of the votes cast by the Shareholders, voting together as if a single class, present in person or by proxy;

(b) an affirmative vote of a simple majority of the votes cast by Class A Shareholders, present in person or represented by proxy, excluding the votes attached to Class A Shares held by Interested Shareholders (as defined in the Circular); and

(c) an affirmative vote of a simple majority of the votes cast by Class B Shareholders, present in person or by proxy, excluding the votes attached to Class B Shares by Interested Shareholders (as defined in the Circular).

Such votes shall be sufficient to authorize ShawCor to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting ShawCor (other than in respect of the Arrangement Resolution), each Class A Shareholder is entitled to one vote for each Class A Share held and each Class B Shareholder is entitled to ten votes for each Class B Share held.

Dissent Rights

22. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 190 of the CBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 190(5) of the CBCA, any Shareholders who wish to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to ShawCor in the form required by section 190 of the CBCA and the Arrangement Agreement, which written objection must be received by ShawCor at its office located at 25 Bethridge Road, Toronto ON, M9W 1M7 on or prior to 4:30 p.m. (Toronto), Attention: Darrell Ewert, Company Secretary on Wednesday, March 13, 2013 (or prior to 4:30 p.m. on the business day immediately preceding any adjourned or postponed Meeting) and must otherwise strictly comply with the requirements of the CBCA. For purposes of these proceedings, the "court" referred to in section 190 of the CBCA means this Honourable Court.

23. **THIS COURT ORDERS** that, notwithstanding section 190(3) of the CBCA, New ShawCor., not ShawCor, shall be required to offer to pay fair value, as of the day prior to approval of the Arrangement Resolution, for the Class A Shares and/or Class B Shares held by Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Shareholders may be entitled pursuant to the terms of the Plan of Arrangement. In accordance with the Plan of Arrangement and the Circular, all references to the "corporation" in subsections 190(3) and 190(11) to 190(26), inclusive, of the CBCA (except for the second reference to the "corporation" in subsection 190(12) and the two references to the "corporation" in subsection 190(17)) shall be deemed to refer to "Seaborn Acquisition Inc." in place of the "corporation", and Seaborn Acquisition Inc. shall have all of the rights, duties and obligations of the "corporation" under subsections 190(11) to 190(26), inclusive, of the CBCA.

24. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

(a) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its Class A Shares and/or Class B Shares, shall be deemed to have transferred those Class A Shares and/or Class B Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Seaborn Acquisition Inc. for cancellation in consideration for a payment in cash from Seaborn Acquisition Inc. equal to such fair value; or

(b) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its Class A Shares and/or Class B Shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement for share

consideration on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall ShawCor or Seaborn Acquisition Inc. or any other person be required to recognize such Shareholders as holders of Class A Shares and/or Class B Shares at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from ShawCor's register of holders of Class A Shares and Class B Shares at that time and the shares purchased in the name of Seaborn Acquisition Inc.

Hearing of Application for Approval of the Arrangement

25. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, ShawCor may apply to this Honourable Court for final approval of the Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraph 12, shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for ShawCor, with a copy to counsel for Shaw International S.a.r.l., as soon as reasonably practicable, and, in

any event, no less than 2 business days before the hearing of this Application at the following addresses:

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Eliot N. Kolers LSUC#: 38304R
Tel: (416) 869-5637
Ellen M. Snow LSUC#: 52369B
Tel: (416) 869-5286
Fax: (416) 947-0866

Solicitors for ShawCor Ltd. and Seaborn Acquisition Inc.

MCCARTHY TÉTRAULT LLP
Barristers & Solicitors
66 Wellington Street West
TD Bank Tower
Suite 5300
Toronto, ON M5K 1E6

Geoff Hall
Tel: (416) 601-7856
Fax: (416) 868-0673

Solicitors for Shaw International S.a.r.l.

28. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

(a) ShawCor;

(b) Seaborn Acquisition Inc.;

(c) Shaw International S.a.r.l.;

(d) the Director; and

(e) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

29. **THIS COURT ORDERS** that any materials to be filed by ShawCor in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned or postponed, only those persons who served and filed a Notice of Appearance in accordance with paragraph 27 shall be entitled to be given notice of the adjourned or postponed date.

Precedence

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Class A Shares and Class B Shares, or the articles or by-laws of ShawCor, this Interim Order shall govern.

Extra-Territorial Assistance

32. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

33. **THIS COURT ORDERS** that ShawCor and/or Seaborn Acquisition Inc. shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

FEB 1 1 2013

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING SHAWCOR LTD.

Court File No: CV-13-9994-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding Commenced at Toronto

ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Eliot N. Kolers LSUC#: 38304R
Tel: (416) 869-5637
Ellen M. Snow LSUC#: 52369B
Tel: (416) 869-5286
Fax: (416) 947-0866

Solicitors for the Applicant and
Seaborn Acquisition Inc.

Schedule D
Section 190 of the CBCA

Right to dissent

190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Schedule E
Notice of Application

CV-13-9994-00CL

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING SHAWCOR LTD.

SHAWCOR LTD.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on **March 18, 2013**, at **10:00 a.m.**, or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario and thereafter as directed by the Court.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the applicant do not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicants' lawyer or, where the applicant do not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date February 6, 2013

Issued by _____
Local registrar
A. Anissimova
Registrar

Address of court office: 330 University Avenue
Toronto, Ontario
M5G 1R7

TO: ALL HOLDERS OF THE CLASS A SUBORDINATE VOTING SHARES OF SHAWCOR LTD.

AND TO: ALL HOLDERS OF THE CLASS B MULTIPLE VOTING SHARES OF SHAWCOR LTD.

AND TO: ALL HOLDERS OF OPTIONS TO ACQUIRE CLASS A SUBORDINATE VOTING SHARES OF SHAWCOR LTD.

AND TO: ALL HOLDERS OF EMPLOYEE SHARE UNIT PLAN AWARDS TO ACQUIRE CLASS A SUBORDINATE VOTING SHARES OF SHAWCOR LTD.

AND TO: ALL HOLDERS OF DEFERRED SHARE UNITS TO ACQUIRE CLASS A SUBORDINATE VOTING SHARES OF SHAWCOR LTD.

AND TO: ALL DIRECTORS OF SHAWCOR LTD.

AND TO: THE AUDITOR FOR SHAWCOR LTD.

AND TO: THE DIRECTOR APPOINTED UNDER THE *CANADA BUSINESS CORPORATIONS ACT*

AND TO: SEABORN ACQUISITION INC.

AND TO: SHAW INTERNATIONAL S.a r. l.

c/o **MCCARTHY TÉTRAULT LLP**
Barristers & Solicitors
66 Wellington Street West
TD Bank Tower
Suite 5300
Toronto, ON M5K 1E6

Geoff Hall
Tel: (416) 601-7856
Fax: (416) 868-0673

APPLICATION

1. **THE APPLICANT MAKES APPLICATION FOR:**

(a) an interim order (the "**Interim Order**") for advice and directions pursuant to section 192(4) of the *Canada Business Corporations Act,* R.S.C. 1985, c. C-44, as amended (the "**CBCA**"), with respect to an arrangement (the "**Arrangement**") arising out of an arrangement agreement between ShawCor Ltd. ("**ShawCor**"), Seaborn Acquisition Inc. ("**Purchaseco**") and Shaw International S.a r.l. (the "**Shaw International**"), as described in the ShawCor management proxy circular (the "**Circular**");

(b) a final order approving the Arrangement pursuant to sections 192(3) and 192(4) of the CBCA; and

(c) such further and other relief as to this Honourable Court seems just.

2. **THE GROUNDS FOR THE APPLICATION ARE**:

(a) ShawCor is a corporation governed by the CBCA, with its registered office in Toronto, Ontario and its Class A subordinate voting shares and Class B multiple voting shares are listed and trade on the Toronto Stock Exchange;

(b) the Arrangement is an "arrangement" within the meaning of section 192(1) of the CBCA;

(c) section 192 of the CBCA;

(d) all statutory procedures under section 192 of the CBCA and other applicable provisions of the CBCA either have been met or will be met by the return date of this Application;

(e) there is no practicable way to effect the Arrangement other than under section 192 of the CBCA;

(f) ShawCor is not insolvent;

(g) the Arrangement is put forward in good faith;

(h) the Arrangement is fair and reasonable;

(i) the directions set forth in any Interim Order this Court may grant, and the shareholder approvals required, will be followed and obtained by the date of the return of this Application;

(j) certain holders of common shares of ShawCor are resident outside of Ontario and will be served at their addresses as they appear on the books and records of ShawCor or its transfer agent pursuant to Rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure* and the terms of any Interim Order for advice and directions granted by this Honourable Court;

(k) National Instrument 54-101 of the Canadian Securities Administrators;

(l) Rules 14.05, 17.02, 37 and 38 of the *Rules of Civil Procedure;* and

(m) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

(a) the Affidavit of John Petch on behalf of ShawCor, to be sworn, and the exhibits thereto;

(b) a further or supplementary Affidavit to be sworn, and the exhibits thereto, on behalf of ShawCor, reporting as to compliance with any Interim Order

and the results of any meeting conducted pursuant to such Interim Order; and

(c) such further and other materials as counsel may advise and this Honourable Court may permit.

February 6, 2013

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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Solicitors for the Applicant and Seaborn Acquisition Inc.

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING SHAWCOR LTD.

Court File No: CV-13-9994-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding Commenced at Toronto

NOTICE OF APPLICATION

STIKEMAN ELLIOTT LLP
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Solicitors for the Applicant and Seaborn Acquisition Inc.

Schedule F
Financial Statements

SHAWCOR LTD.
Pro Forma Consolidated Balance Sheet (Unaudited)
As at September 30, 2012

(Expressed in Thousands of Dollars)

		ShawCor Ltd	Pro Forma Adjustments		Pro Forma Consolidated
ASSETS					
			Note 2		
Current assets					
Cash and cash equivalents	**$**	**133,613**	**(65,536)**	$	**68,077**
Short-term investments		**211,887**	**(161,887)**		**50,000**
Loans Receivable		**61,416**			**61,416**
Accounts receivable		**414,823**			**414,823**
Income taxes receivable		**8,289**	**1,330**		**9,619**
Inventories		**187,675**			**187,675**
Prepaid expenses		**35,318**			**35,318**
Derivative financial instruments		**4,232**			**4,232**
Total current assets		**1,057,253**	**(226,093)**		**831,160**
Non-current assets					
Loans receivable		**12,273**			**12,273**
Property, plant and equipment		**301,320**			**301,320**
Intangible assets		**78,659**			**78,659**
Investment in associate		**32,246**			**32,246**
Deferred income taxes		**27,495**			**27,495**
Other assets		**10,220**			**10,220**
Goodwill		**215,373**			**215,373**
Total non-current assets		**677,586**	**-**		**677,586**
TOTAL ASSETS	**$**	**1,734,839**	**(226,093)**	$	**1,508,746**
LIABILITIES AND EQUITY					
Current liabilities					
Bank indebtedness	**$**	**54**		$	**54**
Loans payable		**6,603**			**6,603**
Accounts payable and accrued liabilities		**189,305**			**189,305**
Provisions		**26,721**			**26,721**
Income taxes payable		**30,938**			**30,938**
Derivative financial instruments		**668**			**668**
Deferred revenue		**321,329**			**321,329**
Obligations under finance lease		**69**			**69**
Total current liabilities		**575,687**			**575,687**
Non-current liabilities					
Senior notes		**-**	**198,500**		**198,500**
Long term bank debt		**-**	**148,900**		**148,900**
Provisions		**41,571**			**41,571**
Deferred revenue		**150,480**			**150,480**
Derivative financial instruments		**1,472**			**1,472**
Deferred income taxes		**52,066**			**52,066**
Total non-current liabilities		**245,589**	**347,400**		**592,989**
					0
Total Liabilities	**$**	**821,276**	**347,400**	$	**1,168,676**
					0
Equity					**0**
Class A Subordinate voting shares	**$**	**219,545**	**55,522**	$	**275,067**
Class B Subordinate voting shares		**983**	**(983)**		**-**
Contributed surplus		**17,317**			**17,317**
Retained earnings		**726,452**	**(628,032)**		**98,420**
Accumulated other comprehensive loss		**(50,734)**			**(50,734)**
Total shareholders' equity	**$**	**913,563**	**(573,493)**	$	**340,070**
TOTAL LIABILITIES AND EQUITY	**$**	**1,734,839**	**(226,093)**	$	**1,508,746**

SHAWCOR LTD.
Pro Forma Consolidated Income Statement (Unaudited)
As at September 30, 2012

(Expressed in Thousands of Dollars)

		ShawCor Ltd.	Pro Forma Adjustments	Pro Forma Consolidated
Revenue			Note 4	
Sale of products	**$**	**289,400**		**289,400**
Rendering of services		**745,065**		**745,065**
		1,034,465		**1,034,465**
				-
Cost of Goods Sold	**$**	**638,319**		**638,319**
Gross Profit		**396,146**		**396,146**
Selling, general and administrative expenses		**223,603**	-	**223,603**
Research and development expenses		**10,115**		**10,115**
Foreign exchange losses (gains)		**716**		**716**
Amortization of property, plant and equipment		**31,579**		**31,579**
Amortization of intangible assets		**5,352**		**5,352**
Impairment of property, plant & equipment		**3,854**		**3,854**
Income from Operations	**$**	**120,927**	**-**	**120,927**
(Gain) loss on investment in associate		**(2,726)**		**(2,726)**
Finance (income) costs, net		**(350)**	10,853	**10,503**
				-
Income before Income Taxes		**124,003**	**(10,853)**	**113,150**
				-
Income taxes		**25,887**	(2,876)	**23,011**
				-
Net Income for the Period	**$**	**98,116**	**(7,977)**	**90,139**
Earnings per share				
Basic	**$**	**1.39**	0.14	**1.53**
Diluted	**$**	**1.38**	0.13	**1.51**
Weighted average number of shares outstanding (000s)				
Basic		**70,477**	(11,621)	**58,856**
Diluted		**71,223**	(11,621)	**59,602**

SHAWCOR LTD.
Pro Forma Consolidated Income Statement (Unaudited)
As at December 31, 2011

(Expressed in Thousands of Dollars)

		ShawCor Ltd.	Pro Forma Adjustments	Pro Forma Consolidated
Revenue			Note 3	
Sale of products	**$**	**332,242**		**332,242**
Rendering of services		**825,023**		**825,023**
		1,157,265		**1,157,265**
Cost of Goods Sold	**$**	**734,730**		**734,730**
Gross Profit		**422,535**		**422,535**
Selling, general and administrative expenses		**269,241**		**269,241**
Research and development expenses		**13,119**		**13,119**
Foreign exchange losses (gains)		**1,338**		**1,338**
Amortization of property, plant and equipment		**41,906**		**41,906**
Amortization of intangible assets		**7,244**		**7,244**
Impairment of property, plant & equipment		**5,244**		**5,244**
Income from Operations	**$**	**84,443**	**-**	**84,443**
(Gain) loss on investment in associate		**10,133**		**10,133**
Finance (income) costs, net		**4,507**	14,280	**18,787**
Income before Income Taxes		**69,803**	**(14,280)**	**55,523**
Income taxes		**13,120**	(3,784)	**- 9,336**
Net Income	**$**	**56,683**	**(10,496)**	**- 46,187**
Net Income attributable to:				
Shareholders of the Company		**56,086**	(10,496)	**45,590**
Non Controlling interests		**597**	-	**597**
Net Income		**56,683**	**(10,496)**	**46,187**
Earnings per share				
Basic	**$**	**0.79**	(0.02)	**0.77**
Diluted	**$**	**0.78**	(0.02)	**0.76**
Weighted average number of shares outstanding (000s)				
Basic		**70,725**	(11,622)	**59,103**
Diluted		**71,536**	(11,622)	**59,914**

SHAWCOR LTD.

Notes to Unaudited Pro Forma Consolidated Financial Statements
(All amounts are in thousands of Canadian dollars)

1. Basis of Presentation

On January 14, 2013, the Board of Directors of ShawCor Ltd approved the proposed transaction contemplating the elimination of the Company's dual-class share structure through:

- Seaborn Acquisition Inc. ("**Purchaseco**")'s purchase of all of the issued and outstanding Class A Shares in exchange for Purchaseco Shares (which will become New Common Shares) on a 1:1 basis; and

- Purchaseco's purchase of all of the issued and outstanding Class B Shares in exchange for consideration of $43.43 in cash or 1.1 Purchaseco Shares per Class B Share, such that (subject to rounding) 90% of the total consideration for the Class B Shares is paid in cash and 10% is paid in Purchaseco Shares.

Purchaseco and the Company will thereafter amalgamate under the name ShawCor Ltd. ("**New ShawCor**"), and a special dividend of $1.00 per share will be paid following closing on all of the New Common Shares. As a result of the amalgamation and immediately following the Arrangement, New ShawCor will have a single class of voting equity securities.

For a detailed description of the above and other transactions forming part of the Arrangement, see the accompanying management proxy circular (the "Proxy Circular") dated February 11, 2013 prepared by management in connection with the Shareholders' meeting being held for the approval of the Arrangement.

The Arrangement, in addition to requiring the approval of the Superior Court of Ontario, is to be approved at the Shareholders' meeting by:

i. two thirds of the votes cast by Class A Shareholders and Class B Shareholders, voting together as if a single class, present in person or represented by proxy;

ii. a simple majority of the votes cast by Class A Shareholders present in person or represented by proxy, excluding the votes attached to Class A Shares held by Interested Shareholders; and

iii. a simple majority of the votes cast by Class B Shareholders present in person or represented by proxy, excluding the votes attached to Class B Shares by Interested Shareholders.

The unaudited pro forma consolidated financial statements have been prepared by management for inclusion in the proxy circular. The accounting policies used in the preparation of the unaudited pro forma consolidated financial statements are those disclosed in the consolidated financial statement of the Company as at December 31, 2011 and the unaudited interim consolidated financial statements as at September 30, 2012.

The accompanying unaudited pro forma consolidated balance sheet has been prepared using information derived from the unaudited interim consolidated balance sheet of the Company as at September 30, 2012, along with the pro forma assumptions and adjustments described in Note 2. The unaudited pro forma consolidated statement of income for the year ended December 31, 2011 has been prepared using information derived from the consolidated statement of income for the year ended December 31, 2011, along with the pro forma assumptions and adjustments described in Note 3. The unaudited pro forma consolidated statement of income for the nine months ended September 30, 2012, has been prepared using information derived from the unaudited interim consolidated statement of income for

the nine months ended September 30, 2012, along with the pro forma assumptions and adjustments described in Note 4.

The unaudited pro forma consolidated balance sheet has been prepared as if the Arrangement had occurred on September 30, 2012. The unaudited pro forma consolidated statement of income for the year ended December 31, 2011 and the nine months ended September 30, 2012 have been prepared as if the arrangement had occurred at January 1, 2011. The unaudited pro forma consolidated financial statements are prepared for illustrative purposes only and are based on the assumptions set forth in the notes to such statements. These financial statements are not indicative of the results of operations that might have occurred if the Arrangement had actually taken place at the dates indicated. The pro forma adjustments are based upon currently available information and management's estimates and assumptions. Actual adjustments may differ materially from the pro forma adjustments. These pro forma consolidated financial statements have been prepared in accordance with recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and incorporate the principle accounting policies expected to be used to prepare New ShawCor's financial statements.

The unaudited pro forma consolidated financial statements should be read in conjunction with the description of the transactions contained elsewhere in the Proxy Circular and the audited and unaudited consolidated financial statements of the Company, including the notes, incorporated by reference.

2. Pro Forma Adjustments to the Consolidated Balance Sheet

The unaudited pro forma consolidated balance sheet gives effect to the following adjustments as if the Arrangement had occurred on September 30, 2012:

a) The cash and cash equivalents and the short term investments have been reduced by an amount of $227,423 to reflect part of the share purchase (total purchase of $499,701), transaction, debt financing and bank financing costs of $18,888 and the special dividend of $58,834.

b) Income Tax Receivable has increased by an amount of $1,330 to reflect the tax impact of the transaction costs, which were charged to retained earnings.

c) Senior notes and long term bank debt have been increased by an amount of $198,500 (net of debt financing costs of $1,500) and $148,900 (net of bank financing costs of $1,100) respectively, to reflect the inflows of long term debt to facilitate part of the share purchase.

d) Class A subordinate voting shares have been increased by an amount of $55,522 to reflect the conversion of 1,278,434 Class B Subordinate voting shares into 1,406,277 common shares, at an estimated fair market value ("FMV") of $39.48 per Class A subordinate voting share.

e) Class B multiple voting shares have been reduced by an amount of $983 to reflect the cancellation of all shares of this class.

f) Retained earnings has been reduced by an amount of $628,032 to reflect the impact on retained earnings for all the above adjustments. This includes $16,288 relating to onetime costs including severance, bonuses, legal costs, and the fairness opinion.

The estimated income tax recovery on the above adjustments is based on the combined federal and provincial statutory rate of 26.5%.

3. Pro Forma Adjustments to the Consolidated Income Statement as at December 31, 2011

The unaudited pro forma consolidated income statement as at December 31, 2011 gives effect to the following adjustments as if the Arrangement had occurred on January 1, 2011:

a) Finance costs have been increased by an amount of $14,280 to reflect the higher interest costs on the senior notes, long term bank debt and other bank borrowings required to give effect to the transaction.

b) Income taxes have been reduced by an amount of $3,784 to reflect the lower income taxes on the higher finance costs in note 3 a) above.

c) Basic and diluted earnings per share have been reduced by $0.02 per share to reflect the impact of a lower net income of $10,496 on the adjusted number of weighted average basic and diluted shares outstanding.

d) The number of basic and diluted weighted average number of shares outstanding has been reduced by 11,622 to reflect the Arrangement.

The estimated income taxes on the above adjustments are based on the combined federal and provincial statutory rate of 26.5%.

4. Pro Forma Adjustments to the Consolidated Income Statement as at September 30, 2012

The unaudited pro forma consolidated income statement as at September 30, 2012 gives effect to the Arrangement as if it had occurred on January 1, 2011:

a) Finance costs have been increased by an amount of $10,853 to reflect the higher interest costs on the senior notes, long term bank debt and other bank borrowings required to give effect to the Arrangement.

b) Income taxes have been reduced by an amount of $2,876 to reflect the lower income taxes on the higher finance costs in note 4 a) above.

c) Basic and diluted earnings per share have been increased by $0.14 and $0.13 per share, respectively, to reflect the impact of a lower net income of $7,779 on the adjusted number of weighted average basic and diluted shares outstanding.

d) The number of basic and diluted weighted average number of shares outstanding has been reduced by 11,621 to reflect the Arrangement.

The estimated income taxes on the above adjustments are based on the combined federal and provincial statutory rate of 26.5%.

Seaborn Acquisition Inc.

Balance Sheet
January 31, 2013

(in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Directors of Seaborn Acquisition Inc.

We have audited the accompanying financial statements of Seaborn Acquisition Inc., which comprise the balance sheet at January 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Seaborn Acquisition Inc. as at January 31, 2013 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
February 1, 2013

Seaborn Acquisition Inc.

Balance Sheet

(in Canadian dollars)

	January 31, 2013 $
Assets	
Cash	**1,001**
	1,001
Liabilities	
Current Liabilities	
Advance payable (note 3)	**1,000**
	1,000
Equity	
Share capital (note 2)	**1**
	1
	1,001

The accompanying notes are an integral part of this balance sheet.

GARY S. LOVE, DIRECTOR **DARRELL R. EWERT**, DIRECTOR

1 Corporate information

Seaborn Acquisition Inc. is a corporation formed under the *Canada Business Corporations Act* to facilitate a proposed reorganization to be implemented pursuant to an anticipated future court-approved plan of arrangement with respect to the elimination of ShawCor Ltd.'s dual class structure. ShawCor Ltd. is a publicly listed company incorporated in Canada with its shares listed on the Toronto Stock Exchange.

The place and address of the registered office of Seaborn Acquisition Inc. is 199 Bay Street, Suite 5300 Commerce Court West, Toronto, Ontario, M5L 1B9, Canada.

2 Share Capital

A shareholder has subscribed for 1 common share of the Corporation for a subscription price of $1.00. As the corporation has received the sum of $1.00 for the Share, the Share is fully paid and non-assessable. $1.00 has been added to the stated capital account maintained for the common shares of the Corporation, pursuant to subsection 26(2) of the *Canada Business Corporations Act.*

3 Advance Payable

The Corporation has an advance, non interest bearing, of $1,000 payable on demand to ShawCor Ltd.

4 Approval of Balance Sheet

This balance sheet was authorized for issue by the Directors on February 1, 2013.

TD Securities
TD Securities Inc.
66 Wellington Street West
TD Bank Tower, 9th Floor
Toronto, Ontario M5K 1A2

Schedule G
Fairness Opinion

January 14, 2013

The Special Committee of the Board of Directors and the Board of Directors
ShawCor Ltd.
25 Bethridge Road
Toronto, Ontario
M9W 1M7

To the Special Committee of the Board of Directors and the Board of Directors:

TD Securities Inc. (''TD Securities'') understands that ShawCor Ltd. (''ShawCor'' or the ''Company'') is considering entering into an agreement (the ''Arrangement Agreement'') with Shaw International S.à r.l. (the ''Controlling Shareholder'') pursuant to which a newly formed Canadian corporation (''Purchaseco'') will acquire all the outstanding Class B shares of ShawCor (''Class B Shares''), by way of a court approved plan of arrangement (the ''Arrangement'') for a combination of new common shares of Purchaseco (''Common Shares'') and cash (together with the Common Shares, the ''Consideration''), as well as all outstanding Class A shares of ShawCor (''Class A Shares'') for Common Shares. If the Arrangement receives all necessary approvals and is completed, 90% of the Class B Shares will be acquired for $43.43 in cash per Class B Share, 10% of the Class B Shares will be acquired for 1.1 Common Shares per Class B Share, all of the Class A Shares will be acquired for Common Shares on a 1:1 basis, and then Purchaseco and ShawCor will amalgamate under the name ShawCor Ltd. (''New ShawCor''). Following closing, New ShawCor will pay a $1.00 per share dividend to all holders of common shares of New ShawCor. The above description is summary in nature. The specific terms and conditions of the Arrangement will be more fully described in the notice of special meeting and management information circular (the ''Circular''), which is to be mailed to the holders of Class A Shares (''Class A Shareholders'') and holders of Class B Shares (''Class B Shareholders'') in connection with the Arrangement.

ENGAGEMENT OF TD SECURITIES

The Special Committee of the Board of Directors of ShawCor (the ''Special Committee'') initially contacted TD Securities regarding a potential advisory assignment on November 22, 2012. TD Securities was formally engaged by the Special Committee pursuant to an engagement agreement effective November 23, 2012, which was subsequently amended and restated on January 9, 2013 to reflect the agreement of the parties with respect to fees payable to TD Securities in the event its opinion was requested (such agreement as amended and restated, the ''Engagement Agreement'') to, among other things, provide financial analysis and advice to the Special Committee in connection with their evaluation of strategic alternatives including potential transactions with the Controlling Shareholder.

Pursuant to the Engagement Agreement, the Special Committee has asked TD Securities to prepare and deliver to the Special Committee and the Board of Directors of ShawCor (the ''Board'') an opinion (the ''Opinion'') as to the fairness, from a financial point of view, of the Consideration to be paid to the Class B Shareholders pursuant to the Arrangement, to the Class A Shareholders and Class B Shareholders, other than the Controlling Shareholder. The Opinion has been prepared in accordance with the applicable Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (''IIROC''), but IIROC has not been involved in the preparation or review of this Opinion. TD Securities has not prepared a valuation of ShawCor or any of its securities or assets and the Opinion should not be construed as such.

The terms of the Engagement Agreement provide that TD Securities will receive a fee for its services, a portion of which is payable on delivery of the Opinion (but is not contingent on the successful completion of the Arrangement), and will be reimbursed for its reasonable out-of-pocket expenses. Furthermore, ShawCor has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement.

On January 13, 2013, TD Securities met with the Special Committee, and following discussion, provided the Special Committee with a draft of the Opinion which the Special Committee requested TD Securities to finalize and deliver the next day to the Special Committee and the Board. On January 14, 2013, TD Securities orally delivered the Opinion to the Special Committee and the Board based upon and subject to the scope of review, assumptions and limitations and other matters described herein and contemplated by the Engagement Agreement. This Opinion provides the same opinion, in writing, as that given orally by TD Securities on January 14, 2013. Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Opinion, in its entirety, in the Circular, along with a summary thereof, in a form acceptable to TD Securities, and to the filing thereof by ShawCor with the applicable Canadian securities regulatory authorities.

Credentials of TD Securities

TD Securities is one of Canada's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various industry sectors and has extensive experience in preparing valuations and fairness opinions.

The Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Relationship with Interested Parties

Neither TD Securities nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "Securities Act") of ShawCor, the Controlling Shareholder, or any of their respective associates or affiliates (collectively, the "Interested Parties"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Arrangement other than to the Company pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the Company or any other Interested Party, and have not had a material financial interest in any transaction involving the Company or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted in respect of the Opinion, other than services provided under the Engagement Agreement and as described herein. The Toronto-Dominion Bank ("TD Bank"), the parent company of TD Securities, is a lender and provides banking services to ShawCor in the normal course of business.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, ShawCor or any other Interested Party.

The fees payable to TD Securities in connection with the Engagement Agreement and the Opinion are not financially material to TD Securities. No understandings or agreements exist between TD Securities and ShawCor or any other Interested Party with respect to future financial advisory or investment banking business other than those that may arise as a result of the Engagement Agreement. TD Securities may in the future, in

the ordinary course of its business, perform financial advisory or investment banking services for ShawCor or any other Interested Party that may relate to the Arrangement and for which it may receive fees or other compensation. Similarly, TD Bank may provide directly, or indirectly through an affiliate, banking services, including loans, and other financial services to ShawCor or any other Interested Party in the normal course of business that may relate to the Arrangement and for which it may receive fees or other compensation.

SCOPE OF REVIEW

In connection with the Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. the most recent drafts of the Arrangement Agreement and certain ancillary instruments dated January 13, 2013 between ShawCor, Purchaseco and the Controlling Shareholder;
2. the Alternative Proposal (as defined below) received by the Controlling Shareholder for its Class B Shares;
3. audited annual financial statements of ShawCor and management's discussion and analysis related thereto for the years ended December 31, 2011, 2010 and 2009;
4. unaudited interim financial statements of ShawCor and management's discussion and analysis related thereto for the nine month periods ended September 30, 2012 and 2011;
5. annual information forms of ShawCor for the years ended December 31, 2011, 2010 and 2009;
6. notices of annual meetings and management information circulars of ShawCor for 2011, 2010 and 2009;
7. unaudited projected financial and operational information, including relevant supporting materials, for ShawCor for the years ending December 31, 2012 through December 31, 2015 prepared by management of the Company;
8. various research publications prepared by industry and equity research analysts regarding ShawCor and other selected public companies considered relevant;
9. public information relating to the business, operations, financial performance and stock trading history of ShawCor and other selected public companies considered relevant;
10. public information with respect to certain other transactions of a comparable nature considered relevant;
11. discussions with senior management of ShawCor with respect to the information referred to above and other issues considered relevant;
12. representations contained in a certificate dated as of January 14, 2013 from senior officers of ShawCor;
13. discussions with the members of the Special Committee;
14. discussions with representatives of Stikeman Elliott LLP, legal counsel to the Special Committee;
15. discussions with representatives of Credit Suisse Securities (Canada) Inc. (''Credit Suisse''), financial advisor to the Special Committee, including with respect to the broad canvass of parties potentially interested in a transaction with ShawCor (the ''Sale Process'') and communications with third parties relating thereto; and
16. such other corporate, industry, and financial market information, investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by ShawCor to any information requested by TD Securities. TD Securities did not meet with the auditors of ShawCor and has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the financial statements of ShawCor and any reports of the auditors thereon.

Prior Valuations

Senior officers of ShawCor, on behalf of ShawCor, have represented to TD Securities that, among other things, to the best of their knowledge, information and belief after due inquiry, there have been no valuations or appraisals relating to ShawCor or any affiliate or any of their respective material assets, or material liabilities made in the preceding 24 months and in the possession or control of ShawCor other than those which have been provided to TD Securities or, in the case of valuations known to ShawCor which it does not have within its possession or control, notice of which has not been given to TD Securities.

Assumptions and Limitations

With the Special Committee's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation in all material respects of all financial and other data and information filed by ShawCor with securities regulatory or similar authorities (including on the System for Electronic Document Analysis and Retrieval ("SEDAR")), provided to it by or on behalf of ShawCor or its representatives in respect of ShawCor and its affiliates, or otherwise obtained by TD Securities, including the certificate identified above (collectively, the "Information"). The Opinion is conditional upon such accuracy, completeness and fair presentation in all material respects of the Information. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses were prepared using the assumptions identified therein which TD Securities has been advised by ShawCor are (or were at the time of preparation and continue to be) reasonable in the circumstances. TD Securities expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

Senior officers of ShawCor, on behalf of ShawCor, have represented to TD Securities in a certificate dated January 14, 2013 that, to the best of their knowledge, information and belief after due inquiry with the intention that TD Securities may rely thereon in connection with the preparation of the Opinion: (i) based on review of the draft TD Securities presentation dated January 14, 2013, ShawCor has no information or knowledge of any facts public or otherwise not specifically provided to TD Securities relating to ShawCor which would reasonably be expected to affect materially the Opinion to be given by TD Securities; (ii) with the exception of forecasts, projections or estimates referred to in subparagraph (iv) below, the Information in connection with the Arrangement is or, in the case of historical Information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Information not misleading in the light of circumstances in which it was presented; (iii) to the extent that any of the Information identified in subparagraph (ii) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information not provided to TD Securities by ShawCor and there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business or prospects of ShawCor, and no material change has occurred in the Information or any part thereof, which would have or which would reasonably be expected to have a material effect on the Opinion; (iv) any portions of the Information provided to TD Securities (or filed on SEDAR) which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of ShawCor, are (or were at the time of preparation and continue to be) reasonable in the circumstances; (v) there have been no valuations or appraisals relating to ShawCor or any affiliate or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of ShawCor other than those which have been provided to TD Securities or, in the case of valuations known to ShawCor which it does not have within its possession or control, notice of which has not been given to TD Securities; (vi) there have been no verbal or written offers or serious negotiations for or transactions involving any material property of ShawCor or any of its affiliates during the preceding 24 months which have not been disclosed to TD Securities (for the purposes of (v) and (vi), "material assets", "material liabilities" and "material property" shall include assets, liabilities and property of ShawCor or its affiliates

having a gross value greater than or equal to $20,000,000); (vii) since the dates on which the Information was provided to TD Securities (or filed on SEDAR), no material transaction, other than in the ordinary course of business, has been entered into by ShawCor or any of its affiliates; (viii) other than as disclosed in the Information, neither ShawCor nor any of its affiliates has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Arrangement, ShawCor or any of its affiliates at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect ShawCor or its affiliates or the Arrangement; (ix) all financial material, documentation and other data concerning the Arrangement, ShawCor and its affiliates, including any projections or forecasts provided to TD Securities, were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of ShawCor; (x) there are no agreements, undertakings, commitments or understandings (whether written or oral, formal or informal) relating to the Arrangement, except as have been disclosed in complete detail to TD Securities; (xi) the contents of any and all documents prepared in connection with the Arrangement for filing with regulatory authorities or delivery or communication to securityholders of ShawCor (collectively, the "Disclosure Documents") have been, are and will be true, complete and correct in all material respects and have not and will not contain any misrepresentation (as defined in the Securities Act) and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws; (xii) ShawCor has complied in all material respects with the Engagement Agreement, including the terms and conditions of Schedule A thereto; and (xiii) to the best of its knowledge, information and belief after due inquiry, there is no plan or proposal for any material change (as defined in the Securities Act) in the affairs of ShawCor which has not been disclosed to TD Securities.

In preparing the Opinion, TD Securities has made several assumptions, including that all final or executed versions of agreements and documents will conform in all material respects to the drafts provided to TD Securities, that all conditions precedent to the consummation of the Arrangement can and will be satisfied and that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities, courts of law, or third parties required in respect of or in connection with the Arrangement will be obtained in a timely manner, in each case without adverse condition, qualification, modification or waiver, that all steps or procedures being followed to implement the Arrangement are valid and effective and comply in all material respects with all applicable laws and regulatory requirements, that all required documents (including the Circular) have been or will be distributed to Class A Shareholders and Class B Shareholders in accordance with applicable laws and regulatory requirements, and that the disclosure in such documents is or will be complete and accurate in all material respects and such disclosure is or will comply in all material respects with the requirements of all applicable laws and regulatory requirements. In its analysis in connection with the preparation of the Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of TD Securities, ShawCor, the Controlling Shareholder, and their respective affiliates or any other party involved in the Arrangement. Among other things, TD Securities has assumed the accuracy, completeness and fair presentation of and has relied upon the financial statements forming part of the Information and the Opinion is conditional on all such assumptions being correct.

The Opinion has been provided for the exclusive use of the Special Committee and the Board in connection with the Arrangement and is not intended to be, and does not constitute, a recommendation as to how any Class A Shareholder or Class B Shareholder should vote with respect to the Arrangement. The Opinion may not be used or relied upon by any other person or for any other purpose without the express prior written consent of TD Securities. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to ShawCor, nor does it address the underlying business decision to implement the Arrangement or any other term or aspect of the Arrangement or the Arrangement Agreement or other agreement entered into or amended in connection with the Arrangement. In considering fairness, from a financial point of view, TD Securities considered the Arrangement from the perspective of Class A Shareholders and Class B Shareholders generally (other than the Controlling Shareholder) and did not consider the specific circumstances of any particular Class A Shareholder or Class B Shareholder, including with regard to income tax considerations. TD Securities expresses no opinion with respect to future trading prices of securities of ShawCor. The Opinion is rendered as of January 14, 2013 on the

basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of ShawCor and its subsidiaries and affiliates as they were reflected in the Information provided to TD Securities. Any changes therein may affect the Opinion and, although TD Securities reserves the right to change, withdraw, withhold or supplement the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to change, withdraw, withhold or supplement the Opinion after such date. TD Securities is not an expert on, and did not provide advice to the Special Committee or the Board regarding, legal, accounting, regulatory or tax matters. The Opinion may not be summarized, published, reproduced, disseminated, quoted from or referred to without the express written consent of TD Securities.

The preparation of a fairness opinion, such as the Opinion, is a complex process and is not necessarily susceptible to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete or misleading view of the Opinion. Accordingly, the Opinion should be read in its entirety.

Overview of the Company and its Share Capital

ShawCor is a global energy services company serving the pipeline and pipe services and the petrochemical and industrial segments of the energy industry. The Company operates eight divisions with over 5,000 employees and 70 manufacturing and service facilities located around the world. ShawCor is the world's largest applicator of pipeline coatings for the oil and gas industry for both onshore and offshore pipelines. For the latest twelve months ("LTM") ended September 30, 2012, the Company reported revenue of $1,376 million.

The Company currently has a dual class share structure consisting of Class A Shares and Class B Shares. Class A Shares carry one vote per share and Class B Shares carry ten votes per share. The Class A Shareholders receive a non-cumulative dividend per share equal to 110% of the dividends paid per share to Class B Shareholders. As of the date of this Opinion, the Class A Shares, collectively, represent approximately 82% of the total outstanding Class A and Class B Shares, and approximately 31% of the total votes attaching to the Class A and Class B Shares. The Class B Shares represent approximately 18% of the total outstanding Class A and Class B Shares, and approximately 69% of the total votes attaching to the Class A and Class B Shares. The Controlling Shareholder owns a total of 11,716,235 Class B Shares, representing approximately 63% of the total votes attaching to the Class A and Class B Shares.

Approach to Fairness

In considering the fairness of the Consideration to be paid to the Class B Shareholders pursuant to the Arrangement from a financial point of view to the Class A Shareholders and Class B Shareholders, other than the Controlling Shareholder, TD Securities principally considered and relied upon the following: (i) a comparison of the dilution to Class A Shareholders and premium paid to Class B Shareholders pursuant to the Arrangement to the dilution and premium in precedent multi-class share collapse transactions (the "Precedent Share Collapse Transactions"); (ii) a comparison of the Consideration to the results of a discounted cash flow ("DCF") analysis of the Company (the "Discounted Cash Flow Analysis"); (iii) a comparison of multiples implied by the Consideration to multiples paid in selected comparable precedent transactions (the "Comparable Precedent Transactions Analysis"); (iv) a comparison of multiples implied by the Consideration to market trading multiples of selected publicly traded manufacturers, suppliers and service providers to the oil and gas industry (the "Comparable Company Trading Analysis"); and (v) a review of the Sale Process conducted by Credit Suisse on behalf of ShawCor to solicit interest in the Company and the third party proposal received by the Controlling Shareholder for its Class B Shares.

In addition to the foregoing, TD Securities also reviewed and considered the following: the impact of the Arrangement on ShawCor; the historical trading price of the Class A Shares relative to that of the Class B Shares; the dividend differential between Class A Shares and Class B Shares; analyst target prices for ShawCor; precedent targeted buyback transactions; and precedent transactions where differential consideration was paid to different classes of shareholders. TD Securities concluded that the foregoing information was either not

indicative of value or less relevant to its determination of fairness than the other factors principally considered by TD Securities referred to above, and accordingly did not rely on such information.

(i) Precedent Multi-Class Share Collapse Transactions

TD Securities reviewed certain publicly available information with respect to selected Canadian multi-class share collapse transactions by companies with comparable capital structures and ownership, prior to the share collapse, to ShawCor.

Date	Company	Coattail	Premium	Dilution
21-Feb-12	Telus	Yes	—	—
10-May-10	Realex Properties	Yes	—	—
06-May-10	Magna	No	1,798.3%	11.6%
19-Dec-07	Parkbridge Lifestyle Communities	Yes	—	—
31-May-06	Extendicare	No	7.5%	1.3%
14-Dec-05	CoolBrands	Yes	—	—
24-Mar-05	Royal Group Technologies	Yes	—	—
10-May-04	Harris Steel	Yes	—	—
03-Feb-04	Gildan Activewear	Yes	—	—
11-Dec-03	Sherritt	No	n/a	1.1%
29-May-03	Aeterna Laboratories	Yes	—	—
26-Apr-01	Assante	Yes	—	—
23-Dec-99	MDS	Yes	5.0%	1.0%
16-Jun-97	Laidlaw	No	15.0%	2.2%
12-Aug-96	Agra	Yes	5.0%	0.8%
09-Dec-94	Slater Industries	Yes	10.0%	2.1%
Average[(1)]			**3.0%**	**0.6%**
Average (Transactions with Premiums)[(1)]			**8.5%**	**1.4%**
Average (Transactions with Premiums & Coattails)			**6.7%**	**1.3%**
Arrangement[(2)]		**Yes**	**6.0%**	**1.3%**

(1) Average excludes Magna due to specific circumstances related to the transaction.

(2) Based on closing price of the Class A Shares on the TSX on January 11, 2013 of $41.15. The Consideration also implies a 1.6% dilution based on the 5-day volume weighted average trading price of the Class A Shares on all Canadian exchanges for the period to January 11, 2013 of $40.53.

Summary of Precedent Multi-Class Share Collapse Transactions

The dilution implied by the Consideration is consistent with the dilution implied by the selected precedent multi-class share collapse transactions.

(ii) Discounted Cash Flow Analysis

The DCF methodology reflects the growth prospects and risks inherent to the Company by taking into account the amount, timing and relative certainty of projected free cash flows expected to be generated by the Company. The DCF approach requires that certain assumptions be made regarding, among other things, future free cash flows, discount rates and terminal values. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rates to be used in establishing a range of values. TD Securities' DCF analysis of ShawCor involved discounting to a present value the projected unlevered after tax free cash flows, including a terminal value, utilizing an appropriate weighted average cost of capital ("WACC") as the discount rate.

Assumptions

As a basis for the development of the projected free cash flows for the DCF analysis, TD Securities received from management a set of assumptions and estimates for fiscal 2012 to 2015 periods (“3-Year Management Forecast”). With the exception of minor adjustments to fiscal 2012 based on actual financial results, the 3-Year Management Forecast is consistent with the financial information that was provided to parties that executed confidentiality agreements during the Sale Process. After a review of the assumptions and discussions with management regarding the assumptions, TD Securities determined that it would be appropriate to develop a further set of assumptions and estimates for the 2016 and 2017 periods (“Forecast Extension”) incorporating guidance from management on assumptions giving consideration to many factors, including past performance, the assumptions underlying the 3-Year Management Forecast, management’s outlook for this period, macroeconomic and industry factors and estimates, and probable courses of action. The 3-Year Management Forecast together with the Forecast Extension is referred to collectively as the Management Forecast.

The Special Committee has determined that the Management Forecast contains competitively and commercially sensitive information, and having regard to the Company’s ongoing operation as an independent entity, has concluded that the perceived detriment to ShawCor and the Shareholders of disclosing information contained in the Management Forecast in the Opinion outweighs the benefit of disclosure of such information to the readers of the Opinion. As a result, the Special Committee has instructed TD Securities not to disclose the Management Forecast in the Opinion.

Sensitivity Analysis

In completing the DCF analysis, TD Securities did not rely on any single series of projected cash flows but performed a variety of sensitivity analyses using the Management Forecast. Variables sensitized included market sizes, market shares, contribution margins, operating expense growth rates, discount rates, and terminal value assumptions. The results of these sensitivity analyses are reflected in TD Securities’ judgment as to the fairness of the Consideration from a financial point of view.

Discount Rates

Projected unlevered after tax free cash flows for the Company were discounted utilizing the WACC. The WACC for ShawCor was calculated based upon the Company’s after tax cost of debt and cost of equity, weighted based upon an assumed optimal capital structure. The assumed optimal capital structure was determined based upon a review of the capital structures of a selected group of manufacturers, suppliers and service providers to the oil and gas industry which have risks comparable to ShawCor’s and the risks inherent in ShawCor. The cost of debt for the Company was calculated based on the risk-free rate of return and an appropriate borrowing spread to reflect credit risk at the assumed optimal capital structure. TD Securities used the capital asset pricing model (“CAPM”) approach to determine the appropriate cost of equity. The CAPM approach calculates the cost of equity with reference to the risk-free rate of return, the volatility of equity prices relative to a benchmark (“beta”) and the equity risk premium. TD Securities selected beta based on a review of a range of unlevered betas for a selected group of manufacturers, suppliers and service providers to the oil and gas industry, which

have risks comparable to ShawCor. The selected unlevered beta was levered using the assumed optimal capital structure and was then used to calculate the cost of equity.

Cost of Debt	
Risk-free Rate (10-Year Government of Canada Bonds)	1.9%
Borrowing Spread	2.3%
Pre-tax Cost of Debt	4.2%
Tax Rate	25.8%
After Tax Cost of Debt	3.1%
Cost of Equity	
Risk-free Rate (10-Year Government of Canada Bonds)	1.9%
Equity Risk Premium	5.0%
Size Premium[(1)]	1.1%
Unlevered Beta	1.30
Levered Beta	1.54
After Tax Cost of Equity	10.8%
WACC	
Optimal Capital Structure (% Debt)	20.0%
WACC	9.3%

(1) Source: 2012 Ibbotson® Risk Premia Over Time Report (Mid-Cap).

Based on the foregoing analysis and taking into account sensitivity analysis on the variables discussed above and the assumptions used in the Management Forecast, TD Securities determined the appropriate WACC for ShawCor to be in the range of 9.0% to 10.0%.

Terminal Value

TD Securities calculated the terminal value for the Company by applying perpetual free cash flow growth rates to the unlevered after-tax free cash flow in the terminal year. The perpetual growth rate range used to calculate the terminal value was 2.0% to 3.0%. In selecting this range of growth rates, TD Securities took into consideration the outlook for long-term inflation and growth prospects for ShawCor beyond the terminal year.

Summary of Discounted Cash Flow Analysis

The DCF approach utilizing the Management Forecast, taking into account sensitivity analyses as described above, generates results that, when calculated on a per share basis, treating Class A Shares and Class B Shares equally, are consistent with the Consideration.

(iii) Comparable Precedent Transactions Analysis

TD Securities reviewed and compared certain publicly available information with respect to selected comparable precedent transactions involving manufacturers, suppliers and service providers to the oil and gas industry with a particular focus on pipeline and pipe coating products companies with similar operating characteristics to ShawCor. TD Securities also reviewed transactions involving energy technology and equipment companies and energy capital equipment companies, however these transactions were less relevant and therefore TD Securities

did not consider these transactions in evaluating the Consideration. For purposes of this analysis, TD Securities identified, reviewed and considered the transactions set forth in the table below:

Date	Target Acquiror	Enterprise Value ("EV") *(US$ millions)*	Transaction Multiple EV/LTM EBITDA[1]
20-Mar-12	Expro (Connectors & Measurements) . . . . . Siemens	$ 630	10.8x
3-Feb-12	NKT Flexibles . . . . . National Oilwell Varco	$ 670	12.6x
5-Jul-11	Ameron International . . . . . National Oilwell Varco	$ 629	18.1x
13-Dec-10	Wellstream Holdings . . . . . General Electric	$1,378	18.2x
13-Jun-08	Expro International . . . . . UmbrellaStream[2]	$3,824	12.8x
12-Feb-07	Hydril Company . . . . . Tenaris	$2,022	13.8x
22-Jul-02	Bredero-Shaw . . . . . ShawCor	$ 400	7.5x
Average (Excluding High/Low)			**13.6x**
Median			**12.8x**
Arrangement[3]			**11.6x**

(1) Earnings before interest, tax, depreciation and amortization ("EBITDA").

(2) A company formed and ultimately owned by a consortium comprising funds managed or advised by Candover Partners Limited, together with Goldman Sachs Capital Partners and AlpInvest Partners N.V.

(3) Enterprise value implied by the Consideration of $43.61 based on preliminary December 31, 2012 balance sheet and pro forma 2012 financial results from Management Forecast.

Summary of Comparable Precedent Transactions Analysis

Giving consideration to the timing of precedent transactions relative to cyclicality in the oil and gas industry, the multiple implied by the Consideration, when applied to all Class A Shares and Class B Shares equally, based on the pro forma 2012 EBITDA in the Management Forecast, is consistent with multiples paid in the selected comparable precedent transactions.

(iv) Comparable Company Trading Analysis

TD Securities reviewed and compared certain publicly available information for selected manufacturers, suppliers and service providers to the oil and gas industry with similar operating characteristics to ShawCor. For

purposes of this analysis TD Securities identified, reviewed and considered the trading information set forth in the table below:

Company	Market Cap (C$ millions)[1]	EV/2013E EBITDA[1][2]
National Oilwell Varco	$29,944	6.3x
Tenaris	$24,246	7.6x
Cameron International Corporation	$14,058	8.9x
FMC Technologies	$10,376	12.3x
Vallourec	$ 6,398	7.1x
Oceaneering International	$ 6,008	8.6x
Dril-Quip	$ 3,074	12.3x
Forum Energy Technologies	$ 2,400	8.0x
Exterran Holdings	$ 1,466	6.3x
Enerflex	$ 946	6.4x
Average (Excluding High/Low)		**8.2x**
Median		**7.8x**
Arrangement[3]		**7.7x**

(1) Based on closing share prices as of January 11, 2013.

(2) Based on analyst consensus EBITDA for calendar 2013.

(3) Enterprise value implied by the Consideration of $43.61 based on preliminary December 31, 2012 balance sheet and 2013 financial results from Management Forecast.

Summary of Comparable Trading Transactions Analysis

The multiple implied by the Consideration, when applied to all Class A Shares and Class B Shares equally, based on the 2013 EBITDA in the Management Forecast, is consistent with trading multiples of the selected comparable companies.

(v) Sale Process and Proposal Received

TD Securities understands that Credit Suisse conducted a broad market canvass for potential acquirors of all of the Class A Shares and Class B Shares of ShawCor. Ultimately, while various expressions of interest were received, no proposals for all of the outstanding Class A Shares and Class B Shares were received. TD Securities understands that all parties that expressed an interest in ShawCor were provided with the opportunity to participate in the Sale Process and all such participants were provided with the opportunity to assess the value of the Company and to make a proposal. TD Securities has considered the foregoing in its evaluation of the Consideration.

TD Securities also understands that a party that had participated in the Sale Process made a non-binding proposal to the Controlling Shareholder (the "Alternative Proposal") to acquire the Controlling Shareholder's Class B Shares at a price greater than the Consideration to be received by the Controlling Shareholder pursuant to the Arrangement. TD Securities understands that the Alternative Proposal was made for only the Controlling Shareholder's Class B Shares and the acquisition of the Controlling Shareholder's Class B Shares at the price proposed would not have triggered the coat-tail provisions contained in the Company's articles, and therefore would not have been made to any other Class B Shareholders or Class A Shareholders. TD Securities has considered the foregoing in its evaluation of the Consideration.

CONCLUSION

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of January 14, 2013, the Consideration to be paid to the Class B Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Class A Shareholders and Class B Shareholders, other than the Controlling Shareholder.

Yours very truly,

TD Securities Inc.

TD SECURITIES INC.

Any questions and requests for assistance may be directed to the
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