

EXHIBIT [^] C [^]

CONDITIONS OF SALE

1. The vendors are Valle Foam Industries (1995) Inc. ("**Valle Foam**"), Domfoam International Inc. ("**Domfoam**") and A-Z Sponge & Foam Products Ltd. ("**A-Z**") (each a "**Vendor**" and collectively, the "**Vendors**"). In connection with the sale process (the "**Sale Process**") undertaken by the Vendors with respect to the Property (as defined below) and with any and all matters arising under or in connection with these Conditions of Sale, Deloitte & Touche Inc. acts solely in its capacity as the Court-appointed Monitor (the "**Monitor**") in the *Companies' Creditors Arrangement Act* (Canada) proceeding involving the Vendors bearing Court File No. CV-12-9545-00CL.
2. Pursuant to these Conditions of Sale, the Vendors are inviting offers to purchase all of the assets, properties and undertakings of each of Valle Foam (the "**Valle Foam Property**"), Domfoam (the "**Domfoam Property**") and A-Z (the "**A-Z Property**"). Each of the Valle Foam Property, Domfoam Property and A-Z Property (collectively, the "**Property**") comprises a separate parcel (each, a "**Parcel**") of the Property.
3. The Vendors with the assistance of the Monitor have prepared a flyer identifying the opportunity to purchase the Property (the "**Flyer**"). All information contained in the Flyer, including without limitation, any description of the Property, has been prepared solely for the convenience of the party submitting an offer (each, an "**Offer**") to purchase some or all of the Property (each, an "**Offeror**") and is not warranted to be complete or accurate and does not form part of these Conditions of Sale.
4. Each of the Vendors may carry on its business prior to closing and the quantity of inventory included in each Parcel may be reduced during such period. The inventory

included in each Parcel will be that on hand and available on the Closing Date (as defined below) of any Approved Sale Agreement (as defined below).

5. Offers may be submitted for individual Parcels or en bloc, provided that en bloc Offers must stipulate a separate price for each Parcel. Offers submitted for more than one Parcel will be considered as a separate Offer for each Parcel unless the Offeror specifically states that the acceptance of one Parcel is conditional upon the acceptance of one or more other Parcels.
6. Sealed Offer marked "Offer – [**name of Vendor as applicable: Valle Foam Industries (1995) Inc./Domfoam International Inc./A-Z Sponge & Foam Products Ltd.**]" shall be delivered or mailed postage prepaid to Deloitte & Touche Inc., 181 Bay Street, Brookfield Place, Suite 1400, Toronto, Ontario, M5J 2V1, to the attention of Catherine Hristow. All Offers must be received by Deloitte & Touche Inc. by 12:00 p.m. Eastern Standard Time on February 22, 2012 (the "**Offer Date**"). The Vendors reserve the right to extend the Offer Date with respect to same or all of the Property at any time for any reason.
7. Every Offer submitted should be in the Form of Offer attached hereto. Offers received by the Vendors which are not in such form may be rejected. Offers shall be opened by the Vendors in the presence of, and reviewed with, representatives of the Monitor. No Offeror or creditor of the Vendors shall be entitled to be present for the opening of Offers.
8. The Vendors shall have no obligation, at law or in equity or otherwise, to any Offeror or any other person or party, to:

- (a) consider any Offer which:
 - (i) specifies a purchase price as an amount or percentage in excess of any other Offer or otherwise as a function of the purchase price offered by any other Offeror;
 - (ii) has not been fully completed and duly executed;
 - (iii) is not accompanied by the Deposit (as defined below) required hereunder;
 - (iv) has not been delivered to and received at the offices of the Monitor as required hereunder; or
- (b) negotiate with any Offeror after the Offer Date with respect to any provision of the Offer or request or agree to any changes therein,

but nothing in these Conditions of Sale shall preclude any of the Vendors from taking any of the foregoing steps if, in its sole and unfettered discretion but with the consent of the Monitor, the applicable Vendor believes that it is in its best interests to do so; however the taking of any such step shall not constitute a waiver by that Vendor of the provisions of this paragraph or an obligation on the part of that Vendor or any of the other Vendors to take any further or other steps referred to above with the same or any other Offeror. The Vendors will be under no obligation to negotiate identical terms with, or extend identical terms to, each Offeror.

9. Each Offeror shall, with its Offer, deliver to the Vendor of that part of the Property subject to the Offer the following:

- (a) an amount equal to 10% of the purchase price specified in the Offer which shall be held in a non-interest bearing account by the Monitor. If the Offer is accepted by the Vendor said cheque shall be deemed to be a cash deposit (the “**Deposit**”) against the aggregate offered purchase price (the “**Purchase Price**”) and, subject to Court approval of the Offer, the Offeror (hereinafter called the “**Purchaser**”) under an Approved Sale Agreement (as defined below) shall pay the balance of the Purchase Price to the Monitor, in cash, wire transfer or by bank draft issued by a schedule 1 Canadian chartered bank on the closing date of the transaction under the Approved Sale Agreement;
- (b) an executed copy of the template agreement of purchase and sale prepared by the Vendor (“**Template Sale Agreement**”), amended to reflect that part of the Property subject to the Offer (the Template Sale Agreement as amended, the “**Offeror Sale Agreement**”) and any other matters specific to the Offer, which shall be binding and irrevocable until March 6, 2012. The Vendors require each Offeror to include in its Offeror Sale Agreement transitional provisions regarding the proposed transfer of the Purchased Assets (defined below) to the Offeror including, without limitation, any employees of the Vendors to be hired by the Offeror, assumption of existing contracts and prepaid expenses;
- (c) a comparison of the Template Sale Agreement to the executed and amended Offeror Sale Agreement;
- (d) a representation of the Offeror and written evidence of available cash and/or a commitment for financing to evidence the Offeror’s ability to close the proposed transaction as the Vendor may reasonably request;

- (e) a copy of a board resolution or similar document demonstrating authority to make an irrevocable Offer and to execute the transaction contemplated by the Offeror Sale Agreement; and
 - (f) disclosure of the identity of each entity (including its ultimate shareholders) that has submitted the Offer.
10. Following the Offer Date, each of the Vendors specifically reserves its right to negotiate with any Offeror with respect to any provision of its Offer or to request or agree to any changes in any such Offer. The Vendors may choose to take such steps with respect to one or more Offers but the Vendors shall have no obligation to negotiate identical terms with, or extend identical terms to, each Offeror. Each of the Vendors reserves its right to request some, but not all, Offerors to submit a revised Offer reflecting improved terms or other amendments requested by the Vendor. Each of the Vendors will be under no obligation to provide to each Offeror the opportunity to improve the terms of any Offer submitted to the Vendor following the Offer Date.
11. If a Vendor accepts an Offer and the subject Offeror Sale Agreement, the Vendor shall seek an order of the Court (the “**Approval and Vesting Order**”) approving such Offeror Sale Agreement and vesting title to the Purchased Assets (as defined below) in and to the Purchaser upon closing of the transaction under the Offeror Sale Agreement free and clear of all claims, liabilities and encumbrances. Any Offeror Sale Agreement accepted by the Vendor and approved by the Court is referred to hereafter as an “**Approved Sale Agreement**”.

12. If a Vendor accepts an Offer but the terms of that Offer or the Offeror Sale Agreement are not approved by the Court or if the Court declines to issue the Approval and Vesting Order, then the Vendor may, in its sole and unfettered discretion, terminate the proposed transaction and any Offeror Sale Agreement accepted by the Vendor, whereupon the Deposit shall forthwith be returned to the Offeror without credit for any accrued interest thereon and the Vendor may then accept any other Offer to purchase that part of the Property subject to the terminated Offeror Sale Agreement.
13. Notwithstanding any other provision contained in these Conditions of Sale, nothing herein shall constitute an assignment or attempted assignment of any of the Property subject to an Approved Sale Agreement (“**Purchased Assets**”) which is not assignable without the consent of any person if such consent is not obtained by the Purchaser. It shall be the Purchaser’s sole responsibility to obtain, at its own expense, any consents, approvals or any further documentation or assurances which may be required to carry out the terms of the sale of the Purchased Assets, including, without limitation, any approvals with respect to the assignment of any of the Purchased Assets not assignable without the consent or action of a third party or parties. Specifically, and without limiting the generality of the foregoing, by submitting an Offer, an Offeror acknowledges that it has conducted its own investigations with respect to any licences, approvals or third party consents which are necessary to purchase any of the Property or to carry on any business or any other activity utilizing or in connection with any of the Property.
14. Bank drafts accompanying Offers that are not accepted will be returned to the Offeror by registered mail addressed to the Offeror at the address set out in its Offer or made

available for pick up not later than fourteen days following the opening of Offers unless otherwise arranged with the Offeror.

15. The closing of each Approved Sale Agreement shall take place at the office of the Vendors' solicitors Minden Gross LLP, 145 King Street West, Suite 2200, Toronto, Ontario, M5H 4G2, at 11:00 a.m. on or before the 45th day after approval by the Court of the Approved Sale Agreement accepted by the Vendor (the "**Closing Date**") or such other date as the Vendor and the Purchaser may agree.
16. Upon closing of the sale of the Purchased Assets contemplated by the Approved Sale Agreement, (the "**Closing**"), the Purchaser shall be entitled, upon receipt by the Monitor of the Purchase Price, to possession of the Purchased Assets and to such bills of sale or assignments as may be considered necessary by the Vendor to convey the Purchased Assets to the Purchaser provided that the Purchaser shall remain liable under the Approved Sale Agreement. Any such deeds, bills of sale or assignments shall contain only a release of the Vendor's interest in the Purchased Assets and shall not contain any covenants.
17. The Purchaser shall pay on closing in addition to the Purchase Price:
 - (a) all applicable federal and provincial taxes;
 - (b) costs, if any, of dismantling or removing the Purchased Assets from their present location and restoring such location to a neat and clean condition;
 - (c) the cost of repairing any damage caused by dismantling or removal of the Purchased Assets from their present location; and

- (d) the costs of obtaining mechanical fitness certificates, if necessary, for any motor vehicle(s).
18. The Purchaser shall assume at the Purchaser's cost complete responsibility for compliance with all laws, municipal, provincial or federal in so far as same apply to the Purchased Assets and the use thereof by the Purchaser.
19. The Vendors shall not be required to produce any abstract of title, title deed, or documents or copies thereof or any evidence as to title, other than those in their possession.
20. Prior to the Closing, the Purchased Assets shall be and remain in the possession of and at the risk of the applicable Vendor and each Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event of "substantial damage" to the Purchased Assets occurring on or before Closing, the Purchaser may either have the proceeds of the insurance and complete the Approved Sale Agreement or may cancel such Approved Sale Agreement and have all monies paid thereunder, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever. For the purpose of this paragraph, "substantial damage" to the Purchased Assets means damage which renders unusable at least 50% by value of the Purchased Assets.

21. All adjustments of such taxes and other items as are specified herein will be made as of Closing under the Approved Sale Agreement. The Purchaser shall arrange its own insurance and there shall be no adjustment of insurance.
22. No adjustments will be allowed by either the applicable Vendor or the Purchaser for changes in the condition or quantity of any of the Property comprising the Purchased Assets. The applicable Vendor shall remain in possession of the Purchased Assets until the Purchase Price therefor has been paid in full. The Purchaser will take possession of the Purchased Assets at Closing.
23. If the Purchaser fails to comply with the Approved Sale Agreement, the Purchaser's Deposit shall be forfeited to the applicable Vendor and the Purchased Assets may be resold by the Vendor and the Purchaser shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Approved Sale Agreement exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Approved Sale Agreement.
24. By submitting an Offer, a Purchaser acknowledges that it has inspected the Purchased Assets and that the Purchased Assets are sold on an "as is, where is" basis at the time of Closing and that no representation, warranty or condition is expressed or implied as to existence, title, description, fitness for purpose, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever. Each Purchaser acknowledges that the Vendor is not required to inspect or count, or provide any inspection or counting, of the Purchased Assets or any part thereof and each Purchaser

shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply to the sale of the Purchased Assets and have been waived by the Purchaser.

25. Deloitte & Touche Inc. acts solely in its capacity as the Court-appointed Monitor of the Vendors in the proceeding bearing Court file no. CV-12-9545-00CL and shall have no personal or corporate liability hereunder, under the Sale Process or under any Offer, Offeror Sale Agreement or Approved Sale Agreement.
26. The highest or any Offer will not necessarily be accepted.
27. The acceptance of any Offer and any Offeror Sale Agreement entered into by the applicable Vendor shall be subject to the condition that the sale and the terms thereof be approved by the Court.
28. No Offeror shall be at liberty to withdraw, vary or countermand an Offer once received by the Vendor. Each Offer shall be irrevocable until March 6, 2012
29. Each of the Vendors, at its sole discretion, may waive or vary any or all of the terms and conditions hereof as such relates to its Property. The terms and conditions contained herein shall not merge on the Closing of the transaction contemplated by any Approved

Sale Agreement but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

30. These Conditions of Sale and the validity and interpretation of any Offer, Offeror Sale Agreement or Approved Sale Agreement shall be governed by the laws of Ontario, and such agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be.
31. The submission of an Offer by a resident of the province of Quebec shall be deemed to constitute the declaration and acknowledgement by the Offeror that it has requested the Conditions of Sale, the form of the Offer referred to herein, any Offeror Sale Agreement and all other documentation relating to its Offer and to the acceptance thereof to be drawn up in the English language only.
32. All stipulations as to time are strictly of the essence.
33. Any offer of documents or money hereunder may be made upon the Vendor, the Monitor or the Purchaser, or their respective solicitors. Money may be paid by wire transfer or bank draft issued by a schedule 1 Canadian chartered bank or trust company.
34. The obligations of the applicable Vendor to complete an Approved Sale Agreement shall be relieved if, on or before the Closing of such sale, the Order of the Court approving the subject Approved Sale Agreement is subject to appeal or if any of the Purchased Assets subject to the sale have been removed from the control of the Vendor by any means or process, whereupon the only obligation of the Vendor shall be to return the applicable Deposit, without interest, costs or compensation.

35. The Vendors shall not be bound to sell any of the Property until the applicable Vendor is authorized by the Court to accept and enter into an Approved Sale Agreement. The Vendors reserve the right to enter into one or more agreements to sell any or all of the Property at any time prior to the Offer Date or an arrangement to the contrary and to withdraw any or all of the Property from the invitation for offers to purchase such Property. If a Vendor enters into an agreement to sell any of the Property prior to the Offer Date, then the Monitor shall promptly advise any party which has received a Flyer with respect to the Property subject to such agreement that such Property is no longer available to be purchased.