

Court File No. CV-12-9545-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 3113736 CANADA LTD., 4362063
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS
LTD.

(the "Applicants")

MOTION RECORD OF THE APPLICANTS

(returnable April 22, 2015)

(re Extension of Stay Period)

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TAB 1

Court File No. CV-12-9545-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 3113736 CANADA LTD., 4362063
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD

(the "Applicants")

**NOTICE OF MOTION
(returnable April 22, 2015)
(Re Extension of Stay Period)**

THE APPLICANTS will make a motion to a judge presiding over the Commercial List on Wednesday, April 22, 2015, at 10:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

THIS MOTION IS FOR:

1. An Order substantially in the form attached hereto as Schedule "A":
 - (a) if necessary, abridging the time for service of this Notice of Motion and the Motion Record, declaring that the motion is properly

returnable today, and validating service of this Notice of Motion and Motion Record;

- (b) extending the stay of proceedings from the Initial Order of Justice Newbould dated January 12, 2012 (the “Initial Order”), and subsequently extended by, *inter alia*, the Order of Justice Newbould dated October 28, 2014, to and including September 30, 2015;
- (c) approving the Eleventh Report of the Monitor, the conduct of the Monitor and the fees of it and its counsel as set out therein;

2. Such further and other relief as counsel may advise and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

- 1. On January 12, 2012, the Applicants sought and were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) pursuant to the Initial Order.
- 2. The Order of Justice Newbould dated October 28, 2014 extended the stay period under the Initial Order to and including April 24, 2015 (the “Stay Period”).

3. Deloitte & Touche Inc., now known as Deloitte Restructuring Inc. (the “Monitor”) was appointed as monitor of the Applicants.
4. The Monitor, in conjunction with the Applicants, has solicited claims from the creditors, issued Notices of Disallowance where appropriate, and received Notices of Dispute from certain creditors.
5. The Applicants and the Monitor have engaged in extensive without prejudice discussions in respect of the claim filed by the class action claimants in the amount of \$97.5 million, which has resulted in a settlement which will accept the claim at a value of \$40 million for valuation and distribution purposes, which was approved by the court.
6. The applicant, 3113736 Canada Ltd., is engaged in pursuing several parties in respect of outstanding accounts. Litigation has been commenced in connection with all of these claims.
7. The Applicants are in dispute with Revenu Quebec with respect to GST paid to temporary employment agencies and certain GST credits.
8. The Applicants have funds available for distribution to creditors.

9. The distribution of these funds is suspended pending the Monitor receiving clearance certificates from the appropriate tax agencies.
10. A further extension of the Stay Period is necessary and appropriate to allow the Applicants and the Monitor time to, among other things, allow for a resolution of the disputed claims with Revenue Quebec, collect outstanding amounts owed to 3113736 Canada Ltd., and allow the Monitor time to obtain clearance certificates.
11. The Monitor is supportive of the relief sought herein.
12. The Applicants are operating in good faith and with due diligence.
13. Section 11 of the CCAA and the inherent and equitable jurisdiction of this Honourable Court.
14. Rules 1.04, 1.05, 2.03, 3.02, and 37 of the *Rules of Civil Procedure*.
15. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing
of the motion:

- | | DATE | DESCRIPTION |
|----|---|--|
| 1. | April 16, 2015 | Affidavit of Tony Vallecoccia together with exhibits attached thereto |
| 2. | April, 2015 | Eleventh Report of the Monitor together with exhibits attached thereto, filed separately |
| 3. | January 12, 2012 | Initial Order of Justice Newbould |
| 4. | October 28, 2014 | Extension Order of Justice Newbould |
| 5. | Such other material as counsel may advise and this Honourable Court may permit. | |

April 16, 2015

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SCHEDULE "A"

Court File No. CV-12-9545-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE M) WEDNESDAY, THE 22nd DAY
JUSTICE) OF APRIL, 2015.

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 3113736 CANADA LTD., 4362063
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**ORDER
(Extension of Stay Period)**

THIS MOTION made by the Applicants for an Order extending the stay of proceedings was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn April 16, 2015, and the exhibits thereto, the Eleventh Report of Deloitte Restructuring Inc. (formerly known as Deloitte & Touche Inc.), in its capacity as Court-appointed monitor of the Applicants (the "Monitor") and the appendices attached thereto (the "Eleventh

Report”), and on hearing the submissions of counsel for the Applicants, counsel for the Monitor,

no one appearing for anyone else on the Service List, although properly served as appears from the affidavit of service of Victoria Stewart sworn April 16, 2015,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Stay Period of the Initial Order of Justice Newbould dated January 12, 2012 and as subsequently extended by, *inter alia*, the Order of Justice Newbould dated October 28, 2014, is hereby extended from April 24, 2015 to and including September 30, 2015.

3. **THIS COURT ORDERS** that the Eleventh Report and the actions, decisions and conduct of the Monitor as set out in the Eleventh Report are hereby authorized and approved.

4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, as set out in the Eleventh Report and the Affidavit of Catherine Hristow sworn April ___, 2015, and Affidavit of Grant Moffat sworn

April ___, 2015, and the exhibits attached thereto, are hereby authorized and approved.

5. **THIS COURT HEREBY** requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such Orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any Court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD.,
4362063 CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No. CV-12-9545-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at TORONTO

ORDER
(Extension of Stay Period)

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Court File No. CV-12-9545-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 3113736 CANADA LTD., 4362063
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**AFFIDAVIT OF TONY VALLECOCCIA
(sworn April 16, 2015)**

I, **TONY VALLECOCCIA**, of the Town of Milton, in the Regional Municipality of Halton, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the President and CEO of 3113736 Canada Ltd. formerly known as Valle Foam Industries (1995) Inc. and of 4362063 Canada Ltd. formerly known as Domfoam International Inc. and a director of each of the Applicants, and as such have knowledge of the matters to which I hereinafter depose, except where otherwise stated. Where my evidence is based on information and belief, I have stated the source of that information and believe it to be true.
2. This affidavit is sworn in support of a motion by Applicants to seek an extension of the stay granted pursuant to the Initial Order of Justice Newbould in

these *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") proceedings dated January 12, 2012, from April 24, 2015 to and including September 30, 2015.

3. As a result of the sale of assets of the Applicants, Valle Foam changed its name to 3113736 Canada Ltd. and Domfoam changed its name to 4362063 Canada Ltd. The style of cause of this proceeding was changed by Order of Justice Brown dated June 15, 2012 to reflect the change of names. For the purpose of this affidavit, the said Applicants will still be referred to as Valle Foam, Domfoam and A-Z.

4. Attached hereto as **Exhibit "A"** is my affidavit of October 22, 2014 (the "October Affidavit"), which sets out the history of this matter and the material events which the Applicants were dealing with leading up to the last extension requested by the Applicants. The balance of this affidavit provides update on those matters described in the October Affidavit.

VALLE FOAM COLLECTION EFFORTS

5. Valle Foam continues to pursue collection efforts of its outstanding receivables. Since the October Affidavit, there have been no further settlements of any of the actions commenced by Valle Foam.

6. Valle Foam continues to vigorously pursue these matters.

CLASS ACTIONS

7. Prior to the commencement of these CCAA proceedings, class counsel in the U.S. and Canada initiated a number of proposed class proceedings against the Applicants on behalf of purchasers of polyurethane foam and products containing polyurethane foam products. Some or all of the Applicants have been named as a defendant in at least six class action lawsuits in Canada, and over two dozen class action lawsuits in the United States (collectively, the “Class Actions”).

STATUS OF U.S. LITIGATION

8. The U.S. Class Actions settled and were approved by the U.S. court. The class action plaintiffs have voluntarily dismissed Domfoam and Valle Foam from the lawsuits.

9. As part of the implementation of the settlement agreements, various officers and employees of the Applicants have been examined by the class action plaintiffs’ counsel. Among those examined were myself, John Howard, Dean Brayannis, Robert Vale and Fred Zickmantel. The examinations involved over a dozen counsel for the class action plaintiffs.

STATUS OF CANADIAN LITIGATION

10. The claims against the Applicants were settled. The Applicants were obliged to cooperate with counsel for the class actions by providing testimony and documentation. The Canadian class action claims were accepted for valuation and distribution purposes in an amount of \$40 million and approved by the court.

Urethane Antitrust Litigation

11. The Applicants are each claimants in a U.S. class action proceeding that relates to price fixing for a product known as “Polyether Polyol” (“Polyol”).

12. There has been a trial in respect of one of the defendants in the Polyol matter, The Dow Chemical Company (“Dow”), in which a judgment has been rendered against Dow in the amount of \$1.06 billion. The judgment was upheld on appeal. Dow has filed an application for leave to appeal to the U.S. Supreme Court.

13. Refund Recovery Services LLC (“RRS”), the Applicants’ exclusive agent is retained to assist in filing the necessary documents to secure their share of the U.S. Polyol settlement funds.

14. Our counsel continues to be in communication with RRS with respect to the progress of the Dow matter.

15. It is my understanding that in the event the Dow judgment is upheld and payment is made by Dow in the full amount of the claim, the recovery to the Applicants could be significant.

CLAIMS PROCESS

16. The Order in these proceedings of Justice Brown dated June 15, 2012 (the “Claims Process Order”), established a process to identify pre and post-filing claims against the Applicants and/or their officers and directors. The claims have all been resolved for valuation and distribution purposes, except for Revenu Quebec and Canada Revenue Agency.

17. The remaining dispute is proceeding before both the Tax Court of Canada and in the Quebec Superior Court. The dispute is with respect to an amount of approximately \$400,000.00 (before interest and penalties) in relations to GST paid to seven different Temporary Employment Agencies (the “Temp Agencies”) hired by Domfoam to provide additional labour to Domfoam’s operations prior to the CCAA filing.

18. Revenu Quebec has advised that six of the seven Temp Agencies are known to Revenu Quebec as “suppliers of false invoices” and that Revenu Quebec is of the view that the Temp Agencies could not have delivered the services in respect of which GST is asserted to have been paid by Domfoam.

19. Domfoam disputes this position, and, as outlined in the October Affidavit, has provided documentary evidence to support its position.
20. Domfoam filed an Answer in reply to the Reply of Revenue Quebec. A copy of that pleading is attached as **Exhibit "B"**. The pleadings in the Tax Court proceedings have closed.
21. There is now a Tax Court mandated status hearing set for May 7, 2015 in Toronto, at which time the parties will set a litigation schedule for the Tax Court action.
22. There have been further attempts to convene a without prejudice settlement meeting with Revenue Quebec without success.
23. Since the October Affidavit, pleadings have also closed in the Quebec Superior Court proceedings. A hearing is scheduled for June 19, 2015 to set a schedule with respect to the Quebec Court matter.
24. It is anticipated that the Tax Court proceeding will complete itself substantially in advance of the Quebec Court matter and that the Quebec Court matter will likely settle in accordance with the findings of the Tax Court.

Pre-Filing Credits

25. As reported in the October Affidavit, there also remains an issue with Revenue Quebec with respect to approximately \$525,000.00 (before penalties and interest) in respect of GST credits which Revenue Quebec requires be refunded. This amount arises in respect of GST credits which Domfoam may have applied for in respect of goods or services it ordered and took delivery of prior to the CCAA filing, and in respect of which, due to the prohibition in the Court order to pay those pre-filing debts after the CCAA proceeding commenced, the GST was likely ultimately never paid to Revenu Quebec.

26. At this time, I understand it is undetermined whether or not these amounts will be payable as a post-filing obligation.

27. There may yet be a dispute with respect to whether or not these are amounts in respect of which the company or the directors and officers have any liability. In the event there is any liability to the directors or officers, I understand there is also a charge in favour of the directors and officers, granted in the Initial Order, which may apply to these outstanding amounts.

28. The Applicant's director and officer insurer is on notice as to this claim and the status of this dispute.

29. The settlement of how this \$525,000.00 amount is to be paid may be coupled with a settlement of the matter before the Tax Court.

PROPOSED EXTENSION AND FUNDS ON HAND

30. The Applicants propose that the stay of the proceeding be extended from April 24, 2015 to and including September 30, 2015.

31. The extension sought herein will provide the Applicants and the Monitor further opportunity to secure clearance certificate, or other arrangements with Canada Revenue Agency and the appropriate provincial tax authorities, to allow for a resolution of the disputed claim with Revenu Quebec, to collect outstanding amounts owed to Valle Foam, and otherwise to attend to the possible development of a plan for the distribution of the sale proceeds.

32. The Applicants have significant funds available for distribution to the creditors.

33. It is my understanding that the distribution of these funds is suspended pending the Monitor receiving a clearance certificate from the appropriate tax agencies.

34. I am advised by the Monitor that they believe they are making progress towards receiving the necessary clearance certificates to allow for a distribution of the proceeds under the CCAA process.

35. I am not aware of any creditor who is objecting to the proposed continuation of the CCAA process.

36. I believe continuing the CCAA process to enable the Monitor to approve the Applicants making such a distribution, remains the preferred manner in which to proceed.

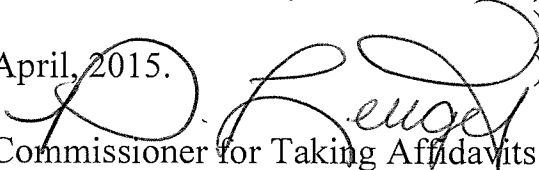
37. I am not aware of any other party who objects to the proposed extension.

38. No cash flow is being provided with this affidavit as the Applicants have limited expenses and no employees. I am confident that the Applicants each have sufficient funds on hand to meet these obligations on a go forward basis for the period of the proposed extension.

39. I have been advised that the Monitor will support the proposed extension of the stay.

40. The Applicants are operating with good faith and with due diligence.

41. This affidavit is sworn in support of the Applicants' motion and for no other improper purpose.

SWORN before me at the Town)
)
of Milton, in the Province of)
)
Ontario, this 16th day of)
)
April, 2015.)
)
Commissioner for Taking Affidavits



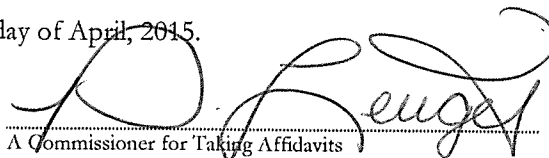
TONY VALLECOCCIA

#2343851 | 4079509

Pauline Erna Leitgeb, a Commissioner, etc.,
Province of Ontario, for Minden Gross LLP,
Barristers and Solicitors.
Expires July 4, 2015.

TAB A

This is Exhibit "A" referred to
in the Affidavit of Tony Vallecocchia
Sworn this 16th
day of April, 2015.


A Commissioner for Taking Affidavits

Pauline Erna Leitgeb, a Commissioner, etc.,
Province of Ontario, for Minden Gross LLP,
Barristers and Solicitors.
Expires July 4, 2015.

Court File No. CV-12-9545-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 3113736 CANADA LTD., 4362063
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**AFFIDAVIT OF TONY VALLECOCCIA
(sworn October 22, 2014)**

I, **TONY VALLECOCCIA**, of the City of Brampton, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the President and CEO of 3113736 Canada Ltd. formerly known as Valle Foam Industries (1995) Inc. and of 4362063 Canada Ltd. formerly known as Domfoam International Inc. and a director of each of the Applicants, and as such have knowledge of the matters to which I hereinafter depose, except where otherwise stated. Where my evidence is based on information and belief, I have stated the source of that information and believe it to be true.

2. This affidavit is sworn in support of a motion by 3113736 Canada Ltd. (“**Valle Foam**”), and its affiliated companies, 4362063 Canada Ltd. (“**Domfoam**”) and A-Z Sponge & Foam Products Ltd. (“**A-Z**”) (collectively, the “**Applicants**”) i) to seek an extension of the stay granted pursuant to the Initial Order from October 30, 2014 to and including April 24, 2015; ii) to report to the Court on the status of the claims process and, in particular, the dispute with Revenu Quebec; and iii) to report to the Court on the ongoing collection efforts of the Applicants.

3. As a result of the sale of assets of the Applicants, Valle Foam changed its name to 3113736 Canada Ltd. and Domfoam changed its name to 4362063 Canada Ltd. The style of cause of this proceeding was changed by Order of Justice Brown dated June 15, 2012 to reflect the change of names. For the purpose of this affidavit, the said Applicants will still be referred to as Valle Foam, Domfoam and A-Z.

BACKGROUND AND STATUS OF THE COMPANIES

4. On January 12, 2012, the Applicants sought and were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to the Order of Justice Newbould (the “**Initial Order**”).

5. The Applicants collectively operated as one of Canada's largest manufacturers and distributors of flexible polyurethane foam products from facilities located in Ontario, Quebec and British Columbia.

6. As reported in my previous affidavits in this proceeding, as a result of declining sales, fines imposed by the Competition Bureau of Canada, and class action lawsuits commenced against the Applicants in Canada and the United States, the Applicants required protection under the CCAA.

7. All three of the Applicants have completed court approved going concern sales of their businesses.

DOMFOAM

8. The transaction for the sale of the assets of Domfoam to 8032858 Canada Inc. closed on March 26, 2012. The entire purchase price payable has been provided to the Monitor.

9. Other than the review of outstanding claims (in particular with respect to certain tax claims discussed below), there are no further ongoing activities of Domfoam.

VALLE FOAM

10. The Valle Foam transaction to sell its assets to Fybon Industries Limited (“**Fybon**”) closed in escrow on March 30, 2012, with escrow released on April 10, 2012 upon the filing of the Monitor’s Certificate.

11. Valle Foam has pursued further collection efforts of its outstanding receivables. Out of the 24 actions commenced by Valle Foam, twelve are defended actions while the remaining actions have either settled or Valle Foam has obtained default judgment.

12. Valle Foam intends to continue to vigorously pursue these matters.

A-Z FOAM

13. The A-Z transaction closed on April 2, 2012. There are no remaining issues on the A-Z transaction. The proceeds of sale have been paid to the Monitor.

COMPETITION ACT ISSUE

14. Both Domfoam and Valle Foam were charged with, and on January 5, 2012, pled guilty to certain offences relating to a price fixing conspiracy under the *Competition Act*, R.S.C. 1985, c C.34 (the “*Competition Act*”). Through agreement with the Director of Public Prosecutions, the resolution of the charges under the *Competition Act* included A-Z.

15. Domfoam was fined a total of \$6 million and Valle Foam was fined a total of \$6.5 million. Valle Foam paid \$500,000.00 in partial payment of the fines imposed against it. The details of the plea were set out in my previous affidavits.

16. Full disclosure of the Applicants' financial difficulties was made to the Crown prior to finalizing the statement of admissions and the entry of the pleas. The Crown was specifically advised of the Applicants' intention to file for protection under the provisions of the CCAA.

17. As part of the plea arrangement, certain officers and directors, including myself, agreed to cooperate with the continuing investigations being undertaken by the Competition Bureau. Interviews by counsel for the Competition Bureau were undertaken with the assistance of criminal counsel for the Applicants.

CLASS ACTIONS

18. Class counsel in the U.S. and Canada initiated a number of proposed class proceedings against the Applicants on behalf of purchasers of polyurethane foam and products containing polyurethane foam products. Some or all of the Applicants have been named as a defendant in at least six class action lawsuits in Canada, and over two dozen class action lawsuits in the United States (together, the "Class Actions"). The Canadian actions have been stayed as a result of the Initial Order.

19. The Applicants, through the Monitor, sought and received recognition of the CCAA proceeding in the United States Bankruptcy Court for the Northern District of Ohio. The Order recognizes the CCAA proceedings as a forum main proceeding pursuant to the U.S. Bankruptcy Code. The Order of Judge Whipple also provides that any extension or amendment of the Canadian Orders will be given full force and effect in the United States to the same extent that it is given effect in Canada.

STATUS OF U.S. LITIGATION

20. Immediately prior to the Initial Order, our lawyers in New York, Skadden, Arps, successfully negotiated on behalf of the Applicants a settlement with the three different groups of class action plaintiffs in the United States.

21. The agreements specifically provided that they were contingent upon the Applicants filing for creditor protection. No payment was contemplated by the settlements. The settlements did provide that the class action plaintiffs reserved the right to file claims in these proceedings. No such claims have been filed by the U.S. class action claimants. Certain officers and employees of the Applicants agreed to provide information in connection with the issues raised in the litigation.

22. The class settlements have been approved by the U.S. court. The class action plaintiffs have voluntarily dismissed Domfoam and Valle Foam from the lawsuits.

23. As part of the implementation of the settlement agreements, various officers and employees of the Applicants have been examined by the class action plaintiffs' counsel. Among those examined were myself, John Howard, Dean Brayiannis, Robert Vale and Fred Zickmantel. The examinations involved over a dozen counsel for the class action plaintiffs.

STATUS OF CANADIAN LITIGATION

24. There are currently six class action proceedings in Canada that are pending before the courts in Ontario, Quebec and British Columbia. The Applicants have been named (or one or more of the Applicants have been named) in each of these class proceedings.

25. On January 10, 2012, shortly before the Initial Order, the Applicants and various current and former officers and employees of the Applicants including myself (the "**Individual Settling Parties**"), entered into a settlement agreement with the Canadian class action plaintiffs. Attached hereto and marked as **Exhibit "A"** is a copy of the Settlement Agreement made as of January 10, 2012.

26. The settlement agreement provided that the Applicants would provide some cooperation in the form of documentary production, and that the Individual Settling Parties would provide cooperation in the forms of interviews, depositions and testimonies. Under the settlement agreement, and subject to court approval, the class action plaintiffs agreed to discontinue the proceedings against the Applicants, and to provide certain releases and other protections in favour of the Individual Settling Parties.

27. Certain of the Individual Settling Parties, including myself, paid a total of \$1.2 million as part of the settlement. The settlement agreement also provided for the proposed assignment by the Applicants of a portion of the proceeds of certain U.S. class action settlements of up to \$200,000.00, described in more detail below.

28. In July 2013, each of Courts of Ontario, Quebec and British Columbia certified the Canadian class actions for the purposes of implementing the settlement agreement.

29. On October 28, 2013, Justice Lalonde of the Quebec Superior Court approved the settlement. On February 11, 2014, Justice Leitch of the Ontario Superior Court of Justice approved the settlement. Justice Bowden of the British Columbia Court approved the settlement on March 19, 2014.

30. The various class action claimants in Canada have filed proofs of claim in these proceedings. The claims were disallowed, but are subject to discussion and negotiation as described below. The claims against each of the Applicants total \$97.5 million.

STATUS OF FUNDS

31. As a result of completing the transactions and consolidating the remaining bank accounts and other amounts outstanding, the Applicants have significant funds available for distribution to the creditors.

32. In particular, the Monitor holds funds in approximately the following amounts as at October 21, 2014:

Valle Foam	\$6,092,323.46
Domfoam	\$2,164,278.28
A-Z	\$705,734.11

Urethane Antitrust Litigation

33. The Applicants are each claimants in a U.S. class action proceeding that relates to price fixing for a product known as "Polyether Polyol" ("Polyol").

34. The Applicants, as purchasers of the Polyol product are part of the litigation class, and are entitled to payment from that litigation. To date there have been two separate settlements approved by the United States District Court for the District of Kansas. The settlements provide for payment in instalments.

35. By January 2014, all the installments in the original settlements, documented in my earlier affidavits, had been paid. There are no further distributions expected with respect to these settlements.

36. I am advised by David Ullmann, a partner at Minden Gross LLP, that there has been a trial in respect of one of the defendants in the Polyol matter, The Dow Chemical Company (“**Dow**”), in which a judgment has been rendered against Dow in the amount of \$1.06 Billion.

37. I am advised that the U.S. courts trial verdict was upheld by Tenth Circuit Court of Appeals in Denver. However, I understand it is Dow’s public position that they are now going to attempt to appeal the matter to the U.S. Supreme Court.

38. If an appeal to be heard by U.S. Supreme Court is filed, it is my understanding that it may take as much as a year before the Supreme Court decides whether or not to take the appeal. It would then take at least a year from that date for the appeal to be heard.

39. The right to receive the amounts due with respect to the Polyol claims remains an asset of the Applicants' estates.

40. The Applicants entered into an agreement with an U.S. entity known as Refund Recovery Services, LLC ("RRS") in 2008 with respect to the administration of the claim. The agreement appointed RRS as the Applicants' exclusive agent to assist in filing the necessary documents to secure its share of the U.S. Polyol settlement funds.

41. Our counsel is in communication with RRS with respect to the progress of the Dow matter.

42. I am advised by our counsel that, in the event the Dow judgment is upheld and payment is made by Dow in the full amount of the claim, the recovery to the Applicants could be significant.

43. On a rough calculation, the gross amount, before attorney fees, payable in respect of the Applicants' claim in the Polyol proceedings, in the event of a one billion dollar judgment, could be as high as: Valle Foam \$6,000,000.00. Domfoam \$4,900,000.00 and A-Z Foam \$690,000.00.

44. I am cautioned by our counsel that there are many factors which could reduce the amounts actually received by the Applicants, including additional late

filed claims, appeal costs, higher attorney fees approved by the Court, and other unforeseen events or holdbacks.

CLAIMS PROCESS

45. The Order in these proceedings of Justice Brown dated June 15, 2012 (the “**Claims Process Order**”), established a process to identify pre and post-filing claims against the Applicants and/or their officers and directors.

46. The Monitor received claims in the aggregate amount of approximately \$900 million, of which approximately \$810,000.00 were post-filing claims.

47. The significant claims were as follows: i) Revenu Quebec in the amount of \$2.9 million against Domfoam and its officers and directors; ii) Competition Bureau in the amount of \$6 million against each of Domfoam and Valle Foam; and iii) the Canadian class actions in the amount of \$97.5 million.

48. The Applicants, with the assistance of the Monitor and its counsel engaged in extensive discussions and negotiations with the class action plaintiffs to settle the class action claims by accepting the claim for distribution purposes at a compromised amount of \$40 million subject to court approval. Justice Brown approved the settlement by Order dated April 29, 2014.

49. The extent of the anticipated distribution by the Applicants will be determined once the negotiation and/or adjudication of the claims have been completed. At this time the claims of Revenu Quebec and Canada Revenue Agency remain outstanding.

Contested Claims

50. As reported in my last affidavit in these proceedings, the Monitor has, in accordance with the Claims Process Order, disallowed the claims of Revenu Quebec against Domfoam.

51. There is currently no mechanism to allow the Monitor or the companies to adjudicate claims against the officers and directors.

52. Domfoam's director and officer insurer has been notified of the claim and of the various steps taken in these proceedings. The insurer has confirmed they will provide coverage for the proper amount due and owing in respect of this claim.

Issues in Dispute

53. There were originally three categories of dispute with Revenu Quebec which were:

- a) Intercompany Accounts: Whether or not the Applicants are related parties, and therefore entitled to an exemption with respect to the collection of GST for intercompany accounts;
- b) Temp Agencies: Whether or not Domfoam paid GST to various Temp Agencies for services rendered and the nature of those services;
- c) Pre-filing Credits: Whether or not Domfoam now owes GST in respect of various GST credits claimed prior to the CCAA filing for goods delivered prior to the CCAA filing but subsequently not paid for due to the CCAA filing.

Intercompany Accounts

54. Revenu Quebec's claim with respect to this issue amounts to approximately \$1.6 million (before penalties and interest). Domfoam contested this claim.

55. Following prolonged negotiations, Domfoam was ultimately able to persuade Revenu Quebec to withdraw this claim. The letter dated March 25, 2014 (with official translation) attached as **Exhibit "B"** constitutes official confirmation that this issue is resolved in Domfoam's favour.

Temp Agencies

56. Revenu Quebec's claim with respect to this issue is in the amount of approximately \$400,000.00 (before interest and penalties) in relations to GST paid to seven different Temporary Employment Agencies (the "**Temp Agencies**") hired by Domfoam to provide additional labour to Domfoam's operations prior to the CCAA filing.

57. Revenu Quebec has advised that six of the seven Temp Agencies are known to Revenu Quebec as "suppliers of false invoices" and that Revenu Quebec is of the view that the Temp Agencies could not have delivered the services in respect of which GST is asserted to have been paid by Domfoam. Domfoam disputes this position.

58. As previously set out in my last Affidavit, I believe Revenu Quebec is simply wrong about this issue. Attached as **Exhibit "C"** is a letter dated March 20, 2014 (without attachments) which sets out at length the evidence that our counsel has accumulated to demonstrate the truth of the position asserted by Domfoam.

59. Domfoam has demonstrated that each supplier paid had the correct and valid HST or QST number. Domfoam has produced time cards and Human Resource records, invoices and proof of payment to demonstrate that the temporary workers

in question did attend at Domfoam and that the agencies in question were paid. Domofam has offered to produce affidavit evidence of the Domfoam parties involved.

60. As set out in the letter attached at Exhibit "B", Revenu Quebec has not agreed.

Pre-Filing Credits

61. With respect to this issue, Revenu Quebec takes the position that Domfoam owes a further approximately \$525,000.00 (before penalties and interest) in respect of GST credits which are now in dispute. This amount arises in respect of GST credits which Domfoam may have applied for in respect of goods or services it ordered and presumably took delivery of prior to the CCAA filing, and in respect of which, due to the prohibition in the Court order to pay those pre-filing debts after the CCAA proceeding commenced, the GST was likely ultimately never paid to Revenu Quebec.

62. We have now settled the amount of this claim with Revenu Quebec.

63. At this time, I understand it is undetermined whether or not these amounts will be payable as a post-filing obligation.

64. There may yet be a dispute with respect to whether or not these are fees in respect of which the company or the directors and officers have any liability. In the event there is any liability to the directors or officers, I understand there is also a charge in favour of the directors and officers, granted in the Initial Order, which may apply to these outstanding amounts.

65. As noted above, the company's director and officer insurer is also on notice as to this claim and the status of this dispute.

Claim against Valle Foam

66. A recent claim filed by Canada Revenue Agency against Valle Foam, referenced above, also arises from the same pre-filing credit issue which has been raised by Revenu Quebec against Domfoam.

67. It is my understanding that the Monitor has accepted this claim from Canada Revenue Agency, with respect to the quantum claimed as owing by Valle Foam for a similar category of claim. As in the Domfoam case, the question of the priority of this claim is undecided and is not being decided at this time.

68. There are no similar claims filed against A-Z. The Monitor has previously reported to the Court that there were post-filing HST amounts owing by A-Z, but that the Monitor intended to pay those amounts.

Current Status of the Tax Claims

69. Revenue Quebec ultimately filed an amended proof of claim on its own behalf and on behalf of Canada Revenue Agency in these proceedings on April 22, 2014. Canada Revenue Agency also provided an amended notice of assessment on April 4, 2014. No such notice has been provided by Revenue Quebec.

70. In the amended Notice of Assessment, Canada Revenue Agency filed a claim for approximately \$398,000.00, inclusive of penalties and interest. This new assessment reflected the fact that the matter with respect to the intercompany amounts had been settled, while the amounts owing in respect of the Temp Agency Issue and the Pre/Post filing issue remains outstanding.

71. The amended proof of claim, advised of claims in the amount \$398,000.00 claimed by Canada Revenue Agency, and approximately \$800,000.00 for Revenue Quebec. A copy of the Amended Claim is attached hereto as **Exhibit "D"**. It also confirms that the intercompany amounts is no longer in issue.

72. In consultation with the Monitor, Domfoam agreed to appeal the assessment with respect to the Temp Agency issue. Accordingly, the amount under appeal is approximately \$400,000.00 with respect to unpaid taxes, and approximately \$200,000.00 in penalties.

73. On June 17, 2014, Domfoam, in consultation with the Monitor, filed notices of appeal in the Tax Court of Canada and the Court of Quebec. Notwithstanding the facts in question in both appeals are identical, Domfoam was required, by Quebec and Federal procedure, to file appeals in two courts, since the amounts in issue were claimed as owing to two different tax authorities. Domfoam has also retained BCF LLP as its Quebec counsel to assist with this matter in Quebec.

74. Domfoam is not contesting the amount calculated for pre-filing credits as noted above. Based on the amended proofs of claim filed in April, the amount in question is approximately \$525,000.00, net of penalties and interest.

75. The matter with respect to the intercompany accounts is also settled, as noted above.

76. The amended claim filed also included an amount of approximately \$68,000.00 in alleged source deductions owing by Domfoam. Neither the Monitor nor Domfoam has any knowledge of these amounts and is reviewing whether these amounts have been properly calculated. This is the first time these amounts have ever been claimed as outstanding.

77. I am advised that it is a matter of convention that the Tax Court proceedings proceed more quickly than the Quebec Court proceedings in matters like this. Revenu Quebec and Canada Revenu Agency are jointly represented by Direction

adjointe du contentieux – Montréal – Secteur fiscal from Revenu Québec who has carriage of the matter in both courts.

78. Following the filing of the appeals, counsel for Domfoam corresponded with the assigned counsel from Revenu Quebec to discuss the matter. In order to facilitate a without prejudice settlement meeting, Domfoam, in consultation with the Monitor, consented to an extension of time for the delivery of the reply of Revenu Quebec until October 17, 2014.

79. On October 7, 2014, counsel for Domfoam and counsel for Revenu Quebec, as well as the auditor for Revenu Quebec who originally had carriage of the Domfoam file, had an extended teleconference to discuss the appeal. Unfortunately, no resolution was reached in that meeting.

80. The reply of Revenu Quebec in the Tax Court proceedings was delivered on October 16, 2014. In those pleadings, Revenu Quebec maintains its position that the taxes owing in connection with the Temp Agency issue is correct and that the taxes set out in the notice of assessment remains due and owing. Attached hereto and marked as **Exhibit “E”** is a copy of the Reply to the Notice of Appeal dated October 15, 2014.

81. The reply in the Court of Quebec is due on November 30, 2014.

PROPOSED EXTENSION

82. The Applicants propose that the stay of the proceeding be extended from October 30, 2014 to April 24, 2015.

83. The extension sought herein will provide the Applicants and the Monitor to secure clearance certificate, or other arrangements with Canada Revenue Agency and the appropriate provincial tax authorities, to allow for a resolution of the disputed claim with Revenu Quebec, to collect outstanding amounts owed to Valle Foam, and otherwise to attend to the possible development of a plan for the distribution of the sale proceeds.

84. I am not aware of any party who objects to the proposed extension.

85. No cash flow is being provided with this affidavit as the Applicants have limited expenses and no employees. I am confident that the Applicants each have sufficient funds on hand to meet these obligations on a go forward basis for the period of the proposed extension.

86. I have been advised that the Monitor will support the proposed extension of the stay.

87. The Applicants are operating with good faith and with due diligence.

88. This affidavit is sworn in support of the Applicants' motion and for no other improper purpose.

SWORN before me at the City)
of Brampton, in the Province of)
Ontario, this 22nd day of)
October, 2014.)
Pauline Erna Leitgeb
Commissioner for Taking Affidavits

T. Vallecoccia

TONY VALLECOCCIA

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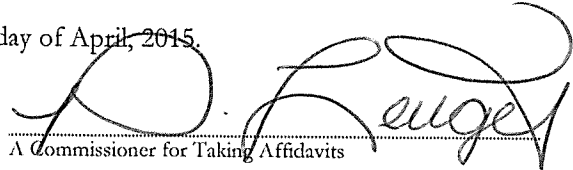
Pauline Erna Leitgeb, a Commissioner, etc.,
Province of Ontario, for Minden Gross LLP,
Barristers and Solicitors,
Expires July 4, 2015.

TAB B

This is Exhibit "B" referred to
in the Affidavit of Tony Vallecoccia

Sworn this 16th

day of April, 2015.



A Commissioner for Taking Affidavits

Pauline Erna Leitgeb, a Commissioner, etc.,
Province of Ontario, for Minden Gross LLP,
Barristers and Solicitors.
Expires July 4, 2015.

Court File No.: 2014-2105(GST)G

TAX COURT OF CANADA

BETWEEN:

4362063 CANADA LTD. formerly known as
DOMFOAM INTERNATIONAL INC.

Appellant,

and

HER MAJESTY THE QUEEN

Respondent.

ANSWER

1. The appellant denies all of the allegations contained in the respondent's Reply to the Notice of Appeal (the "Reply") other than those which constitute admissions of facts contained in the appellant's Notice of Appeal.
2. The appellant restates and relies upon the provisions of its Notice of Appeal and the facts set out therein.
3. Without limiting the foregoing, the appellant expressly denies the allegations contained in paragraphs 37 (e, g, h, j, k, l, m, n, o, and q), 40, 41, and 43 of the Reply as further set out below.
4. The appellant expressly denies that it was at any time party to a scheme or any other intentional conduct to claim inappropriate tax credits.

5. The appellant's business made regular use of temporary labour to address time sensitive increases in necessary work as an efficient alternative to taking on the obligation of additional full time or part time employees.
6. The temporary agencies in question, used by the appellant for temporary labour services (the "Suppliers"), were at all times arms-length entities. The appellant has no knowledge of any scheme or malicious acts which may have been conducted by the Suppliers with respect to any tax claims or credits, all of which are denied.
7. The appellant has provided invoices and other materials to Revenu Quebec which were sufficient to meet the requirements for supporting documents to allow for it to have made the ITC claims in question. None of these invoices are false, although they may not in all cases contain perfect information or otherwise be complete to the ideal standard.
8. All services were rendered by the Suppliers who issued the invoices. In the alternative, the services were rendered by subcontractors of the Suppliers.
9. The invoices were only paid upon the appellant being satisfied that the invoices were rendered for services actually received by the appellant. No accommodation of any kind was made or attempted with respect to such invoices or any payment.
10. The appellant had no knowledge about any matter or thing which might have led the appellant to know that any illegal tax scheme was being conducted by the Suppliers, if in fact such scheme was committed, which is denied.

11. The appellant has no knowledge, nor did it have any knowledge, of any widespread use in the personal agency industry of "convenience bills" nor were such convenience bills used by the appellant with the Suppliers to allow for the appellant to claim unwarranted ITC claims.
12. The fact that the respondent may be unable to find some of the Suppliers at this time, or the fact that the respondent may have issues with the business practices of some or all of the Suppliers, or the fact that those Suppliers may have provided incomplete or inaccurate records or data to the respondent, is not the fault of the appellant. The appellant had no knowledge of or control over the business practices of the appellant or such materials as they may or may not have filed with the respondent or any other tax authority.
13. The appellant had no knowledge at the time the payments were made that the Suppliers may have been cashing cheques paid to them at cheque cashing agencies, which fact is denied.
14. The appellant acted at all times in accordance with usual business practices and was sufficiently diligent in its dealings with the Suppliers. Any further investigations beyond what the appellant did, such as those additional actions which the respondent suggests should have been conducted by the appellant in its Reply (which is denied), is beyond the scope of reasonable business practices.

15. Despite the respondent's allegations that the Suppliers were manifestly fraudulent and that the appellant was willfully blind to this fact (which is denied), and the implication that the creation of the various supplier companies should have alerted the appellant to a possible fraud (which is denied), the appellant notes that the Suppliers in question were each, in sequence, given a GST number by the respondent. The Suppliers must have satisfied the respondent that it was appropriate that they be appointed by the respondent as their agent for the purpose of collecting GST on the respondent's behalf.
16. At no time has the appellant knowingly, or under circumstances amounting to gross negligence, made false statements or omissions or claimed any ITC's which were not justified.
17. At all times the appellant has proceeded with good faith.
18. Relying on all of the foregoing, the appellant has a sufficient interest to institute these proceedings, and it is entitled to the relief sought in its Notice of Appeal, which should be allowed in full.

19. This Answer is filed in accordance with Rules 45 and 50 of the *Tax Court of Canada Rules*.

Date: November 14, 2014

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Lawyers for the respondent

BETWEEN:

4362063 CANADA LTD. formerly known as
DOMFOAM INTERNATIONAL INC.
Appellant

- and -

HER MAJESTY THE QUEEN

Respondent
Court File No. 2014-2105(GST)G

TAX COURT OF CANADA

ANSWER

MINDEN GROSS LLP
Barristers and Solicitors
#2200 – 145 King Street West
Toronto, ON M5H 4G2
David T. Ullmann (#LSUC 423571)
Tel: 416-369-4148
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Fax: 416-864-9223

Lawyers for the Appellant

TAB 3



Court File No. CV-12-9545-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) THURSDAY, THE 12th
JUSTICE NEWBOULD)
DAY OF JANUARY, 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF VALLE
FOAM INDUSTRIES (1995) INC., DOMFOAM
INTERNATIONAL INC., and A-Z SPONGE & FOAM
PRODUCTS LTD.

(the "Applicants")

INITIAL ORDER

THIS APPLICATION, made by Valle Foam Industries (1995) Inc., Domfoam International Inc., and A-Z Sponge & Foam Products Ltd. (hereinafter, collectively referred to as the "Applicants"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn January 11, 2012 and the exhibits thereto (the "Vallecoccia Affidavit"), and on hearing the submissions of counsel for the Applicants, no one else appearing although duly served as appears from the affidavit of service of Victoria Stewart sworn January

11, 2012, and on reading the consent of Deloitte & Touche Inc. to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that one or more of the Applicants, individually or collectively, shall have the sole authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "Property"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their respective businesses (collectively, the "Business") and

Property. The Applicants shall each be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, appraisers, accountants, counsel and such other persons (collectively, "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that, the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, compensation, salaries, employee and pension benefits, vacation pay and expenses (including, but not limited to, employee medical, dental, disability, life insurance and similar benefit plans or arrangements, incentive plans, share compensation plans, and employee assistance programs and employee or employer contributions in respect of pension and other benefits), and similar pension and/or retirement benefit payments, commissions, bonuses and other incentive payments, payments under collective bargaining agreements, and employee and director expenses and reimbursements, payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) compensation to employees in respect of any payments made to employees prior to the date of this Order by way of the issuance of cheques or electronic transfers are subsequently dishonoured due to the commencement of these proceedings; and

- (c) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including any payments made to Assistants prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings; and
- (d) amounts owing for goods and services actually supplied to the Applicants, or to obtain the release of goods contracted for prior to the date of this Order by other suppliers, solely where such goods were ordered by the Applicants or any of them after November 30, 2011 on the express understanding that such goods or services were to be paid for on a cash on delivery basis and in respect of which such payment has not been made by the Applicants or any of them.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

- (b) payment, including the posting of letters of credit, for goods or services actually supplied or to be supplied to the Applicants following the date of this Order;

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed, terminated, repudiated or resiliated in accordance with the CCAA, the Applicants

shall pay all amounts constituting rent or payable as rent under their respective real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their respective businesses or operations, and to dispose of non-profitable, redundant or non-material assets and operations, and to dispose and sell such assets or operations not exceeding \$100,000.00 in any one transaction or \$1 million in the aggregate;

- (b) terminate the employment of such of their employees or lay off or temporarily or indefinitely lay off such of their employees as the relevant Applicant deems appropriate on such terms as may be agreed upon between the relevant Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan
- (c) in accordance with paragraphs 10 (a) and (d), vacate, abandon, resiliate, or quit any leased premises and/or disclaim, cancel, terminate or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicants and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (d) disclaim, terminate, repudiate or resiliate, in whole or in part, with the prior consent of the Monitor or further Order of the Court, such of their arrangements, agreements or contracts of any nature whatsoever with whomsoever, whether oral or written, as the Applicants deem appropriate, in accordance with Section 32 of the CCAA, with such disclaimers, repudiation, termination, or resiliations to be on such terms as may be agreed upon between the relevant Applicants and such counter-parties, or failing such agreements, to deal with the consequences thereof in the Plan; and
- (e) pursue all avenues of refinancing of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring or winding down of some or all of the respective Business (the "Restructuring").

11. **THIS COURT ORDERS** that the Applicants shall each provide each of the relevant landlords with notice of the relevant Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Applicant, or by further Order of this Court upon application by the relevant Applicant on at least two (2) days notice to such landlord and any such secured creditors. If an Applicant disclaims, resiliates, repudiates or terminates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer, termination or resiliation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a lease is repudiated or if a notice of disclaimer or termination or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, termination, repudiation or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Applicant's and the Monitor 24 hours' prior written notice, and

(b) at the effective time of the disclaimer or termination or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including February 10, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the

Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, authorization, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all waste disposal service providers, all computer software, information technology services, communication and other data services, programming supply, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be

entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers (or their estates) of the Applicants with respect to any claim against such directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment, performance or breach of such obligations, acts, or actions until a compromise or arrangement in respect of

the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. **THIS COURT ORDERS** that the Applicants shall jointly indemnify their directors and officers from and against all claims, costs, charges, expenses, obligations and liabilities that they may incur as directors or officers of the Applicants, after the date hereof except to the extent that, with respect to any officer or director, such claim, cost, charge, expense, obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$1 million as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraph 32 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that Deloitte & Touche Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist and advise the Applicants in their development of the Plan or winding down, downsizing and any amendments to the Plan, any restructuring steps taken pursuant to paragraphs 5 and 10 hereof, and the implementation of the Plan;
- (d) advise the Applicants in the preparation of their cash flow statements;

- (e) assist and advise the Applicants, to the extent required by the Applicants, with the negotiations with creditors and the holding and administering of creditors' (or shareholders' meetings) for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (h) consider, and if deemed advisable by the Monitor, prepare a report as an assessment of the Plan;
- (i) assist the Applicants with their continuing restructuring activities, including the assessment and analysis of any proposed sale of assets or closure of facilities;
- (j) advise and assist the Applicants, as requested, in their negotiations with suppliers, customers and other stakeholders; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder,

be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential,

the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings, including completing and implementation of the settlements with the class action plaintiffs. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on an hourly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in the amounts of \$150,000.00 and \$50,000.00, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings, including completing the settlements with the class action plaintiffs. The Administration Charge shall have the priority set out in paragraph 32 hereof.

31. **THIS COURT ORDERS** that Valle Foam Industries (1995) Inc. ("Valle Foam") shall be authorized to advance funds up to, but not exceeding \$1 million to either of A-Z Sponge & Foam Products Ltd. ("A-Z") or Domfoam International Inc. ("Domfoam") to be used for operating purposes of Domfoam or A-Z, as the case may be, provided that i) no such loan shall be advanced without the prior written consent of the Monitor, ii) that any such loan shall be properly documented and subject to such terms, including rates of interest, if any, which the Monitor deems reasonable in the circumstances, and iii) that any such loan shall be secured by way of a general security agreement which shall provide a first in priority charge on the assets of Domfoam subject only to the priority of the charges granted hereunder. The Applicants may, prior to the advance of any funds, attend to seek a further order of this court to grant a specific charge if the Applicants or the Monitor deem it appropriate or necessary to do so.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. **THIS COURT ORDERS** that the priorities of the Directors' Charge and the Administration Charge as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$~~500,000~~); 500,000 ✓

Second – Directors’ Charge (to the maximum amount of \$~~1,000,000~~); 1,000,000 ✓

Just

33. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors’ Charge or the Administration Charge, (collectively, the “Charges”) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34. **THIS COURT ORDERS** that each of the Directors’ Charge or the Administration Charge, (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “Encumbrances”) in favour of any Person.

35. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors’ Charge or Administration Charge, unless the Applicants also obtains the prior written consent of the Monitor, and the beneficiaries of the Directors’ Charge and the Administration Charge, or further Order of this Court.

36. **THIS COURT ORDERS** that the Directors’ Charge and the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “Chargees”) shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s)

for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not be deemed to constitute a breach by any of the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers, settlements at undervalue, oppressive conduct, or other challengeable or void or voidable transactions or reviewable transactions under any applicable law.

37. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

38. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ ^{the Star and Mail} a notice containing the information

prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

40. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at www.deloitte.com/ca/vallefoam.

GENERAL

41. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

42. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

43. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

44. **THIS COURT ORDERS** that the Monitor is hereby authorized, as the foreign representative of the Applicants, to apply for recognition of these proceedings as "Foreign Main Proceedings" in the United States pursuant to Chapter 15 of the *U.S. Bankruptcy Code*.

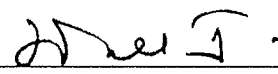
45. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this

Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

46. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

47. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF VALLE FOAM INDUSTRIES
(1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No. CV-12-9545-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

INITIAL ORDER

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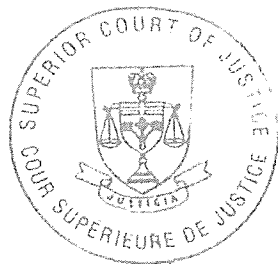
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Lawyers for the Applicants

TAB 4



Court File No. CV-12-9545-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR) TUESDAY, THE 28th DAY
JUSTICE NEWBOLD) OF OCTOBER, 2014.

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 3113736 CANADA LTD., 4362063
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**ORDER
(Extension of Stay Period)**

THIS MOTION made by the Applicants for an Order extending the stay of proceedings was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn October 22, 2014, and the exhibits thereto, the Tenth Report of Deloitte Restructuring Inc. (formerly known as Deloitte & Touche Inc.), in its capacity as Court-appointed monitor of the Applicants (the "**Monitor**") and the appendices attached thereto (the "**Tenth**

Report”), and on hearing the submissions of counsel for the Applicants, counsel for the Monitor,

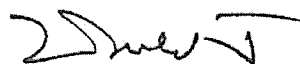
no one appearing for anyone else on the Service List, although properly served as appears from the affidavit of service of Victoria Stewart sworn October 23, 2014,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Stay Period of the Initial Order of Justice Newbould dated January 12, 2012 and as subsequently extended by, *inter alia*, the Order of Justice Brown dated April 29, 2014, is hereby extended from October 30, 2014 to and including April 24, 2015.
3. **THIS COURT ORDERS** that the Tenth Report and the actions, decisions and conduct of the Monitor as set out in the Tenth Report are hereby authorized and approved.
4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, as set out in the Tenth Report and the Affidavit of Catherine

Hristow sworn October 22, 2014, and Affidavit of Grant Moffat sworn October 22, 2014, and the exhibits attached thereto, are hereby authorized and approved.

5. **THIS COURT HEREBY** requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such Orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any Court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.



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

OCT 29 2014



IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD.,
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ONTARIO

**SUPERIOR COURT OF JUSTICE
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**ORDER
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ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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**MOTION RECORD OF THE APPLICANTS
(returnable April 22, 2015)
(re Extension of Stay Period)**

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