

**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 VALLE FOAM INDUSTRIES (1995) INC.,  
DOMFOAM INTERNATIONAL INC., AND  
A-Z FOAM SPONGE & FOAM PRODUCTS LTD.**

**APPLICANTS**

**FOURTH REPORT OF THE MONITOR  
DATED JUNE 12, 2012**

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## INTRODUCTION

1. By Order of the Court dated January 12, 2012 (the “**Initial Order**”), Valle Foam Industries (1995) Inc. (“**Valle Foam**”), Domfoam International Inc. (“**Domfoam**”) and A-Z Foam Sponge & Foam Products Ltd. (“**A-Z Foam**”) (collectively, the “**Applicants**” or the “**Companies**”), obtained protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The CCAA proceeding with respect to the Applicants is referred to herein as the “**CCAA Proceeding**”.
2. Pursuant to the Initial Order, Deloitte & Touche Inc. (“**Deloitte**”) was appointed monitor of the Applicants as part of the CCAA Proceeding (the “**Monitor**”). Pursuant to the Initial Order, all proceedings against the Applicants were stayed until February 10, 2012, or until such later date as this Court would order (the “**Stay Period**”). A copy of the Initial Order is attached hereto as Exhibit “A”.
3. As described below, Valle Foam has changed its name to 3113736 Canada Ltd. and Domfoam has changed its name to 4362063 Canada Ltd. Throughout this Report, references to Valle Foam mean 3113736 Canada Ltd. and references to Domfoam mean 4362063 Canada Ltd. A-Z Foam did not change its name.
4. On January 23, 2012, the Monitor in its capacity as foreign representative of the Companies in the CCAA Proceeding, filed with the United States Bankruptcy Court, Northern District of Ohio (Western Division) (the “**U.S. Bankruptcy Court**”) a petition for recognition of the CCAA Proceeding as a foreign main proceeding pursuant to Chapter 15 of the *U.S. Bankruptcy Code*.
5. By Order of the U.S. Bankruptcy Court dated January 27, 2012, all litigation in the United States against the Companies was stayed on a provisional basis (the “**U.S. Litigation Stay**”) until February 10, 2012, and provided that the U.S. Litigation Stay would be automatically extended to correspond to any extension of the Stay Period in the CCAA Proceeding. By Order of the U.S. Bankruptcy Court dated February 24, 2012 (the “**U.S. Recognition Order**”), the CCAA Proceeding was recognized as a foreign main proceeding. A copy of the U.S. Recognition Order is attached hereto as Exhibit “B”.
6. By Order of the Court dated January 27, 2012 (the “**Sale Process Order**”), the Court authorized and approved the process (the “**Sales Process**”) pursuant to which the Companies invited offers

to purchase some or all of the Applicants' assets (the "**Property**"). The deadline for delivering an offer to purchase some or all of the Property was February 22, 2012. A copy of the Sale Process Order is attached hereto as Exhibit "**C**".

7. By Orders of the Court dated February 8 and March 16, 2012 (the "**Extension Orders**"), the Court extended the Stay Period to March 30, 2012 and June 30, 2012 respectively. Copies of the Extension Orders are attached hereto as Exhibits "**D**" and "**E**".
8. The Initial Order together with related Court documents, the Notice to Creditors dated January 19, 2012, the Monitor's First Report to the Court dated January 25, 2012 ("**First Report**"), the Monitor's Second Report to the Court dated February 7, 2012 ("**Second Report**") and the Monitor's Third Report to the Court dated March 13, 2012 (the "**Third Report**"), have been posted on the Monitor's website at [www.deloitte.com/ca/vallefoam](http://www.deloitte.com/ca/vallefoam) (the "**Monitor's Website**"). The Monitor has also established a toll free number at 1-855-601-6415 and a dedicated e-mail address at [vallefoam@deloitte.ca](mailto:vallefoam@deloitte.ca) for creditors and other interested parties to contact the Monitor with questions or concerns regarding the CCAA Proceeding.
9. The purpose of this report (the "**Fourth Report**") is to update the Court with respect to the status of the Sale Process and to provide the Court with the Monitor's recommendation with respect to the Companies' motion for approval of the Claims Solicitation Procedure (as defined and described below) and an extension of the Stay Period.

#### **TERMS OF REFERENCE**

10. In preparing the Fourth Report, the Monitor has relied upon unaudited financial information, the Companies' books and records, the financial information prepared by the Companies, and discussions with management and legal counsel for the Companies. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in the Fourth Report.
11. Unless otherwise stated, all dollar amounts contained in this Fourth Report are expressed in Canadian dollars.

12. Capitalized terms not otherwise defined in this Fourth Report are as defined in the Initial Order and the Third Report.

## **BACKGROUND**

13. The Companies operated together as one of Canada's leading and largest manufacturers and distributors of flexible polyurethane foam products from facilities located in Ontario, Quebec and British Columbia. The operations of Valle Foam and Domfoam historically comprised substantially all of the Companies' operations. A-Z Foam and Valle Foam are wholly owned subsidiaries of Domfoam.
14. Mr. Anthony Vallecoccia is the President and Chief Executive Officer of Domfoam, President of Valle Foam, and the sole officer and director of A-Z Foam.
15. Other than security interests which may be claimed by certain equipment lessors, the Monitor is not aware of any secured creditors of the Companies. As at January 11, 2012, the total liabilities of Valle Foam, Domfoam and A-Z Foam, not including any claims pursuant to the Class Actions (as defined below), amounted to approximately \$11,218,000, \$11,339,000 and \$368,000 respectively.

### ***The Competition Bureau (Canada) Fines and Related Litigation***

16. As set out in the First Report, both Domfoam and Valle Foam were charged with, and on January 5, 2012, pled guilty to, certain offences under the *Competition Act*, R.S.C. 1985, c C-34 arising from collusion with other manufacturers of slab foam and carpet underlay within Canada to lessen competition in the sale or supply of these products and by conspiring with other manufacturers to fix or control the price for these products.
17. Domfoam was fined a total of \$6.0 million and Valle Foam was fined a total of \$6.5 million. No fine was assessed against A-Z Foam as no charges were laid against A-Z Foam. In accordance with the terms of the sentence imposed, Valle Foam paid \$500,000 in partial payment of the fines imposed against it on the same day the guilty pleas were entered.
18. As a result of the foregoing, each of Valle Foam and Domfoam has an outstanding liability of \$6.0 million in fines payable to the Crown.

19. In accordance with the terms of the sentences imposed, Domfoam and Valle Foam are to each pay \$1.0 million on the 1<sup>st</sup> of January of each year, commencing in 2013 and ending in 2018.
20. As set out in the Affidavit of Tony Vallecoccia sworn January 11, 2012, the Applicants disclosed their financial difficulties to the Crown prior to the entry of their guilty pleas and advised of the Applicants' intention to file for protection under the provisions of a Canadian insolvency regime.
21. The Monitor has been advised by the Companies that, as part of the plea arrangement with the Crown, certain officers and directors of the Companies are required to provide sworn testimony to the Competition Bureau, with such testimony tentatively scheduled to be provided in late June or early July, 2012.

#### **CLASS ACTIONS**

22. The Monitor has been advised by the Applicants that some or all of the Applicants have been named as defendants in at least five class action lawsuits in Canada, and over two dozen class action lawsuits in the United States (together, the "**Class Actions**"), based upon allegations of price fixing by certain of the Applicants and other manufacturers in the slab foam industry.
23. Settlements have been reached with virtually all of the Plaintiffs in both the Canadian and U.S. Class Actions. Under the settlements, the Class Actions will be discontinued as against the Companies, provided that the Plaintiffs in the Class Actions may still assert their claims as creditors within the CCAA Proceeding in amounts to be determined. The settlement agreements are still subject to separate Court approvals in Ontario, British Columbia, Quebec and the United States.
24. The Monitor has been advised by counsel to the Companies that no date has been set for the necessary approvals by the Canadian Courts.
25. The Monitor has been advised by counsel to the Companies that the Plaintiffs in the various U.S. Class Actions have dismissed both Domfoam and Valle Foam from such proceedings. Although preliminary approvals have been obtained from the U.S. Courts, the final approvals required from the U.S. Courts in connection with the U.S. Class Actions will likely not be obtained until August, 2012.

26. At this stage, the Companies are unable to determine the cost to complete the Court approval process with respect to the Class Action settlements described above as well as to complete their various continuing obligations under such settlement agreements. The law firms representing the Companies in the Class Actions have been paid retainers by the Companies. The Monitor has advised the Companies that the Companies' Class Action counsel should rely upon the foregoing retainers to fund any fees incurred through to the requested extension of the Stay Period. At that point, the Monitor and the Companies will be in a better position to reassess the status of the approval process with respect to the Class Action settlements and the ongoing costs associated with same.

#### **ACTIVITIES OF THE MONITOR**

27. The Monitor has undertaken the following activities since the date of the Monitor's Third Report:
- i) reviewed the Companies' cash flow statement as to its reasonableness as described in more detail below;
  - ii) assisted the Companies in carrying out the Sale Process, described in more detail below;
  - iii) assisted the Companies in developing the Claims Solicitation Procedure; and
  - iv) monitored the business and financial affairs of the Applicants, and prepared this Fourth Report.

#### **STATUS OF SALE PROCESS**

28. A summary of all of the offers received by the Companies pursuant to the Sale Process, as well as an analysis of those offers by the Monitor, is contained in the Monitor's Supplemental Report to the Third Report dated March 13, 2012 (the "**Supplemental Report**"). The Supplemental Report has been sealed from the public record pursuant to the Order of the Court dated March 16, 2012. As described in more detail below, each of the transactions to sell the Companies' assets has now closed.



### **SALE OF A-Z FOAM ASSETS**

29. By Order of the Court dated March 16, 2012 A-Z Foam was authorized and directed to enter into the agreement of purchase and sale (the “**A-Z Sale Agreement**”) with 0932916 B.C. Ltd. (the “**A-Z Foam Purchaser**”) pursuant to which A-Z Foam agreed to sell substantially all of its Property to the A-Z Foam Purchaser.
30. The transaction under the A-Z Sale Agreement closed on or about March 29, 2012. The A-Z Foam Purchaser paid net proceeds of sale under the A-Z Sale Agreement in the amount of \$835,758.49, which are now held by the Monitor.
31. The transaction contemplated in the A-Z Sale Agreement resulted in the continuation of A-Z Foam’s business as a going concern. Under the terms of the A-Z Sale Agreement, the A-Z Foam Purchaser offered employment to substantially all of A-Z Foam’s existing employees on substantially the same terms and conditions of employment as existed prior to the sale.
32. There is approximately \$210,000 and US \$92,000 in the bank accounts maintained by A-Z Foam with Royal Bank of Canada (“**RBC**”). After closing of the A-Z Sale Agreement, there were no remaining employees of A-Z Foam to input unpaid accounts payable invoices into A-Z Foam’s accounting system and to issue cheques. Upon review of documentation located at the A-Z Foam premises, the current estimate of unpaid post filing obligations to the closing date of the A-Z Sale Agreement is approximately \$100,000, excluding professional fees.
33. The Monitor understands that RBC will deliver to the Monitor all surplus funds on deposit in the A-Z Foam Account with RBC.

### **SALE OF DOMFOAM ASSETS**

34. By Order of the Court dated March 16, 2012 Domfoam was authorized and directed to enter into the agreement of purchase and sale (the “**Domfoam Sale Agreement**”) with 4037057 Canada Inc. (the “**Domfoam Purchaser**”) pursuant to which Domfoam agreed to sell substantially all of its Property to the Domfoam Purchaser.
35. The transaction under the Domfoam Sale Agreement closed on or about March 26, 2012. The Domfoam Purchaser paid net proceeds of sale under the Domfoam Sale Agreement in the amount

of \$3,662,975, which are now held by the Monitor. The Applicants and the Monitor are in the process of resolving the working capital adjustment under the Domfoam Sale Agreement with the Domfoam Purchaser. If this matter is not resolved shortly, Domfoam will seek the necessary relief from the Court in accordance with the Domfoam Sale Agreement.

36. In accordance with the terms of the Domfoam Sale Agreement, Domfoam International Inc. changed its name to 4362063 Canada Ltd.
37. There is approximately CAD\$306,000 and US \$7,000 in the bank accounts maintained by Domfoam with RBC. As at the date of this report, unpaid post-filing invoices to the closing of the Domfoam Sale Agreement are approximately \$10,000, excluding professional fees. The Monitor is currently working with the Applicants to secure the excess cash on hand with RBC.
38. The transaction contemplated under the Domfoam Sale Agreement resulted in the continuation of Domfoam's business as a going concern. Under the terms of the Domfoam Sale Agreement, the Domfoam Purchaser offered employment to substantially all of Domfoam's unionized employees and substantially all of its non-unionized employees.

#### **SALE OF VALLE FOAM ASSETS**

39. By Order of the Court dated March 16, 2012 Valle Foam was authorized and directed to enter into the agreement of purchase and sale (the "**Valle Sale Agreement**") with Fybon Industries Limited (the "**Valle Foam Purchaser**") pursuant to which Valle Foam agreed to sell substantially all of its Property to the Valle Foam Purchaser.
40. The transaction under the Valle Sale Agreement closed on or about March 30, 2012. The Valle Foam Purchaser paid net proceeds of sale under the Valle Sale Agreement in the amount of \$1,525,000, which are now held by the Monitor. As required by the terms of the Valle Sale Agreement, Valle Foam Industries (1995) Inc. changed its name to 3113736 Canada Ltd.
41. Under the terms of the Valle Sale Agreement, Valle Foam appointed the Valle Foam Purchaser as its agent for a period of 90 days to collect all accounts receivable outstanding as at the Closing Date. The Valle Foam Purchaser is paid a collection fee equal to 20% of the accounts receivable collected by the Valle Foam Purchaser. To date, the Valle Foam Purchaser has collected accounts receivable with a value of \$3,903,449 and remitted net proceeds to the Monitor in the

amount of \$3,126,729. Intercompany receivables were excluded from the Valle Sale Agreement, and the Valle Foam Purchaser remitted to the Monitor 100% of the accounts receivable collected from Domfoam in the amount of \$25,051.37. The Applicants and the Monitor are in the process of resolving the inventory adjustment under the Valle Sale Agreement with the Valle Foam Purchaser.

42. There is approximately \$2,000 and US \$14,000 in the bank accounts maintained by Valle Foam with RBC. As at the date of this report, unpaid post-filing invoices to the closing of the Valle Sale Agreement are approximately \$60,000, excluding professional fees.
43. The transaction contemplated under the Valle Sale Agreement resulted in the continuation of Valle Foam's business as a going concern. Under the terms of the Valle Sale Agreement, the Valle Foam Purchaser offered employment to substantially all of Valle Foam's unionized employees and substantially all of its non-unionized employees.

#### **STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS**

44. Attached hereto as Appendix "F" is the Statement of Receipts and Disbursements for Valle Foam for the period March 29, 2012 to June 11, 2012. Total cash receipts from the sale of assets and the collection of accounts receivable are \$4,676,780.37. Total disbursements on the allocated basis for professional fees for the Monitor, counsel to the Monitor and counsel to the Applicants are \$193,465.29. Net cash on hand as at June 11, 2012 is \$4,483,315.08.
45. Attached hereto as Appendix "G" is the Statement of Receipts and Disbursements for Domfoam for the period March 29, 2012 to June 11, 2012. Total cash receipts from the sale of assets is \$3,662,975.00. Total disbursements on the allocated basis for professional fees for the Monitor, and counsel to the Applicants are \$138,678.28. Net cash on hand as at June 11, 2012 is \$3,524,296.72.
46. Attached hereto as Appendix "H" is the Statement of Receipts and Disbursements for A-Z Foam for the period March 29, 2012 to June 11, 2012. Total cash receipts from the sale of assets is \$835,758.49. Total disbursements on the allocated basis for professional fees for the Monitor, counsel to the Monitor and counsel to the Applicants are \$37,436.74. Net cash on hand as at June 11, 2012 is \$798,321.75.

## PROPOSED CLAIMS SOLICITATION PROCEDURE

47. The Applicants, in conjunction with the Monitor, have developed a proposed claims solicitation procedure (the “**Claims Solicitation Procedure**”) to identify and determine the validity of: (i) creditor claims against the Companies at as the date of the Initial Order, as well as any claims which arose subsequent to the date of the Initial Order (collectively, the “**Claims**”); and (ii) claims against any of the current or former directors or officers (collectively, the “**Directors and Officers**”) of the Companies (the “**D&O Claims**”).
48. The significant steps under the Claims Solicitation Procedure are as follows:
- i) The Monitor will publish a notice (the “**Notice to Creditors**”) in The Globe and Mail (National Edition) and La Presse describing the Claims Solicitation Procedure and advising all creditors of the Companies and the Directors and Officers that the deadline date for submission of proofs of claim is **August 31, 2012** (the “**Claims Bar Date**”);
  - ii) The Monitor will mail to all known creditors of the Companies at the last known address for such creditors as contained in the Companies’ books and records the Notice to Creditors, proof of claim forms for both Claims and D&O Claims and an instruction letter regarding the completion of the proof of claim form by a creditor;
  - iii) Any person asserting a Claim against one or more of the Companies or a D&O Claim against any of the Directors and Officers must file a proof of claim (including all supporting documentation) with the Monitor by no later than the Claims Bar Date. If a creditor with a Claim against the Companies or a D&O claim against the Directors and Officers does not deliver a completed proof of claim to the Monitor by the Claims Bar Date, or such later date as the Court may order, that creditor shall be forever barred from asserting or enforcing a Claim against any of the Companies or a D&O Claim against any of the Directors and Officers and any such Claim or D&O Claim shall be forever barred and extinguished. Furthermore, that creditor shall not be entitled to any further notice or any orders made or steps taken in the CCAA Proceeding and shall not be entitled to participate as a creditor in any distribution of funds within the CCAA Proceeding;

- iv) Notwithstanding the foregoing, Claims against the Companies to which CCAA subsection 19(2)<sup>1</sup> or D&O Claims against the Directors and Officers to which CCAA subsection 5.1(2)<sup>2</sup> apply (collectively, “**Surviving Claims**”) shall not be barred and extinguished in accordance with the foregoing procedure. However, a creditor which fails to file a proof of claim in respect of a Surviving Claim will not be entitled to participate as a creditor in any distribution of funds within the CCAA proceeding as described above;
- v) The Monitor, with the assistance of the Companies, will review all proofs of claim delivered to the Monitor by the Claims Bar Date (other than proofs of claim with respect to D&O Claims which shall not be reviewed by the Monitor) and shall accept, revise or reject each such proof of claim. If the Monitor disputes a proof of claim, in whole or in part, the Monitor shall, by no later than September 21, 2012, send to the creditor who has submitted the disputed proof of claim a Notice of Revision or Disallowance indicating the reasons for the revision or disallowance. Any proof of claim received by the Claims Bar Date in respect of which the Monitor does not send a Notice of Revision or Disallowance by the foregoing deadline date shall be deemed a proven claim;

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<sup>1</sup> 19.(2) A compromise or arrangement in respect of a debtor company may not deal with any claim that relates to any of the following debts or liabilities unless the compromise or arrangement explicitly provides for the claim’s compromise and the creditor in relation to that debt has voted for the acceptance of the compromise or arrangement:

(a) any fine, penalty, restitution order or other order similar in nature to a fine, penalty or restitution order, imposed by a court in respect of an offence;

(b) any award of damages by a court in civil proceedings in respect of

(i) bodily harm intentionally inflicted, or sexual assault, or

(ii) wrongful death resulting from an act referred to in subparagraph (i);

(c) any debt or liability arising out of fraud, embezzlement, misappropriation or defalcation while acting in a fiduciary capacity or, in Quebec, as a trustee or an administrator of the property of others;

(d) any debt or liability resulting from obtaining property or services by false pretences or fraudulent misrepresentation, other than a debt or liability of the company that arises from an equity claim; or

(e) any debt for interest owed in relation to an amount referred to in any of paragraphs (a) to (d).

<sup>2</sup> 5.1(2) A provision for the compromise of claims against directors may not include claims that

(a) relate to contractual rights of one or more creditors; or

(b) are based on allegations of misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors.

- vi) Any creditor who receives a Notice of Revision or Disallowance and who objects to the amount of the Claim set out in or any other provision of the Notice of Revision or Disallowance shall deliver to the Monitor on or before 5:00PM (Toronto time) on October 5, 2012 a Notice of Dispute. If a creditor receives a Notice of Revision or Disallowance and does not file a Notice of Dispute by the foregoing deadline, then the value of such Creditor's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance;
  - vii) Any creditor who delivers a Notice of Dispute to the Monitor by the foregoing deadline shall, unless otherwise agreed by the Monitor in writing, thereafter serve on the Monitor and the Applicants a Notice of Motion in the Court returnable not less than thirty (30) days after the service of the Notice of Dispute for determination of the Claim in dispute, failing which the value of such Creditor's Claim shall be deemed to be as set out in the applicable Notice of Revision or Disallowance;
  - viii) The Monitor will post the Notice to Creditors, the proof of claim form for both Claims and D&O Claims, Notice of Revision or Disallowance and Notice of Dispute as soon as practicable after the date of the Claims Solicitation Procedure Order on the Monitor's website; and
  - ix) Prefiling Claims denominated in U.S. dollars are to be converted to Canadian dollars at the rate of 1.0198, being the Bank of Canada noon spot rate as at January 12, 2012.
49. No Proof of Claim needs to be filed in respect of the following claims (collectively, the **"Excluded Claims"**):
- i) any Claim secured by the Administration Charge, the Directors' Charge or the loan advanced by Valle Foam to the other Companies pursuant to paragraph 31 of the Initial Order; or
  - ii) any claim by one of the Companies against any of the other Companies.

## **CREDITOR CONCERNS**

50. Bayer Inc. (“**Bayer**”) was a significant supplier to and creditor of both Domfoam and Valle Foam. By letter to the Monitor’s counsel dated February 16, 2012, counsel to Bayer expressed concerns that the Companies had continued to trade with Bayer, and possibly other creditors, prior to the commencement of the CCAA Proceeding when the Companies knew themselves to be insolvent, or in the “zone of insolvency”. Bayer’s counsel also expressed concern that Petersen Chemical, a supplier to Domfoam and Valle Foam may have received preferential treatment and/or preferential payments in the period prior to the commencement of the CCAA Proceeding.
51. It does not appear that the Companies will file a plan within the CCAA Proceeding. Accordingly, section 19(2) of the CCAA, which provides that a plan may not deal with any claim that relates to, among other things, any debt or liability resulting from obtaining property or services by false pretenses or fraudulent misrepresentation, will not be engaged. Since the CCAA does not provide for any special priority of payment for the foregoing claims, the Monitor has advised Bayer’s counsel that it will not undertake any further investigation of this issue.
52. By letter dated June 4, 2012, a copy of which is attached hereto as Exhibit “I”, the Monitor addressed the concerns raised by Bayer with respect to potentially preferential payments to Petersen Chemical. Pursuant to section 36.1 of the CCAA, the preference provisions contained in section 95 of the BIA apply to a compromise or arrangement under the CCAA unless the compromise or arrangement provides otherwise. Unless a plan is filed by the Companies, it does not appear that the Monitor has the ability to review or take any steps with respect to potentially preferential transactions pursuant to BIA section 95. Accordingly, the Monitor does not intend to take any further steps with respect to any transactions to which BIA section 95 may apply at this time.

## **PROFESSIONAL FEES**

53. The Monitor and its independent legal counsel, Thornton Grout Finnigan LLP (“**TGF**”) have maintained detailed records of their professional time and costs since the issuance of the Initial Order. Pursuant to paragraph 29 of the Initial Order, the Monitor and TGF were directed to pass their accounts from time to time before this Court.

54. The total fees of the Monitor during the period from March 3, 2012 to May 31, 2012 amount to \$150,067.50, together with expenses and disbursements in the amount of \$596.73 and harmonized sales tax (“HST”) in the amount of \$19,586.35, totalling \$170,250.58. The time spent by the Monitor is more particularly described in the Affidavit of Robert J. Bougie of Deloitte & Touche Inc., sworn June 12, 2012, in support hereof and attached hereto as Exhibit “J”.
55. The total legal fees incurred by the Monitor during the period March 1, 2012 to May 31, 2012 for services provided by TGF as the Monitor’s independent legal counsel amount to \$52,657.50, together with disbursements in the amount of \$1,573.58 and HST in the amount of \$7,050.05, totalling \$61,281.13. The time spent by TGF personnel is more particularly described in the Affidavit of Grant Moffat, a partner of TGF, sworn June 8, 2012 in support hereof and attached hereto as Exhibit “K”.
56. The total legal fees incurred by the Monitor during the period January 1, 2012 to March 31, 2012 for services provided by Kohrman Jackson & Krantz P.L.L. (“KJK”) as the Monitor’s independent legal counsel as Foreign Representative in the Chapter 15 Proceedings amount to US \$82,167.50, together with disbursements in the amount of US \$4,595.74, totalling US \$86,763.24. The time spent by KJK personnel is more particularly described in the Affidavit of Mary Whitmer, a partner of KJK, sworn June 6, 2012 in support hereof and attached hereto as Exhibit “L”.

#### **ALLOCATION OF PROFESSIONAL FEES**

57. Prior to the date of the Initial Order, Valle Foam paid all of the professional fees incurred by the Companies in connection with the Class Actions and the Competition Bureau proceeding. Post filing, Valle Foam has paid \$1,083,123.46 on behalf of all of the Companies with respect to the fees of the Applicant’s legal counsel, the fees of the Monitor and its legal counsel, and the Companies’ Class Action legal counsel, all of which should be allocated on a pro rata basis. The Applicants, with the concurrence of the Monitor, determined that the appropriate pro rata allocation of the foregoing professional fees to Valle Foam, Domfoam and A-Z Foam should be 45%, 45% and 10% respectively. Accordingly, Domfoam and A-Z Foam owe Valle Foam \$487,405.56 and \$108,312.36 respectively on account of such professional fees.



**EXTENSION OF THE STAY PERIOD**


58. The Companies have asked the Court to approve an extension of the Stay Period from June 30, 2012 to October 31, 2012. The basis for this request is to allow the Companies to carry out the Claims Solicitation Procedure, attend to post-closing issues under the sale transactions described above and finalize the various settlements in the Class Actions.
59. The Monitor believes that the Companies are acting in good faith and with due diligence and the Monitor therefore supports the stay extension to October 31, 2012.

**MONITOR'S RECOMMENDATIONS**

60. For the reasons set out above, the Monitor recommends that:
- i) the Claims Solicitation Procedure be approved;
  - ii) the Stay Period be extended until October 31, 2012;
  - iii) the Fourth Report and the activities of the Monitor as described in the Fourth Report be approved; and
  - iv) the professional fees and disbursements of the Monitor, TGF and KJK be approved and the Companies be authorized to pay all such fees and disbursements.

All of which is respectfully submitted at Toronto, Ontario this 12 day of June, 2012.

**DELOITTE & TOUCHE INC.,**  
solely in its capacity as the Monitor  
of the Companies (as defined herein),  
and without personal or corporate liability

Per:   
Robert J. Bougie, CA•CIRP  
Senior Vice-President

# TAB A

# EXHIBIT "A"



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

## ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST

THE HONOURABLE MR. ) THURSDAY, THE 12<sup>th</sup>  
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 ✓

MIT ✓

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]~~ <sup>the Globe and Mail</sup> 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](http://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.

#1832803 | 4079509



SECRETARIAT OF THE COURT  
BOOKING  
LE CLERK DE LA COUR  
LE CLERK DE LA COUR

JAN 12 2012

SECRETARIAT





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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Lawyers for the Applicants

# TAB B

# EXHIBIT "B"

The court incorporates by reference in this paragraph and adopts as the findings and orders of this court the document set forth below. This document has been entered electronically in the record of the United States Bankruptcy Court for the Northern District of Ohio.

  
\_\_\_\_\_  
Mary Ann Whipple  
United States Bankruptcy Judge

Dated: February 24 2012

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF OHIO  
WESTERN DIVISION

_____ )	
In re: )	Case Nos. 12-30214
)	(Jointly Administered)
VALLE FOAM INDUSTRIES (1995) )	
INC., et. al. <sup>1</sup> )	Chapter 15
)	
Foreign Applicants in Foreign )	Judge Mary Ann Whipple
Proceedings. )	
_____ )	

**ORDER GRANTING RECOGNITION OF FOREIGN MAIN  
PROCEEDINGS AND OTHER CHAPTER 15 RELIEF**

Upon the Verified Chapter 15 Petitions (the "**Chapter 15 Petitions**") filed by Deloitte & Touche Inc., the court appointed Monitor (the "**Monitor**") of Valle Foam Industries (1995) Inc. ("**Valle Foam**"), Domfoam International Inc. ("**Domfoam**"), and A-Z Sponge & Foam Products Ltd. ("**A-Z**" and, together with

<sup>1</sup> The Foreign Applicants include Valle Foam Industries (1995) Inc., Domfoam International, Inc., and A-Z Sponge & Foam Products Ltd.

<sup>2</sup> Capitalized terms not defined herein shall have the meanings given to them in the Declaration

{K0289088.1}

Valle Foam and Domfoam, the “**Valle Foam Group**”) in proceedings (the “**Canadian Proceedings**”) under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), pending before the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”), and upon the statements and affirmations made and contained therein, and the Court having reviewed the Chapter 15 Petitions and the Declarations filed contemporaneously with the Chapter 15 Petitions and the exhibits attached thereto, including a certified copy of the Initial Order entered by the Ontario Court on January 12, 2012 (the “**Canadian Order for Relief**”); and a hearing having been held on the 23rd day of February, 2012 (the “**Recognition Hearing**”); and upon the oral statements of counsel for the Monitor; and the Court having reviewed the Notice of the filing of the Chapter 15 Petitions and of the Recognition Hearing and its certificate of service [Dkt No. 15], which notice is deemed adequate for all purposes such that no other or further notice need be given; and the Court having determined that the legal and factual bases set forth in the Chapter 15 Petitions and all other pleadings and proceedings in this case establish just cause to grant the relief ordered herein, and after due deliberation therefore,

**THE COURT HEREBY FINDS AND DETERMINES THAT:**

A. The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as

such. To the extent that any conclusions of law constitute finds of fact, they are adopted as such.

B. This Court has jurisdiction over this matter pursuant to 11 U.S.C. §§ 1334 and 157(a) of the Bankruptcy Code and General Order 84 entered on July 16, 1984 by the United States District Court for the Northern District of Ohio. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue is proper before this Court pursuant to 28 U.S.C. § 1410(2).

C. The Monitor is a “person” within the meaning of section 101(41) of the Bankruptcy Code and is the duly appointed “foreign representative” of the Valle Foam Group within the meaning of section 101(24) of the Bankruptcy Code.

D. The Chapter 15 cases of Valle Foam, Domfoam and A-Z (the “**Chapter 15 Cases**”) were properly commenced pursuant to sections 1504, 1509, and 1515 of the Bankruptcy Code.

E. The Monitor has satisfied the requirements of section 1515 of the Bankruptcy Code and Rule 2002(q) of the Federal Rules of Bankruptcy Procedure.

F. The Canadian Proceedings are a “foreign proceeding” within the meaning of section 101(23) of the Bankruptcy Code.

G. The Canadian Proceedings are entitled to recognition by this Court pursuant to section 1517 of the Bankruptcy Code.

H. The Canadian Proceedings are pending in Canada, which is the location of each member of the Valle Foam Group’s center of main interests, and

accordingly, the Canadian Proceedings are a “foreign main proceeding” pursuant to section 1502(4) of the Bankruptcy Code and are entitled to recognition as a foreign main proceeding pursuant to section 1517(b)(1) of the Bankruptcy Code.

I. The Monitor is entitled to all the automatic relief provided by section 1520 of the Bankruptcy Code, without limitation.

J. The relief granted herein is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, and warranted pursuant to sections 1517, 1520, and 1521 of the Bankruptcy Code.

**NOW, THEREFORE, THE COURT HEREBY ORDERS, ADJUDGES, AND DECREES AS FOLLOWS:**

1. The Canadian Proceedings are hereby recognized as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code.

2. All relief afforded foreign main proceedings pursuant to section 1520 of the Bankruptcy Code is hereby granted to each member of the Valle Foam Group, including, without limitation, the stay under section 362 throughout the duration of these Chapter 15 Cases or until otherwise ordered by this Court.

3. The stay pursuant to section 362(a)(1) of the Bankruptcy Code is hereby modified and limited in the following respects:

- (a) The stay shall not stay any act pertaining to finalizing the Settlements;<sup>2</sup> and
- (b) The stay shall not stay the filing of a new complaint against any member of the Valle Foam Group, but shall stay any act to continue such litigation after the filing of the complaint, including service of process on any member of the Valle Foam Group.

4. The Canadian Order for Relief (and any extensions, amendments or modifications thereof as may be granted from time to time by the Ontario Court) shall be granted comity and is hereby given full force and effect in the United States to the same extent that it is given effect in Canada.

5. The Monitor is hereby recognized as the “foreign representative” in these bankruptcy proceedings, and may exercise the rights and powers of a trustee under and to the extent provided by section 1520 of the Bankruptcy Code.

6. The Monitor, the members of the Valle Foam Group, and each of their successors, agents, representatives, advisors or counsel shall be entitled to the protections contained in sections 306 and 1510 of the Bankruptcy Code.

7. A copy of this Order, conformed to be true and correct, shall be served, within three business days of the entry of this Order, by facsimile, electronic mail or overnight express delivery, upon all persons or bodies authorized to administer foreign proceedings of the Valle Foam Group, all

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<sup>2</sup> Capitalized terms not defined herein shall have the meanings given to them in the Declaration in Support of the Chapter 15 Petitions [Dkt. No. 2].

entities against whom provisional relief was granted under section 1519 of the Bankruptcy Code, all parties to litigation pending in the United States in which any member of the Valle Foam Group was a party at the time of the filing of the Chapter 15 Petitions, the United States Trustee, and such other entities as the Court may direct. Such service shall be good and sufficient service and adequate notice for present purposes.

8. The Chapter 15 Petitions and any supporting papers shall be made available by the Monitor through its website at <http://www.deloitte.com/ca/Vallefoam> or upon request at the offices of Kohrman Jackson & Krantz P.L.L., One Cleveland Center, 20<sup>th</sup> Floor, 1375 East 9<sup>th</sup> St., Cleveland, Ohio, 44114, to the attention of Mary K. Whitmer or James W. Ehrman, (216) 686-8700, [mkw@kjk.com](mailto:mkw@kjk.com) or [jwe@kjk.com](mailto:jwe@kjk.com).

9. This Court shall have continuing jurisdiction to the fullest extent permitted by law with respect to: (i) the enforcement, amendment or modification of this Order; (ii) any requests for further or additional relief or any adversary proceeding filed by the Monitor or any other party in interest; and (iii) any request by a person or entity for relief from the provisions of this Order, for cause shown.

10. This Order shall be immediately effective and enforceable upon its entry, and upon its entry shall become final and appealable, notwithstanding Bankruptcy Rule 7062 made applicable to chapter 15 cases by Bankruptcy Rule 1018.



###

Prepared and Submitted by:

**KOHRMAN JACKSON & KRANTZ P.L.L.**

/s/ Mary K. Whitmer

Mary K. Whitmer (0018213)  
James W. Ehrman (0011006)  
One Cleveland Center, 20<sup>th</sup> Floor  
1375 East 9<sup>th</sup> Street  
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Telephone: (216) 696-8700  
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Email: [mkw@kjk.com](mailto:mkw@kjk.com)  
[jwe@kjk.com](mailto:jwe@kjk.com)

*Counsel for Deloitte & Touche Inc.,  
the Foreign Representative of Valle  
Foam Industries (1995) Inc.,  
Domfoam International Inc., and  
A-Z Sponge & Foam Products Ltd.*

# TAB C

# EXHIBIT ~ C<sup>u</sup>

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) FRIDAY, THE 27<sup>th</sup> DAY  
MR. JUSTICE BROWN ) 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")

**ORDER  
(Approval of Sale Process)**

**THIS MOTION** made by Valle Foam Industries (1995) Inc., Domfoam International Inc., and A-Z Sponge & Foam Products Ltd. (the "Applicants") for an Order authorizing and approving the Sale Process (as defined below) and certain ancillary relief was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Tony Vallecoccia sworn January 25, 2012, and the exhibits thereto (the "Vallecoccia Affidavit"), the First Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor of the Applicants (the "Monitor") dated January 25, 2012, and the appendices attached thereto (the "First Report"), and on hearing the submissions of counsel for the Applicants, counsel for

the Monitor, counsel for 631400 Ontario Limited and counsel for Bayer Inc., and no one appearing for anyone else on the Service List, although properly served as appears from the affidavit of service of Victoria Stewart sworn January 25, 2012,

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 capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the First Report.
3. **THIS COURT ORDERS** that the First Report and the actions, decisions and conduct of the Monitor as set out in the First Report are hereby approved.
4. **THIS COURT ORDERS** that the sale process for the Property as described in the Vallecoccia Affidavit, (the "Sale Process") is approved.
5. **THIS COURT ORDERS** that the terms and conditions of sale ("Terms of Sale") attached as an exhibit to the First Report be and the same are hereby approved, together with any amendments thereto deemed necessary and appropriate by the Applicants with the consent of the Monitor.
6. **THIS COURT ORDERS** that notwithstanding paragraph 4 of this Order the Applicants are authorized to return to Court on or before February 22, 2012 to seek the approval of a sale or sales of some or all of the Property should the Applicants and the Monitor determine it necessary to do so.
7. **THIS COURT ORDERS** that the Applicants are authorized and directed to perform their obligations under and take such steps as they consider necessary or desirable in carrying out the Sale Process, and any step taken by the Applicants in

connection with the Sale Process prior to the date hereof is hereby approved and ratified.

8. **THIS COURT ORDERS** that, in accordance with the Terms of Sale, the Applicants are not obligated to accept any offer or offers to purchase some or all of the Property.

9. **THIS COURT ORDERS** that the Monitor shall have no personal or corporate liability in connection with the Sale Process including, without limitation:

- (a) by advertising the Property and/or the Sale Process;
- (b) by exposing the Property to any and all parties, including, but not limited to, those who have made their interests known to the Monitor;
- (c) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Property;
- (d) through the disclosure of any and all information regarding the Applicants or the Property arising from, incidental to, or in connection with the Sale Process;
- (e) pursuant to any and all offers received by the Applicants in accordance with the Sale Process; and
- (f) pursuant to any agreements of purchase and sale entered into by any of the Applicants in respect of the sale of any of the Property.

10. **THIS COURT ORDERS** that pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicants shall disclose personal information of identifiable individuals to prospective

purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such information is provided shall limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Applicants or the Monitor, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants or the Monitor, or ensure that all other personal information is destroyed.

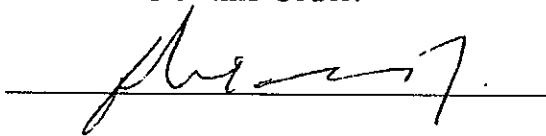
11. **THIS COURT HEREBY** requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this 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.

12. **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.

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

#1844631 v3 | 4079509

JAN 27 2012



117

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

**ORDER  
(Approval of Sale Process)**

**MINDEN GROSS LLP**

145 King Street West, Suite 2200  
Toronto ON M5H 4G2

**Raymond M. Slattery** (LSUC #20479L)  
416-369-4149  
[rslattery@mindengross.com](mailto:rslattery@mindengross.com)

**David T. Ullmann** (LSUC #423571)  
416-369-4148  
[dullmann@mindengross.com](mailto:dullmann@mindengross.com)

**Sepideh Nassabi** (LSUC #60139B)  
416-369-4323  
[snassabi@mindengross.com](mailto:snassabi@mindengross.com)  
416-864-9223 fax

Lawyers for the Applicants

# TAB D



**EXHIBIT "D"**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) WEDNESDAY, THE 8<sup>th</sup> DAY  
  )  
JUSTICE NEWBOULD        ) OF FEBRUARY, 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")

**ORDER  
(Extension Order)**

**THIS MOTION** made by Valle Foam Industries (1995) Inc., Domfoam International Inc., and A-Z Sponge & Foam Products Ltd. (the "Applicants") for an Order authorizing and approving the Sale Process (as defined below) and certain ancillary relief was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Tony Vallecoccia sworn February 7, 2012, and the exhibits thereto (the "Vallecoccia Affidavit"), the Second Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor of the Applicants (the "Monitor") dated February 7, 2012, and the appendices attached

thereto (the "Second Report"), and on hearing the submissions of counsel for the Applicants, counsel for the Monitor,

, and no one appearing for anyone else on the Service List, although properly served as appears from the affidavit of service of Victoria Stewart sworn February 7, 2012,

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 capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the Second Report.
3. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 13 of the Order of Justice Newbould in these proceedings dated January 12, 2012) is hereby extended from February 10, 2012 to March 30, 2012.
4. **THIS COURT ORDERS** that the Second Report and the actions, decisions and conduct of the Monitor as set out in the Second Report are hereby approved.
5. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, as set out in the Second Report and the Bougie Affidavit and the Moffat Affidavit attached as exhibits thereto, are hereby authorized and approved.
6. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to pay the fees and disbursements of the Monitor and of its legal counsel and agents in the amounts set out in the Second Report.

7. **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.

8. **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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#1844631 v3 | 4079509

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

FEB 8 2012

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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

**ORDER  
(Approval of Sale Process)**

**MINDEN GROSS LLP**  
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**Sepideh Nassabi** (LSUC #60139B)  
416-369-4323  
[snassabi@mindengross.com](mailto:snassabi@mindengross.com)  
416-864-9223 fax

Lawyers for the Applicants

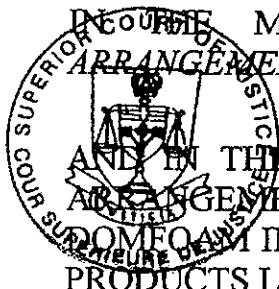
# **T A B E**

# EXHIBIT "E"

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) FRIDAY, THE 16<sup>th</sup> DAY  
 )  
JUSTICE BROWN ) OF MARCH, 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.,  
DOMEFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM  
PRODUCTS LTD.**

(the "Applicants")

**ORDER  
(Extension Order)**

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

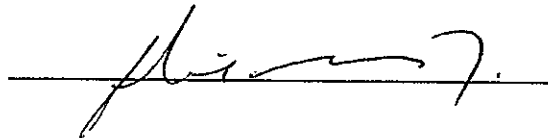
**ON READING** the affidavit of Tony Vallecoccia sworn March 13, 2012, and the exhibits thereto, the Third Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor of the Applicants (the "Monitor") dated March 13, 2012, and the appendices attached thereto (the "Third Report"), and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, and no one

appearing for anyone else on the Service List, although properly served as appears from the affidavit of service of Victoria Stewart sworn March 13, 2012,

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 is hereby extended from March 30, 2012 to June 30, 2012.
3. **THIS COURT ORDERS** that the Third Report and the actions, decisions and conduct of the Monitor as set out in the Third Report are hereby authorized and approved.
4. **THIS COURT ORDERS** that the Confidential Supplement to the Third Report (the "Confidential Supplement") be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice which sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.
5. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, as set out in the Third Report and the affidavit of <sup>Robert Boyce and Grant Moffat</sup> ~~(insert)~~ and the exhibits attached thereto, are hereby authorized and approved.
6. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to pay the fees and disbursements of the Monitor and of its legal counsel and agents in the amounts set out in the Third Report.

7. **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.

8. **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.

A handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to be "J. Smith".

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

MAR 16 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.

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

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

Proceeding commenced at TORONTO

**ORDER**  
**(Extension Order)**

**MINDEN GROSS LLP**  
145 King Street West, Suite 2200  
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**Raymond M. Slattery** (LSUC #20479L)  
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**Sepideh Nassabi** (LSUC #60139B)  
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416-864-9223 fax

Lawyers for the Applicants

# TAB F

# EXHIBIT " F "

Deloitte & Touche Inc., In its capacity as Monitor of  
Valle Foam Industries (1995) Inc.  
Statement of Receipts and Disbursements  
For the period March 29, 2012 to June 11, 2012

Receipts

Sale of assets	\$	1,525,000.00
Accounts Receivable - Collected by Purchaser		3,151,780.37
Total Cash Receipts	\$	<u>4,676,780.37</u>

Disbursements

Monitor's Fees		67,798.91
Legal Fees and Disbursements - Applicants - Minden Gross LLP		79,935.60
Legal Fees and Disbursements - Counsel to the Monitor - Thornton Grout Finnigan LLP		26,380.10
HST		19,350.68
Total Cash Disbursements	\$	<u>193,465.29</u>

Cash on Hand as at June 11, 2012	\$	<u>4,483,315.08</u>
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# TAB G

# EXHIBIT <sup>u</sup> 6 <sup>u</sup>

Deloitte & Touche Inc., in its capacity as Monitor of  
Domfoam International Inc.  
Statement of Receipts and Disbursements  
For the period March 29, 2012 to June 11, 2012

Receipts

Sale of assets \$ 3,662,975.00

Total Cash Receipts

\$ 3,662,975.00

Disbursements

Monitor's Fees

Legal Fees and Disbursements - Applicants - Minden Gross LLP 67,798.89

HST Paid on Legal and Disbursements 54,935.60

15,943.79

Total Cash Disbursements

\$ 138,678.28

Cash on Hand as at June 11, 2012

\$ 3,524,296.72

# TAB H

# EXHIBIT <sup>u</sup> H<sup>u</sup>

Deloitte & Touche Inc., in its capacity as Monitor of  
A-Z Sponge & Foam Products Ltd.  
Statement of Receipts and Disbursements  
For the period March 29, 2012 to June 11, 2012

Receipts

Sale of assets	\$	842,278.49
Landlord's Legal Fees and Disbursements on closing of sale transaction		(5,821.43)
HST Paid on Legal Fees and disbursements		(698.57)
Total Cash Receipts	\$	<u>835,758.49</u>

Disbursements

Monitor's Fees		15,066.43
Legal Fees and Disbursements - Applicants - Minden Gross LLP		12,207.92
Legal Fees and Disbursements - Counsel to the Monitor - Thornton Grout Finnigan LLP		5,862.24
HST Paid on Legal and Disbursements		4,300.15
Total Cash Disbursements	\$	<u>37,436.74</u>

Cash on Hand as at June 11, 2012	\$	<u><u>798,321.75</u></u>
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# TAB I



# EXHIBIT <sup>~</sup> I <sup>u</sup>

# TGF

Thornton Grout Finnigan LLP  
RESTRUCTURING + LITIGATION

Canadian Pacific Tower  
Toronto-Dominion Centre  
100 Wellington Street West  
Suite 3200, P.O. Box 329  
Toronto, ON Canada M5K 1K7  
T 416.304.1616 F 416.304.1313

Grant B. Moffat  
T: 416-304-0599  
E: gmoffat@tgf.ca  
File No. 533-029

June 4, 2012

VIA EMAIL

Kronis, Rotsztain, Margles, Cappel LLP  
8 King St. E., Suite 1000  
Toronto, ON M5C 1B5

Attention: Mervyn D. Abramowitz

Dear Sir:

**Re: Valle Foam Industries (1995) Inc., Domfoam International Inc. and A-Z Sponge & Foam Products Ltd. (the "Companies")**

Further to our letter to you dated April 30, 2012, we have now had an opportunity to review with the Monitor the concerns originally addressed in your February 16, 2012 letter regarding possible preferential payments made by the Companies to Petersen Chemical.

As confirmed under cover of our April 30, 2012 letter, A-Z Sponge & Foam Products Ltd. ("A-Z") did not order any product from Petersen Chemical.

Petersen Chemical issued its last invoice for products supplied to Valle Foam Industries (1995) Inc. ("Valle") on September 9, 2011 in the amount of USD \$64,036.00, which invoice was paid by Valle on October 17, 2011. Based on the records made available to the Monitor by Valle, it appears that Bayer received payments from Valle for the period October 17 to November 29, 2011 in the amount of USD \$1,786,807.35 and that Bayer had unpaid invoices for the period November 1 to November 29, 2011 in the amount of USD \$1,467,138.71. As we understand, Valle ordered product from Bayer on a weekly or bi-weekly basis, such that at the time the October 17, 2011 payment was made by Valle to Petersen Chemical, amounts owing by Valle to Bayer were being paid in the ordinary course. Based on the timing of the foregoing payments to both Petersen Chemical and Bayer, it does not appear that the payment by Valle to Petersen Chemical on October 17, 2011 had the effect of giving Petersen Chemical a preference over Bayer.

As noted in our April 30, 2012 letter, Domfoam International Inc. ("Domfoam") received two separate shipments from Petersen Chemical in November 2011 for which payment was remitted to Petersen Chemical on December 1, 2011 in the total amount of USD \$134,269.80. Domfoam also paid Petersen Chemical USD \$178,942.40 on October 26, 2011 with respect to invoices dated September 21, 26 and October 5, 2011, USD\$268,477.92 on November 22, 2011 with respect to an invoice dated October 5, 2011 and the further sum of USD \$68,325.60 on November 22, 2011 with respect to an invoice dated November 15, 2011. Prior to October 26, 2011, the most recent payment to Petersen Chemical was September 28, 2011.

tgf.ca

We also note that during the period October 12 to October 19, 2011, Domfoam made payments to Bayer in the amount of USD \$880,401.94 and that Bayer had unpaid invoices for the period October 13 to November 21, 2011 in the amount of USD \$1,281,892.15.

As you are aware, from and after December 1, 2011, all suppliers were paid on a C.O.D. basis.

Based on the payment details described above, it appears that, during the three month preference period prior to the date of the initial CCAA order, payments were being made to Petersen Chemical during the period October 26 to November 22, 2011 while certain invoices from Bayer went unpaid.

As you are aware, the payments prohibited by section 95 of the *Bankruptcy and Insolvency Act* (Canada) (“BIA”) must be made by an insolvent person. As requested under cover of your May 14, 2012 email, the Monitor has reviewed the issue of the date or range of dates upon which Domfoam became insolvent. As set out in the affidavit of Anthony Valecoccia sworn January 11, 2012 (the “Valecoccia Affidavit”) and filed in connection with the Companies’ application for relief under the CCAA, the Companies became insolvent as a result of declining sales, fines imposed by the Competition Bureau of Canada and class action lawsuits commenced against the Companies in Canada and United States. In paragraph 24 of the Valecoccia Affidavit, Mr. Valecoccia states that although the Companies had sufficient cash flow to order goods on a C.O.D. basis (which practice commenced December 1, 2011) the Companies’ cash flow was not sufficient to pay the accrued arrears owing to certain of the Companies’ suppliers (including Bayer) along with paying C.O.D. for new supplies.

Accordingly, the Companies appear to have met the definition of “insolvent person” within the BIA as at January 11, 2012 since, by Mr. Valecoccia’s admission, the Companies were unable to meet their obligations as they generally became due as at that date and the Companies had ceased paying their current obligations in the ordinary course of business as they generally became due.

However, it is more difficult to determine the date or range of dates upon which Domfoam first became an “insolvent person” within the definition contained in the BIA. Certainly Domfoam was insolvent on a balance sheet basis as of January 5, 2012, the date it pleaded guilty to offences under the *Competition Act*, which, as you know, resulted in Domfoam being fined a total of \$6,000,000. Prior to January 5, 2012, the claim by the Competition Bureau had not yet been liquidated and the claims of the class action plaintiffs in Canada and the United States remained contingent.

Determining if Domfoam met the definition of “insolvent person” within the BIA prior to January 5, 2012 would require a detailed review of Domfoam’s bank statements and various accounts payable during the three month preference period preceding the date of the Initial Order.

Notwithstanding our comments regarding the possible application of section 95 of the BIA to certain payments made to Petersen Chemical described above, we note that, pursuant to section 36.1 of the CCAA, BIA section 95 is stated only to apply to a compromise or arrangement under the CCAA unless the compromise or arrangement provides otherwise. Based on the wording of section 36.1 of the CCAA, it appears that, absent a plan being filed by the Companies, the preference provisions of the BIA would not apply within this CCAA proceeding and the Monitor would not have the ability to attack potentially preferential transactions pursuant to BIA section 95. As we have previously advised, it does not appear that the Companies will file a plan within the CCAA proceeding.

The Monitor is currently preparing its next report to the Court in connection with the Companies' motion to extend the stay of proceedings beyond June 30, 2012. We confirm that the Monitor will bring to the Court's attention the issues you have raised regarding potential preferential payments by Domfoam as part of that report.

Yours very truly,

**Thornton Grout Finnigan LLP**



Grant B. Moffat  
GBM/gk

Encls.

cc: Robert Bougie, *Deloitte & Touche Inc.*  
Catherine Hristow, *Deloitte & Touche Inc.*  
Raymond Slattery, *Minden Gross LLP*  
David Ullmann, *Minden Gross LLP*

# TAB J

# EXHIBIT "J"

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 VALLE FOAM INDUSTRIES (1995) INC.,  
DOMFOAM INTERNATIONAL INC., AND  
A-Z SPONGE & FOAM PRODUCTS LTD.

APPLICANTS

AFFIDAVIT OF ROBERT J. BOUGIE  
(Sworn June 12, 2012)

I, **ROBERT J. BOUGIE**, of the City of Brampton, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Chartered Accountant and Chartered Insolvency and Restructuring Professional qualified to practice in the Province of Ontario and am a Senior Vice President of Deloitte & Touche Inc. ("Deloitte"), the Court-Appointed monitor (the "Monitor") of Valle Foam Industries (1995) Inc. ("**Valle Foam**"), Domfoam International Inc. ("**Domfoam**") and A-Z Sponge & Foam Products Ltd. ("**A-Z Foam**") (collectively, the "**Applicants**" or the "**Companies**") and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as Exhibit "A" are true copies of the invoice for fees and disbursements incurred by Deloitte in the course of the CCAA administration of the Companies between March 3, 2012 and May 31, 2012 (the "Passing of Accounts Period").

3. The total fees of the Monitor during the Passing of Accounts Period amount to \$150,067.50, together with expenses and disbursements in the amount of \$596.73 and harmonized sales tax ("HST") in the amount of \$19,586.35 totalling \$170,250.58.

4. To the best of my knowledge, the rates charged by Deloitte throughout the course of these proceedings are comparable to the rates charged by other accounting firms in the Toronto market for the provision of similar services.

5. The hourly billing rates outlined in Exhibit "A" to this affidavit are comparable to the hourly rates charged by Deloitte for services rendered in relation to similar proceedings.

6. The fees of the Monitor have been allocated on a percentage basis to Valle Foam, Domfoam and A-Z Foam at 45%, 45% and 10% respectively as agreed with the Applicants.

7. Attached as Exhibit "A" to the Affidavit of Grant Moffat sworn and filed in support of the within motion are the full particulars of the fees and disbursements of Thornton Grout Finnigan LLP ("TGF"), counsel to the Monitor, which have been incurred during the period March 1, 2012 to May 31, 2012.

8. TGF rendered services throughout these proceedings in a manner consistent with instructions from the Monitor. The Monitor has approved all such accounts and I verily believe that the fees and disbursements of TGF are fair and reasonable in the circumstances.

9. Attached as Exhibit "A" to the Affidavit of Mary Whitmer sworn and filed in support of the within motion are the full particulars of the fees and disbursements of Kohrman Jackson & Krantz PLL ("KJK"), counsel to the Monitor, as Foreign Representative in the Chapter 15 Proceedings, which have been incurred during the period January 1, 2012 to March 31, 2012.

10. KJK rendered services throughout these proceedings in a manner consistent with instructions from the Monitor. The Monitor has approved all such accounts and I verily believe that the fees and disbursements of KJK are fair and reasonable in the circumstances.

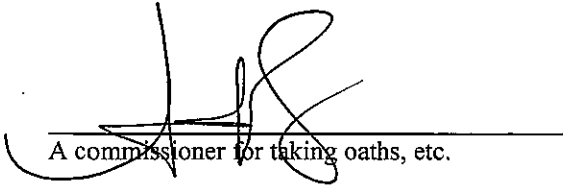
11. I make this affidavit in support of a motion by the Monitor for, *inter alia*, approval of the fees and disbursements of the Monitor.

**SWORN BEFORE ME**  
at the City of Toronto, in the  
Province of Ontario this  
day of June 12, 2012.

)  
)  
)  
)



Robert J. Bougie



A commissioner for taking oaths, etc.

**Anna Koroneos, a Commissioner, etc.,**  
Province of Ontario  
for Deloitte & Touche Inc.,  
Trustee in Bankruptcy.  
Expires June 5, 2014.

**EXHIBIT "A"**

**REFERRED TO IN THE AFFIDAVIT OF ROBERT J. BOUGIE**  
*(Sworn June 12, 2012)*



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**Commissioner**

**Anna Koroneos, a Commissioner, etc.,**  
Province of Ontario  
for Deloitte & Touche Inc.,  
Trustee in Bankruptcy.  
Expires June 5, 2014.





Deloitte & Touche Inc.  
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Valle Foam Industries (1995) Inc.  
Domfoam International Inc.  
A-Z Sponge & Foam Products Ltd.  
c/o Deloitte & Touche Inc.  
181 Bay Street, Suite 1400  
Toronto, ON M5J 2V1

Date: May 29, 2012  
Invoice No: 3103327  
Client/Mandate No: 921001/1000000  
Partner: Robert Bougie

HST Registration No: 122893605

Attention: Mr. Robert J. Bougie

Invoice for professional services rendered in connection with Deloitte & Touche Inc. acting as Court-Appointed *Companies' Creditors Arrangement Act (R.S.C., 1985, c. C-36)* ("CCAA") Monitor of Valle Foam Industries (1995) Inc, ("Valle Foam") Domfoam International Inc. ("Domfoam") and A-Z Sponge & Foam Products Ltd. ("A-Z") (collectively the "Companies") for the period March 3, 2012 to April 30, 2012.

Date	Professional	Description
3/4/2012	Hristow, Catherine	Telephone attendance with D. Ullmann; correspondences with A-Z employee; review file for information on Domfoam appraisal and forward same to D. Ullmann.
3/5/2012	Bougie, Robert	Meeting with C. Hristow regarding status update; attendance at Minden Gross offices for meeting with D. Ullmann et al; follow up discussion with C. Hristow.
3/5/2012	Damiani, Stefano	Telephone discussion with G. Ross with respect to bank reconciliations, variance analysis, and accounts receivable for A-Z, Domfoam, and Valle Foam; review email by G. Moffat of TGF and telephone discussion regarding same; meeting with C. Hristow regarding sales offers; update sales offer analysis for meeting with Minden Gross; discussion with B. Bougie and C. Hristow.
3/5/2012	Hristow, Catherine	Correspondence with D. Pasin; review Valle Foam deposits; review variance analysis; review correspondence from D. Ullmann regarding Domfoam offer; discussions with S. Damiani; review bank reconciliations and correspondence with A-Z; meeting with B. Bougie; draft agenda for meeting with Minden Gross; attendance at a meeting with B. Bougie, R. Slattery and D. Ullmann; revisions to the Third Report of the Monitor.
3/6/2012	English, Jennifer	Review of Domfoam revised February 24th bank statement and update bank reconciliation; review Valle Foam February 24th variance analysis; review cash reporting from Domfoam, Valle Foam and A-Z; review and reconcile bank statements to bank reconciliations; emails to G. Ross regarding disbursement review and outstanding items; review of A-Z and Domfoam variance analysis.
3/6/2012	Bougie, Robert	Attendance at Minden Gross offices for meeting with Fybon and legal counsel to discuss their offer on Valle Foam; review accounts receivable and preparation of analysis for revised collection percentage.
3/6/2012	Damiani, Stefano	Correspondences with J. English.

<b>Date</b>	<b>Professional</b>	<b>Description</b>
3/6/2012	Hristow, Catherine	Telephone attendance with G. Moffat.
3/7/2012	Margulis, Ilya	Preparation of letter and telephone call to bidder
3/7/2012	English, Jennifer	Preparation of cumulative variance analysis; emails to G. Ross, B. Robb and A. Lin regarding variance analysis; telephone attendance with G. Ross regarding Domfoam variance analysis; correspondence with S. Damiani regarding outstanding issues and preparation of variance analysis for the Third Report of the Monitor.
3/7/2012	Bougie, Robert	Discussion with C. Hristow; telephone discussion with D. Ullmann regarding Valle Foam offer; meeting with C. Hristow to review status of offers and outline of the Third Report of the Monitor.
3/7/2012	Damiani, Stefano	Telephone and email correspondence with J. English regarding sales offers, variance analysis, and cash reporting.
3/7/2012	Hristow, Catherine	Correspondence with M. McKie regarding letter and return of cheque and bank draft; review Valle Foam inventory as at February 29th; correspondence with D. Ullmann regarding accounts receivable and inventory listing for Fybon; telephone attendance with M. Ward of Heenan Blaikie representing the landlord for 4 West Drive; email correspondence with T. Vallecoccia; telephone attendance with D. Ullmann; telephone attendance with T. Vallecoccia; various discussions with J. English regarding ongoing analysis; continue drafting the Third Report of the Monitor; review correspondence from D. Ullmann regarding A-Z offer; review correspondence from R. Bortolin; review list of employees; further discussion with D. Ullmann regarding offers; status update with B. Bougie.
3/7/2012	McKie, Melinda	Email correspondences with C. Hristow regarding deposit funds held; direction to I. Margulis; review and sign correspondence.
3/8/2012	English, Jennifer	Preparation of offer summaries for Third Report of the Monitor and discussion with C. Hristow regarding same.
3/8/2012	Hristow, Catherine	Correspondence with S. Nathalie of Hydro Quebec; review correspondence from D. Ullmann regarding revisions to the Domfoam Purchase and Sale Agreement; review correspondence from D. Ullmann to G. Moffat regarding governing law issue; review inventory and accounts receivable for Valle Foam; review draft summary of offers; correspondence with J. English regarding analysis required; status update with B. Bougie; correspondence with G. Ross regarding borrowings from Valle Foam; review revised variance analysis; correspondence with J. Howard and G. Ross regarding chemical purchases; review correspondence from J. Sproule; correspondence with J. Ehrman of Kohrman Jackson & Krantz; review correspondence regarding Valle Foam payroll; correspondence with A. Lin; forward A-Z initialed pages to G. Moffat; correspondence with G. Ross regarding Domfoam inventory count; continue drafting Third Report of the Monitor; update A-Z summary for inclusion in the sealed court document.
3/9/2012	English, Jennifer	Preparation of variance analysis templates to end of March; preparation, review and referencing of analysis to support offers received for Valle

Date	Professional	Description
		Foam, Domfoam and A-Z; email correspondences with C. Hristow regarding Third Report of the Monitor; telephone calls/email correspondences with G. Ross and B. Robb regarding outstanding information; review of offers and applicable purchase price adjustment clauses; review of information with H. Weber.
3/9/2012	Damiani, Stefano	Telephone discussion with J. English regarding sales offers and cash matters.
3/9/2012	Hristow, Catherine	Correspondence with G. Ross; correspondence with A. Lin; correspondences with H. Weber and J. English regarding analysis required; correspondences with G. Moffat; telephone attendance with H. Weber regarding verification of information for the Third Report of the Monitor; correspondence with J. Ehrman of Kohrman Jackson & Krantz and forward same to G. Moffat;
3/9/2012	Weber, Haley	Review of schedules, variance analysis and offers with J. English
3/12/2012	English, Jennifer	Update analysis for offers received; review of weekly cash and variance analysis, emails with G. Ross regarding weekly reporting.
3/12/2012	Bougie, Robert	Review and revise the draft Third Report of the Monitor; review and revise draft affidavit of fees; preparation of initial draft of Supplemental Report to court; correspondence with C. Hristow.
3/12/2012	Damiani, Stefano	Email and telephone correspondence with J. English regarding information for the Third Report of the Monitor; correspondence to J. English and C. Hristow regarding same.
3/12/2012	Hristow, Catherine	Correspondence with J. English regarding analyses; review proposed changes by D. Nunes to the Third Report; correspondence with R. Slattery; correspondence with B. Bougie; review revised Third Report of the Monitor; email correspondence to B. Bougie; email correspondence to G. Ross; email correspondence and telephone call to reach T. Dunn.
3/13/2012	English, Jennifer	Update Domfoam analysis for final offer, prepare revised high-level offer summary, and review A-Z weekly cash and variance analysis.
3/13/2012	Tannenbaum, Bryan	Quality review of the Third Report of the Monitor and Supplemental Report; discuss proposed changes with B. Bougie.
3/13/2012	Bougie, Robert	Discuss proposed changes to the reports with B. Tannenbaum; finalize Third Report of the Monitor, Supplemental Report and affidavit of fees; telephone discussion with R. Slattery; ongoing discussion with staff regarding analysis of offers; emails to/from TGF; review Companies' motion material and adjustments to report regarding same.
3/13/2012	Damiani, Stefano	Review email from C. Hristow and J. English; meeting with J. English to review changes to summary schedule.
3/13/2012	Hristow, Catherine	Correspondences with R. Slattery; correspondence with B. Bougie; correspondence with A. Lin regarding payment of accounts receivable to Domfoam; correspondence with J. English.
3/15/2012	Hristow, Catherine	Review correspondence from Bayer's legal counsel.
3/16/2012	Bougie, Robert	Attendance in court regarding sale approval and extension order; follow up discussions with R. Slattery and D. Nunes regarding distribution and

Date	Professional	Description
		claims process; review and responding to emails.
3/19/2012	Hristow, Catherine	Review final Third Report of the Monitor; discussions with A. Zailer regarding updating of website; various correspondences with J. Ehrman; correspondence with S. Carver of PPL; correspondence with S. McNeill; review finalized Purchase and Sale Agreements; correspondence with R. Pathak of Maynards; status update with B. Bougie; correspondence with G. Ross and J. Howard; correspondence with T. Vallecoccia.
3/19/2012	Zailer, Anna	Updating the Monitor's website to include the Extension Order, the Sale Approval and Vesting Orders and endorsement.
3/19/2012	English, Jennifer	Email correspondence to G. Ross, A. Lin and B. Robb regarding weekly reporting.
3/20/2012	Hristow, Catherine	Review correspondence from G. Ross and counsel's response to same; telephone call to reach D. Ullmann; correspondence with D. Ullmann outlining information with respect to closings and other matters; correspondence with B. Bougie; discussions with J. English.
3/20/2012	Zailer, Anna	Update website.
3/20/2012	English, Jennifer	Review of Valle Foam weekly cash and variance analysis reporting.
3/21/2012	Hristow, Catherine	Review Fybon offer regarding assumption of leases and advise B. Bougie of same; review A-Z and Domfoam offers regarding closing adjustments, assumption of liabilities etc.; correspondence with C. Amante of Friendly Foam Shop; correspondence with G. Ross; review Valle Foam deposits; telephone attendance with D. Ullmann regarding closings; status update with B. Bougie.
3/22/2012	Bougie, Robert	Review post-closing issues list and discussion of same with C. Hristow
3/22/2012	Hristow, Catherine	Correspondence with M. Bergeron regarding attendance at Domfoam to participate in the inventory count for closing; review correspondence from Montreal Fabrics; correspondences with R. Slattery regarding closing dates for Valle Foam and A-Z; correspondence with S. Nassabi regarding Domfoam closing date; correspondence with T. Dunn regarding A-Z inventory; discussion with B. Bougie.
3/22/2012	Brown, Rose	Prepare documentation for TD Bank to open three trust bank accounts.
3/22/2012	English, Jennifer	Review of Domfoam and A-Z weekly cash and variance analysis reporting.
3/23/2012	Hristow, Catherine	Telephone attendances with M. Bergeron regarding Domfoam inventory count; review A-Z Agreement of Purchase and Sale and correspondence with T. Dunn regarding same; correspondences with G. Ross regarding bank accounts, payroll, meter readings, inventory count, and cheques to be deposited; correspondence with S. Nassabi; review variance analysis with J. English for the period ending March 16th; correspondence to unsuccessful bidders returning deposit funds.
3/23/2012	Bergeron, Marie-Christine	Attendance at Domfoam to conduct inventory count with the company and the purchaser.
3/26/2012	Bergeron, Marie-Christine	Follow-up correspondence with Domfoam and C. Hristow.
3/26/2012	Bougie, Robert	Review and respond to email correspondence; discussion with C. Hristow regarding Domfoam closing issues; telephone call to Minden

Date	Professional	Description
		Gross.
3/26/2012	Hristow, Catherine	Review correspondence from D. Ullmann; email correspondence to P. Fillion to make arrangements to receive balance of Domfoam purchase price and sign acknowledgment of same; telephone attendance with T. Dunn; review draft statement of adjustments for A-Z; correspondences with A. Lin regarding documentation required as well as the return of the employee deposit; review correspondences from G. Ross regarding the Canadian and U.S. brokerage accounts; correspondence with D. Ullmann; correspondence with R. Brown regarding Valle Foam bank accounts; various correspondence with G. Ross regarding analysis on Peterson Chemical, tax returns, variance analysis etc.; email correspondence with P. Fillion; email correspondence with J. Vincent; sign Monitor's certificate and deliver same to Minden Gross; correspondence with M. Bergeron regarding inventory count; meeting with T. Dunn, S. Nassabi and D. Ullmann; discussions with J. English; correspondence with T. Vallecoccia; correspondence/discussions with B. Bougie.
3/26/2012	Fillion, Patrick	Pick up bank draft from the purchaser and sign acknowledgement.
3/26/2012	Brown, Rose	Provide additional information to TD Bank to open the three trust accounts.
3/27/2012	Bougie, Robert	Meeting with C. Hristow regarding closing issues and post-closing planning; telephone discussion with G. Moffat.
3/27/2012	Hristow, Catherine	Various correspondences and subsequent telephone conversation with T. Dunn regarding the closing of A-Z; correspondences with G. Ross; discussion with R. Brown regarding the Domfoam cheque received and the initial deposit amount to be transferred into the Domfoam bank account; status update with B. Bougie.
3/27/2012	Brown, Rose	Deposit Domfoam funds into the bank.
3/27/2012	English, Jennifer	Attendance at Valle Foam; discussions with B. Robb regarding outstanding item requests; photocopying weekly payroll reports; review of accounts receivable, accounts payable and listing of terminated employees; email correspondences with C. Hristow regarding outstanding items.
3/28/2012	Hristow, Catherine	Telephone attendances with T. Dunn regarding the A-Z and Valle Foam closings; attendance on a conference call with T. Dunn and B. Preston regarding the Valle Foam closing; email correspondences to G. Ross; email correspondence to J. Sproule; meeting with J. English regarding attendance at Valle Foam to obtain information, and conduct inventory count.
3/28/2012	Brown, Rose	Complete the set-up of the bank accounts in Ascend; issue cheques for did deposit for A-Z and Valle Foam to transfer funds into Trust Account.
3/29/2012	Hristow, Catherine	Review Valle Foam deposits; telephone attendances with S. McNeill regarding process for accounts receivable deposits after closing today; email correspondence to T. Dunn; review draft accounts receivable

Date	Professional	Description
		letter; correspondences with J. English; correspondence with A. Lin; correspondence with G. Ross; review status update regarding A-Z from T. Dunn; discussions with J. English regarding inventory count, accounts receivable and other matters; telephone message to T. Dunn regarding status update on A-Z.
3/29/2012	Damiani, Stefano	Review of the Extension Order and Sales and Vesting Orders for the Companies; review of the motion record and the Third Report of the Monitor; email correspondence to C. Hristow regarding Domfoam cash matter; email to J. English regarding accounts receivable.
3/29/2012	Brown, Rose	Deposit funds into bank accounts and record same in Ascend.
3/29/2012	English, Jennifer	Attendance at Valle Foam; obtain information for professional services invoices; discussion with B. Robb regarding final accounts receivable listing; complete inventory count with Valle Foam at all four locations.
3/30/2012	Bougie, Robert	Discussion with staff regarding inventory count at Valle Foam; meeting with C. Hristow to discuss outstanding issues; emails to/from C. Hristow regarding Valle Foam closing issues; follow up telephone discussion with C. Hristow; review vesting order; telephone discussions with G. Moffat; follow up discussion with C. Hristow
3/30/2012	Hristow, Catherine	Review correspondence from T. Dunn; status update with B. Bougie; review Valle Foam deposits; correspondence with G. Ross; review A-Z bank information; discussions with J. English regarding A-Z; attendance at Minden Gross to deal with issues surrounding the closing of the Valle Foam and A-Z transactions and discussions with B. Bougie regarding same.
3/30/2012	Damiani, Stefano	Correspondence with J. English regarding Valle Foam inventory count, accounts receivable and other file matters.
4/2/2012	Damiani, Stefano	Review email correspondence from G. Ross with respect to Domfoam accounts receivable; review of the Domfoam rebate schedule and compare to prior version; email to J. English regarding rebates; review of the Domfoam accounts receivable schedules; meeting with J. English; prepare Domfoam accounts receivable package and discuss same with C. Hristow; email to G. Ross and Minden Gross with respect to rebate adjustment; email and comments to J. English with respect to Valle Foam rent and property taxes; review email from C. Hristow to D. Ullmann regarding intercompany accounts receivable; review of the revised accounts receivable calculation for Domfoam.
4/2/2012	English, Jennifer	Update Domfoam accounts receivable analysis as at closing date, review of rent and utility costs paid by Valle Foam during CCAA proceedings.
4/3/2012	Bougie, Robert	Meeting with C. Hristow regarding status of all three closings and required follow up.
4/3/2012	English, Jennifer	Review of professional services invoices and bank reports to determine when paid; email to B. Robb regarding professional fees; review of T. Vallecocchia affidavits.
4/3/2012	Hristow, Catherine	Correspondence with B. Robb; correspondence with T. Dunn regarding statement of adjustments for Valle Foam; review Valle Foam inventory as at January 31, 2012; review draft Memorandum of Agreement;

Date	Professional	Description
		correspondence with D. Ullmann; correspondence with G. Ross; review correspondence from Bayer's legal counsel; meeting with B. Bougie.
4/4/2012	Bougie, Robert	Meeting with C. Hristow regarding Bayer claim and other matters; conference call with C. Hristow and G. Moffat; review and responding to email correspondence.
4/4/2012	Damiani, Stefano	Email correspondence with J. English with respect to Domfoam and Valle Foam accounts receivable; discussion with C. Hristow regarding accounts receivable; revise Domfoam accounts receivable schedules and email same to Minden Gross.
4/4/2012	English, Jennifer	Attendance at Valle Foam; discussions with B. Robb regarding outstanding items, discussion with S. McNeill regarding accounts receivable reporting, photocopying inventory records; telephone calls and email correspondences with C. Hristow regarding outstanding items.
4/4/2012	Hristow, Catherine	Meeting with B. Bougie regarding status update; conference call with B. Bougie and G. Moffat; correspondence with G. Ross regarding disbursements; review correspondences regarding Memorandum of Agreement; review Valle Foam deposits; discussions with S. Damiani regarding Domfoam accounts receivable analysis and review same; correspondence with G. Ross regarding Peterson Chemicals; telephone attendance with D. Ullmann.
4/5/2012	Damiani, Stefano	Correspondence with J. English regarding Valle Foam HST filing, accounts receivable and inventory; draft email to C. Hristow with respect to status update on sale transaction closing matters; telephone discussion with C. Hristow; update email and send same to B. Bougie and C. Hristow; email to G. Ross with respect to bank activity reports for the three companies.
4/5/2012	English, Jennifer	Attendance at Valle Foam; telephone call with C. Hristow, B. Robb and S. McNeill regarding outstanding issues; review of hourly employee vacation pay; referencing January inventory reports; discussion with D. McNeill regarding vacation pay; discussions with S. McNeill regarding accounts receivable reporting; discussions with B. Robb regarding inventory, accounts receivable, EHT, payroll and other outstanding matters.
4/5/2012	Hristow, Catherine	Telephone attendance with B. Robb, S. McNeill and J. English; correspondences with T. Dunn; correspondence with G. Ross regarding Peterson Chemical; review draft Monitor's Certificate for Valle Foam; voicemail for D. Ullmann regarding working capital adjustment.
4/9/2012	Damiani, Stefano	Review email from G. Ross and the attached bank activity reports for Valle Foam, Domfoam and A-Z; prepare cash summary and email same to C. Hristow; review the Valle Foam closing accounts receivable subledger as at March 29, 2012; email to J. English regarding Valle Foam accounts receivable collections; review emails by S. McNeill regarding Valle Foam deposits; prepare Valle Foam categorized and summary tracking schedules with respect to Valle Foam accounts receivable, and email same to J. English; discussion with C. Hristow and

Date	Professional	Description
		J. English.
4/9/2012	English, Jennifer	Prepare memo to file regarding vacation pay/payroll; preparation of A-Z variance analysis for weeks ended March 16, 2012 and March 23, 2012; correspondence with S. Damiani; discussion with C. Hristow and S. Damiani.
4/9/2012	Hristow, Catherine	Correspondence with B. Bougie; correspondences with B. Robb regarding vacation pay and other matters; correspondence with G. Ross and J. Howard regarding replacement cheques; correspondence with N. Gill; correspondence with G. Ross regarding banking information; correspondence with D. Ullmann; correspondence with S. McNeill regarding deposits; correspondence with T. Dunn regarding landlord letter; discussions with J. English and S. Damiani.
4/10/2012	Damiani, Stefano	Review deposit and invoice listing prepared by the Valle Foam purchaser, and update the accounts receivable tracking schedule; review the Valle Foam inventory schedule, and prepare closing inventory analysis; correspondence with J. English.
4/10/2012	English, Jennifer	Update inventory analysis for Valle Foam inventory and email same to B. Robb; correspondence with S. Damiani.
4/10/2012	Hristow, Catherine	Correspondence with T. Dunn regarding adjustments; correspondence with B. Robb regarding inventory costing; revise Monitor's Certificate and forward same to T. Dunn; subsequent correspondence regarding same and execute the Monitor's certificate.
4/11/2012	Damiani, Stefano	Review of the revised Valle Foam inventory analysis; correspondence with J. English regarding inventory schedules; revise the Valle Foam inventory closing adjustment, and send email to C. Hristow with respect to same; telephone discussion with C. Hristow; review email from J. English to Valle Foam management; review emails from J. English and C. Hristow with respect to vacation pay matters; review of the Valle Foam salaried employees vacation pay schedule.
4/11/2012	English, Jennifer	Correspondence with B. Robb, D. McNeill, C. Hristow and S. Damiani.
4/11/2012	Hristow, Catherine	Attendance on a conference call with B. Robb and S. McNeill; correspondence and subsequent telephone conversation with D. Ullmann; correspondences with B. Robb; correspondence with T. Dunn.
4/12/2012	Damiani, Stefano	Review of daily deposit detail and update the Valle Foam accounts receivable subledger; attend to creditor inquiry and left detailed voicemail message with respect to same; review email by D. McNeill regarding Valle Foam payroll; email correspondences with J. English regarding Valle Foam inventory schedules and deposit matters; review email correspondence by G. Ross and C. Hristow with respect to outstanding payments, and review of respective listing; review email from C. Hristow to B. Robb; initial review of supporting inventory schedules for Valle Foam and discussion with C. Hristow on same; review email from D. Ullmann of Minden Gross with respect to Domfoam matters.
4/12/2012	English, Jennifer	Email correspondence with S. Damiani and C. Hristow, telephone calls



Date	Professional	Description
		and email correspondences with S. McNeill.
4/12/2012	Hristow, Catherine	Correspondences with H. Mundy regarding access to A-Z records; respond to payment request from Montreal Fabrics; correspondence with B. Uysal from employment standards regarding claims for severance and termination; review and respond to correspondences from G. Ross requesting payment for outstanding invoices; discussions with S. Damiani regarding analysis for accounts receivable collections and inventory reconciliation; correspondences with S. McNeill; telephone attendance with T. Dunn; correspondence with D. Ullmann, G. Ross and J. Howard regarding Revenue Quebec audit; review correspondence from B. Robb.
4/13/2012	Damiani, Stefano	Update Valle Foam accounts receivable tracking schedule; telephone discussion with J. English; email correspondences with J. English regarding outstanding accounts receivable items, and credit memos; review of email by S. McNeill regarding Eversoft credit memo; analysis of Domfoam's payables listing and compare the amounts owing to Valle Foam to respective subledger, and email to C. Hristow with respect to same.
4/13/2012	English, Jennifer	Email correspondence with S. Damiani; telephone and email correspondence with S. McNeill.
4/13/2012	Hristow, Catherine	Telephone attendance with S. McNeill; correspondence with S. Knapp regarding trust account.
4/16/2012	Damiani, Stefano	Review of the Valle Foam deposit detail, and update the accounts receivable tracking schedule with respect to same; discussions with C. Hristow with respect to Domfoam, Valle Foam deposits, and other file matters; email correspondences with J. English regarding Valle Foam accounts receivable matters; review emails by S. McNeill; prepare summary calculation of initial accounts receivable payment by the Valle Foam Purchaser, and email to C. Hristow with respect to same; telephone discussion with representatives of a Valle Foam creditor with respect to the CCAA proceeding; review emails from C. Hristow; update accounts receivable remittance calculation for Valle Foam, and email to C. Hristow and J. English with respect to same.
4/16/2012	English, Jennifer	Email correspondences with C. Hristow and S. Damiani.
4/16/2012	Hristow, Catherine	Correspondence with Montreal Fabrics; correspondence with H. Mundy; correspondence with B. Bougie; correspondence with N. Gill; correspondence with J. English; telephone attendance with D. Ullmann regarding Domfoam QST audit, payables, working capital adjustment and other matters; telephone attendance with S. McNeill; email correspondence with B. Robb; discussions with S. Damiani regarding accounts receivable analysis.
4/17/2012	Bougie, Robert	Update meeting with C. Hristow; review email correspondence.
4/17/2012	Damiani, Stefano	Discussion with C. Hristow; revise the calculation of the first payment with respect to Valle Foam accounts receivable, and submit detailed package to C. Hristow; review the Valle Foam inventory package and

Date	Professional	Description
		discussion with J. English with respect to same; amend the Valle Foam inventory closing adjustment and email to C. Hristow on same; meeting with J. English with respect to Valle Foam inventory and accounts receivable.
4/17/2012	English, Jennifer	Meeting with S. Damiani regarding Valle Foam inventory and accounts receivable status update; review of inventory records.
4/17/2012	Hristow, Catherine	Status update meeting with B. Bougie; correspondence with B. Uysal regarding claims from former employees; review draft inventory adjustment; telephone attendance with S. Knapp regarding separate bank account, reconciliations and inventory as at March 29th; forward inventory adjustment to S. Knapp; correspondence with D. Ullmann; correspondence with Gaz Metro.
4/18/2012	Hristow, Catherine	Telephone attendance with D. Dalhouse regarding refund cheque and subsequent email correspondence regarding same; telephone attendance with L. Pollack regarding Arcap Leasing and correspondence with J. Howard and D. Ullmann regarding same; correspondence with D. Ullmann regarding Revenue Quebec; review payables, update spreadsheet and send email correspondence to D. Ullmann regarding same; access website and correspond with L. Bono regarding same; correspondence with T. Dunn; correspondence with H. Mundy.
4/19/2012	Hristow, Catherine	Correspondence with D. Ullmann regarding A-Z bank accounts; telephone attendance with D. Ullmann regarding various matters; correspondence with J. Howard and A. Brunet.
4/20/2012	Hristow, Catherine	Review deposits; correspondence from D. Ullmann regarding working capital adjustment.
4/23/2012	English, Jennifer	Email S. Damiani regarding Valle Foam inventory.
4/23/2012	Hristow, Catherine	Review correspondences from T. Dunn; forward correspondence regarding Valle Foam inventory to T. Dunn; review and forward Ministry of Labour information to D. Ullmann.
4/24/2012	Damiani, Stefano	Review emails from J. English with respect to Valle Foam inventory; review email by D. Ullmann of Minden Gross and letter by J. Vincent with respect to proposed working capital adjustment; initial review of the Domfoam purchaser's accounts receivable adjustment schedules; email to J. English; review of emails by S. McNeill and update the Valle Foam accounts receivable tracking schedule; initial review of the Domfoam Purchaser's inventory schedules.
4/25/2012	Damiani, Stefano	Email correspondence with J. English; email to C. Hristow with respect to the Domfoam purchase price adjustment; update the Valle Foam accounts receivable tracking schedule; meeting with J. English with respect to Domfoam; prepare analysis and summary of the Domfoam accounts receivable and comparison to the Purchaser's calculation of same.
4/25/2012	English, Jennifer	Review and preparation of the Monitor's adjustments to Domfoam purchase price.
4/26/2012	Damiani, Stefano	Meetings with J. English with respect to Domfoam and Valle Foam matters; discussions with C. Hristow; amend the draft accounts

Date	Professional	Description
		receivable and excess rebates analysis for Domfoam, and email to D. Ullmann of Minden Gross with respect to same; review Ascend general ledger and email correspondence to R. Brown with respect to same; review of the Domfoam Purchaser's inventory calculation; returned telephone call to A-Z creditor; review of Valle Foam inventory schedules and discussions with J. English with respect to same.
4/26/2012	English, Jennifer	Review and preparation of the Monitor's adjustments to Domfoam purchase price; review of Valle Foam inventory schedules and adjustments.
4/26/2012	Hristow, Catherine	Review draft letter from TGF; discussions with S. Damiani.
4/27/2012	Bougie, Robert	Review and comment on draft letter from TGF regarding Bayer's claim; discussion with C. Hristow.
4/27/2012	Damiani, Stefano	Email correspondence with J. English; email correspondence with D. Ullmann of Minden Gross and C. Hristow; review emails and attachments from S. McNeill, and update the Valle Foam accounts receivable tracking schedule; meeting with D. Ullmann and S. Nassabi of Minden Gross; review email by the Ontario Ministry of Labour and the related employee listing.
4/27/2012	Hristow, Catherine	Review package of invoices from Domfoam; discussion with S. Damiani regarding weekly accounts receivable analysis for Valle Foam, and closing adjustments for Domfoam; discussion with B. Bougie; attendance at a meeting at Minden Gross with S. Damiani, D. Ullmann and S. Nassabi; correspondence with G. Moffat.
4/30/2012	Damiani, Stefano	Email correspondence with J. English; review deposit information and emails by S. McNeill, and update the Valle Foam accounts receivable tracking schedule; meeting with J. English with respect to Domfoam inventory and review related information package; email to D. Ullmann of Minden Gross with respect to Domfoam payables; discuss Valle Foam inventory item with J. English.
4/30/2012	Hristow, Catherine	Review draft letter from G. Moffat; review information regarding Peterson Chemicals and discuss same with G. Moffat; discussions with S. Damiani.

Valle Foam Industries (1995) Inc.  
 Domfoam International Inc.  
 AZ Sponge & Foam Ltd.  
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 May 29, 2012  
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**Summary of Fees**

<b>Professional</b>	<b>Position</b>	<b>Hours</b>	<b>Rate</b>	<b>Fees</b>
Bougie, Robert	Partner	21.9	\$ 650.00	\$ 14,235.00
Tannenbaum, Bryan	Partner	1.5	650.00	975.00
McKie, Melinda	Associate Partner	0.1	650.00	65.00
Fillion, Patrick	Senior Manager	0.3	500.00	150.00
Hristow, Catherine	Senior Manager	79.8	500.00	39,900.00
Damiani, Stefano	Manager	78.5	425.00	33,362.50
Bergeron, Marie	Senior Associate	7.5	275.00	2,062.50
English, Jennifer	Senior Associate	76.1	275.00	20,927.50
Margulis, Ilya	Senior Associate	0.4	275.00	110.00
Weber, Haley	Senior Associate	4.0	275.00	1,100.00
Brown, Rose	Trust Administrator	3.7	160.00	592.00
Zailer, Anna	Administration	<u>1.7</u>	100.00	<u>170.00</u>
<b>Total hours and professional fees</b>		<u><b>275.5</b></u>		<b>113,649.50</b>
<b>Blended hourly rate</b>			<b>\$ 412.52</b>	
<b>Disbursements</b>				
Bell Canada - toll free number				51.99
Meal allowance				132.82
Miscellaneous				40.07
Transportation (mileage, parking, taxi)				<u>315.17</u>
<b>Total professional fees and disbursements</b>				<b>114,189.55</b>
HST @ 13%				14,844.64
<b>Total Amount Due</b>				<b>\$ 129,034.19</b>

**Allocation of Fees**

<b>Entity</b>	<b>Professional Fees</b>	<b>Disbursements</b>	<b>Taxes</b>	<b>Total</b>
Valle Foam Industries (1995) Inc. (45%)	\$ 51,142.28	\$ 243.02	\$ 6,680.09	\$ 58,065.39
Domfoam International Inc. (45%)	51,142.27	243.02	6,680.09	\$ 58,065.38
A-Z Sponge & Foam Products Ltd. (10%)	11,364.95	54.01	1,484.46	\$ 12,903.42
<b>Totals</b>	<b>\$ 113,649.50</b>	<b>\$ 540.05</b>	<b>\$ 14,844.64</b>	<b>\$ 129,034.19</b>

Payable upon receipt to: Deloitte & Touche Inc.



Deloitte & Touche Inc.  
Brookfield Place  
181 Bay Street  
Suite 1400  
Toronto ON M5J 2V1  
Canada

Valle Foam Industries (1995) Inc.  
Domfoam International Inc.  
A-Z Sponge & Foam Products Ltd.  
c/o Deloitte & Touche Inc.  
181 Bay Street, Suite 1400  
Toronto, ON M5J 2V1

Tel: 416-601-6077  
Fax: 416-601-6610  
www.deloitte.ca

Attention: Mr. Robert J. Bougie

Date: June 5, 2012  
Invoice No: 3116097  
Client/Mandate No: 921001/1000000  
Partner: Robert Bougie

HST Registration No: 122893605

Invoice for professional services rendered in connection with Deloitte & Touche Inc. acting as Court-Appointed *Companies' Creditors Arrangement Act* (R.S.C., 1985, c. C-36) ("CCAA") Monitor of Valle Foam Industries (1995) Inc. ("Valle Foam") Domfoam International Inc. ("Domfoam") and A-Z Sponge & Foam Products Ltd. ("A-Z") (collectively the "Companies") for the period May 1, 2012 to May 31, 2012.

Date	Professional	Description
5/1/2012	Hristow, Catherine	Review letter from Minden Gross LLP ("Minden Gross") to Litowitz Pettle & Silver LLP; correspondence with B. Robb regarding cheques; correspondence with I. Margulis; discussions with S. Damiani regarding statement of adjustments for Domfoam; review draft letter to M. Abramowitz; review Peterson Chemical payment information and discuss same with G. Moffat; review Valle Foam accounts receivable analysis and send same to S. Knapp and subsequent telephone attendance regarding same; discussion with S. Damiani regarding analysis.
5/1/2012	Damiani, Stefano	Review Valle Foam bank statement; prepare summary and detailed accounts receivable schedules regarding Valle Foam, and email to C. Hristow with respect to same; discussions with C. Hristow; telephone discussion with D. Ullmann of Minden Gross; update the Domfoam working capital adjustment package and email to D. Ullmann with respect to same.
5/2/2012	Brown, Rose	Trust Banking Administration.
5/2/2012	Damiani, Stefano	Correspondence with C. Hristow with respect to the Valle Foam purchaser's installment, and update related summary; review emails by S. McNeill; update the Valle Foam accounts receivable tracking schedule; review draft letter from Minden Gross with respect to the Domfoam transaction, and email with respect to same; discussion with C. Hristow.
5/3/2012	Bougie, Robert	Update meeting with C. Hristow.
5/3/2012	Hristow, Catherine	Discussion with S. Damiani regarding accounts receivable analysis and review of payables; telephone attendance with G. Moffat; status update with B. Bougie; telephone attendance with T. Dunn; review draft letter to the landlord for Orenda.
5/3/2012	Damiani, Stefano	Discussions with C. Hristow; review Domfoam invoices and compile summary schedule of same; telephone and email correspondence with

Date	Professional	Description
		A-Z; review email from D. Ullmann; review email correspondences by S. McNeill and related attachments, and update the related accounts receivable tracking schedule; review email from C. Hristow to S. McNeill regarding the status of certain accounts receivable.
5/4/2012	Hristow, Catherine	Review correspondence from Minden Gross; discussions with S. Damiani regarding disbursements and other matters.
5/4/2012	Damiani, Stefano	Discussion with C. Hristow with respect to Domfoam payables and leases not assumed by the Purchaser; telephone discussion with S. Nassabi of Minden Gross; review email and attachments by S. McNeill, and update the Valle Foam accounts receivable tracking schedule; email correspondence to J. English with respect to Domfoam disbursements; review correspondence from Valle Foam creditor and voicemail message to same.
5/7/2012	Damiani, Stefano	Discussion with J. English regarding Domfoam lease payment, and review of cash information with respect to same; review specific sections of the Domfoam asset purchase agreement; CCAA file administration; review emails from S. McNeill with respect to Valle Foam accounts receivable.
5/7/2012	Hristow, Catherine	Review correspondence from S. McNeill; correspondence to D. Ullmann regarding payment of invoices up to the date of closing of the various transactions.
5/8/2012	Margulis, Ilya	Telephone attendance with A. Lin to schedule visit at A-Z; telephone attendance with C. Hristow and various email correspondence.
5/8/2012	McKie, Melinda	Update from I. Margulis; email correspondences with C. Hristow; calls from/to M. Seibold regarding payment owing to Maynards.
5/8/2012	Damiani, Stefano	Voicemail messages to G. Ross with respect to Domfoam matters; discussion with C. Hristow; update payables listing and compile package, and send detailed email to D. Ullmann with respect to same.
5/8/2012	Hristow, Catherine	Various email correspondences to/from I. Margulis regarding information required from A-Z and issues raised by A. Lin; correspondences from M. McKie regarding A-Z including non-payment of Maynard's invoice for the asset appraisal; review correspondence from D. McNeill regarding Valle Foam leases and request further information regarding same; correspondence with Liftow regarding leases; discussion with S. Damiani regarding payable information required and review draft correspondence to D. Ullmann; review correspondence from J. Vincent regarding insurance refund.
5/9/2012	Damiani, Stefano	Voicemail and telephone correspondence with Domfoam creditor; email correspondence with C. Hristow; telephone discussion with S. McNeill regarding Valle Foam accounts receivable issues; telephone discussion with former employee of Valle Foam; review email correspondences from S. McNeill and update the Valle Foam accounts receivable tracking schedule; draft listing of significant overdue accounts receivable.
5/9/2012	Hristow, Catherine	Review correspondence from G. Ross regarding payments for Visa and provide comments to D. Ullmann regarding same; correspondence with

Date	Professional	Description
		B. Robb regarding Domfoam insurance; correspondence with S. Damiani regarding Valle Foam accounts receivable.
5/10/2012	Margulis, Ilya	Attendance at client site, gather and review documents, send summary to C. Hristow.
5/10/2012	Damiani, Stefano	Update the Valle Foam accounts receivable tracking schedule; email correspondence with S. McNeill regarding deposit; meeting with C. Hristow on various file matters and upcoming site-visit; update schedule of certain overdue accounts and email to S. McNeill on same; detailed email to B. Robb with respect to various Valle Foam matters; compile summary and detailed schedules with respect to the additional accounts receivable installment, and email to S. McNeill and S. Knapp with respect to same.
5/10/2012	Hristow, Catherine	Respond to email correspondence from P. Crisp; correspondence with G. Ross; correspondence with D. Ullmann; meeting with S. Damiani to review information required from Valle Foam; correspondence with Z. Wise regarding termination pay for former employees.
5/11/2012	Brown, Rose	Trust Banking Administration.
5/11/2012	Margulis, Ilya	Receive update from A. Lin.
5/11/2012	Damiani, Stefano	Voicemail message and telephone discussion with B. Robb with respect to Valle Foam information and site visit; email correspondence with R. Brown with respect to banking matters.
5/14/2012	Damiani, Stefano	On-site attendance at the Valle Foam head office; meeting with S. McNeill with respect to Valle Foam accounts receivable; meetings with B. Robb; email to S. McNeill with respect to progress payment; discussion with the Valle Foam Purchaser, and email to C. Hristow with respect to same; discussion with T. Vallecoccia and B. Robb; telephone discussion with D. Schlesinger of KRG Insurance Brokers; review of financial information; email to D. Schlesinger of KRG; compile records.
5/15/2012	Damiani, Stefano	Voicemail correspondence with a Valle Foam creditor; discussions with C. Hristow with respect to Valle Foam matters; review Valle Foam appraisal.
5/15/2012	Hristow, Catherine	Discussions with S. Damiani.
5/16/2012	Margulis, Ilya	Various follow up email correspondences.
5/16/2012	Hristow, Catherine	Review correspondence regarding next court date; telephone attendance with T. Dunn; correspondence with D. Ullmann.
5/16/2012	Damiani, Stefano	Telephone discussion with former employee of Valle Foam; voicemail correspondence with Domfoam creditor.
5/17/2012	Margulis, Ilya	Discussion with H. Lee; email correspondence and call with Telus, respond to creditor enquiries.
5/17/2012	Hristow, Catherine	Telephone attendance with D. Ullmann; discussion with B. Bougie; email correspondence to Minden Gross LLP regarding items to discuss at the upcoming meeting.
5/22/2012	Damiani, Stefano	Review emails and attachments from S. McNeill and update the Valle Foam accounts receivable tracking schedule.
5/23/2012	Brown, Rose	Trust Banking Administration.

<b>Date</b>	<b>Professional</b>	<b>Description</b>
5/23/2012	Margulis, Ilya	Follow up with A. Lin.
5/23/2012	Hristow, Catherine	Review Domfoam/Valle Foam loan agreement; correspondence with G. Moffat regarding same; correspondence with Minden Gross regarding loan agreement; correspondence with B. Bougie regarding allocation of professional fees; correspondence with D. Ullmann; discussion with S. Damiani.
5/23/2012	Damiani, Stefano	Email correspondences with R. Brown with respect to banking matters; voicemail correspondence with Veolia, a Domfoam creditor; discussion with C. Hristow; telephone discussion with Baumer of America, a Domfoam creditor; review emails and attachments from S. McNeill and update the Valle Foam accounts receivable tracking schedule; email to S. McNeill regarding customer cheque and accounts receivable; prepare accounts receivable payment statement and email same to S. McNeill and S. Knapp.
5/24/2012	Zailer, Anna	Update the Monitor's website.
5/24/2012	Bougie, Robert	Meeting with C. Hristow; review files regarding outstanding issues; telephone discussion with G Moffat; preparation for meeting at Minden Gross.
5/24/2012	Hristow, Catherine	Discussion with B. Bougie; review Valle Foam deposits and discuss reconciliation of same with S. Damiani; correspondence with B. Robb regarding U.S. legal account; correspondence with Minden Gross; correspondence with S. Knapp.
5/24/2012	Damiani, Stefano	Telephone discussion with S. McNeill regarding Valle Foam accounts receivable and supplier matter; email correspondence with S. McNeil and S. Knapp with respect to the progress payment and inventory adjustment; discussion with C. Hristow; review cheque detail from S. McNeill; telephone discussion with Domfoam creditor.
5/25/2012	Brown, Rose	Trust Banking Administration.
5/25/2012	Margulis, Ilya	Instructions to Y. Kim to catalogue the outstanding A-Z invoices as provided by A. Lin; answer questions and email correspondence with C. Hristow.
5/25/2012	Hristow, Catherine	Attendance on a conference call with G. Moffat and B. Bougie; follow up discussion with B. Bougie; email correspondence to Minden Gross; email correspondence to B. Robb regarding legal fees; email correspondence to D. Ullmann; email correspondence to I. Margulis; voicemail message for G. Ross; correspondence with G. Moffat and B. Bougie; discussion with S. Damiani regarding Valle Foam accounts receivable; discussion with R. Brown regarding cheque to be deposited.
5/25/2012	Bougie, Robert	Discussion with C. Hristow; conference call with G. Moffat and C. Hristow; follow up discussion with C. Hristow; review correspondence from Minden Gross regarding class action status.
5/25/2012	Damiani, Stefano	Email correspondence with S. McNeill, and review and comment on the Valle Foam accounts receivable issue listing; discussion with C. Hristow; review fax from creditor and email correspondence with R. Brown with respect to same.



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<b>Date</b>	<b>Professional</b>	<b>Description</b>
5/25/2012	Kim, Yoon Sik	Compile an excel spreadsheet of A-Z invoices.
5/27/2012	Kim, Yoon Sik	Continue to compile A-Z invoice information into an excel spreadsheet.
5/28/2012	Margulis, Ilya	Review invoice spreadsheet; correspondence with C. Hristow regarding same.
5/28/2012	Kim, Yoon Sik	Review invoice spreadsheet and prepare summarized data.
5/28/2012	Hristow, Catherine	Telephone attendance with G. Moffat; review Valle accounts receivable and discuss same with S. Damiani; review Bayer and Peterson information and email correspondence to G. Moffat regarding same; email correspondences with I. Margulis; review letter sent to RBC; email correspondence with T. Dunn.
5/28/2012	Damiani, Stefano	Review information regarding a Valle Foam and Domfoam creditor, and submit summary to C. Hristow with respect to same; discussion with C. Hristow; review correspondence between D. Ullmann of Minden Gross and the Domfoam Purchaser's legal counsel; review of direct deposits for Domfoam; emails to J. English regarding Valle Foam lease; email to C. Hristow regarding Domfoam accounts receivable; email to S. McNeill with respect to Valle Foam accounts receivable matters.
5/29/2012	Bougie, Robert	Prepare for and attendance at meeting at Minden Gross' offices regarding outstanding issues.
5/29/2012	Hristow, Catherine	Correspondence with B. Robb; discussions with S. Damiani; attendance at a meeting at Minden Gross.
5/30/2012	Hristow, Catherine	Correspondence with T. Dunn; email correspondences with/from R. Slattery; correspondence with I. Margulis.
5/31/2012	Brown, Rose	Trust Administration.
5/31/2012	Hristow, Catherine	Discussions with S. Damiani; review draft letter to M. Abramowitz and discuss same with B. Bougie; provide comments on draft letter to G. Moffat.

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**Summary of Fees**

<b>Professional</b>	<b>Position</b>	<b>Hours</b>	<b>Rate</b>	<b>Fees</b>
Bougie, Robert	Partner	5.0	\$ 650.00	\$ 3,250.00
McKie, Melinda	Associate Partner	0.1	650.00	65.00
Hristow, Catherine	Senior Manager	20.2	500.00	10,100.00
Damiani, Stefano	Manager	41.7	425.00	17,722.50
Margulis, Ilya	Senior Associate	7.9	275.00	2,172.50
Kim, Yoon Sik	Analyst	13.6	200.00	2,720.00
Brown, Rose	Trust Administrator	2.3	160.00	368.00
Zailer, Anna	Administration	<u>0.2</u>	100.00	<u>20.00</u>
<b>Total hours and professional fees</b>		<b><u>91.0</u></b>		36,418.00
<b>Blended hourly rate</b>			<b>\$ 400.20</b>	
<b>Disbursements</b>				
Bell Canada - toll free number				14.48
Transportation (mileage, parking, taxi)				<u>42.20</u>
<b>Total professional fees and disbursements</b>				36,474.68
HST @ 13%				4,741.71
<b>Total Amount Due</b>				<b>\$ 41,216.39</b>

**Allocation of Fees**

<b>Entity</b>	<b>Professional Fees</b>	<b>Disbursements</b>	<b>Taxes</b>	<b>Total</b>
Valle Foam Industries (1995) Inc. (45%)	\$ 16,388.10	\$ 25.51	\$ 2,133.770	\$ 18,547.38
Domfoam International Inc. (45%)	16,388.10	25.50	2,133.77	18,547.37
A-Z Sponge & Foam Products Ltd. (10%)	3,641.80	5.67	474.17	4,121.64
<b>Totals</b>	<b>\$ 36,418.00</b>	<b>\$ 56.68</b>	<b>\$ 4,741.71</b>	<b>\$ 41,216.39</b>

Payable upon receipt to: Deloitte & Touche Inc.

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)**

Proceedings commenced at **Toronto**

**AFFIDAVIT OF ROBERT J. BOUGIE  
(SWORN JUNE 12, 2012)**

**Thornton Grout Finnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

**Grant B. Moffat (LSUC# 32380L)**  
Tel: 416-304-0599  
Fax: 416-304-1313

Lawyers for the Monitor, Deloitte & Touche Inc.

# TAB K

# EXHIBIT <sup>~ K</sup>

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 VALLE FOAM INDUSTRIES (1995) INC.,  
DOMFOAM INTERNATIONAL INC., AND  
A-Z SPONGE & FOAM PRODUCTS LTD.**

**APPLICANTS**

**AFFIDAVIT OF GRANT MOFFAT  
(Sworn June 8, 2012)**

I, **GRANT MOFFAT**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am a partner with Thornton Grout Finnigan LLP (“TGF”), lawyers for Deloitte & Touche Inc. in its capacity as monitor (the “**Monitor**”) of the property, assets and undertakings of Valle Foam Industries (1995) Inc., Domfoam International Inc. and A-Z Sponge & Foam Products Ltd. and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as Exhibit “A” are true copies of the invoices forwarded to the Monitor by TGF for fees and disbursements incurred by TGF in the course of the within proceeding for the period March 1, 2012 to May 31, 2012.

3. Attached hereto as Exhibit “B” is a schedule summarizing each invoice in Exhibit “A”, the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

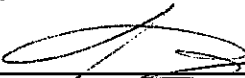
4. Attached hereto as Exhibit "C" is a schedule summarizing the respective years of call and billing rates of each of the solicitors at TGF who acted for the Monitor.

5. To the best of my knowledge, the rates charged by TGF throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services.

6. The hourly billing rates outlined in Exhibit "C" to this affidavit are comparable to the hourly rates charged by TGF for services rendered in relation to similar proceedings.

7. I make this affidavit in support of a motion by the Monitor for, *inter alia*, approval of the fees and disbursements of the Monitor's counsel.

**SWORN BEFORE ME**  
at the City of Toronto, in the  
Province of Ontario this  
day of June, 2012.

  
\_\_\_\_\_  
A commissioner for taking oaths, etc.

Annette Melinda Fournier, a Commissioner, etc.,  
City of Toronto, for ThorntonGroatFinnigan LLP,  
Barristers and Solicitors.  
Expires November 8, 2013.

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)

  
\_\_\_\_\_  
Grant B. Moffat

# EXHIBIT <sup>n</sup> A <sup>n</sup>

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 VALLE FOAM INDUSTRIES (1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

### THIRD BILL OF COSTS OF THE MONITOR

#### For the period ending March 31, 2012

Mar-02-12	Review correspondence regarding offers; correspondence with C. Hristow; review terms of sale regarding court approval;	0.30	GBM
Mar-05-12	Draft Third Report;	1.30	GBM
Mar-06-12	Telephone call with C. Hristow regarding status of offers; review outline of report; telephone call from former Valle Foam employee regarding status of sale process;	0.70	GBM
	Draft Third Report;	1.80	GBM
Mar-07-12	Review correspondence regarding A-Z sale; revise Third Report;	0.50	GBM
Mar-09-12	Review sale agreements; correspondence with D. Ullman regarding same; summarize sale agreements; correspondence with S. Hristow regarding sale; revise Third Report; review CCAA, section 36 regarding approval factors;	5.10	GBM
	Review summary of A-Z offer; correspondence with D. Nunes regarding same;	0.20	GBM
	Review correspondence from G. Moffat attaching summary of offers and review same;	0.30	DN
	Prepare fee Affidavit of G. Moffat and exhibits thereto, compile exhibits to Third Report;	1.00	AF
Mar-12-12	Correspondence to and from G. Moffat regarding status of Valle Foam sale agreement; correspondence to and from B. Bougie regarding same; review correspondence from B. Bougie attaching revised draft third report; correspondence to and from G. Moffat regarding same; review and revise draft third report and send same to B. Bougie and C. Hristow for review and comment;	2.00	DN

Mar-13-12	Correspondence to and from R. Bougie regarding draft third report; review correspondence from R. Bougie attaching applicants' motion record and review same; speak to A. Fournier regarding service of Monitor's report; speak to S. Nassabi regarding same; correspondence to and from R. Bougie regarding same; finalize monitor's third report and serve same;	3.20	DN
Mar-14-12	Review draft supplemental report; correspondence to R. Bougie regarding same; voicemail from A. Zailer regarding same; speak to A. Zailer regarding same; correspondence to and from A. Zailer regarding same; review and revise draft supplemental report; finalize supplemental report; review correspondence from S. Wolpert regarding Bayer's position on approval and vesting motion; review correspondence from R. Slattery regarding same; correspondence to and from R. Slattery regarding supplemental report; correspondence to and from R. Bougie regarding same;	2.10	DN
Mar-15-12	Correspondence to R. Slattery attaching monitor's supplemental report for review; prepare for applicants' motion for approval and vesting orders;	2.10	DN
Mar-16-12	Attend applicants' motion for approval and vesting orders; review correspondence from R. Slattery regarding same;	2.10	DN
Mar-19-12	Review correspondence from D. Chau regarding Lift Capital leased vehicles and implications of sales regarding same;	0.10	DN
Mar-21-12	Correspondence to and from D. Chau regarding Lift Capital equipment; correspondence to and from R. Bougie regarding same; correspondence to and from D. Chau regarding same;	0.50	DN
Mar-27-12	Telephone call with B. Bougie and C. Hristow regarding claims process; review Application Record regarding settlements with class action plaintiffs and Competition Bureau;	1.40	GBM
Mar-28-12	Review settlement agreements with class action plaintiffs regarding ongoing obligations;	1.80	GBM
	Telephone call with creditor regarding status of claims process;	0.20	GBM
	Received instructions from G. Moffat to research and consider the issue of whether a fine issued under the Competition Act can be compromised under the CCAA; commenced work with respect to same;	0.60	SIR
Mar-29-12	Meeting with S. Reid; review s. 178 BIA regarding claims surviving bankruptcy; consider impact on Competition Bureau fine and other creditor claims; review settlement agreements with ongoing costs;	1.90	GBM
	Research regarding compromise of s.19 CCAA claim;	5.30	SIR
Mar-30-12	Telephone call with B. Bougie regarding Valle sale agreement closing issue; review sale agreement and terms of sale regarding specific performance and damages claim; consider request to date purchase price; telephone call with D.	1.50	GBM



Nunes regarding same; telephone call with B. Bougie regarding amending sale agreement;

Speak to G. Moffat regarding closing of Valle Foam transaction and issues regarding same; review Valle Foam approval and vesting order and terms of sale agreement regarding same; speak to G. Moffat regarding same; 0.60 DN

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>	
Grant B. Moffat	16.70	\$700.00	11,690.00	
Danny Nunes	13.00	\$425.00	5,525.00	
Annette Fournier (Law Clerk)	1.00	\$250.00	250.00	
Sandra Reid (Student)	5.90	\$250.00	1,475.00	
<b>TOTAL FEE HEREIN</b>			<b>\$18,940.00</b>	
<b>HST on Fees</b>			<b><u>\$2,462.20</u></b>	
<b>Total Fees and HST</b>				<b>\$21,402.20</b>
 <b><u>Disbursements:</u></b>				
Binding			\$32.01	
Computer Research			\$120.37	
Couriers			\$193.68	
Photocopies			\$1,071.75	
Telephone			\$1.62	
Transportation			\$7.08	
Filing of Third Report of the Monitor			\$47.00	
<b>Total Taxable Disbursements</b>			<b>\$1,473.51</b>	
<b>HST on Disbursements</b>			<b>\$191.56</b>	
<b>Total Non-Taxable Disbursements</b>			<b><u>\$0.00</u></b>	
<b>Total Disbursements and HST</b>				<b>\$1,665.07</b>
<b>Total Fees, Disbursements &amp; HST</b>				<b>\$23,067.27</b>
<b>OUR ACCOUNT HEREIN</b>				<b><u>\$23,067.27</u></b>
<b>ThorntonGroutFinnigan LLP</b>				

Per: \_\_\_\_\_

Grant B. Moffat

HST No. 87042 1039RT

Matter No. 533-029  
 Invoice No. 25361  
 Date: Apr 17/12

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6:00 % per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

**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 VALLE FOAM INDUSTRIES (1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**FOURTH BILL OF COSTS OF THE MONITOR**

**For the period ending April 30, 2012**

Apr-03-12	Review memo regarding priority of s. 19(2) claim; consider claims process;	1.00	GBM
	Meeting with S. Reid regarding claims process; review settlement agreements regarding same; review correspondence from Bayer counsel; correspondence with B. Bougie regarding same;	0.50	GBM
Apr-04-12	Telephone call with B. Bougie and C. Hristow regarding claims process; review Bayer correspondence regarding same; review class action settlement agreements regarding same;	2.10	GBM
	Telephone call with R. Slattery regarding Bayer claim; consider effect of bankruptcy on claims process;	0.40	GBM
Apr-05-12	Review correspondence regarding sales pre-filing; consider impact on claims process;	0.40	GBM
Apr-09-12	Review s. 19 CCAA; consider claims affected thereby; consider claims process;	0.80	GBM
	Review Muscletech Claims Resolution Order;	1.30	SIR
Apr-10-12	Telephone call with former employee regarding severance claim;	0.20	GBM
Apr-17-12	Research regarding valuation of class actions in claims process;	4.80	SIR
Apr-18-12	Continue research regarding valuation of class actions;	1.90	SIR
Apr-20-12	Continue research regarding valuation of class actions;	1.70	SIR
Apr-23-12	Review claims process memo; telephone call with R. Slattery regarding Bayer correspondence;	0.40	GBM

Apr-24-12	Review correspondence from Bayer counsel; review CCAA and BIA regarding same; draft letter to Bayer counsel; telephone call with C. Hristow regarding same;	1.80	GBM
Apr-25-12	Revise letter to Bayer counsel; telephone call with C. Hristow; review claims process memo;	1.00	GBM
Apr-26-12	Review claims memo; review correspondence from Bayer;	1.40	GBM
	Review correspondence regarding payments by companies prior to filing; telephone call with C. Hristow;	0.40	GBM
Apr-27-12	Review correspondence regarding letter to Bayer; review claims memo; correspondence with C. Hristow;	0.50	GBM
Apr-30-12	Review correspondence regarding payments prior to filing; telephone call with C. Hristow regarding same; revise letter to Bayer counsel; review Initial Order regarding permitted payments;	2.20	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>	
Grant B. Moffat	13.10	\$700.00	9,170.00	
Sandra Reid (Student)	9.70	\$250.00	2,425.00	
<b>TOTAL FEE HEREIN</b>			<b>\$11,595.00</b>	
<b>HST on Fees</b>			<b><u>\$1,507.35</u></b>	
<b>Total Fees and HST</b>				<b>\$13,102.35</b>
<b><u>Disbursements:</u></b>				
Photocopies			\$47.50	
<b>Total Taxable Disbursements</b>			<b>\$47.50</b>	
<b>HST on Disbursements</b>			<b>\$6.18</b>	
<b>Total Non-Taxable Disbursements</b>			<b><u>\$0.00</u></b>	
<b>Total Disbursements and HST</b>				<b><u>\$53.68</u></b>
<b>Total Fees, Disbursements &amp; HST</b>				<b>\$13,156.03</b>
<b>OUR ACCOUNT HEREIN</b>				<b><u>\$13,156.03</u></b>

**ThorntonGroutFinnigan LLP**

Per: \_\_\_\_\_

Grant B. Moffat

HST No. 87042 1039RT  
Matter No. 533-029  
Invoice No. 25438  
Date: May 08/12

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00 % per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

**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 VALLE FOAM INDUSTRIES (1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**FIFTH BILL OF COSTS OF THE MONITOR**

**For the period ending May 31, 2012**

May-01-12	Speak to J. Martincic of Upfelt regarding status of CCAA proceedings; correspondence to J. Martincic regarding same;	0.30	DN
May-02-12	Telephone call with R. Vitale; telephone call with N. Pinkerton regarding WEPPA claim;	0.40	GBM
May-03-12	Telephone call with C. Hristow; review correspondence regarding status of sale transactions;	0.50	GBM
May-09-12	Telephone call with solicitor for former employees of Valle;	0.30	GBM
	Telephone call with R. Slattery regarding claims process; telephone call with C. Hristow;	0.20	GBM
May-10-12	Consider next steps in claims process; review settlement agreement regarding same;	0.80	GBM
	Telephone call with C. Hristow regarding next steps to complete estate; consider same;	0.30	GBM
May-15-12	Review correspondence from M. Abramovitz; consider issues regarding preferential payments; review s. 95 of BIA; telephone call with former employee regarding status of proceeding;	1.70	GBM
May-16-12	Correspondence with R. Slattery regarding settlement agreements; review same;	0.40	GBM
May-17-12	Review Third Report and supplemental report; prepare Fourth Report;	1.50	GBM
May-18-12	Review preference issues; review issues for next report;	0.50	GBM

May-22-12	Review file regarding next report;	0.40	GBM
May-23-12	Review correspondence regarding intercompany loan; correspondence with C. Hristow; review order; review correspondence from R. Slattery; review correspondence from Bayer solicitor;	1.90	GBM
	Review prior reports and Vallecoccia affidavit regarding next report;	0.60	GBM
May-24-12	Conference call with B. Bougie and C. Hristow regarding claims process; meeting S. Reid regarding claims process; consider valuation of claims; review and consider possible preferential payment issues;	3.60	GBM
May-25-12	Received instructions from G. Moffat regarding valuing litigation claims; commenced work with respect to same;	2.60	SIR
May-28-12	Telephone call with C. Hristow regarding review of payments to creditors in preference period; review correspondence regarding same;	0.50	GBM
	Review precedent claims process order and accompanying material; review report regarding same; review correspondence regarding delivery of funds at RBC to Monitor;	1.70	GBM
	Review correspondence regarding payments in preference period; telephone call with R. Slattery regarding professional fees to complete class action settlements;	0.50	GBM
	Continue with researching and considering the issue of how litigation claims are valued;	1.10	SIR
May-29-12	Review correspondence regarding creditor payments;	0.40	GBM
	Review BIA preference provisions regarding payment by debtors; consider requirements of threshold test;	0.70	GBM
	Meeting with Monitor and Company's counsel; review asset purchase agreements;	2.90	GBM
May-30-12	Correspondence with Monitor regarding next court attendance; review BIA regarding insolvency of debtors; draft letter to Bayer counsel; correspondence to counsel for former employees; review Domfoam sale agreement regarding issues on purchase price adjustments; telephone call with C. Hristow regarding same; review correspondence with purchaser's counsel regarding same;	4.80	GBM
May-31-12	Revise correspondence to Bayer counsel regarding preferential payments;	1.00	GBM
	Draft Fourth Report; review Third Report and Supplemental Report regarding same;	4.50	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Grant B. Moffat	30.10	\$700.00	21,070.00
Danny Nunes	0.30	\$425.00	127.50
Sandra Reid (Student)	3.70	\$250.00	925.00

<b>TOTAL FEE HEREIN</b>	<b>\$22,122.50</b>	
<b>HST on Fees</b>	<b><u>\$2,875.93</u></b>	
<b>Total Fees and HST</b>		<b>\$24,998.43</b>
<b><u>Disbursements:</u></b>		
Binding	\$3.42	
Computer Research	\$49.15	
<b>Total Taxable Disbursements</b>	<b>\$52.57</b>	
<b>HST on Disbursements</b>	<b>\$6.83</b>	
<b>Total Non-Taxable Disbursements</b>	<b><u>\$0.00</u></b>	
<b>Total Disbursements and HST</b>		<b><u>\$59.40</u></b>
<b>Total Fees, Disbursements &amp; HST</b>		<b>\$25,057.83</b>
<b>OUR ACCOUNT HEREIN</b>		<b><u>\$25,057.83</u></b>

**ThorntonGroutFinnigan LLP**

Per: \_\_\_\_\_

Grant B. Moffat

HST No. 87042 1039RT

Matter No. 533-029  
 Invoice No. 25569  
 Date: Jun 08/12

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

## EXHIBIT "B"

Calculation of Average Hourly Billing Rates of  
Thornton Grout Finnigan LLP  
for the period March 1, 2012 to May 31, 2012

Invoice No.	Fees	Disbursements	HST	Hours	Average Rate	Total
25361	\$ 18,940.00	\$ 1,473.51	\$ 2,653.76	36.6	\$517.49	\$ 23,067.27
25438	11,595.00	47.50	1,513.53	22.8	508.55	13,156.03
25569	22,122.50	52.57	2,882.76	34.1	648.75	25,057.83
<b>Totals:</b>	<b>\$52,657.50</b>	<b>\$1,573.58</b>	<b>\$7,050.05</b>			<b><u>\$61,281.13</u></b>

## EXHIBIT "C"

### Billing Rates of Thornton Grout Finnigan LLP

For the period March 1, 2012 to May 31, 2012

	<u>Rate</u>	<u>Year of Call</u>
Grant B. Moffat	\$700	1991
Danny Nunes	\$425	2007
Annette Fournier	\$250	Law Clerk
Sandra Reid	\$250	Student-at-Law



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)**

Proceedings commenced at **Toronto**

**AFFIDAVIT OF GRANT B. MOFFAT**  
*(Sworn June 8, 2012)*

**Thornton Grout Finnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

**Grant B. Moffat (LSUC# 32380L)**  
Tel: 416-304-0599  
Fax: 416-304-1313

Lawyers for the Monitor

# TAB L

# EXHIBIT "L"

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 VALLE FOAM INDUSTRIES (1995) INC.,  
DOMFOAM INTERNATIONAL INC., AND  
A-Z SPONGE & FOAM PRODUCTS LTD.

AFFIDAVIT OF MARY K. WHITMER  
(Sworn June 6, 2012)

I, MARY K. WHITMER, of the City of Cleveland, State of Ohio,  
United States of America, MAKE THIS OATH AND SAYS AS FOLLOWS:

1. I am a lawyer in good standing in the State of Ohio.
2. I am a partner in the firm of Kohrman Jackson & Krantz P.L.L.,  
("KJK") located at 1375 E. 9<sup>th</sup> Street, Cleveland, Ohio, 44114, lawyers for  
Deloitte & Touche Inc. in its capacity as Monitor (the "Monitor") of the property,  
assets and undertakings of Valle Foam Industries (1995) Inc., Domfoam  
International, Inc. and A-Z Sponge & Foam Products Ltd., and, as such, I have  
knowledge of the matters to which I hereinafter depose. Unless I indicate to the  
contrary, the facts herein are within my personal knowledge and are true. Where  
I have indicated that I have obtained facts from other sources, I believe those  
facts to be true.
3. Attached hereto as Exhibit A are true copies of the invoice  
forwarded to the Monitor by KJK for fees and disbursements incurred by KJK in

the course of the within proceeding for the period January 1, 2012 through March 31, 2012.

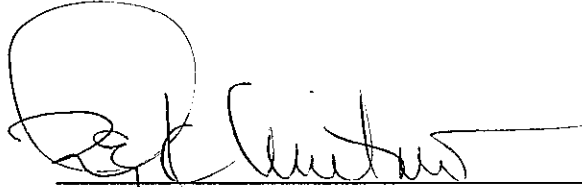
4. Attached hereto as Exhibit B is a schedule summarizing the information in Exhibit A, showing the total billable hours charged, the total fees charged and the average hourly rate charged.

5. Attached hereto as Exhibit C is a schedule summarizing the respective year each lawyer entered the practice of law (except for Mandeep Sinai who is a paralegal) and billing rates of each of the lawyers at KJK and Mr. Sinai all of whom acted for the Monitor.

6. To the best of my knowledge, the rates charged by KJK throughout the course of these proceedings are comparable to the rates charged by other law firms in Ohio, and also in the Toronto market for the providing of similar services.

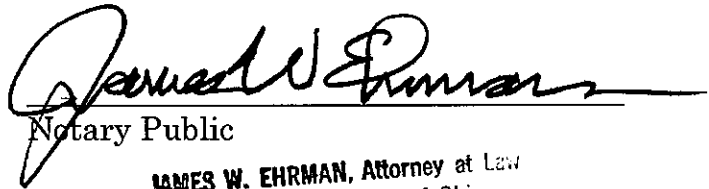
7. The hourly rates outlined in Exhibit C to this affidavit are comparable to the hourly rates charged by KJK for services rendered in similar proceedings.

8. I make this affidavit in support of a motion by the Monitor for, *inter alia*, approval of fees and disbursements of the Monitor's counsel.



Mary K. Whitmer  
Ohio State Supreme Court Bar No. 18213

Sworn to before me and subscribed in my presence, this 6th day of June,  
2012.



Notary Public

**JAMES W. EHRMAN, Attorney at Law**  
**Notary Public — State of Ohio**  
**My Commission Has No Expiration Date**  
**Sec. 147.03 R. C.**

**EXHIBIT A**



April 30, 2012

Valle Foam, Domfoam and  
A-Z Sponge & Foam  
c/o Raymond M. Slattery  
145 King Street West, Suite 2200  
MSH 4G2,  
Canada

Re: Bankruptcy  
Matter No: 11678.001  
Invoice #: 78316

**FOR PROFESSIONAL SERVICES RENDERED:**

Through March 31, 2012 \$ 82,167.50

Disbursements 4,595.74

**CURRENT BILL** 86,763.24

Previous Balance Due 0.00

Payments Received 0.00

**TOTAL PREVIOUS BALANCE** 0.00

**TOTAL BALANCE DUE** \$ 86,763.24

ID 34-1440995  
F 216-621-6536  
E bills@kjk.com

One Cleveland Center  
20th Floor  
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ITEMIZED SERVICES BILL

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REGARDING Bankruptcy

<u>Date</u>	<u>Tkpr</u>	<u>Description</u>	<u>Hours</u>
01/04/12	MKW	Conference with R. Slatterly.	0.30
01/06/12	MKW	Review filing requirements for Chapter 15. Research inquiry regarding the interplay of the district and bankruptcy court.	2.00
01/10/12	MKW	Review affidavit of Vallecoccia regarding the filing of the cases in Canada. Review filing requirements for a Chapter 15.	3.90
01/14/12	MKW	Draft Verified Petition For Recognition of Foreign Proceedings.	6.00
01/16/12	JWE	Review information of all parties engaged in litigation with Valle Foam, Domfoam, and A-Z for pleadings to be filed with the Chapter 15 petitions.	1.30
01/16/12	MAY	Briefing with M. Whitmer about Chapter 15 bankruptcy and the facts of representing the Monitor in the Valle Foam Group case.	0.30
01/16/12	MKW	Work on Chapter 15 filing. Draft initial petition for Valle Foam. Begin draft of Verified Petition.	4.60
01/17/12	JWE	Read affidavit and revise and edit the draft Verified Petition for Recognition of Foreign Proceedings and Related Relief	2.20
01/17/12	MKW	Continue to draft Verified Petition. Attention to development of list of plaintiffs and defendants for litigation pending in the U.S. Conference with E. Silver. Determine rules for noticing. Work on memorandum in support of Verified Petition. Review Case law. Draft Motion for Joint Administration of Bankruptcy Cases.	7.50
01/17/12	DSB	Draft list of attorneys and parties to litigation in which debtor is a party.	1.60
01/18/12	JWE	Telephone conference with R. Slattery re various matters of procedural coordination between the Canadian and U.S. cases, designation of the lead debtor, and timing matters; further revisions and edits to the Valle Foam Verified Petition for Recognition of Foreign Proceedings and Related Relief; coordinate same with other first day motions.	9.70
01/18/12	DSB	Revision to list of parties and attorney for litigation in which debtor is a party.	0.70
01/18/12	MKW	Draft Order for Joint administration. Draft Motion for Provisional Relief. Review case law on ex parte relief and whether injunctive tests must be met. Develop lists for filing and outstanding items which must be generated before a filing is completed.	7.50
01/19/12	MAY	Edit Ex Parte Motion for Provisional Relief; edit Memorandum of Law Supporting Chapter 15 Verified Petitions and Ex Parte Motion for Provisional Relief; Edit Chapter 15 Verified Petitions	7.20

Valle Foam, Domfoam & A-Z Sponge & Foam

<u>Date</u>	<u>Tkpr</u>	<u>Description</u>	<u>Hours</u>
01/19/12	JWE	Draft schedule of pending litigation involving members of the Valle Foam Group; further revisions to the verified petition for recognition of foreign proceeding common to all three petitions; work on motion for immediate imposition of the automatic stay and memorandum of law in support of petitions and imposition of the stay.	9.10
01/19/12	DSB	Further revision to litigation parties list; create creditor matrix.	2.30
01/19/12	MKW	Motion/Order for Joint Relief, redraft and complete for filing. Draft Ex Parte Motion, Work on noticing procedure and developing Rule 1007 List of parties to lawsuits.	7.50
01/19/12	MSS	Create and prepare notice list	7.50
01/20/12	MAY	Draft Corporate Ownership Statements; Draft Cover Page for list required under Bankruptcy Rule 1007(a)(4); Research electronic filing signature laws in Bankruptcy Court for Northern District of Ohio	2.50
01/20/12	DSB	Revise creditor matrix and list of parties to litigation (1.9); create notice list for filings (1.3).	3.20
01/20/12	MKW	Draft Order for Recognition (Exhibit C to Verified Petition). Work on draft of Corporate Ownership disclosures. Complete Petitions. Forward items requiring signature to R. Slattery. Review draft of Provisional Motion and Memorandum of law. Attention to noticing issues. Review issues regarding notice and what is required. Two conferences with E. Silver at Skadden & Arps. Develop sequence for filing, what needs to be done to obtain provisional relief and noticing of litigation parties. Work on notice list in Best Case. Conference with United States Trustee's office.	8.70
01/20/12	JWE	Work on initial set of pleadings to be filed in the three cases and filing checklist to have all pleadings filed in all cases in the proper order; edit drafts of motions and memoranda prepared by others.	4.50
01/20/12	MSS	Preparation of notice list and creditor matrix	8.50
01/21/12	MKW	Work on filing documents. Review Form Bankruptcy Petitions and revise for Monitor's signature. Work on draft of Order for Recognition. Work on noticing issues, including the list for notice purposes. Final revision of Motion/Order for Joint Administration. Draft emails to Monitor, Slattery and Elliott Silver. Work on Domfoam and A-Z verified petitions.	5.30
01/21/12	JWE	Final revisions to memorandum in support of Chapter 15 petitions and related relief to impose a stay of litigation; edit all other pleadings to be filed for consistency of defined terms and for order of relief requested.	6.80
01/22/12	JWE	Revise motion for and proposed order granting joint administration of the three cases; revise memorandum of law in support of verified petitions and motion for ex parte application of the automatic stay; refine agenda for orderly filing of the three petitions and all related pleadings.	7.60



Valle Foam, Domfoam & A-Z Sponge & Foam

<u>Date</u>	<u>Tkpr</u>	<u>Description</u>	<u>Hours</u>
01/23/12	MAY	Edit and finalize Memorandum of Law in Support of Chapter 15 Verified Petitions and Ex Parte Motion; Edit and finalize Exhibit A for Memorandum of Law; Draft and finalize Motion for Order for Expedited Hearing on Ex Parte Motion; Research case law on standard for injunctive relief in Sixth Circuit Court of Appeals	7.20
01/23/12	MSS	Preparation of creditor matrix	1.20
01/23/12	MKW	Work on filing of all documents required for the Chapter 15 bankruptcy case. Draft Order for Provisional Relief. Review Motion and Order for Provisional Relief. Conference with Monitor, and email to R. Slattery. Conferences with Elliott Silver. Three conferences with the Court. Two conferences with the US Trustee's office. Work on noticing issues, including who should receive notice of the filing of the case, and who should receive notice of the provisional order. Review law on whether the relief is like that of injunctive relief. Work on presentation to the Court required on Wed.	7.50
01/23/12	DSB	Finalize creditor matrix and additional notice list; upload creditor matrix to bankruptcy ECF.	2.30
01/23/12	JWE	Final edits to and assemble for filing the verified petitions for all three companies; file verified petition, motion for joint administration, motion for provisional relief-imposition of a stay of all litigation, and motion for expedited hearing on motion for provisional relief; telephone conference with Judge Whipple's chambers to establish date for expedited hearing on the motion for provisional relief; prepare and upload orders for all cases re same; review case law and prior decision by Judge Whipple re the standards to be met in showing entitlement to preliminary injunction/imposition of stay prior to recognition of the Canadian main proceeding.	9.40
01/24/12	MKW	Research re standard for provisional relief and participation in preparation for hearing. Conference with E. Silver. Conference with R. Slattery. Work on noticing issues, considering the method and manner of notice of the provisional relief and the suggestion of stay.	3.50
01/24/12	JWE	Review case law and articles re the standard for granting provisional and otherwise prepare for expedited hearing on the Monitor's motion for provisional relief: stay of all US litigation.	7.50
01/24/12	JWE	Update dockets for all cases and schedule of pleadings to be filed to complete the set needed for recognition as a foreign main proceeding.	0.80
01/24/12	MAY	Research and report on proper standard in Ohio for 1519 relief when seeking a provisional stay pursuant to 362, 1521, and 105 for the Bankruptcy Code; Prepare J. Ehrman for impending hearing on 1-25-12.	3.50

Valle Foam, Domfoam & A-Z Sponge & Foam

<u>Date</u>	<u>Tkpr</u>	<u>Description</u>	<u>Hours</u>
01/25/12	MKW	Continue to prepare J. Ehrman for the hearing. Work on Order for provisional relief with requirements from the hearing. Conference with R. Slattery. Conference with E. Silver. Work on draft of Notice and other noticing issues, including the structuring of the requirement that plaintiffs' counsel either provide contact information or accept service for their clients.	4.70
01/25/12	JWE	Prepare for expedited hearing on the Monitor's ex parte motion for provisional relief-imposition of a stay of all litigation-before Judge Whipple; travel to Toledo for hearing; hearing on motion for provisional relief and related background to the Chapter 15 cases; motion, as modified by the Court, granted.	10.80
01/26/12	JWE	Revise draft order granting provisional relief; telephone report on yesterday's hearing to C. Hristow; forward proposed order to A. Vara, counsel for the U.S. Trustee, and to Judge Whipple's chambers; revise proposed order to reflect comments; upload final version of order; revise Suggestion of Bankruptcy and Notice of Stay for filing in the Multidistrict Antitrust Cases; forward same to E. Silver and work with him on notice issues.	3.80
01/26/12	MKW	Research regarding required notices to creditors and others in foreign non main proceedings. Review law on section 342, and Bankruptcy Rules 1007, 2002 and 9007. Work on draft of Motion.	3.70
01/27/12	JWE	Revise Suggestion of Bankruptcy and Order for Provisional Stay to E. Silver with filing suggestions for all of the U.S. Actions; work on remaining schedules and lists to be filed to comply with Rule 1007 including a motion to compel counsel for class action plaintiffs to reveal names and addresses or to accept service.	2.60
01/27/12	MKW	Respond to inquiries by potential purchaser. Obtain Order granting Provisional Relief, review Suggestion of Stay, several conferences with E. Silver and complete filing. Further research on Section 342, and Bankruptcy Rules 1007, 2002 and 9007. Continue drafting Motion.	3.20
01/28/12	MKW	Complete Bankruptcy Rule 1007 List of names and addresses. Check service of notice. Further drafting of Motion to require Plaintiff's Counsel to provide contact information or be designated the proper party to receive notices. Further research of same.	3.80
01/29/12	DSB	Finalize list of all parties and their attorneys in litigation in which the debtor is a party.	0.60
01/30/12	JWE	Revise Rule 1007(a)(4) notice; Further revisions to the argument for compelling the various counsel for antitrust litigation plaintiffs to reveal contact information for all so that the Monitor can fulfill its noticing obligations to "all parties engaged in litigation with the Debtors as of the petition date" or to have existing counsel be designated as agents for receipt of notice.	2.40

Valle Foam, Domfoam & A-Z Sponge & Foam

<u>Date</u>	<u>Tkpr</u>	<u>Description</u>	<u>Hours</u>
01/31/12	JWE	Final revisions to and edits of the Monitor's Motion to Designate Counsel for Antitrust Plaintiffs as Their Agents for Service of All Notices; telephone conference with Judge Whipple's case administrator re event codes for ECF filing of pleadings unique to Chapter 15; file the Monitor's Motion to Designate and arrange for U.S. Mail service of same on all Antitrust Plaintiffs' counsel.	4.00
01/31/12	MKW	Conference with court regarding noticing and notifications. Prepare noticing lists for plaintiff notifications. Conference with a direct plaintiff's counsel.	1.50
02/01/12	JWE	Draft initial draft of a proposed Order Designating Counsel for Antitrust Plaintiffs as Their Agents for Service of All Notices.	0.70
02/03/12	MKW	Respond to inquiries from the court. Email to E. Silver. Preparation for call with the United States District court.	1.00
02/03/12	JWE	Revise proposed order for designation of Antitrust Plaintiffs' Counsel as Agents for Receipt of Notice and otherwise prepare for hearing re same.	1.40
02/06/12	JWE	Final revisions and edits to the Order Designating Antitrust Plaintiffs' Counsel and upload same; order entered at 4:39.	1.30
02/08/12	JWE	Review order from the Ontario Court extending the stay; prepare and file notice of extension of the stay; copy of same to E. Silver.	0.80
02/09/12	MKW	Preparation for and conference with E. Silver and S. Goldfein at Skadden Arps regarding the hearing on February 10, 2012.	1.80
02/09/12	JWE	Coordination emails and telephone conferences with C. Hristow and R. Slattery; review documents filed in the Canadian Proceedings; conference call with S. Goldfein, E. Silver, and M. Whitmer; prepare and file notices of filing of the First and Second Reports of the Receiver, the Ontario Court's Sale order with the underlying motion record and other matters potentially relevant to the U.S. Court's decision about recognition of the Canadian Proceedings; conference call with S. Goldfein, E. Silver, and M. Whitmer to prepare for the telephonic status conference with Judge Zouhary and all counsel in the antitrust litigation cases; prepare report of same for use at the hearing on recognition of the Canadian Proceedings.	6.40
02/10/12	MKW	Preparation for and attend telephone hearing with J. Zouhary.	1.50
02/10/12	JWE	Review orders and other pleadings filed in the Ontario Superior Court of Justice (Commercial List), operative orders entered in the Chapter 15 Cases, and other materials in preparation for the telephonic status conference with U.S. District Judge Jack Zouhary and all litigation counsel re, inter alia, the impact of the Valle Foam Chapter 15 Cases and the provisional stay issued by Bankruptcy Judge Mary Ann Whipple on the pending multidistrict litigation In re: Polyurethane Foam Antitrust Litigation; otherwise prepare for and participate with all counsel in same	3.50

Valle Foam, Domfoam & A-Z Sponge & Foam

<u>Date</u>	<u>Tkpr</u>	<u>Description</u>	<u>Hours</u>
02/13/12	MKW	Call from the court. Review notice. Review Bankruptcy Rule on Notice. Consider options. Return call from the court.	1.00
02/20/12	MKW	Preparation for hearing on 2/23. Review docket for objections and work on notice issues raised by the clerk of courts.	0.50
02/20/12	JWE	Review pleadings added to the Monitor's website for the Canadian Proceedings to be able to report to Judge Whipple the progress toward a sale of assets and potential distributions to creditors and otherwise prepare for the hearing on recognition of the Canadian Proceedings as a foreign main proceeding.	2.60
02/21/12	MKW	Review all documents and preparation for hearing.	1.50
02/22/12	MKW	Prepare for hearing, draft Order for Recognition.	5.00
02/22/12	JWE	Create playbook for all matters to be covered with Judge Whipple in the hearing on recognition of the Canadian Proceedings and otherwise prepare for the hearing.	1.70
02/23/12	MKW	Preparation for, travel to Toledo and attendance at hearing on recognition of Chapter 15 proceedings. Review order. Email correspondence with E. Silver.	6.00
02/23/12	JWE	Update dockets and otherwise prepare for hearing before Judge Whipple on recognition of the Canadian Proceedings as a foreign main proceeding; edit proposed order granting same; travel to Toledo for the hearing; recognition granted with carve-out of the automatic stay to parallel the provisional stay; further revise and upload proposed order re same.	7.00
02/24/12	JWE	Telephone conference with Judge Whipple's law clerk re changes requested by Judge Whipple in the proposed order granting recognition; work through same; re-edit proposed order to accommodate same, and upload order; order docketed at 1:19 p.m.; forward copy of same to R. Slattery and C. Hristow; forward copy of order to E. Silver for filing in the antitrust litigation.	1.70
02/27/12	MKW	Review order and draft notice. Attend to sending notice to the constituencies.	1.00
02/28/12	MKW	Draft and file certificate of service	1.00
03/01/12	JWE	Work on response to C. Tompkins, counsel for plaintiff in a new antitrust case filed against Valle Foam, on the impact of the automatic stay as in effect in this case.	0.40
03/19/12	JWE	Download pleadings filed by the Debtors in the Canadian Proceedings and prepare notices for filing of same with the U.S. Bankruptcy Court.	0.40
03/22/12	JWE	File the Third Report of the Monitor and the Order Extending the Stay to June 30 with the U.S. Bankruptcy Court; telephone message to Judge Whipple's chambers re the desirability of filing the various sale orders.	0.40

Disbursements:

<u>Date</u>	<u>Init</u>	<u>Type</u>	<u>Description</u>	<u>Amount</u>
03/31/2012		Copy	Document Production	914.90

Valle Foam, Domfoam & A-Z Sponge & Foam

Disbursements:

<u>Date</u>	<u>Init</u>	<u>Type</u>	<u>Description</u>	<u>Amount</u>
01/23/2012	MKW	COURT	PNC Visa Charges through 2/01/2012 for JWE from USBC OH Courts filing fee for Valle Foam bankruptcy	1,046.00
01/23/2012	MKW	COURT	PNC Visa Charges through 2/01/2012 for JWE from USBC OH Courts filing fee for Domfoams bankruptcy	1,046.00
01/23/2012	MKW	COURT	PNC Visa Charges through 2/01/2012 for JWE from USBC OH Courts filing fee for A-Z Sponge & Foam bankruptcy	1,046.00
02/01/2012	MKW	POSTAGE	Postage/Mailing Expenses regarding notice of filing 161 * 1.50	241.50
02/07/2012		POSTAGE	Mailing expense regarding filing per JWE 20 envelopes @ \$1.50 per envelope	30.00
01/24/2012	MAY	REFUND	Lexis-Nexis	45.18
01/23/2012	MAY	RESEARC H	Lexis-Nexis	65.13
02/07/2012	JWE	RESEARC H	Lexis Nexis research	21.55
01/26/2012	JWE	TRAVEL	JWE Expense report mileage, tolls & parking to and from Toledo for court hearing on Valle Foam's motion for provisional relief	139.48
			Total Disbursements	<hr/> \$4,595.74

**EXHIBIT B**

**Calculation of Average Hourly Billing Rates of  
Kohrman Jackson & Krantz P.L.L.  
for the period January 1, 2012 through March 31, 2012**

<b>Invoice No</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Hours</b>	<b>Average Rate</b>	<b>Total</b>
78316	\$82,167.50	\$4,595.74	260.90	\$314.94	\$86,763.24
<b>Totals:</b>	<b>\$82,167.50</b>	<b>\$4,595.74</b>			<b>\$86,763.24</b>

**EXHIBIT C**

**BILLING RATES OF KOHRMAN JACKSON & KRANTZ P.L.L.**

For the period January 1, 2012 through March 31, 2012

<b>Timekeeper</b>	<b>Rate</b>	<b>Entered Practice</b>
Mary K. Whitmer	\$345	1975
James W. Ehrman	\$345	1974
David S. Blocker	\$235	2002
Melissa A. Yasinow	\$185	2011
Mandeep Sinai	\$150	Paralegal

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)**

Proceedings commenced at **Toronto**

**AFFIDAVIT OF MARY K. WHITMER**

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Lawyers for the Monitor, Deloitte & Touche Inc.



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)  
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*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

**FOURTH REPORT OF THE MONITOR  
DATED JUNE 12, 2012**

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