

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

(the "Applicants")

MOTION RECORD OF THE APPLICANTS
(returnable October 25, 2012)
(re Extension Order)

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

Raymond M. Slattery (LSUC #20479L)
416-369-4149
rslattery@mindengross.com

David T. Ullmann (LSUC #42357I)
416-369-4148
dullmann@mindengross.com

Sepideh Nassabi (LSUC #60139B)
416-369-4323
snassabi@mindengross.com

416-864-9223 fax

Lawyers for the Applicants

**TO: THE SERVICE LIST
ATTACHED**

SERVICE LIST

1. **DELOITTE & TOUCHE LLP**

181 Bay Street, Suite 1400
Toronto ON M5J 2V1

Robert Bougie

416-601-4509
rbougie@deloitte.ca

Catherine Hristow

416-601-6415
christow@deloitte.ca

2. **THORNTON GROUT FINNIGAN LLP**

Canadian Pacific Tower, TD Centre
100 Wellington Street West, Suite 3200
Toronto ON M5K 1K7

Grant B. Moffat

416-304-0599
416-304-1313 fax
gmoffat@tgf.ca

Lawyers for the monitor, Deloitte & Touche LLP

3. **TANNER & GUINEY**

130 Adelaide Street West
Suite 3425
Toronto ON M5H 3P5

Robert G. Tanner

416-862-7745
416-862-7874 fax
rgtanner@tannerguiney.com

Lawyers for Tony Vallecoccia

4. **ATTORNEY GENERAL OF CANADA**

c/o Department of Justice
Ontario Regional Office
The Exchange Tower, Box 36
130 King Street West
Suite 3400
Toronto ON M5X 1K6

Jacqueline Dais-Visca

416-952-6010
416-973-0809 fax
jacqueline.dais-visca@justice.gc.ca

5. **FELDMAN LAWYERS**

390 Bay Street
Suite 1402
Toronto ON M5H 2Y2

Paul Neil Feldman

416-601-6821
416-601-2272 fax
paul@feldmanlawyers.ca

Eric Turkienicz

eric@feldmanlawyers.ca

Lawyers for 631400 Ontario Limited

6. **KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP**

8 King Street East
Suite 100
Toronto ON M5C 1B5

Mervyn Abramowitz
mabramowitz@krmc-law.com

Stephen Wolpert
swolpert@krmc-law.com

416-225-8750
416-306-9874 fax

Lawyers for Bayer Inc.

7. **OSLER, HOSKIN & HARCOURT LLP**

P.O. Box 50
1 First Canadian Place
Toronto ON M5X 1B8

Christopher P. Naudie
416-862-6811
416-862-6666 fax
cnaudie@osler.com

Canadian Class Action Lawyers for Domfoam International Inc, Valle Foam Industries (1995) Inc., and A-Z Sponge & Foam Products Ltd.

8. **BRANCH MACMASTER LLP**

1410 – 777 Hornby Street
Vancouver BC V7G 3E2

Ward Branch

604-684-3429 fax
wbranch@branmac.com

Luciana P. Brasil

lbrasil@branmac.com

604-654-2999
604-684-3429 fax

Lawyers for “Hi! Neighbor” Floor Covering Co. Limited, Majestic Mattress Mfg. Ltd., Trillium Project Management Ltd., Option Consummateurs and Karine Robillard

9. **CANADA REVENUE AGENCY**

c/o Department of Justice
Ontario Regional Office
The Exchange Tower, Box 36
130 King Street West
Suite 3400
Toronto ON M5X 1K6

Diane Winters

416-973-3172
416-973-0810 fax
diane.winters@justice.gc.ca

10. **MINISTRY OF FINANCE (ONTARIO)
LEGAL SERVICES BRANCH**

33 King Street West
6th floor
Oshawa ON L1H 8H5

Kevin J. O'Hara

905-433-6934
905-436-4510 fax
kevin.ohara@fin.gov.on.ca

11. **LAMARRE PERRON LAMBERT VINCENT S.E.N.C.**

480, boul. Saint-Laurent
bureau 200
Montréal QC H2Y 3Y7

Jacques Vincent

514-798-0990
514-798-5599 fax
j.vincent@lplv.com

Lawyers for 4037057 Canada Inc.

12. **KAMINSKY & COMPANY**

Associated Lawyers
7525 King George Boulevard
Suite 220
Surrey BC V3W 5A8

Hargo Mundi

604-591-7877 ext. 114
604-591-1978 fax
hsm@kaminskyco.com

Lawyers for 0932916 BC Ltd.

13. **RICKETTS HARRIS LLP**

181 University Avenue
Suite 816
Toronto ON M5H 2X7

R.D. Preston

416 364-6211
416 364-1697 fax
rdp@rickettsharris.com

Lawyers for Fybon Industries Limited

14. **CLYDE & CO LLP**

630 Rene-Levesque Boulevard West
Suite 1700
Montréal QC H3B 1S6

Mindy Paskell-Mede

514-843-3777
514-843-6110 fax
mindy.paskell-mede@clydeco.ca

Lawyers for Chubb Insurance Company of Canada

TAB 1

INDEX

INDEX

TAB	DATE		PAGE NO.
1	October 17, 2012	Notice of Motion returnable October 25, 2012	1
2	October 17, 2012	Affidavit of Tony Vallecoccia	10
A	March 26, 2012	Exhibit “A” - Order of Judge Zouhary	29
B	February 24, 2012	Exhibit “B” - Recognition Order of Judge Whipple	31
C	Undated	Exhibit “C” - Chart of Creditors’ Claims	38A
D	September 20 & 21, 2012	Exhibit “D” - Notices of Disallowance (Class Action)	40
E	September 21, 2012	Exhibit “E” - Notice of Disallowance (Revenue Quebec)	54
F	October 5, 2012	Exhibit “F” - Notices of Dispute (Class Action & Revenue Quebec)	61
3	January 12, 2012	Initial Order of Justice Newbould	104
4	June 15, 2012	Order of Justice Brown (Claims Solicitation Procedure)	127
5	June 15, 2012	Order of Justice Brown (Extension, etc.)	163

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

**NOTICE OF MOTION
(returnable October 25, 2012)**

(Re Extension of Stay Period)

THE APPLICANTS will make a motion to a judge presiding over the Commercial List on Thursday, October 25, 2012 at 10:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

THIS MOTION IS FOR:

1. An Order substantially in the form attached hereto as Schedule "A":
 - (a) if necessary, abridging the time for service of this Notice of Motion and the Motion Record, declaring that the motion is properly returnable on October 25, 2012, and validating service of this Notice of Motion and Motion Record;

- (b) extending the stay of proceedings from the Initial Order of Justice Newbould dated January 12, 2012, to and until February 28, 2013;
 - (c) approving the Fifth Report of the Monitor (the “Report”) and the conduct of the monitor as set out therein.
 - (d) approving the fees and disbursements of the monitor and its counsel;
2. Such further and other relief as counsel may advise and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. On January 12, 2012, the Applicants sought and were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to the Initial Order.
2. Pursuant to the Order of Justice Brown dated June 15, 2012, the stay period under the Initial Order was extended to October 30, 2012 (the “**Stay Period**”).
3. Deloitte & Touche Inc. (the “**Monitor**”) was appointed as monitor of the Applicants.

4. Pursuant to the Order of Justice Brown dated March 16, 2012, each of the Applicants were authorized and directed to enter into agreements of purchase and sale. Each of the Applicants has sold its business on a going concern basis.

5. The Applicants have funds from these sales and their operations to distribute to their creditors.

6. By Order of Justice Brown dated June 15, 2012, a Claims Solicitation Procedure was authorized and approved.

7. The Monitor in conjunction with the Applicants have solicited claims from the creditors, issued Notices of Disallowance where appropriate, and received Notices of Dispute from certain creditors.

8. The Applicants are in discussions with certain of its major creditors, including the Competition Bureau, proposed class action creditors and Revenue Quebec/Canada Revenue Agency.

9. A further extension of the Stay Period is necessary and appropriate to allow the Applicants and the Monitor to complete various post-closing issues and the Claims Solicitation Process.

10. The Monitor is supportive of the relief sought herein.

11. The Applicants are operating in good faith and with due diligence.

12. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court.

13. Rules 1.04, 1.05, 2.03, 3.02, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.

14. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

	DATE	DESCRIPTION
1.	October 19, 2012	Affidavit of Tony Vallecoccia together with exhibits attached thereto
2.	October, 2012	Fifth Report of the Monitor together with exhibits attached thereto, filed separately
3.	January 12, 2012	Initial Order of Justice Newbould
4.	June 15, 2012	Order of Justice Brown (Claims Solicitation Procedure)
5.	June 15, 2012	Order of Justice Brown (Extension, etc.)
6.		Such other material as counsel may advise and this Honourable Court may permit.

October 19, 2012

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

Raymond M. Slattery (LSUC #20479L)

416-369-4149

rslattery@mindengross.com

David T. Ullmann (LSUC #423571)

416-369-4148

dullmann@mindengross.com

Sepideh Nassabi (LSUC #60139B)

416-369-4323

snassabi@mindengross.com

416-864-9223 fax

Lawyers for the Applicants

TO: THE SERVICE LIST ATTACHED

#1953443 | 4079509

SCHEDULE "A"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE M) THURSDAY, THE 25th DAY
)
 JUSTICE) OF OCTOBER, 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 3113736 CANADA LTD., 4362063
CANADA LTD., 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 was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn October 19, 2012, and the exhibits thereto, the Fifth Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor of the Applicants (the "Monitor") dated **[INSERT]**, 2012, and the appendices attached thereto (the "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 October 19, 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 October 31, 2012 to February 28, 2013.

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

4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, as set out in the Report and the affidavit of [INSERT] and the exhibits attached thereto, are hereby authorized and approved.

5. **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 Report.

6. **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.

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

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

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

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**ORDER
(Extension Order)**

MINDEN GROSS LLP

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

Raymond M. Slattery (LSUC #20479L)
416-369-4149

rslattery@mindengross.com

David T. Ullmann (LSUC #423571)
416-369-4148

dullmann@mindengross.com

Sepideh Nassabi (LSUC #60139B)
416-369-4323

snassabi@mindengross.com

416-864-9223 fax

Lawyers for the Applicants

TAB 2

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

(the "Applicants")

AFFIDAVIT OF TONY VALLECOCCIA
(sworn October 19, 2012)

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

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

2. This affidavit is sworn in support of a motion by 3113736 Canada Ltd. ("**Valle Foam**"), and its affiliated companies, 4362063 Canada Ltd.

(“**Domfoam**”) and A-Z Sponge & Foam Products Ltd. (“**A-Z**”) (collectively, the “**Applicants**”) i) to seek an extension of the stay granted pursuant to the Initial Order from October 31, 2012 to February 28, 2013; ii) to report to the Court on the status of the claims process; and iii) to report to Court on the status of the Class Action Claims against the Applicants.

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

BACKGROUND

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

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

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

Activities Since CCAA Filing

7. All three of the Applicants have substantially completed going concern sales of their businesses in accordance with the sale agreements which were approved by this Court by Order of Justice Brown dated March 16, 2012. As such, as anticipated the Applicants no longer have any active business.

DOMFOAM

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

9. Pursuant to section 2.9 and 2.10 of the agreement of purchase and sale for Domfoam, the purchase price was subject to a working capital adjustment to reflect the actual value of the assets sold as they existed on Closing.

10. The amount of the working capital adjustment to the purchase price was settled in the amount of \$429,758.00 as part of a global settlement in which other post closing issues were resolved and mutual releases were exchanged.

11. The Monitor participated in the negotiations of this settlement and executed an acknowledgment connected with same.

VALLE FOAM

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

13. There remains an issue outstanding with respect to the calculation of an inventory adjustment. The Applicant’s counsel has been in negotiations with counsel for VLF over this issue. Unfortunately, due to the illness of lead counsel for VFL, these negotiations have been delayed. The anticipated amount of the

adjustment to the purchase price is in the amount of a net upward adjustment to the purchase price of approximately \$35,000.00.

14. As previously reported in my last affidavit, following the closing of the transaction Valle Foam was made aware of a claim by the landlord to one of the Valle Foam properties, being the property located on Orenda Road (the “**Orenda Property**”). As a result of extensive negotiations, we believed that this issue was settled and a form of release was provided by our counsel to counsel for the Landlord for approval prior to payment being made by Valle Foam. However, in a recent exchange of emails with counsel for the Landlord, I understand that the Landlord may be seeking a second opinion from another lawyer.

15. Pursuant to the terms of the agreement, VFL was exclusively empowered to collect the receivables owing to Valle Foam for a period of 90 days after closing. On July 31, 2012, the remaining amounts owed by VFL were paid to the Monitor in the amount of \$547,942.95. The balance of the account receivable are being collected by representatives of Valle Foam with the assistance of the legal counsel.

A-Z

16. The A-Z transaction closed on April 2, 2012. There are no remaining

issues on the A-Z transaction. The proceeds of sale have been paid to the Monitor.

COMPETITION ACT ISSUE

17. As reported in my affidavit of January 11, 2012 in the proceedings, both Domfoam and Valle Foam were charged with, and on January 5, 2012, pled guilty to certain offences relating to a price fixing conspiracy under the *Competition Act*, R.S.C. 1985, c C.34 (the "*Competition Act*"). Although not charged, A-Z also participated, to a lesser extent in the underlying events. Through agreement with the Director of Public Prosecutions, the resolution of the charges under the *Competition Act* included A-Z.

18. A-Z was released from all possible liability in conjunction with this matter as a result of the plea arrangement.

19. Domfoam was fined a total of \$6 million and Valle Foam was fined a total of \$6.5 million. No fine was assessed against A-Z as no charges were laid against A-Z. In accordance with the terms of the sentence imposed, on the day of the guilty pleas, Valle Foam paid \$500,000.00 in partial payment of the fines imposed against it. The details of the plea were set out in my previous affidavits.

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

21. As part of the plea arrangement, certain officers and directors, including myself, agreed to cooperate with the continuing investigations being undertaken by the Competition Bureau in connection with other alleged co-conspirators. Interviews by counsel for the Competition Bureau were undertaken several months ago with the assistance of criminal counsel for the Applicants.

CLASS ACTIONS

22. In connection with the conduct related to the *Competition Act* charges, class counsel in the US and Canada initiated a number of proposed class proceedings against the Applicants in the US and in Canada in 2010, and afterwards on behalf of purchasers of polyurethane foam and products containing polyurethane foam products. Some or all of the Applicants have been named as a defendant in at least five class action lawsuits in Canada, and over two dozen class action lawsuits in the United States (together, the "**Class Actions**"). These actions have been stayed as a result of the Initial Order.

STATUS OF U.S. LITIGATION

23. Immediately prior to the Initial Order, our lawyers in New York, Skadden, Arps, successfully negotiated on behalf of the applicants a settlement with the three different groups of plaintiffs in the United States which are part of a multi-district litigation proceedings styled in Re Polyurethane Foam Anti Trust litigation in the United States District Court for the Northern District of Ohio.

24. The agreements specifically provided that they were contingent upon the applicants filing for creditor protection. No payment was contemplated by the settlements. The settlements did provide that the class action plaintiffs reserved the right to file claims in any insolvency proceeding. Further, certain officers and directors of the Applicants agreed to provide information in connection with the issues raised in the litigation.

25. The class settlements have been approved on a preliminary basis by the court. Attached hereto and marked as **Exhibit "A"** is a copy of Judge Zouhary's Order dated March 26, 2012, providing for preliminary approval of the settlements. The plaintiffs have voluntarily dismissed Domfoam and Valle Foam from the lawsuits. The direct class plaintiffs are in the process of submitting a

notice plan to the court and notices will be distributed to class members once the plan is approved and the court will hold a hearing on final approval.

26. A number of additional claims were also issued. The applicants, through the Monitor, sought and received recognition of the CCAA proceeding in the United States Bankruptcy Court for the Northern District of Ohio. Attached hereto and marked as **Exhibit "B"** to this my affidavit is a copy of the Recognition Order of Judge Whipple dated February 24, 2012. The Order recognizes the CCAA proceedings as a forum main proceeding pursuant to the U.S. Bankruptcy Code. The Order of Judge Whipple also provides that any extension or amendment of the Canadian Orders will be given full force and effect in the United States to the same extent that it is given effect in Canada.

CANADIAN CLASS ACTION LITIGATION

27. There are currently five class action proceedings in Canada that are pending before the courts in Ontario, Quebec and British Columbia in connection with price-fixing allegations in the polyurethane foam industry. The Applicants have been named (or one or more of the Applicants have been named) in four of these class proceedings. The class plaintiffs allege that the Applicants and the other manufacturers, along with certain individuals, are jointly and severally liable for

damages to the proposed class members under the *Competition Act*, at common and under civil law, and they seek in excess of \$100 million dollars of damages along with other relief.

28. As previously reported in my affidavit sworn in these proceedings dated January 11, 2012, I have been informed by Christopher Naudie at Oslers, lead counsel for the Applicants in the Canadian Class Proceedings, regarding the potential risks and exposures for the Applicants in the Canadian Class Proceedings if liability was established at trial. During the class period, the Applicants had approximately \$975 million in sales in Canada. Even if the Applicants are only exposed to several liability and the claims filed are based on a modest 5% overcharge, the Applicants could be exposed to a claim of \$48.75 million. If the Applicants were exposed to joint and several liability, the claims could be substantially higher.

29. As previously reported in my earlier affidavits, a proposed national class settlement on behalf of the Applicants with the class plaintiffs in respect of all of the Canadian Class Proceedings has been reached. The settlement agreement was executed by the Applicants and the class plaintiffs on January 11, 2012.

30. Under the terms of this proposed national settlement, in exchange for cooperation from certain current and former Domfoam, Valle Foam and A-Z officers, employees and agents (in the form of interviews, depositions, and testimony), and the production of certain available documents by the companies (to the extent practicable), the class plaintiffs have agreed, subject to separate court approvals by the Ontario Superior Court, the B.C. Supreme Court and the Quebec Superior Court, to discontinue their proceedings as against the companies and to fully and forever release any of the companies' current or former officers, employees, agents, shareholders, or owners from any and all liability in this and potentially related matters.

31. The implementation of the settlements were delayed for some time as a result of a carriage dispute in Quebec. It appears that the dispute has been resolved and the plaintiffs are proceeding with the implementation of the class settlement. The Applicants are continuing to cooperate in the implementation of the settlement.

32. In accordance with the settlement agreements the various class action claimants in Canada have filed proofs of claim in these proceedings in accordance with the proposed Claims Procedure Order which will facilitate the receipt and

vetting of the claims. No claims were filed by any of the US class action claimants.

33. The class plaintiffs' counsel, on or about October 11, 2012, have circulated draft materials for a joint hearing before the courts of Ontario, British Columbia and Quebec. The first step is to obtain a multi-jurisdictional case management order ("MCMO") in each of the proceedings, and to obtain approval with respect to the proposed Notice of Certification/Authorization and Settlement Approval hearings. They are seeking to schedule a joint hearing in the coming weeks, but no date has yet been set.

STATUS OF FUNDS

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

35. In particular, the Applicants have funds in approximately the following amounts as at October 19, 2012:

- a) Valle Foam: \$5,460,361.71 held by the Monitor.
- b) A-Z: \$942,955.31 held by the Monitor.

- c) Domfoam: \$2,734,763.48 held by the Monitor plus CDN\$345,371.87 held in trust pending confirmation of receipt of original documents regarding the working capital adjustment, plus cheques in transit from Domfoam for its bank accounts in the amount of \$293,449.75 and USD\$3,596.77.

CLAIMS PROCESS

36. In order to ascertain the status of the claims against the Applicants, the Applicants, with the assistance of the Monitor, sought an Order authorizing a claims process to identify pre and post-filing claims against the Applicants and or their officers and directors. The process was meant to solicit claims from all parties, including the Crown and the various Class Action claimants in Canada and in the United States.

37. The Claims Process as set out in the Claims Procedure Order dated June 15, 2012 has proceeded.

38. The Claims Order required creditors to file their claims by August 31, 2012. The Monitor has prepared a chart summarizing those claims, which is attached as **Exhibit "C"**. On or before that date the Monitor received claims in

the aggregate amount of approximately \$900 million of which approximately \$810,000.00 were post-filing claims.

39. At this time, the significant claims are as follows: i) Revenue Quebec in the amount of \$2.9 million against Domfoam; ii) Competition Bureau in the amount of \$6 million against each of Domfoam and Valle Foam; and iii) the Canadian class actions in the amount of \$97.5 million. The extent of the anticipated distribution to Domfoam and Valle Foam will be determined once the adjudication of the claims has been completed. The class action claims were filed in the same amount against each of the three companies.

40. The Monitor has accepted claims in the amount of approximately \$16,650,000.00.

41. The largest material claim which was accepted was the claim in the amount of \$6 million made against each of Domfoam and Valle Foam by the Competition Bureau.

42. It is anticipated at this time that there will be sufficient funds to repay the creditors of A-Z in full and for any surplus funds from A-Z to form part of the estate of Domfoam (given that A-Z is a wholly owned subsidiary of Domfoam).

43. Pursuant to the terms of the Order, the Monitor had until September 21, 2012 to either accept or disallow these claims. The Monitor consulted with the Applicants in determining how to proceed with these claims.

44. The Monitor has disallowed the claims of Revenue Quebec and the class action creditors.

45. With respect to the class action creditors, the claims were disallowed on the basis, inter alia, that the class action creditors have not valued their claims in submitting their claim. A copy of the disallowance of the class action creditors is attached hereto as **Exhibit "D"**.

46. With respect to the Revenue Quebec amounts, the claims were disallowed based on advice from the Applicants that the claim by Revenue Quebec was inaccurate based on a partial and not a complete review of the Applicants' books and records and the intercompany acknowledgements signed which reduce a significant amount of the claim. Attached hereto as **Exhibit "E"** is the Disallowance of Claim.

47. The parties had until October 5, 2012 to dispute these disallowances. On October 5, 2012 disputes were received from Revenue Quebec and from some of the class action claimants. Two of the class action claimants did not file a

dispute. Each of the other three class action claimants filed in the amount of \$97.5 million in each action.

48. These disputes are attached hereto as **Exhibit “F”**. The class action disputes are reproduced at Exhibit “F” without a Competition Bureau Reference Bulletin which was attached as a Schedule to all three disputes.

49. The Monitor and the Applicants are in the process of reviewing these disputes to determine how to proceed.

50. Counsel for the Applicants have entered into without prejudice preliminary discussions with counsel for the class action plaintiffs to determine whether there is a negotiated settlement can be reached in connection with the valuation of the class action claims.

51. The Applicants have entered into discussions with the Competition Bureau to discuss the treatment of their claim in the context of a distribution to creditors of the Applicants.

52. In addition to the foregoing claims, certain claims were filed against the Directors and Officers of the Applicants. Some of these claims may be claims to which the charge provided in the Initial Order would provide coverage.

53. The largest Directors and Officers claim is the claim made by Revenue Quebec. To the extent that the Revenue Quebec claim can be resolved by the Applicants it would presumably also resolve the potential Directors and Officers claim.

54. The Directors and Officers' insurance expires on October 31, 2012. In our view it is in keeping with the intent of the Directors and Officers charge and the Applicants' obligation to indemnify its Directors that said policy should provide the ongoing insurance to the Directors and Officers during the period of the CCAA. Accordingly, the Applicants' intend to renew those insurance policies until April 2013.

PROPOSED EXTENSION

55. The Applicants propose that the stay of the proceeding be extended from October 31, 2012 to February 28, 2013.

56. The extension sought herein will provide the Applicants with the time necessary to attend to the resolution of the claims filed by the Class Action claimants, the discussions with the Competition Bureau, to allow for the review of claims, and otherwise attend to the possible development of a plan for the distribution of the sale proceeds.

57. As previously reported in my earlier affidavits, Domfoam entered into a loan agreement with Valle Foam which allowed Valle Foam to make advances to Domfoam to assist it during the CCAA process. Valle Foam was granted a charge to secured these advances in the Initial Order.

58. The Monitor and the Applicants are in the process of reconciling the various intercompany accounts to determine how much was advanced by Valle Foam to Domfoam under this agreement and to consider any other intercompany debts. These funds will have to be reconciled before any distribution is made to the creditors.

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

60. No cash flow is being provided with this affidavit as the Applicants have very limited expenses and no employees nor are they purchasing any further goods or services other than professional services. I am confident that the Applicants each have sufficient funds on hand to meet these obligations on a go forward basis for the period of the proposed extension.

61. I have been advised that the Monitor will support the proposed extension of the stay to February 28, 2013.

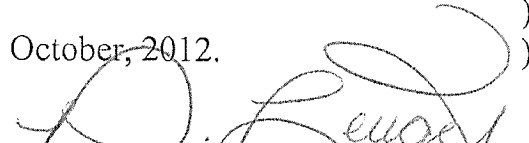
62. The Applicants are operating with good faith and with due diligence.

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

SWORN before me at the City)
)
of Toronto, in the Province of)
)
Ontario, this 19th day of)
)
October, 2012.)



TONY VALLECOCCIA

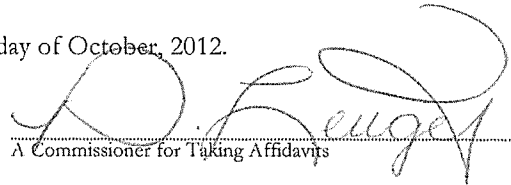

Commissioner For Taking Affidavits

#1950785

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

TAB A

This is Exhibit "A" referred to
in the Affidavit of Tony Vallecoccia
Sworn this 19th
day of October, 2012.


A Commissioner for Taking Affidavits

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

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

In Re: Case No. 1:10 MD 2196

Polyurethane Foam Antitrust Litigation ORDER

This document related to: ALL CASES JUDGE JACK ZOUHARY

MAGISTRATE JUDGE JAMES R. KNEPP, II

This Court conducted a record Phone Conference on March 23, 2012.

Pending before this Court are Plaintiff Direct Action Plaintiffs' Motion for Preliminary Approval of Voluntary Dismissal and Settlement Agreement with Defendants Domfoam International Inc., Valle Foam Industries Inc., A-Z Sponge & Foam Products Ltd. and Individual Settling Parties (Doc. 343), and Plaintiff Indirect Purchaser Class' Motion for Preliminary Approval of Settlement with Domfoam International, Inc., Valle Foam Industries Inc., and A-Z Sponge & Foam Products Ltd. and Certain Individuals (Doc. 344).

Following the same rationale set forth in this Court's Order dated January 13, 2012 (Doc. 323), and Defendants having no specific objection, other than those previously considered, this Court finds the instant proposed settlements fall within the range of possible approval, do not disclose grounds to doubt their fairness, and include no obvious deficiencies. The settlements are therefore preliminarily approved. Final determination of class certification and the ultimate fairness of these settlements will occur at a later date if and when this Court approves Plaintiffs' notice and distribution plans, and after potentially affected parties have had the opportunity to object and be heard.

IT IS SO ORDERED.

s/ Jack Zouhary
JACK ZOUHARY
U. S. DISTRICT JUDGE

s/ James R. Knepp, II
JAMES R. KNEPP, II
U. S. MAGISTRATE JUDGE

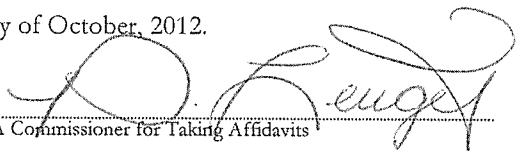
March 26, 2012

TAB B

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

Sworn this 19th

day of October, 2012.


A Commissioner for Taking Affidavits

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

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. ¹)	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

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

² 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;² 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

² 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, 20th Floor, 1375 East 9th St., Cleveland, Ohio, 44114, to the attention of Mary K. Whitmer or James W. Ehrman, (216) 686-8700, mkw@kjk.com or 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.

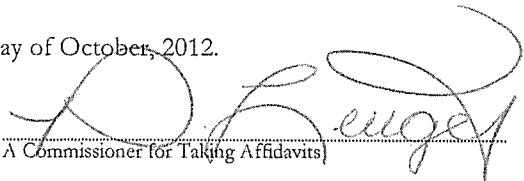
/s/ Mary K. Whitmer

Mary K. Whitmer (0018213)
James W. Ehrman (0011006)
One Cleveland Center, 20th Floor
1375 East 9th Street
Cleveland, OH 44114-1793
Telephone: (216) 696-8700
Facsimile: (216) 621-6536
Email: mkw@kjk.com
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

This is Exhibit "C" referred to
in the Affidavit of Tony Vallecoccia
Sworn this 19th
day of October, 2012.

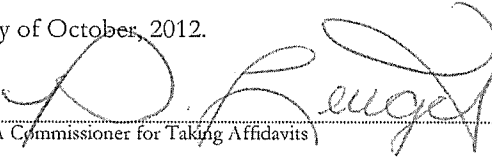

A Commissioner for Taking Affidavits

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

Company	Pre-Filing (Admitted)	Post-Filing (Admitted)	Pending Resolution	Total
Valle Foam	\$ 8,529,565.41	\$ 758,821.94	\$ 292,500,000.00	\$ 301,788,387.35
Domfoam	\$ 8,045,747.98	\$ -	\$ 295,412,919.10	\$ 303,458,667.08
A-Z Foam	\$ 82,398.29	\$ 20,610.40	\$ 292,500,000.00	\$ 292,603,008.69

TAB D

This is Exhibit "D" referred to
in the Affidavit of Tony Vallecoccia
Sworn this 19th
day of October, 2012.


A Commissioner for Taking Affidavits

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

Court File No. CV-12-9545-OOCL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

NOTICE OF REVISION OR DISALLOWANCE

TO: Majestic Mattress Mfg. Ltd. and a proposed class of all persons or entities in British Columbia who purchased polyurethane foam or polyurethane foam products, including carpet underlay directly and/or indirectly from the Debtor from January 1, 1999 to the present

Attention: c/o Luciana P. Brasil
Branch MacMaster LLP
1410-777 Hornby Street
Vancouver, B.C. V6Z 1S4

Via email lbrasil@brannmac.com Fax (604-684-3429)

The Monitor has partially disallowed your Proof of Claim as set out below:

Pre-filing Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
3113736 Canada Ltd (formerly known as Valle Foam Industries (1995 Inc.))	To be ascertained		
4362063 Canada Ltd. (formerly known as Domfoam International Inc.)			
A-Z Sponge & Foam Products Ltd.			
Total	To be ascertained	nil	Entire claim

REASONS FOR DISALLOWANCE:

1. You have filed the Proof of Claim in your own name, as well as on behalf of a proposed class of persons or entities (the "Class") as referenced in your Proof of Claim. However, you have not provided any agreement between such persons or entities, any order of the Court or any other authority pursuant to which you are authorized to file the Proof of Claim on behalf of the Class.
2. You have indicated in your Proof of Claim that you and the Class have an unsecured claim against the Debtor in an amount, "to be ascertained". The Monitor requires that the amount of your Claim against the Debtor be quantified.

IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:

You must, no later than **5:00 p.m. (Toronto Time) on October 5, 2012**, deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's Website at <http://www.deloitte.com/ca/vallefoam>) in accordance with the Claims Solicitation Procedure Order to the following address, email, or facsimile:

Deloitte & Touche Inc.

181 Bay Street West

Suite 1400

Toronto, Ontario

M5J 2V1

Attention: Catherine Hristow

Telephone: (416) 775-8831

Facsimile: (416) 601-6690

E-mail: christow@deloitte.ca**DATE: September 20, 2012**

Court File No. CV-12-9545-OOCL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

NOTICE OF REVISION OR DISALLOWANCE

TO: Option consommateurs and proposed class of all persons and entities in Quebec
who purchased polyurethane foam products
50, Ste-Catherine West, Suite 440
Montreal, Quebec
H2X 3V4

Attention: Dominique Gervais

Via email gervais@option-consommateurs.org and Fax (514) 598-8511

The Monitor has partially disallowed your Proof of Claim as set out below:

Pre-filing Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
3113736 Canada Ltd (formerly known as Valle Foam Industries (1995 Inc.))	To be ascertained		
4362063 Canada Ltd. (formerly known as Domfoam International Inc.)			
A-Z Sponge & Foam Products Ltd.			
Total	To be ascertained	nil	Entire claim

REASONS FOR DISALLOWANCE:

1. You have filed the Proof of Claim in your own name, as well as on behalf of a proposed class of persons or entities (the "Class") as referenced in your Proof of Claim. However, you have not provided any agreement between such persons or entities, any order of the Court or any other authority pursuant to which you are authorized to file the Proof of Claim on behalf of the Class.
2. You have indicated in your Proof of Claim that you and the Class have an unsecured claim against the Debtor in an amount, "to be ascertained". The Monitor requires that the amount of your Claim against the Debtor be quantified.

IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:

You must, no later than **5:00 p.m. (Toronto Time) on October 5, 2012**, deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's Website at <http://www.deloitte.com/ca/vallefoam>) in accordance with the Claims Solicitation Procedure Order to the following address, email, or facsimile:
Deloitte & Touche Inc.

181 Bay Street West
Suite 1400
Toronto, Ontario
M5J 2V1

Attention: Catherine Hristow
Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

DATE: September 20, 2012

Court File No. CV-12-9545-OOCL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

NOTICE OF REVISION OR DISALLOWANCE

TO: Hi! Neighbor Floor Covering Co. and on behalf of a proposed class of all persons or entities in Canada who also purchased Polyurethane Foam or Polyurethane Foam Products or carpet underlay directly and/or indirectly from the Debtor from January 1, 1999 to the present except for purchasers in BC and Quebec

Attention: c/o Sutts Strosberg LLP
251 Goyeau St. Suite 600
Windsor, On N9A 6V4

Attention: Heather Rumble Peterson

Via email hpeterson@strosbergco.com Fax (866 316-5308)

The Monitor has partially disallowed your Proof of Claim as set out below:

Pre-filing Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
3113736 Canada Ltd (formerly known as Valle Foam Industries (1995 Inc.))	To be ascertained		
4362063 Canada Ltd. (formerly known as Domfoam International Inc.)			
A-Z Sponge & Foam Products Ltd.			
Total	To be ascertained	nil	Entire claim

REASONS FOR DISALLOWANCE:

1. You have filed the Proof of Claim in your own name, as well as on behalf of a proposed class of persons or entities (the "Class") as referenced in your Proof of Claim. However, you have not provided any agreement between such persons or entities, any order of the Court or any other authority pursuant to which you are authorized to file the Proof of Claim on behalf of the Class.
2. You have indicated in your Proof of Claim that you and the Class have an unsecured claim against the Debtor in an amount, "to be ascertained". The Monitor requires that the amount of your Claim against the Debtor be quantified.

IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:

You must, no later than **5:00 p.m. (Toronto Time) on October 5, 2012**, deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's Website at <http://www.deloitte.com/ca/vallefoam>) in accordance with the Claims Solicitation Procedure Order to the following address, email, or facsimile:
Deloitte & Touche Inc.

181 Bay Street West
Suite 1400
Toronto, Ontario
M5J 2V1

Attention: Catherine Hristow
Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

DATE: September 20, 2012

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

NOTICE OF REVISION OR DISALLOWANCE

TO: Satpanth Capital Inc.
King Koil Sleep Products
Park Ave Furniture Prod.
Posture Beauty Sleep Products, as a member of a proposed class individually purchased
approximately \$60 million worth of ply foam from Valle Foam and others btw Jan. 1999 and
Aug. 2010

Attention: c/o Andrew Morganti
Morganti Legal, P.C.
3230 Yonge St.
Suite 200A
Toronto, Ontario M4N

Via email amorganti@morgantilegal.com Fax (416-800-2171)

The Monitor has partially disallowed your Proof of Claim as set out below:

Pre-filing Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
3113736 Canada Ltd (formerly known as Valle Foam Industries (1995 Inc.))	To be provided		
4362063 Canada Ltd. (formerly known as Domfoam International Inc.)			
A-Z Sponge & Foam Products Ltd.			
Total	To be provided	nil	Entire claim

REASONS FOR DISALLOWANCE:

1. You have indicated in your Proof of Claim that you have an unsecured claim against the Debtor in an amount, "to be provided". The Monitor requires that the amount of your Claim against the Debtor be quantified.

IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:

You must, no later than **5:00 p.m. (Toronto Time) on October 5, 2012**, deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's Website at <http://www.deloitte.com/ca/vallefoam>) in accordance with the Claims Solicitation Procedure Order to the following address, email, or facsimile:

Deloitte & Touche Inc.

181 Bay Street West
Suite 1400
Toronto, Ontario
M5J 2V1

Attention: Catherine Hristow

Telephone: (416) 775-8831

Facsimile: (416) 601-6690

E-mail: christow@deloitte.ca

Dated: September 21, 2012



Court File No. CV-12-9545-OOCL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

NOTICE OF REVISION OR DISALLOWANCE

TO: Dynasty Furniture Mfg. Ltd., as a Member of a proposed class, individually purchased approximately \$47 million worth of poly foam from Valle Foam and others btw Jan. 1999 and Aug. 2010

Attention: c/o Andrew Morganti
Morganti Legal, P.C.
3230 Yonge St.
Suite 200A
Toronto, Ontario M4N

Via email amorganti@morgantilegal.com Fax (416-800-2171)

The Monitor has partially disallowed your Proof of Claim as set out below:

Pre-filing Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
3113736 Canada Ltd (formerly known as Valle Foam Industries (1995 Inc.))	To be provided		
4362063 Canada Ltd. (formerly known as Domfoam International Inc.)			
A-Z Sponge & Foam Products Ltd.			
Total	To be provided	nil	Entire claim

REASONS FOR DISALLOWANCE:

1. You have indicated in your Proof of Claim that you have an unsecured claim against the Debtor in an amount, "to be provided". The Monitor requires that the amount of your Claim against the Debtor be quantified.

IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:

You must, no later than **5:00 p.m. (Toronto Time) on October 5, 2012**, deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's Website at <http://www.deloitte.com/ca/vallefoam>) in accordance with the Claims Solicitation Procedure Order to the following address, email, or facsimile:

Deloitte & Touche Inc.

181 Bay Street West
Suite 1400
Toronto, Ontario
M5J 2V1

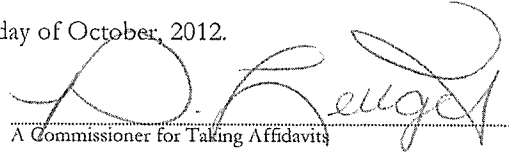
Attention: Catherine Hristow

Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

Dated: September 21, 2012

TAB E

This is Exhibit "E" referred to
in the Affidavit of Tony Vallecoccia
Sworn this 19th
day of October, 2012.


A Commissioner for Taking Affidavits

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

NOTICE OF REVISION OR DISALLOWANCE

TO: Revenu Quebec
1600 Boul. Rene Levesque Ouest
3 Etage, Secteur R23CPF
Montreal, Quebec, H3H 2V2

Attention: J. Jammes
Via facsimile (514) 285-3833

The Monitor has partially disallowed your Proof of Claim as set out below:

Pre- filing Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
43262063 Canada Ltd. (formerly known as Domfoam International Inc.)	\$2,912,679.00	Nil	\$2,912,679.00
Total	\$2,912,679.00	nil	\$2,912,679.00

REASONS FOR REVISION

43262063 Canada Ltd. (the "Company") and its legal counsel have reviewed the claim of Revenu Quebec. The Company has provided the Monitor with a copy of an executed Closely Related Corporations and Canadian Partnerships, a copy of which is attached. Therefore, the entire amount of the intercompany claim for GST is disallowed which we understand is in the amount of \$1,664,824.52.

The Monitor has been advised by the Company that all of the necessary records for review of taxes on temporary labour, and tax credits claimed for invoices not paid, are available for review by Revenu Quebec. The balance of the claim of Revenu Quebec is disallowed and needs to be quantified through the completion of a thorough audit.

IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:

You must, no later than **5:00 p.m. (Toronto Time) on October 5, 2012**, deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's Website at <http://www.deloitte.com/ca/vallefoam>) in accordance with the Claims Solicitation Procedure Order to the following address, email, or facsimile:

Deloitte & Touche Inc.

181 Bay Street West
Suite 1400
Toronto, Ontario
M5J 2V1

Attention: Catherine Hristow

Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

DATE: September 21, 2012

CLOSELY RELATED CORPORATIONS AND CANADIAN PARTNERSHIPS

Election or Revocation of the Election to Treat Certain Taxable Supplies as having been made for Nil Consideration

Corporations and Canadian partnerships that are specified members of a qualifying group can use this form to jointly elect to treat certain taxable supplies between them as having been made for no consideration. For more information and the exceptions, see "Description of the election" on page 4. Complete Parts A, B, and C of this form to make this election or Parts A and C to revoke it.

For definitions and more information, see pages 3 and 4 of this form.

Part A - Identification (Member 1)			
Name of corporation or Canadian partnership VALLE FOAM INDUSTRIES (1995) INC.		Business Number 1 4 0 0 6 9 5 6 8 R T	
Trading name (if different from name)			
Please tick the appropriate box: <input checked="" type="checkbox"/> Qualifying member <input type="checkbox"/> Temporary member			
Contact person TONY VALLECOCCIA	Title PRESIDENT	Telephone number (905) 453-8054 ext 232	
I, <u>Tony Vallecoccia</u> (print), certify that the information given on this form and in any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the corporation or Canadian partnership identified above.			
Signature of authorized person <i>T. Vallecoccia</i>	Title PRESIDENT	Year 1 9 9 9	Month Day 0 9 0 1
Part A - Identification (Member 2)			
Name of corporation or Canadian partnership DOMFOAM INTERNATIONAL INC.		Business Number 1 2 3 4 8 5 0 3 9 R T	
Trading name (if different from name)			
Please tick the appropriate box: <input checked="" type="checkbox"/> Qualifying member <input type="checkbox"/> Temporary member			
Contact person TONY VALLECOCCIA	Title PRESIDENT	Telephone number (905) 453-8054 ext 232	
I, <u>Tony Vallecoccia</u> (print), certify that the information given on this form and in any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the corporation or Canadian partnership identified above.			
Signature of authorized person <i>T. Vallecoccia</i>	Title PRESIDENT	Year 1 9 9 9	Month Day 0 9 0 1
Part A - Identification (Member 3)			
Name of corporation or Canadian partnership		Business Number	
Trading name (if different from name)			
Please tick the appropriate box: <input type="checkbox"/> Qualifying member <input type="checkbox"/> Temporary member			
Contact person	Title	Telephone number	
I, _____ (print), certify that the information given on this form and in any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the corporation or Canadian partnership identified above.			
Signature of authorized person	Title	Year	Month Day
<p>Note If more than three corporations or Canadian partnerships elect or revoke the election, use a photocopy of this form or additional forms to provide the information requested in Part A. This form is available on our Web site at www.cra.gc.ca/forms.</p>			

Vous pouvez obtenir ce formulaire en français à www.cra.gc.ca ou au 1-800-959-3378.



*With effect as at that date. Form executed on September 20, 2012

Part B - Eligibility for the election

Each person must be a qualifying member or a temporary member to qualify as a specified member; only specified members in the same qualifying group are eligible to make this election. The definitions of those terms are on page 3.

Section 1 - This section must be completed.

Tick the boxes that apply:

- The registrant corporations resident in Canada and registrant Canadian partnerships identified as qualifying members in Part A and on any attached forms are members of the same qualifying group.
- None of the corporations identified as qualifying members in Part A and on any attached forms are party to an election to deem certain taxable supplies as supplies of financial services. (Tick this box if all the members identified as qualifying members in Part A or on any attached forms are Canadian partnerships.)
- For each corporation or Canadian partnership, registrant and resident in Canada, identified as qualifying members in Part A and on any attached forms:
- all or substantially all of the property of the corporation or Canadian partnership (other than financial instruments) was first manufactured, produced, acquired, or imported by the corporation or Canadian partnership for consumption, use, or supply exclusively in its commercial activities; or
 - if the corporation or partnership has no property (other than financial instruments), all or substantially all of the supplies it made were taxable.

If you ticked all three boxes, the corporations and Canadian partnerships identified as qualifying members in Part A and on any attached forms are eligible to jointly make the election.

Section 2 - This section has to be completed if there is at least one temporary member in the qualifying group.

Tick the boxes that apply:

- The registrant corporations resident in Canada identified as temporary members in Part A and on any attached forms are members of a qualifying group but not qualifying members.
- None of the corporations identified as temporary members are party to an election to deem certain taxable supplies as supplies of financial services.
- The corporations identified as temporary members are to receive a supply of property in contemplation of a distribution made in the course of a reorganization from the distributing corporation that is a qualifying member in the same group.
- The corporations identified as temporary members do not carry on any business or have any property (other than financial instruments) before receiving the supply and the shares of the corporations are transferred on the distribution.

If you ticked all four boxes, the corporations identified as temporary members in Part A and on any attached forms, that are to receive a supply of property in contemplation of a distribution made in the course of a reorganization, are eligible to jointly make the election with the qualifying members in the same qualifying group.

Complete Part C of this form.

Part C - Election or revocation of the election

Tick one of the boxes below and enter the effective date of the election or revocation of the election:

- The corporations and Canadian partnerships identified in Part A of this form and on any attached forms jointly elect to treat taxable supplies made between them while the election is in effect as having been made for no consideration, with the following exceptions. The election does not apply to a supply of property or a service that is not acquired by the recipient of the supply for consumption, use, or supply exclusively in its commercial activities or to a sale of real property. If the recipient of the supply is a temporary member, the election also does not apply if a supply is not made in contemplation of a distribution in the course of a reorganization, as described in the *Income Tax Act*.

or

- The corporations and Canadian partnerships identified in Part A of this form and on any attached forms jointly revoke the election to treat certain taxable supplies made between them as having been made for no consideration.

Effective date of this election or revocation of the election:

Year	Month	Day
1999	09	01

General Information

Definitions

All or substantially all generally means 90% or more.

Canadian partnership means a partnership each member of which is a corporation or partnership and is resident in Canada.

Commercial activity means a business carried on by a person or an adventure or concern of the person in the nature of trade, but does not include the making of exempt supplies. It also includes the supply of real property by a person, other than an exempt supply, and anything done in the course of making the supply or in connection with the supply.

A commercial activity does not include a business carried on, or an adventure or concern in the nature of trade engaged in, by an individual, a personal trust or a partnership where all the members are individuals, without a reasonable expectation of profit.

Distribution has the meaning assigned by subsection 55(1) of the *Income Tax Act*. A distribution for the purposes of section 55 of the *Income Tax Act* means the direct or indirect transfer of property of a corporation (referred to in section 55 as a "distributing corporation") to one or more of its corporate shareholders (referred to in section 55 as a "transferee corporation") such that each transferee corporation that receives property on the distribution receives its *pro rata* share of each type of property owned by the distributing corporation immediately before the distribution.

Exclusive in respect of the consumption, use, or supply of a property or service by a person (other than a financial institution) means all or substantially all of the consumption, use, or supply of the property or service. For a financial institution, exclusive in respect of the consumption, use, or supply of a property or service means 100% of the consumption, use, or supply.

Qualifying group means:

- a group of corporations, each member of which is closely related to each other member of the group; or
- a group of Canadian partnerships, or of Canadian partnerships and corporations, each member of which is closely related to each other member of the group.

To determine if corporations or Canadian partnerships are closely related, for the purposes of this election, to other corporations or Canadian partnerships, see "Meaning of closely related corporations and closely related Canadian partnerships" later on this page.

Qualifying member of a qualifying group means a registrant corporation resident in Canada or a registrant Canadian partnership:

- that is a member of the qualifying group;
- that is not a party to an election to treat certain taxable supplies as supplies of financial services; and
- all or substantially all of the property of which (other than financial instruments) was last manufactured, produced, acquired, or imported by the corporation or partnership for consumption, use, or supply exclusively in its commercial activities, or if the corporation or partnership has no property (other than financial instruments), all or substantially all of its supplies are taxable.

Qualifying subsidiary of a particular corporation means another corporation not less than 90% of the value and number of the issued and outstanding shares of the capital stock of which, having full voting rights under all circumstances, are owned by the particular corporation, and includes:

- a corporation that is a qualifying subsidiary of a qualifying subsidiary of the particular corporation;
- where the particular corporation is a credit union, every other credit union; and
- where the particular corporation is a member of a mutual insurance group, every other member of that group.

Specified member of a qualifying group means:

- a qualifying member of the group; or
- a temporary member of the group. A temporary member of the group only qualifies as a specified member when it is to receive a supply of property in contemplation of a distribution made in the course of a reorganization described in subparagraph 55(3)(b)(i) of the *Income Tax Act* from the distributing corporation that is a qualifying member of the same group.

Note

Once the reorganization is complete, the temporary member must qualify as a qualifying member to be a specified member and eligible to make this election.

Temporary member of a qualifying group means a registrant corporation, resident in Canada:

- that is a member of the group but not a qualifying member;
- that is not a party to an election to treat certain taxable supplies as supplies of financial services;
- that receives a supply of property in contemplation of a distribution made in the course of a reorganization described in subparagraph 55(3)(b)(i) of the *Income Tax Act* from the distributing corporation that is a qualifying member of the same group;
- that does not carry on any business or have any property (other than financial instruments) before receiving the supply; and
- that transfers its shares on the distribution.

Meaning of closely related corporations and closely related Canadian partnerships

Closely related corporations

In general, two corporations are considered to be closely related if at least 90% of the value and number of the issued and outstanding shares of the capital stock of one of the corporations, having full voting rights under all circumstances, are owned by:

- the other corporation;
- a qualifying subsidiary of the other corporation;
- a corporation of which the other corporation is a qualifying subsidiary;
- a qualifying subsidiary of a corporation of which the other corporation is a qualifying subsidiary; or
- any combination of the corporations or subsidiaries referred to above.

Closely related Canadian partnerships

A particular Canadian partnership and another Canadian partnership are closely related if all or substantially all of the interest in the other Canadian partnership is held by:

- the particular Canadian partnership;
- a corporation or a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member; or
- any combination of corporations or partnerships referred to above.

Two Canadian partnerships are also closely related to each other if one:

- owns at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is a member of a qualifying group of which the other partnership is a member; or
- holds all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the other partnership is a member.

Closely related Canadian partnerships and corporations

A Canadian partnership is considered to be closely related to a particular corporation if one of the following applies:

- at least 50% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of the particular corporation are owned by:
 - the partnership;
 - a corporation or a Canadian partnership, that is a member of a qualifying group of which the partnership is a member; or
 - any combination of corporations or partnerships referred to above;
- at least 50% of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is a member of a qualifying group of which the particular corporation is a member are owned by the Canadian partnership.
- at least 50% of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is a member of a qualifying group of which the partnership is a member are owned by the particular corporation.
- all or substantially all of the interest in the partnership is held by:
 - the particular corporation;
 - a corporation or a Canadian partnership that is a member of a qualifying group of which the particular corporation is a member; or
 - any combination of corporations or partnerships that includes the particular corporation or another member of a qualifying group of which the particular corporation is a member;
- all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the partnership is a member is held by the particular corporation; or
- all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the particular corporation is a member is held by the partnership.

Persons closely related (as defined above) to the same person

Two corporations are considered closely related to each other for the GST/HST if they are each closely related to a third corporation.

A corporation and a Canadian partnership or two Canadian partnerships are considered closely related to each other for this election if they are each closely related to a third corporation or Canadian partnership, or would be considered to be closely related to the Canadian partnership if each member of that partnership were resident in Canada.

Interest in a partnership

For the purposes of this election, a person (corporation or partnership), or a group of persons, holds, at any time, all or substantially all of the interest in a partnership if at that time the person, or every person in the group, is a member of the partnership and the person is, or the members of the group collectively are, all the following:

- entitled to receive at least 50% of the total of all amounts, each of which is the share of the partnership's income from all sources that each of its members is entitled to receive for the last fiscal period (within the meaning of the *Income Tax Act* of the partnership that ended before that time (or if the partnership's first fiscal period includes that time, for that period), or if the partnership has no income, the total of all amounts each of which is the share of the income of the partnership that each member of the partnership would be entitled to receive if the income of the partnership from each source were one dollar;
- entitled to receive at least 50% of the total amount that would be paid to all members of the partnership (other than amounts that would be paid as a share of partnership income) if it were wound up; and
- able to direct the business and the affairs of the partnership, or would be able to do so if no secured creditor had any security interest in an interest in, or the property of, the partnership.

Description of the election

When a specified member of a qualifying group jointly elects with another specified member of the group, certain taxable supplies made between them are considered to have been made for no consideration. A corporation that has filed an election (Form GST27, *Election or Revocation of an Election to Deem Certain Supplies to be Financial Services*) to deem certain taxable supplies as supplies of financial services cannot make this election.

Exceptions

The following supplies are excluded from this election:

- a supply by way of sale of real property;
- a supply of property or service that is not acquired by the recipient for consumption, use, or supply exclusively in the commercial activities of the recipient; and
- a supply of property that is not made in contemplation of a distribution made in the course of a reorganization described in subparagraph 55(3)(b)(i) of the *Income Tax Act*, if the recipient of the supply is a temporary member.

Eligibility

Complete Part B on Page 2 of this form to determine if you are eligible to make this election.

Parties to this election

Every combination of eligible corporations and eligible Canadian partnerships whose names appear on this form and on any attached forms is considered to have made this election. For example, for a group with three electing members, if we number them 1, 2, and 3, the combinations would be:

- a) 1 and 2;
- b) 1 and 3; and
- c) 2 and 3.

Duration of the election

The election made jointly by two specified members of the qualifying group ceases to have effect on the earliest of:

- the day one of those members ceases to be a specified member of the qualifying group; or
- the day those members jointly revoke the election.

Books and records

You do not have to file this form with the Canada Revenue Agency. However, you must complete it and keep it with the books and records of the specified members making the election while an election is in effect, and for six years from the end of the year to which an election relates.

Do you need more information?

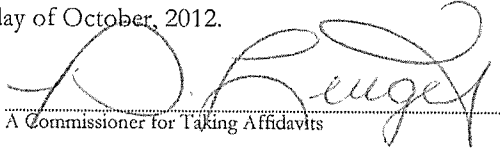
For more information, visit our Web site at www.cra.gc.ca/gst/hst, or call us at 1-800-959-5525.

TAB F

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

Sworn this 19th

day of October, 2012.


A Commissioner for Taking Affidavits

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

(the "Applicants")

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

1. PARTICULARS OF CREDITOR:

- (a) Full Legal Name of Creditor: Majestic Mattress Mfg. Ltd., and all persons
- (b) Full Mailing Address of Creditor: c/o Luciana P. Brasil
Branch MacMaster LLP
1410-777 Hornby St., Vancouver, BC, V6Z 1S4
- (c) *Telephone Number of Creditor: c/o L Brasil (604) 654-2960
- (d) *Facsimile Number of Creditor: c/o L. Brasil (604) 684-3429
- (e) *E-mail Address of Creditor: c/o lbrasil@branmac.com
- (f) Attention (Contact Person): Luciana P. Brasil

who purchased
polyurethane foam
or polyurethane foam
products, including
carpet underlay,
directly from
The Applicants
from Jan. 1, 1999
to the present.

*In order to ensure that all Claims are processed in an expedited manner you must provide one (1) or more of your telephone number, fax number or e-mail address.

2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:

(a) Have you acquired this Claim by Assignment? Yes No
(If yes, attach document evidencing assignment)

(b) Full Legal Name of original Creditor(s): _____

3. DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM FOR VOTING AND/OR DISTRIBUTION PURPOSES:

We hereby disagree with the value of our Claim set out in the Notice of Revision or Disallowance dated September 20, 2012, as set out below:

Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
All Applicants	\$ 97,500,000.00	\$	\$
Total Claims			

REASONS FOR DISPUTE:

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction (s) or agreement(s) giving rise to the Claim, name of any guarantor(s) that has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

Please see Schedule "A" attached.

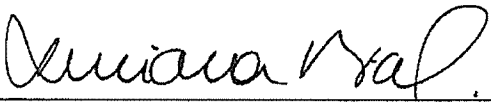
If you intend to dispute a Notice of Revision or Disallowance, you must, **no later than 5:00 p.m. (Toronto Time) on October 5, 2012** deliver to the Monitor a Notice of Dispute of Revision or Disallowance in accordance with the Claims Solicitation Procedure Order to the following address, email or facsimile:

Deloitte & Touche Inc.
181 Bay Street West
Suite 1400
Toronto, Ontario
MSJ 2V1

Attention: Catherine Hristow
Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

If you do not deliver a Notice of Dispute of Revision or Disallowance by the time and date set out above, as applicable, the value of your Claim shall be deemed to be as set out in the Monitor's Notice of Revision or Disallowance.

Dated at Vancouver this 5th day of October, 2012.

Per: 

Luciana Brasil
BRANCH MacMASTER LLP
Barrister & Solicitor
K
_____ Street
Vancouver, British Columbia V6B 1G4

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

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

(the "Applicants")

Schedule "A" to Notice of Dispute of Revision or Disallowance

1. The Monitor issued a Notice of Revision or Disallowance disallowing the totality of the claim made, contending:
 - a. The Claimant has not provided any agreement between the Claimant and the proposed Class, any order of the Court or any other authority pursuant to which the Claimant is authorized to file the Proof of Claim on behalf of the Class; and
 - b. The Monitor requires that the amount of the Claim against the Applicants be quantified.

Authority to File Proof of Claim on Behalf of the proposed Class

2. The claims made by the Claimant on its own behalf and on behalf of the Class arise from a price fixing conspiracy amongst manufacturers of polyurethane foam and polyurethane foam products (collectively, the "Foam Products") extending from January 1, 1999 to the present (the "Conspiracy").
3. Proceedings in relation to the Conspiracy were commenced in British Columbia, Ontario and in Quebec between August 19, 2010 and October 1, 2010 (collectively, the "Canadian Class Actions"). Taken together, the Canadian Class Actions advance claims in relation to the Conspiracy on behalf of classes comprising all persons in Canada who purchased Foam Products from January 1, 1999 to the present (the "Class Period").
4. On January 10, 2012, Domfoam, Valle Foam and others entered into a settlement agreement in relation to the claims advanced in the various proposed

class actions commenced across Canada, including the action commenced by the Claimant, and the proposed classes in each of same (the "Settlement Agreement"). A copy of the Settlement Agreement is included in the materials filed with respect of the proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA Proceedings").

5. The Settlement Agreement was known to the Monitor since at least January 25, 2012, when it filed its First Report.

First Report of the Monitor dated January 25, 2012 (the "Monitor's First Report"), at paras. 39 to 43

6. The Settlement Agreement contemplated the commencement of the CCAA Proceedings, which were a reasonable likelihood in light of the fines assessed by the Canadian Competition Bureau ("CCB") against two of the Applicants. The Settlement Agreement expressly reserved any and all rights the plaintiffs and the members of the Class might have to "assert claims in respect of the Domfoam Defendants in the Restructuring Process...". This reservation of rights was expressly acknowledged by the Monitor in its First Report on January 25, 2012:

Under the terms of the proposed settlement, the discontinuance of the Canadian Class Actions against the Companies is without prejudice to the ability of the Canadian Class Plaintiffs and putative class members to assert their claims as creditors within the CCAA Proceedings in amounts to be determined.

Settlement Agreement, Recital "G"
Monitor's First Report, supra, at para. 42

7. In addition to reserving the rights to make claims under the CCAA Proceedings, the Settlement Agreement also contemplated that such claims could be made on an "**individual or collective**" basis, and **expressly provided that Domfoam, Valle Foam and A-Z Sponge would not object to such a claim:**

3.1(2) ...nothing in this Settlement Agreement shall preclude the Plaintiffs, or any member of the Settlement Class, **individually or collectively**, from filing against the Domfoam Defendants a claim in any creditor protection restructuring, insolvency or other bankruptcy proceeding in Canada and/or the U.S. to the extent that such claim is based upon, arising out of or relating to facts, occurrences, transactions or other matters alleged in the Proceedings. To the extent permitted by law, the **Domfoam Defendants shall not object to the filing by the Plaintiffs, or any member of the Settlement Class, of any such claim** against the Domfoam Defendants in any creditor protection, restructuring, insolvency or other bankruptcy proceeding in Canada or the U.S.... [Emphasis added]

Settlement Agreement, para. 3.1(2)

8. This approach is consistent with the approach adopted with respect to the Settlement Agreement, which was negotiated and made on a collective basis before the Canadian Class Actions were certified or authorized, on the express understanding and for the express purpose of binding the entirety of the proposed Class.
9. Further, it is a material term of the Settlement Agreement that each of the Applicants, and other parties, has consented to the certification or authorization of the Canadian Class Actions as against them.
10. In accordance with the provisions of the Settlement Agreement, the parties have been working to achieve agreement on the forms that will be submitted to the Courts for the purposes of ultimately seeking the approval of the Settlement Agreement. It is expected that Settlement Approval will be sought in the first few months of 2013.
11. The plaintiffs have not sought certification or authorization of the Canadian Class Actions because the Settlement Agreement calls for doing so concurrently with settlement approval, and the plaintiffs have secured in the Settlement Agreement the right to advance collective claims in the CCAA Proceedings.
12. However, to the extent the Monitor continues to take issue with the Claimant's ability to advance collective claims in the CCAA Proceedings, the Claimant will take steps to immediately seek certification or authorization of the Canadian Class Actions retroactive to the date of the Settlement Agreement so that there is no question that those claims can be advanced as agreed by the parties.

Quantification of Claim

13. The starting point in the quantification of the Claim is the Statement of Admissions executed by representatives of Domfoam and Valle Foam in connection with the criminal proceedings instituted by the Commissioner of Competition (the "Statement of Admissions"). A copy of the Statement of Admissions was included in the Claim materials.
14. In the Statement of Admissions, and as part of a guilty plea to offences under sections 45(1)(a) and (c) of the *Competition Act*, the representatives of Domfoam and Valle Foam admitted, among other things, that:
 - a. Between January 1, 1999 and July 27, 2010 (the "Relevant Period"), Domfoam and Valle Foam produced and supplied foam and foam products to customers of Canada [at para. 7];

- b. During the Relevant Period, the total volume of commerce sold to customers in Canada by Domfoam and Valle Foam was approximately \$975,000,000 (CDN) [at para. 11];
 - c. Throughout the Relevant Period, Domfoam and Valle Foam conspired, agreed or arranged:
 - i. To unduly prevent or lessen competition with respect to the sale and supply of slab products and carpet cushion products within Canada [at paras. 13 and 23]; and
 - ii. To fix, maintain, increase or control the price for the supply of slab products and carpet cushion products within Canada [at paras. 14 and 24];
 - d. The conduct of Domfoam and Valle Foam enabled the slab and carpet cushion manufacturers to coordinate and implement price increases to their respective customers [at paras. 18 and 28];
15. The practices of the Canadian Competition Bureau (the "CCB") and of the U.S. Department of Justice (the "DOJ") in setting fines provide a good measure of the damages occasioned by the conduct. The CCB and the DOJ both use 20% of the volume of commerce to arrive at the appropriate fine. Of that amount, 10% is considered to be the estimate of the damages flowing from the overcharges, whereas the additional 10% is assessed for deterrence purposes.
16. Using the usual approach in this case, the fine assessed by the CCB should have been in the order of \$195,000,000. Of that amount, **10% (\$97,500,000) would have been the CCB's estimate of the damages flowing from the overcharge.**
- Competition Bureau Bulletin: Leniency Program at 3.3
United States Sentencing Commission Guidelines Manual, pp.
311-313
17. The fine assessed by Domfoam and Valle Foam was significantly less than what would have normally been assessed in relation to the conduct. This reduction is explained by the statutory maximum of \$25,000,000 which applied to the fine at issue. Furthermore, under the leniency program, which was invoked by Domfoam and Valle Foam, the CCB applies a further discount of 50% to the fine payable by the first leniency applicant. This explains why Domfoam and Valle Foam were only fined \$12,500,000, as opposed to \$97,500,000.
- Competition Act*, RSC 1985, c C-34, s. 45(2)
18. Damages assessed as part of civil proceedings are not subject to maximums. They are also not subject to reductions on account of leniency applications.

19. Having pled guilty to offences under the *Competition Act*, Domfoam and Valle Foam admitted to conduct giving rise to joint and several liability. This means that, if the civil actions were to proceed to ultimate conclusion, Domfoam and Valle Foam could have each been called upon to respond for the totality of the loss of the Class. Such potential would dwarf the 10% assessment of damages adopted by the CCB, which takes into account only the sales of the party at issue.
20. Although the Claimant has not completed its review of the materials provided by the Applicants in connection with their proffer obligations, a review of price increases indicates that the actual increases were consistent with (and if anything, more substantial than) the CCB's 10% estimate. For example:
 - a. On July 9, 1998, Domfoam announced a 9% price increase in relation to all products, effective August 10, 1998;
 - b. On March 24, 2003, Domfoam announced an 11% price increase in relation to all products, effective May 1, 2003;
 - c. On October 14, 2005, Domfoam announced a 28% price increase, effective November 14, 2005. It is not clear as to whether this increase applied to all products, or whether there were exclusions;
 - d. On June 5, 2008, Domfoam announced a 10% price increase in relation to the sale of Bonded Underlay, effective July 2, 2008; and
 - e. On June 1, 2010, Domfoam announced an 11% price increase in relation to the sale of Bonded Underlay, effective July 5, 2010.
21. A review of competitor price increases shows that the majority of the increases were in increments greater than 10%.
22. In light of the foregoing, the Claimant submits that the sum of \$97,500,000 is a reasonable estimate of the totality of the damages suffered by it and by the members of the proposed Class in the Canadian Class Actions as a result of the Applicant's conduct. As noted above, this estimate does not take into account the potential for joint and several liability in relation to the totality of the loss.



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

(the "Applicants")

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

1. PARTICULARS OF CREDITOR:

- (a) Full Legal Name of Creditor: Option consommateurs and a proposed class of all persons and entities in Québec who purchased polyurethane foam products
- (b) Full Mailing Address of Creditor: c/o Annie-Claude Lafond
Belleau Lapointe LLP, 300, Place - d'Youville, B-10, Montreal
(Québec) H2Y 2B6
- (c) *Telephone Number of Creditor: c/o A.C. Lafond 514-987-6679
- (d) *Facsimile Number of Creditor: c/o A.C. Lafond 514-987-6886
- (e) *E-mail Address of Creditor: c/o ac.lafond@belleaulapointe.com
- (f) Attention (Contact Person): Annie-Claude Lafond

*In order to ensure that all Claims are processed in an expedited manner you must provide one (1) or more of your telephone number, fax number or e-mail address.

2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:

(a) Have you acquired this Claim by Assignment? Yes No
(If yes, attach document evidencing assignment)

(b) Full Legal Name of original Creditor(s): _____

3. DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM FOR VOTING AND/OR DISTRIBUTION PURPOSES:

We hereby disagree with the value of our Claim set out in the Notice of Revision or Disallowance

dated September 20th, 2012, as set out below:

Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
All Applicants	\$ 97,500,000.00	\$	\$
Total Claims			

REASONS FOR DISPUTE:

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction (s) or agreement(s) giving rise to the Claim, name of any guarantor(s) that has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

Please see Schedule A attached

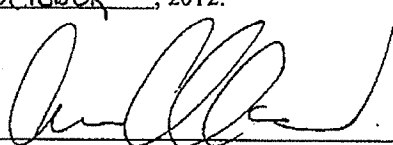
If you intend to dispute a Notice of Revision or Disallowance, you must, no later than 5:00 p.m. (Toronto Time) on October 5, 2012 deliver to the Monitor a Notice of Dispute of Revision or Disallowance in accordance with the Claims Solicitation Procedure Order to the following address, email or facsimile:

Deloitte & Touche Inc.
181 Bay Street West
Suite 1400
Toronto, Ontario
MSJ 2V1

Attention: Catherine Hristow
Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

If you do not deliver a Notice of Dispute of Revision or Disallowance by the time and date set out above, as applicable, the value of your Claim shall be deemed to be as set out in the Monitor's Notice of Revision or Disallowance.

Dated at Montreal this 5th day of October, 2012.

Per: 

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

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

(the "Applicants")

Schedule "A" to Notice of Dispute of Revision or Disallowance

1. The Monitor issued a Notice of Revision or Disallowance disallowing the totality of the claim made, contending:
 - a. The Claimant has not provided any agreement between the Claimant and the proposed Class, any order of the Court or any other authority pursuant to which the Claimant is authorized to file the Proof of Claim on behalf of the Class; and
 - b. The Monitor requires that the amount of the Claim against the Applicants be quantified.

Authority to File Proof of Claim on Behalf of the proposed Class

2. The claims made by the Claimant on its own behalf and on behalf of the Class arise from a price fixing conspiracy amongst manufacturers of polyurethane foam and polyurethane foam products (collectively, the "Foam Products") extending from January 1, 1999 to the present (the "Conspiracy").
3. Proceedings in relation to the Conspiracy were commenced in British Columbia, Ontario and in Quebec between August 19, 2010 and October 1, 2010 (collectively, the "Canadian Class Actions"). Taken together, the Canadian Class Actions advance claims in relation to the Conspiracy on behalf of classes comprising all persons in Canada who purchased Foam Products from January 1, 1999 to the present (the "Class Period").
4. On January 10, 2012, Domfoam, Valle Foam and others entered into a settlement agreement in relation to the claims advanced in the various proposed

class actions commenced across Canada, including the action commenced by the Claimant, and the proposed classes in each of same (the "Settlement Agreement"). A copy of the Settlement Agreement is included in the materials filed with respect of the proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA Proceedings").

5. The Settlement Agreement was known to the Monitor since at least January 25, 2012, when it filed its First Report.

First Report of the Monitor dated January 25, 2012 (the "Monitor's First Report"), at paras. 39 to 43

6. The Settlement Agreement contemplated the commencement of the CCAA Proceedings, which were a reasonable likelihood in light of the fines assessed by the Canadian Competition Bureau ("CCB") against two of the Applicants. The Settlement Agreement expressly reserved any and all rights the plaintiffs and the members of the Class might have to "assert claims in respect of the Domfoam Defendants in the Restructuring Process...". This reservation of rights was expressly acknowledged by the Monitor in its First Report on January 25, 2012:

Under the terms of the proposed settlement, the discontinuance of the Canadian Class Actions against the Companies is without prejudice to the ability of the Canadian Class Plaintiffs and putative class members to assert their claims as creditors within the CCAA Proceedings in amounts to be determined.

Settlement Agreement, Recital "G"
Monitor's First Report, supra, at para. 42

7. In addition to reserving the rights to make claims under the CCAA Proceedings, the Settlement Agreement also contemplated that such claims could be made on an "individual or collective" basis, and **expressly provided that Domfoam, Valle Foam and A-Z Sponge would not object to such a claim:**

3.1(2) ...nothing in this Settlement Agreement shall preclude the Plaintiffs, or any member of the Settlement Class, **individually or collectively**, from filing against the Domfoam Defendants a claim in any creditor protection restructuring, insolvency or other bankruptcy proceeding in Canada and/or the U.S. to the extent that such claim is based upon, arising out of or relating to facts, occurrences, transactions or other matters alleged in the Proceedings. To the extent permitted by law, the **Domfoam Defendants shall not object to the filing by the Plaintiffs, or any member of the Settlement Class, of any such claim** against the Domfoam Defendants in any creditor protection, restructuring, insolvency or other bankruptcy proceeding in Canada or the U.S.... [Emphasis added]

Settlement Agreement, para. 3.1(2)

8. This approach is consistent with the approach adopted with respect to the Settlement Agreement, which was negotiated and made on a collective basis before the Canadian Class Actions were certified or authorized, on the express understanding and for the express purpose of binding the entirety of the proposed Class.
9. Further, it is a material term of the Settlement Agreement that each of the Applicants, and other parties, has consented to the certification or authorization of the Canadian Class Actions as against them.
10. In accordance with the provisions of the Settlement Agreement, the parties have been working to achieve agreement on the forms that will be submitted to the Courts for the purposes of ultimately seeking the approval of the Settlement Agreement. It is expected that Settlement Approval will be sought in the first few months of 2013.
11. The plaintiffs have not sought certification or authorization of the Canadian Class Actions because the Settlement Agreement calls for doing so concurrently with settlement approval, and the plaintiffs have secured in the Settlement Agreement the right to advance collective claims in the CCAA Proceedings.
12. However, to the extent the Monitor continues to take issue with the Claimant's ability to advance collective claims in the CCAA Proceedings, the Claimant will take steps to immediately seek certification or authorization of the Canadian Class Actions retroactive to the date of the Settlement Agreement so that there is no question that those claims can be advanced as agreed by the parties.

Quantification of Claim

13. The starting point in the quantification of the Claim is the Statement of Admissions executed by representatives of Domfoam and Valle Foam in connection with the criminal proceedings instituted by the Commissioner of Competition (the "Statement of Admissions"). A copy of the Statement of Admissions was included in the Claim materials.
14. In the Statement of Admissions, and as part of a guilty plea to offences under sections 45(1)(a) and (c) of the *Competition Act*, the representatives of Domfoam and Valle Foam admitted, among other things, that:
 - a. Between January 1, 1999 and July 27, 2010 (the "Relevant Period"), Domfoam and Valle Foam produced and supplied foam and foam products to customers of Canada [at para. 7];

- b. During the Relevant Period, the total volume of commerce sold to customers in Canada by Domfoam and Valle Foam was approximately \$975,000,000 (CDN) [at para. 11];
 - c. Throughout the Relevant Period, Domfoam and Valle Foam conspired, agreed or arranged:
 - i. To unduly prevent or lessen competition with respect to the sale and supply of slab products and carpet cushion products within Canada [at paras. 13 and 23]; and
 - ii. To fix, maintain, increase or control the price for the supply of slab products and carpet cushion products within Canada [at paras. 14 and 24];
 - d. The conduct of Domfoam and Valle Foam enabled the slab and carpet cushion manufacturers to coordinate and implement price increases to their respective customers [at paras. 18 and 28];
15. The practices of the Canadian Competition Bureau (the "CCB") and of the U.S. Department of Justice (the "DOJ") in setting fines provide a good measure of the damages occasioned by the conduct. The CCB and the DOJ both use 20% of the volume of commerce to arrive at the appropriate fine. Of that amount, 10% is considered to be the estimate of the damages flowing from the overcharges, whereas the additional 10% is assessed for deterrence purposes.
16. Using the usual approach in this case, the fine assessed by the CCB should have been in the order of \$195,000,000. Of that amount, **10% (\$97,500,000) would have been the CCB's estimate of the damages flowing from the overcharge.**
- Competition Bureau Bulletin: Leniency Program at 3.3
United States Sentencing Commission Guidelines Manual, pp.
311-313
17. The fine assessed by Domfoam and Valle Foam was significantly less than what would have normally been assessed in relation to the conduct. This reduction is explained by the statutory maximum of \$25,000,000 which applied to the fine at issue. Furthermore, under the leniency program, which was invoked by Domfoam and Valle Foam, the CCB applies a further discount of 50% to the fine payable by the first leniency applicant. This explains why Domfoam and Valle Foam were only fined \$12,500,000, as opposed to \$97,500,000.
- Competition Act*, RSC 1985, c C-34, s. 45(2)
18. Damages assessed as part of civil proceedings are not subject to maximums. They are also not subject to reductions on account of leniency applications.

19. Having pled guilty to offences under the *Competition Act*, Domfoam and Valle Foam admitted to conduct giving rise to joint and several liability. This means that, if the civil actions were to proceed to ultimate conclusion, Domfoam and Valle Foam could have each been called upon to respond for the totality of the loss of the Class. Such potential would dwarf the 10% assessment of damages adopted by the CCB, which takes into account only the sales of the party at issue.
20. Although the Claimant has not completed its review of the materials provided by the Applicants in connection with their proffer obligations, a review of price increases indicates that the actual increases were consistent with (and if anything, more substantial than) the CCB's 10% estimate. For example:
 - a. On July 9, 1998, Domfoam announced a 9% price increase in relation to all products, effective August 10, 1998;
 - b. On March 24, 2003, Domfoam announced an 11% price increase in relation to all products, effective May 1, 2003;
 - c. On October 14, 2005, Domfoam announced a 28% price increase, effective November 14, 2005. It is not clear as to whether this increase applied to all products, or whether there were exclusions;
 - d. On June 5, 2008, Domfoam announced a 10% price increase in relation to the sale of Bonded Underlay, effective July 2, 2008; and
 - e. On June 1, 2010, Domfoam announced an 11% price increase in relation to the sale of Bonded Underlay, effective July 5, 2010.
21. A review of competitor price increases shows that the majority of the increases were in increments greater than 10%.
22. In light of the foregoing, the Claimant submits that the sum of \$97,500,000 is a reasonable estimate of the totality of the damages suffered by it and by the members of the proposed Class in the Canadian Class Actions as a result of the Applicant's conduct. As noted above, this estimate does not take into account the potential for joint and several liability in relation to the totality of the loss.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

(the "Applicants")

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

1. PARTICULARS OF CREDITOR: *Hi! Neighbor Floor Covering Co. and on behalf of*
- (a) Full Legal Name of Creditor: *the Class referenced in the Proof of Claim of August 22, 2012,*
 - (b) Full Mailing Address of Creditor: *90 SUTTS STROSBERG LLP*
600-251 GOYER ST. WINDSOR ON N9A 6V4
 - (c) *Telephone Number of Creditor: *519.561.6216*
 - (d) *Facsimile Number of Creditor: *866.316.5308*
 - (e) *E-mail Address of Creditor: *hpeterson@strosbergco.com*
 - (f) Attention (Contact Person): *HEATHER RUMBLE PETERSON*

**In order to ensure that all Claims are processed in an expedited manner you must provide one (1) or more of your telephone number, fax number or e-mail address.*

2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:

(a) Have you acquired this Claim by Assignment? Yes No
(If yes, attach document evidencing assignment)

(b) Full Legal Name of original Creditor(s): _____

3. DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM FOR VOTING AND/OR DISTRIBUTION PURPOSES:

We hereby disagree with the value of our Claim set out in the Notice of Revision or Disallowance

dated SEPTEMBER 20, 2012, as set out below:

Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
APPLICANTS	\$ TO BE ASCERTAINED	\$	\$
Total Claims	TO BE ASCERTAINED	nil	Entire Claim

REASONS FOR DISPUTE:

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction (s) or agreement(s) giving rise to the Claim, name of any guarantor(s) that has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

PLEASE SEE ATTACHED SCHEDULE A

If you intend to dispute a Notice of Revision or Disallowance, you must, **no later than 5:00 p.m. (Toronto Time) on October 5, 2012** deliver to the Monitor a Notice of Dispute of Revision or Disallowance in accordance with the Claims Solicitation Procedure Order to the following address, email or facsimile:

Deloitte & Touche Inc.
181 Bay Street West
Suite 1400
Toronto, Ontario
MSJ 2V1

Attention: Catherine Hristow
Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

If you do not deliver a Notice of Dispute of Revision or Disallowance by the time and date set out above, as applicable, the value of your Claim shall be deemed to be as set out in the Monitor's Notice of Revision or Disallowance.

Dated at WINDSOR this 5TH day of OCTOBER, 2012.

Per: *H. Rumbak Peterson*

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

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

(the "Applicants")

Schedule "A" to Notice of Dispute of Revision or Disallowance

1. The Monitor issued a Notice of Revision or Disallowance disallowing the totality of the claim made, contending:
 - a. The Claimant has not provided any agreement between the Claimant and the proposed Class, any order of the Court or any other authority pursuant to which the Claimant is authorized to file the Proof of Claim on behalf of the Class; and
 - b. The Monitor requires that the amount of the Claim against the Applicants be quantified.

Authority to File Proof of Claim on Behalf of the proposed Class

2. The claims made by the Claimant on its own behalf and on behalf of the Class arise from a price fixing conspiracy amongst manufacturers of polyurethane foam and polyurethane foam products (collectively, the "Foam Products") extending from January 1, 1999 to the present (the "Conspiracy").
3. Proceedings in relation to the Conspiracy were commenced in British Columbia, Ontario and in Quebec between August 19, 2010 and October 1, 2010 (collectively, the "Canadian Class Actions"). Taken together, the Canadian Class Actions advance claims in relation to the Conspiracy on behalf of classes comprising all persons in Canada who purchased Foam Products from January 1, 1999 to the present (the "Class Period").
4. On January 10, 2012, Domfoam, Valle Foam and others entered into a settlement agreement in relation to the claims advanced in the various proposed

class actions commenced across Canada, including the action commenced by the Claimant, and the proposed classes in each of same (the "Settlement Agreement"). A copy of the Settlement Agreement is included in the materials filed with respect of the proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA Proceedings").

5. The Settlement Agreement was known to the Monitor since at least January 25, 2012, when it filed its First Report.

First Report of the Monitor dated January 25, 2012 (the "Monitor's First Report"), at paras. 39 to 43

6. The Settlement Agreement contemplated the commencement of the CCAA Proceedings, which were a reasonable likelihood in light of the fines assessed by the Canadian Competition Bureau ("CCB") against two of the Applicants. The Settlement Agreement expressly reserved any and all rights the plaintiffs and the members of the Class might have to "assert claims in respect of the Domfoam Defendants in the Restructuring Process...". This reservation of rights was expressly acknowledged by the Monitor in its First Report on January 25, 2012:

Under the terms of the proposed settlement, the discontinuance of the Canadian Class Actions against the Companies is without prejudice to the ability of the Canadian Class Plaintiffs and putative class members to assert their claims as creditors within the CCAA Proceedings in amounts to be determined.

Settlement Agreement, Recital "G"
Monitor's First Report, *supra*, at para. 42

7. In addition to reserving the rights to make claims under the CCAA Proceedings, the Settlement Agreement also contemplated that such claims could be made on an "**individual or collective**" basis, and **expressly provided that Domfoam, Valle Foam and A-Z Sponge would not object to such a claim:**

3.1(2) ...nothing in this Settlement Agreement shall preclude the Plaintiffs, or any member of the Settlement Class, **individually or collectively**, from filing against the Domfoam Defendants a claim in any creditor protection restructuring, insolvency or other bankruptcy proceeding in Canada and/or the U.S. to the extent that such claim is based upon, arising out of or relating to facts, occurrences, transactions or other matters alleged in the Proceedings. To the extent permitted by law, the **Domfoam Defendants shall not object to the filing by the Plaintiffs, or any member of the Settlement Class, of any such claim** against the Domfoam Defendants in any creditor protection, restructuring, insolvency or other bankruptcy proceeding in Canada or the U.S.... [Emphasis added]

Settlement Agreement, para. 3.1(2)

8. This approach is consistent with the approach adopted with respect to the Settlement Agreement, which was negotiated and made on a collective basis before the Canadian Class Actions were certified or authorized, on the express understanding and for the express purpose of binding the entirety of the proposed Class.
9. Further, it is a material term of the Settlement Agreement that each of the Applicants, and other parties, has consented to the certification or authorization of the Canadian Class Actions as against them.
10. In accordance with the provisions of the Settlement Agreement, the parties have been working to achieve agreement on the forms that will be submitted to the Courts for the purposes of ultimately seeking the approval of the Settlement Agreement. It is expected that Settlement Approval will be sought in the first few months of 2013.
11. The plaintiffs have not sought certification or authorization of the Canadian Class Actions because the Settlement Agreement calls for doing so concurrently with settlement approval, and the plaintiffs have secured in the Settlement Agreement the right to advance collective claims in the CCAA Proceedings.
12. However, to the extent the Monitor continues to take issue with the Claimant's ability to advance collective claims in the CCAA Proceedings, the Claimant will take steps to immediately seek certification or authorization of the Canadian Class Actions retroactive to the date of the Settlement Agreement so that there is no question that those claims can be advanced as agreed by the parties.

Quantification of Claim

13. The starting point in the quantification of the Claim is the Statement of Admissions executed by representatives of Domfoam and Valle Foam in connection with the criminal proceedings instituted by the Commissioner of Competition (the "Statement of Admissions"). A copy of the Statement of Admissions was included in the Claim materials.
14. In the Statement of Admissions, and as part of a guilty plea to offences under sections 45(1)(a) and (c) of the *Competition Act*, the representatives of Domfoam and Valle Foam admitted, among other things, that:
 - a. Between January 1, 1999 and July 27, 2010 (the "Relevant Period"), Domfoam and Valle Foam produced and supplied foam and foam products to customers of Canada [at para. 7];

- b. During the Relevant Period, the total volume of commerce sold to customers in Canada by Domfoam and Valle Foam was approximately \$975,000,000 (CDN) [at para. 11];
 - c. Throughout the Relevant Period, Domfoam and Valle Foam conspired, agreed or arranged:
 - i. To unduly prevent or lessen competition with respect to the sale and supply of slab products and carpet cushion products within Canada [at paras. 13 and 23]; and
 - ii. To fix, maintain, increase or control the price for the supply of slab products and carpet cushion products within Canada [at paras. 14 and 24];
 - d. The conduct of Domfoam and Valle Foam enabled the slab and carpet cushion manufacturers to coordinate and implement price increases to their respective customers [at paras. 18 and 28];
15. The practices of the Canadian Competition Bureau (the "CCB") and of the U.S. Department of Justice (the "DOJ") in setting fines provide a good measure of the damages occasioned by the conduct. The CCB and the DOJ both use 20% of the volume of commerce to arrive at the appropriate fine. Of that amount, 10% is considered to be the estimate of the damages flowing from the overcharges, whereas the additional 10% is assessed for deterrence purposes.
16. Using the usual approach in this case, the fine assessed by the CCB should have been in the order of \$195,000,000. Of that amount, **10% (\$97,500,000) would have been the CCB's estimate of the damages flowing from the overcharge.**

Competition Bureau Bulletin: Leniency Program at 3.3
United States Sentencing Commission Guidelines Manual, pp.
311-313

17. The fine assessed by Domfoam and Valle Foam was significantly less than what would have normally been assessed in relation to the conduct. This reduction is explained by the statutory maximum of \$25,000,000 which applied to the fine at issue. Furthermore, under the leniency program, which was invoked by Domfoam and Valle Foam, the CCB applies a further discount of 50% to the fine payable by the first leniency applicant. This explains why Domfoam and Valle Foam were only fined \$12,500,000, as opposed to \$97,500,000.

Competition Act, RSC 1985, c C-34, s. 45(2)

18. Damages assessed as part of civil proceedings are not subject to maximums. They are also not subject to reductions on account of leniency applications.

19. Having pled guilty to offences under the *Competition Act*, Domfoam and Valle Foam admitted to conduct giving rise to joint and several liability. This means that, if the civil actions were to proceed to ultimate conclusion, Domfoam and Valle Foam could have each been called upon to respond for the totality of the loss of the Class. Such potential would dwarf the 10% assessment of damages adopted by the CCB, which takes into account only the sales of the party at issue.
20. Although the Claimant has not completed its review of the materials provided by the Applicants in connection with their proffer obligations, a review of price increases indicates that the actual increases were consistent with (and if anything, more substantial than) the CCB's 10% estimate. For example:
 - a. On July 9, 1998, Domfoam announced a 9% price increase in relation to all products, effective August 10, 1998;
 - b. On March 24, 2003, Domfoam announced an 11% price increase in relation to all products, effective May 1, 2003;
 - c. On October 14, 2005, Domfoam announced a 28% price increase, effective November 14, 2005. It is not clear as to whether this increase applied to all products, or whether there were exclusions;
 - d. On June 5, 2008, Domfoam announced a 10% price increase in relation to the sale of Bonded Underlay, effective July 2, 2008; and
 - e. On June 1, 2010, Domfoam announced an 11% price increase in relation to the sale of Bonded Underlay, effective July 5, 2010.
21. A review of competitor price increases shows that the majority of the increases were in increments greater than 10%.
22. In light of the foregoing, the Claimant submits that the sum of \$97,500,000 is a reasonable estimate of the totality of the damages suffered by it and by the members of the proposed Class in the Canadian Class Actions as a result of the Applicant's conduct. As noted above, this estimate does not take into account the potential for joint and several liability in relation to the totality of the loss.

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

(the "Applicants")

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

1. PARTICULARS OF CREDITOR:

(a) Full Legal Name of Creditor: REVENU QUEBEC

(b) Full Mailing Address of Creditor: 3, Complexe Desjardins, secteur D2211C

C.P. 5000, Succ. Desjardins, Montréal (Québec) H5B 1A7

(c) *Telephone Number of Creditor: (514) 287-8333

(d) *Facsimile Number of Creditor: (514) 873-8992

(e) *E-mail Address of Creditor: normand.berube@revenuquebec.ca

(f) Attention (Contact Person): NORMAND BERUBE, avocat

**In order to ensure that all Claims are processed in an expedited manner you must provide one (1) or more of your telephone number, fax number or e-mail address.*

2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:

(a) Have you acquired this Claim by Assignment? Yes No
 (If yes, attach document evidencing assignment)

(b) Full Legal Name of original Creditor(s): _____

3. DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM FOR VOTING AND/OR DISTRIBUTION PURPOSES:

We hereby disagree with the value of our Claim set out in the Notice of Revision or Disallowance dated September 21, 2012, as set out below:

Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
43262063 Canada Ltd Formaly Known as DOMECAM INTERNATIONAL INC.	\$ 2 912 679,00	\$ NIL	\$ 2 912 679,00
Total Claims	2 912 679,00	NIL	2 912 679,00

REASONS FOR DISPUTE:

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction (s) or agreement(s) giving rise to the Claim, name of any guarantor(s) that has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

SEE ATTACHED DOCUMENT 'REASONS FOR DISPUTE'

If you intend to dispute a Notice of Revision or Disallowance, you must, no later than 5:00 p.m. (Toronto Time) on October 5, 2012 deliver to the Monitor a Notice of Dispute of Revision or Disallowance in accordance with the Claims Solicitation Procedure Order to the following address, email or facsimile:

Deloitte & Touche Inc.
181 Bay Street West
Suite 1400
Toronto, Ontario
MSJ 2V1

Attention: Catherine Hristow
Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

If you do not deliver a Notice of Dispute of Revision or Disallowance by the time and date set out above, as applicable, the value of your Claim shall be deemed to be as set out in the Monitor's Notice of Revision or Disallowance.

Dated at MONTREAL this 5 day of OCTOBER, 2012.

Per: DOMINIQUE NEWCOMB, ATTORNEYS
FOR THE CREDITOR

REASON FOR DISPUTE

1. Proof of claim was filed July 20, 2012 by the Creditor before the claims Bar Date of 5:00 PM on August 31, 2012;
2. Quebec Sales Tax and GST audit was conducted by the Creditor for the audit period from 2007-05-01 to 2011-12-31 and the audit process was completed in June 2012;
3. A notice of assessment was issued June 28, 2012 regarding Quebec Sales Tax for the amount of \$ 795 116,64 against Domfoam International Inc. (notice enclosed as exhibit A);
4. Notice of assessment was issued June 28, 2012 regarding Goods and Services Tax for the amount of \$ 2 156 013,74 against Domfoam International Inc. (notice enclosed as exhibit B)
5. Under section 1014 of Quebec Taxation Act, and under section 299(4) of Excise Tax Act, an assessment shall be deemed to be valid and binding, subject to being varied or vacated on an objection, appeal or summary appeal and subject to a reassessment;
6. No objection to assessment issued June 28, 2012 has been filed to that date by the Applicant 4362063 Canada Ltd (formerly Domfoam International Inc.);
7. Under the Tax Administration Act (R.S.Q., c. A-6.002) where a notice of assessment is sent to a person, the duties, interest and penalties mentioned in the notice and still outstanding are payable without delay to the Revenu Quebec upon the sending of the notice even if the assessment is the subject of an objection, an appeal or a summary appeal;

8. Furthermore, part of the Creditor proof of claim is regarding Income Tax Act (Corporations) for fiscal year ending April 30, 2011 for an amount of \$ 9 240,10, that has nothing to do with the Tax audit.

LARIVIÈRE MEUNIER
Attorneys for the Creditor
Revenu Quebec

EXHIBIT A



Avis de cotisation

LMU-300 (2012-05)
Page 1 de 3
Loi sur la taxe de
vente du Québec

24212673528

ATT.: LIOR SIMANTOV
DOMFOAM INTERNATIONAL INC.
8785, BOUL. LANGELIER
SAINT-LEONARD (QUEBEC) H1P 2C9

A302

Numéro d'entreprise
du Québec (NEQ): 1143116961
Numéro d'identification: 1010413083
Dossier: TQ0001
Numéro de l'avis: 3175011
Date de l'avis: 28 juin 2012
Période visée du: 2007-05-01
au: 2011-12-31

Oroits : 594 154,23 \$
Pénalité : 159 435,92 \$
Intérêts : 41 526,49 \$
Total de la cotisation : 795 116,64 \$

Président-directeur général de Revenu Québec

Rélevé de compte
Total de la cotisation :
Montant dû :

795 116,64 \$
795 116,64 \$

Vous êtes tenu de payer la somme due de cet avis de cotisation immédiatement. Vous devrez payer des intérêts additionnels si votre paiement est effectué après le 18 juillet 2012. Si Revenu Québec vous doit d'autres sommes, il peut les utiliser pour payer, en partie ou en totalité, votre somme due. De plus, notez qu'en vertu de l'article 12.1 de la Loi sur l'administration fiscale, Revenu Québec exige des frais de recouvrement lorsqu'il doit utiliser des recours administratifs ou judiciaires pour percevoir une somme due.

Explications relatives à la cotisation

Les droits correspondent au remboursement de la taxe sur les intrants récupéré.

Les détails concernant la cotisation se trouvent dans les états des rajustements qui vous ont été remis lors de la vérification de la période mentionnée ci-dessus.

Une pénalité de 36 792,90 \$ a été appliquée en vertu de l'article 59.2 ou 59.2.1 de la Loi sur l'administration fiscale.

Une pénalité de 122 643,02 \$ a été appliquée en vertu de l'article 59.3 ou 59.3.1 de la Loi sur l'administration fiscale.

352801

Pour de plus amples renseignements, composez le 514 873-4692 ou, sans frais, le 1 800 567-4692.

Numéro d'identification 1010413083	Dossier TQ0001	Date de l'avis 28 juin 2012	Numéro de l'avis 3175011	Période visée du 2007-05-01 au 2011-12-31
---------------------------------------	-------------------	--------------------------------	-----------------------------	--

Le ministre peut modifier une cotisation à la suite d'une nouvelle étude de votre dossier. Il vous envoie alors un avis de cotisation pour la période visée, dans les quatre ans qui suivent la plus tardive des dates suivantes :

- la date à laquelle vos droits auraient dû être payés;
- la date à laquelle votre déclaration a été produite.

Une cotisation peut également être établie dans les quatre ans qui suivent la date à laquelle votre demande de remboursement a été produite. Ces délais peuvent varier dans certaines situations. Vous devez conserver vos pièces justificatives afin de pouvoir les fournir sur demande.

Modes de paiement

Vous pouvez payer votre solde par l'intermédiaire d'une institution financière. Vous pouvez également le payer par la poste en retournant à Revenu Québec votre bordereau de paiement dans l'enveloppe ci-jointe, accompagné d'un chèque ou d'un mandat fait à l'ordre du ministre du Revenu du Québec. Vous pouvez aussi vous présenter en personne avec votre bordereau de paiement à l'un des bureaux de Revenu Québec ou à une institution financière.

Si vous vous présentez à une institution financière, celle-ci acceptera votre paiement uniquement si vous avez votre bordereau de paiement.

Intérêts

Des intérêts s'ajoutent à tout solde impayé. Ils sont calculés au taux prévu par la loi et capitalisés quotidiennement.

Frais

Tout chèque ou autre effet de commerce refusé par une institution financière en raison d'une provision insuffisante du compte sur lequel il est tiré entraîne des frais administratifs. Ces frais s'ajoutent au solde dû et sont exigibles à compter de la date de refus de l'institution financière. Ils portent intérêt à compter de cette même date. Des frais seront ajoutés au solde dû si votre dossier est pris en charge par un représentant de Revenu Québec pour la perception d'un montant dont vous êtes redevable en vertu d'une loi fiscale. Si, par la suite, une mesure de recouvrement prévue par une telle loi ou un recours judiciaire doit être entrepris pour percevoir le solde dû, des frais de recouvrement seront alors exigés.

Recours possibles

Si vous jugez inexacts les montants qui figurent sur cet avis, communiquez avec Revenu Québec en prenant soin de fournir tous les détails nécessaires à la résolution du problème. S'il s'avère impossible de trouver une solution, vous pouvez faire opposition.

Dans ce cas, utilisez le formulaire *Avis d'opposition* (MR-93.1.1) ou expédiez au directeur des oppositions une lettre dans laquelle vous exposez les motifs de votre opposition et donnez tous les détails pertinents. Afin qu'un représentant de Revenu Québec puisse facilement communiquer avec vous, veuillez inscrire le numéro et la date de l'avis contesté ainsi que votre numéro d'assurance sociale ou votre numéro d'identification, votre adresse et vos numéros de téléphone.

Transmettez votre avis d'opposition à l'un des bureaux de Revenu Québec dans les 90 jours qui suivent la date de l'envoi de l'avis contesté. Que vous fassiez ou non opposition, vous devez acquitter immédiatement tout solde à payer ou offrir, en garantie de paiement, des sûretés satisfaisant aux exigences prévues par règlement.

Vous ne pouvez pas faire opposition à une cotisation qui résulte d'une décision rendue à la suite du traitement d'un avis d'opposition.

Transmission de renseignements

Dans l'application des lois fiscales, le ministre peut comparer les renseignements dont il dispose avec ceux qui lui proviennent d'autres ministères, d'organismes publics ou de municipalités. Il peut, à certaines conditions, les transmettre à certains ministères et organismes gouvernementaux.

352802

Pour de plus amples renseignements, composez le 514 873-4692 ou, sans frais, le 1 800 567-4692.

Numéro d'identification	Dossier	Date de l'avis	Numéro de l'avis	Période visée
1010413083	TQ0001	28 juin 2012	3175011	du 2007-05-01 au 2011-12-31

N'attachez rien au bordereau de paiement.

Conservez cette partie pour vos dossiers.

LMU-300 (2012-05)



Bordereau de paiement

Période visée
du 2007-05-01 au 2011-12-31

000 1010413083 480003 20111200 0000079511664 1010413083 405 9

ATT.: LIOR SIMANTOV
DOMFOAM INTERNATIONAL INC.
8785, BOUL. LANGELIER
SAINT-LEONARD (QUEBEC) H1P 2C9

Date de l'avis	Numéro de l'avis
28 juin 2012	3175011
Somme due	
795 116,64 \$	

Montant du paiement

Retournez à : C. P. 5500, succursale Desjardins
Montréal (Québec) H5B 1A8

X
Prénom et nom de famille (en majuscules) Titre Ind. rég. Téléphone

NON VALIDE POUR PAIEMENT DANS UNE INSTITUTION FINANCIÈRE

⑈000000⑈ ⑆98340⑈815⑆

98

EXHIBIT B



**Goods and Services Tax
and Harmonized Sales Tax**

Canada Revenue Agency / Agence du revenu du Canada

242091022289

FPR-497-V (2012-02)

Page 1 of 9

DOMFOAM INTERNATIONAL INC.
8785, BOUL. LANGELIER
SAINT-LEONARD (QUEBEC) H1P 2C9

GST account number: 12348 5039 RT0001
Date of notice: June 28, 2012
Period covered: from
to

The period or periods covered are indicated
in the Summary.

Notice of assessment

RESULTS

This notice explains the results of our audit (re)assessment of return(s) you have or may have previously filed. Please refer to the "Summary of (Re)Assessment" for the specific period(s) covered.

Result of this (Re)Assessment	\$	2,156,013.74
Prior Balance	\$	598.62
		<hr/>
Total Balance	\$	2,156,612.36

If you have already paid the balance owing, please disregard this message and accept our thanks. We may take legal action to collect debts that are not paid voluntarily.

Please keep this Notice of (Re)Assessment for your records.

President and Chief Executive Officer of Revenu Québec
for the Commissioner of the Canada Revenue Agency

228901

GST account number 12348 5039 RT0001	Date of notice June 28, 2012	Period covered from	to
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SUMMARY OF (RE)ASSESSMENT

RE: GST/HST Return

Reporting Period From: 2008/04/01 To: 2008/04/30

Reference Number: 081510044239G0211

	Previous Assessment	Revised Assessment	Adjustments
Net Tax	\$ 22,212.11	\$ 56,350.15	\$ 34,138.04
Section 285 Penalty	\$ 0.00	\$ 8,534.51	\$ 8,534.51
		Net Adjustment	\$ 42,672.55
Interest and Penalty			\$ 9,231.39
Arrears Interest			\$ 9,231.39
		Result of (Re)Assessment	\$ 51,903.94

EXPLANATION

The Net Tax amount does not take into consideration any rebate, instalment or payment amounts that have been applied to the account.

We have imposed the section 285 penalty pursuant to Part IX of the "Excise Tax Act."

The details of the assessment are shown on the statement of audit adjustments provided to you separately.

We have charged you arrears interest because you did not pay the amount owing by the due date.

For your information we have attached a statement explaining how we have calculated interest.

229902

GST account number 12348 5039 RT0001	Date of notice June 28, 2012	Period covered from	to
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SUMMARY OF (RE)ASSESSMENT

RE: GST/HST Return

Reporting Period From: 2009/04/01 To: 2009/04/30

Reference Number: 091590036239G0187

	Previous Assessment	Revised Assessment	Adjustments
Net Tax	\$ 139,802.92 Cr	\$ 175,320.54	\$ 315,123.46
Section 285 Penalty	\$ 0.00	\$ 5,138.58	\$ 5,138.58
		Net Adjustment	\$ 320,262.04
Interest and Penalty			\$ 44,806.43
Arrears Interest			\$ 365,068.47
	Result of (Re)Assessment		\$ 365,068.47

EXPLANATION

The Net Tax amount does not take into consideration any rebate, instalment or payment amounts that have been applied to the account.

We have imposed the section 285 penalty pursuant to Part IX of the "Excise Tax Act."

The details of the assessment are shown on the statement of audit adjustments provided to you separately.

We have charged you arrears interest because you did not pay the amount owing by the due date.

For your information we have attached a statement explaining how we have calculated interest.

223903

GST account number 12348 5039 RT0001	Date of notice June 28, 2012	Period covered from	to
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SUMMARY OF (RE)ASSESSMENT

RE: GST/RST Return

Reporting Period From: 2010/04/01 To: 2010/04/30

Reference Number: 101680036229G0024

	Previous Assessment	Revised Assessment	Adjustments
Net Tax	\$ 7,215.90	\$ 337,055.89	\$ 329,839.99
Section 285 Penalty	\$ 0.00	\$ 7,564.02	\$ 7,564.02
		Net Adjustment	\$ 337,404.01
Interest and Penalty			\$ 28,726.47
Arrears Interest			\$ 3,298.40
Failure to File Penalty			
		Result of (Re)Assessment	\$ 369,428.88

EXPLANATION

The Net Tax amount does not take into consideration any rebate, instalment or payment amounts that have been applied to the account.

As a result of this (re)assessment, we have adjusted the failure to file on time penalty.

We have imposed the section 285 penalty pursuant to Part IX of the "Excise Tax Act."

The details of the assessment are shown on the statement of audit adjustments provided to you separately.

We have charged you arrears interest because you did not pay the amount owing by the due date.

For your information we have attached a statement explaining how we have calculated interest.

228904

GST account number 12348 6039 RT0001	Date of notice June 28, 2012	Period covered from	to
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SUMMARY OF (RE)ASSESSMENT

RE: GST/HST Return

Reporting Period From: 2011/04/01 To: 2011/04/30

Reference Number: 111590206229G0145

	Previous Assessment	Revised Assessment	Adjustments
Net Tax	\$ 36,811.76	\$ 800,874.06	\$ 764,062.30
Section 285 Penalty	\$ 0.00	\$ 11,299.33	\$ 11,299.33
		Net Adjustment	\$ 775,361.63
Interest and Penalty			\$ 24,374.50
Arrears Interest			\$ 24,374.50
		Result of (Re)Assessment	\$ 799,736.13

EXPLANATION

The Net Tax amount does not take into consideration any rebate, instalment or payment amounts that have been applied to the account.

We have imposed the section 285 penalty pursuant to Part IX of the "Excise Tax Act."

The details of the assessment are shown on the statement of audit adjustments provided to you separately.

We have charged you arrears interest because you did not pay the amount owing by the due date.

For your information we have attached a statement explaining how we have calculated interest.

228905

GST account number 12348 5039 RT0001	Date of notice June 28, 2012	Period covered from	to
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SUMMARY OF (RE)ASSESSMENT

RE: GST/HST Return

Reporting Period From: 2011/10/01 To: 2011/10/31

Reference Number: 113400064229G0644

	Previous Assessment	Revised Assessment	Adjustments
Net Tax	\$ 6,487.32	\$ 62,774.70	\$ 56,287.38
Interest and Penalty			
Arrears Interest			\$ 332.26
			<hr/>
Result of (Re)Assessment			\$ 56,619.64

EXPLANATION

The Net Tax amount does not take into consideration any rebate, instalment or payment amounts that have been applied to the account.

The details of the assessment are shown on the statement of audit adjustments provided to you separately.

We have charged you arrears interest because you did not pay the amount owing by the due date.

228906

GST account number 12348 5039 RT0001	Date of notice June 28, 2012	Period covered from	to
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SUMMARY OF (RE)ASSESSMENT

RE: GST/RST Return

Reporting Period From: 2011/11/01 To: 2011/11/30

Reference Number: 120060184229G0389

	Previous Assessment		Revised Assessment		Adjustments
Net Tax	\$ 13,036.37		\$ 467,676.44		\$ 454,640.07
Section 285 Penalty	\$ 0.00		\$ 6,135.10		\$ 6,135.10
			Net Adjustment		\$ 460,775.17
Interest and Penalty					\$ 755.94
Arrears Interest					\$ 755.94
			Result of (Re)Assessment		\$ 461,531.11

EXPLANATION

The Net Tax amount does not take into consideration any rebate, instalment or payment amounts that have been applied to the account.

We have imposed the section 285 penalty pursuant to Part IX of the "Excise Tax Act."

The details of the assessment are shown on the statement of audit adjustments provided to you separately.

We have charged you arrears interest because you did not pay the amount owing by the due date.

228907

GST account number 12348 5039 RT0001	Date of notice June 28, 2012	Period covered from _____ to _____
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SUMMARY OF (RE)ASSESSMENT

RE: GST/HST Return .

Reporting Period From: 2011/12/01 To: 2011/12/31

Reference Number: 12068005822960497

	Previous Assessment	Revised Assessment	Adjustments
Net Tax	\$ 36,774.62	\$ 87,861.60	\$ 51,086.98
Interest and Penalty			
Failure to File Penalty			\$ 638.59
Result of (Re)assessment			\$ 51,725.57

EXPLANATION

The Net Tax amount does not take into consideration any rebate, instalment or payment amounts that have been applied to the account.

As a result of this (re)assessment, we have adjusted the failure to file on time penalty.

The details of the assessment are shown on the statement of audit adjustments provided to you separately.

228908

For further information, see the "General information" section of this notice or consult the guide *General Information Concerning the QST and the GST/HST (IN-203-Y)*, available on our website at www.revenuquebec.ca. To avoid delays when you contact us, please have your business' GST account number on hand.

GST account number 12348 5039 RT0001	Date of notice June 26, 2012	Period covered from to
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General information

Under the *Excise Tax Act*, the Minister may, in respect of a matter, assess any rebate payable to a person, or any tax, net tax, penalty, interest or other amount payable by a person.

Methods of payment

You may pay the balance due by Internet (through a financial institution), by mail or in person. If making the payment by mail, return the remittance slip and a cheque or money order payable to the Minister of Revenue of Québec in the enclosed envelope. If making the payment in person, present the remittance slip at a Revenu Québec office or at the financial institution. A financial institution will accept the payment only if you have a remittance slip.

Interest

Interest and penalty at the rates prescribed by law, are payable on late filed returns and/ or deficient instalment payments and/ or on balances owing.

Charges for NSF cheques and recovery charges

Administrative charges apply if a cheque or other commercial paper is refused by a financial institution because there are insufficient funds in the account on which it is drawn. These charges are added to your balance and are payable as of the date of refusal by the financial institution. They bear interest as of the same date. If a recovery measure provided by a fiscal law or legal recourse must be taken, recovery charges apply.

Recourse available

If you cannot resolve an issue related to this (re)assessment through an informal inquiry, you may file an objection. To do this, complete a *Notice of Objection* (form FP-159-V) and submit it to Revenu Québec no later than 90 days after the date on which the notice of (re)assessment was mailed. The form is available on our website at www.revenuquebec.ca.

Teletypewriter users

If you have a hearing or speech impairment and use a teletypewriter, you can call our toll-free, bilingual information service at 1 800 361-3795 during regular business hours.

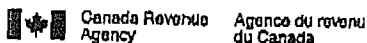
228909

For further information, call 514 873-4692 or, toll-free, 1 800 567-4692.

GST account number 12348 5039 RT0001	Date of notice June 28, 2012	Period covered from	to
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Keep this part for your files.

Do not attach documents to the remittance slip.



Remittance Slip

FPR-497-V (2012-02)

Period covered: from
to YYYY MM UU

000 1234850390 490001 00000000 0000215661236 1234850390 495 4

DOMFOAM INTERNATIONAL INC.
8785, BOUL LANGELIER
SAINT-LEONARD (QUEBEC) H1P 2C9

Date of notice: June 28, 2012
Amount due: \$2,156,812.36

Return to: C. P. 4000, succursale Desjardins
Montréal (Québec) H5B 1A5

Amount remitted

NON VALIDE POUR PAIEMENT DANS UNE INSTITUTION FINANCIÈRE

⑈000000⑈ ⑆98330⑈A15⑆

95

TAB 3



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

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

(the "Applicants")

INITIAL ORDER

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

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

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

SERVICE

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

APPLICATION

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

PLAN OF ARRANGEMENT

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

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

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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]~~ a notice containing the information

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

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

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

GENERAL

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

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

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

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

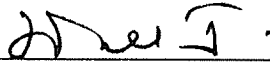
45. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this

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

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

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

#1832803 | 4079509



SECRETARY OF THE COURT
11 BOON AVE.
LEEDS, ONTARIO L9Y 4R2

JAN 12 2012

RECEIVED



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

MINDEN GROSS LLP

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

Raymond M. Slattery (LSUC #20479L)

416-369-4149

rslattery@mindengross.com

David T. Ullmann (LSUC #423571)

416-369-4148

dullmann@mindengross.com

Sepideh Nassabi (LSUC #60139B)

416-369-4323

snassabi@mindengross.com

416-864-9223 fax

Lawyers for the Applicants

TAB 4

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) FRIDAY, THE 15th DAY
)
 JUSTICE BROWN) OF JUNE, 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 3113736 CANADA LTD., 4362063
 CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

ORDER
(Claims Solicitation Procedure)

THIS MOTION, made by 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.), 4362063 Canada Ltd. (formerly Domfoam International Inc.) and A-Z Sponge & Foam Products Ltd. (collectively, the "**Applicants**") for an order approving a procedure for the solicitation of claims against any or all of the Applicants, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Tony Vallecoccia sworn June 12, 2012, and the Fourth Report of Deloitte & Touche Inc., the Court-appointed monitor (the "**Monitor**"), and on hearing the submissions of counsel to the Applicants, the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed:

SERVICE

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

DEFINITIONS

1. **THIS COURT ORDERS** that for purposes of this Order, in addition to the terms defined elsewhere herein, the following terms shall have the following meanings:

- (a) **“Applicants”** means 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.), 4362063 Canada Ltd. (formerly Domfoam International Inc.) and A-Z Sponge & Foam Products Ltd.;
- (b) **“Business Day”** means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;
- (c) **“CCAA”** means the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended;
- (d) **“CCAA Proceeding”** means the proceeding commenced by the Applicants in the Court at Toronto under Court File No. CV-12-9545-00CL;
- (e) **“Claim”** means any Prefiling Claim or Postfiling Claim;
- (f) **“Claims Bar Date”** means 5:00 p.m. (Eastern Standard time) on August 31, 2012, or any later date ordered by the Court;

- (g) **“Claims Solicitation Procedure”** means the procedures outlined in this Order, as they may be amended by further order of the Court, including the Schedules hereto;
- (h) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (i) **“Creditor”** means any Person asserting a Claim or a D&O Claim;
- (j) **“D&O Claim”** means any right of any Person against one or more of the Directors and Officers (as defined below) which arose as a result of their position, supervision, management or involvement as Director and Officer, where such right arose on or before June 15, 2012, and whether enforceable in any civil, administrative or criminal proceedings;
- (k) **“DIP Loan”** means the loan by 3113736 Canada Ltd. (formerly known as Valle Foam Industries (1995) Inc.) to either A-Z Sponge & Foam Products Ltd. or 4362063 Canada Ltd. (formerly known as Domfoam International Inc.) in an amount not exceeding \$1,000,000 as authorized by the Court in the CCAA Proceeding;
- (l) **“Directors and Officers”** means
 - (i) the current and former directors of any of the Applicants; and
 - (ii) the current and former officers of any of the Applicants;
- (m) **“Distribution”** means any distribution within the CCAA Proceeding of the proceeds of the Applicants’ assets;

- (n) **“Excluded Claim”** means (i) any claim secured by any of the Charges as defined in the Initial Order (as defined below); (ii) the DIP Loan; and (iii) any Intercompany Claim (as defined below);
- (o) **“Filing Date”** means January 12, 2012;
- (p) **“Initial Order”** means the Initial Order of the Honourable Mr. Justice Newbould dated January 12, 2012 in the CCAA Proceeding;
- (q) **“Intercompany Claim”** means any claim by any of the Applicants against one or more of the Applicants, whether secured or unsecured but not including the DIP Loan;
- (r) **“Known Creditor”** means any Person, based on the financial or other records of an Applicant as of the Filing Date, who had or may be entitled to assert, a Claim, where monies in respect of such Claim remain unpaid in full or in part, without acknowledging in any respect the validity or existence of any such Claim;
- (s) **“Monitor’s Website”** means <http://www.deloitte.com/ca/vallefoam>;
- (t) **“Notice to Creditors of Claims Bar Date”** means the notice for publication substantially in the form attached as Schedule “A”;
- (u) **“Notice of Dispute”** means a form substantially in accordance with the form attached as Schedule “E”;
- (v) **“Notice of Revision or Disallowance”** means a form substantially in accordance with the form attached as Schedule “D”;
- (w) **“Person”** means any individual, partnership, firm, joint venture, trust, entity, corporation, unincorporated organization, trade union, pension

plan administrator, pension plan regulator, governmental authority or agency, employee or other association, or similar entity, howsoever designated or constituted;

- (x) **“Postfiling Claim”** means any right or claim of any Person, or class of Persons or representative Person, against one or more of the Applicants whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the Applicants which came into existence after the Filing Date but before the Claims Bar Date, any accrued interest thereon and costs payable in respect thereof, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature;

- (y) **“Prefiling Claim”** means any right or claim of any Person, or class of Persons or representative Person, against one or more of the Applicants whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the Applicants in existence on the Filing Date, any accrued interest thereon and costs payable in respect thereof to and including the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is

executory or anticipatory in nature, and includes any other claims that would have been claims provable in bankruptcy had the Applicants become bankrupt on the Filing Date;

- (z) **“Proof of Claim”** means the aggregate of the documentation submitted by a Creditor pursuant to the Claims Solicitation Procedure to evidence its Claim which shall include the Proof of Claim form attached hereto as Schedule “B”;
- (aa) **“Proof of D&O Claim”** means the aggregate of the documentation submitted by a Creditor pursuant to the Claims Solicitation Procedure to evidence its D&O Claim which shall include the Proof of D&O Claim form attached hereto as Schedule “C”;
- (bb) **“Proven Claim”** means a Claim filed by the Claims Bar Date in respect of which the Monitor has not sent a Notice of Revision or Disallowance to the Creditor asserting the Claim and which the Monitor accepts or is deemed to accept for distribution purposes pursuant to the Claims Solicitation Procedure;
- (cc) **“Surviving Claim”** means a Claim to which CCAA subsection 19(2) applies; and
- (dd) **“Surviving D&O Claim”** means a D&O Claim to which CCAA subsection 5.1(2) applies.

ADMINISTRATION OF THE CLAIMS SOLICITATION PROCEDURE

2. **THIS COURT ORDERS** that the Claims Solicitation Procedure shall govern the solicitation of Claims against the Applicants and the D&O Claims against the Directors and Officers of the Applicants and shall be conducted and

administered by the Monitor with the assistance of the Applicants except as otherwise provided for in this Order. No Creditor may participate in the Distribution if such Claim has not been reviewed, accepted and valued in accordance with this Claims Solicitation Process, subject to any further Order of this Court.

3. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and under the Initial Order, is hereby directed and empowered to administer and implement the Claims Solicitation Procedure on the terms set out in this Order and the Monitor may take any steps and fulfill such other roles as are contemplated by this Order or which it believes are incidental or necessary for the implementation of the Claims Solicitation Procedure. The Monitor may seek advice and directions from the Court in respect of any aspect of the Claims Solicitation Procedure, including any of the Monitor's obligations provided for in this Order.

4. **THIS COURT ORDERS** that the Monitor is authorized and directed to use reasonable discretion as to adequacy of compliance with the Claims Solicitation Procedure and the terms of this Order including, without limitation, with respect to the manner in which a Proof of Claim, Proof of D&O Claim, Notice of Dispute or any other notices or documents are completed and executed and may, where it is satisfied that a Claim or D&O Claim has been adequately filed or, in the case of a Claim, proven, waive strict compliance with the requirements of this Order as to completion, execution and delivery of Proofs of Claim, Proofs of D&O Claim, Notices of Dispute or any other notice or document contemplated by the Claims Solicitation Procedure and request any further documentation the Monitor may require in order to enable it to determine the validity of a Claim; provided that nothing in this Order shall confer upon the Monitor or the Applicants the discretion

or authority to amend or to extend the Claims Bar Date without a further Order of this Court.

5. **THIS COURT ORDERS** that the Monitor shall not have any responsibility or liability with respect to any information, confidential or otherwise, including without limitation, a Proof of Claim, a Proof of D&O Claim, a Notice of Dispute or otherwise, distributed, circulated, or released, whether intentionally or unintentionally, by the Monitor relating to the exercise of its powers and discharge of its obligations under this Order. The Monitor shall be entitled to rely upon the Applicants' advice and the Applicants' books and records for all purposes including establishing the names and addresses of Known Creditors. In addition to the rights and protections afforded to the Monitor under the CCAA and the Initial Order or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the fulfillment of its duties in the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

6. **THIS COURT ORDERS** that the Applicants shall advise the Monitor of all Known Creditors, including the amounts owed to all Known Creditors and their last known address pursuant to the Applicants' books and records, and that the Monitor shall be entitled to rely upon the accuracy and completeness of the information provided by the Applicants regarding the Known Creditors. For greater certainty, the Monitor shall have no liability in respect of the information provided to it regarding the Known Creditors and shall not be required to conduct any independent inquiry and/or investigation with respect to such information.

SOLICITATION OF CLAIMS**7. THIS COURT ORDERS that:**

- (a) the Monitor shall cause the Notice to Creditors of Claims Bar Date to be published in each of The Globe and Mail (national edition) and La Presse as soon as practicable after the date of this Order;
- (b) the Monitor shall cause the Notice to Creditors of Claims Bar Date to be posted on the Monitor's Website as soon as practicable after the date of this Order and cause it to remain posted until its discharge as Monitor of the Applicants;
- (c) the Monitor shall, as soon as practicable after the date of this Order, mail to all Known Creditors at the last known address for such Known Creditor on the Applicants' books and records a Notice to Creditors of Claims Bar Date, a Proof of Claim form, a Proof of D&O Claim form substantially in the form attached as Schedules "B" and "C" to this Order and an instruction letter regarding the completion of the Proof of Claim and Proof of D&O Claim forms by a Creditor; and
- (d) the Monitor shall, as soon as practicable following receipt of a request therefor and provided such request is received prior to the Claims Bar Date, deliver a copy of the Proof of Claim or Proof of D&O Claim form as applicable to any Person claiming to be a Creditor and requesting such material, or in the alternative, notify such Person that it may obtain an electronic copy of the Proof of Claim and Proof of D&O Claim forms on the Monitor's Website.

8. **THIS COURT ORDERS** that service and delivery of the Notice to Creditors of Claims Bar Date, Proof of Claim form, Proof of D&O Claim form, the Dispute Notice and any other correspondence or document from the Monitor to any Creditor or any other Person pursuant to the Claims Solicitation Procedure shall be by ordinary mail, prepaid registered mail, courier, personal delivery, electronic communication or facsimile transmission. Any such service and delivery by the Monitor for all purposes under this Order shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (ii) if sent by prepaid registered mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (iii) if by courier, on the next following Business Day for courier deliveries within Canada, and on the third following Business Day for courier deliveries outside of Canada; (iv) if sent by personal delivery, on the same date as delivery; (v) if sent by electronic communication, on the same date as the electronic communication is sent or, if sent on a day that is not a Business Day or after 5:00 p.m. (Eastern Standard Time) on a Business Day, the following Business Day; and (vi) if sent by fax, on the date on which the Monitor receives a successful facsimile transmission report or, if sent on a day that is not a Business Day or after 5:00 p.m. (Eastern Standard Time) on a Business Day, the following Business Day

9. **THIS COURT ORDERS** that service by the Monitor of the Proof of Claim and Proof of D&O Claim forms on Creditors and publication of the Notice to Creditors of Claims Bar Date in the manner set forth in this Order shall constitute good and sufficient service upon the Creditors of notice of this proceeding, this Order, the Claims Bar Date and the related deadlines and procedures set forth

herein and that no other form of service or notice need be made by the Applicants or the Monitor to any Person, and no other document or material need be served on any Person in respect of the Claims Solicitation Procedure.

10. **THIS COURT ORDERS** that the form and substance of each of the Notice to Creditors of Claims Bar Date, Proof of Claim, Proof of D&O Claim, Notice of Revision or Disallowance and Notice of Dispute, substantially in the forms attached as schedules hereto, are hereby approved. Despite the foregoing, the Applicants and the Monitor may, from time to time, make minor changes to such forms as the Monitor considers necessary or desirable.

11. **THIS COURT ORDERS** that any Person asserting a Claim against one or more of the Applicants or a D&O Claim against one or more of the Directors or Officers shall file a Proof of Claim or a Proof of D&O Claim, as applicable (including all supporting documentation), with the Monitor by no later than the Claims Bar Date.

12. **THIS COURT ORDERS** that any Creditor with a Claim or a D&O Claim who does not deliver a completed Proof of Claim or Proof of D&O Claim, as applicable, to the Monitor in accordance with the Claims Solicitation Procedure by the Claims Bar Date, or such later date as this Court may otherwise order:

- (a) shall be forever barred from asserting or enforcing any Claim (other than a Surviving Claim) against any of the Applicants or a D&O Claim (other than a Surviving D&O Claim) against any of the Director or Officers, and the Applicants or any of them, and the Directors and Officers, or any of them, shall not have any liability whatsoever in respect of such Claim (other than a Surviving Claim) or D&O Claim (other than a Surviving D&O Claim), and any such

Claim (other than a Surviving Claim) or D&O Claim (other than a Surviving D&O Claim) shall be forever barred and extinguished;

- (b) shall not be entitled to any further notice of any Orders made or steps taken in the CCAA Proceeding; and
- (c) shall not be entitled to participate as a Creditor in the CCAA Proceeding and shall not be entitled to receive any funds pursuant to the Distribution.

13. **THIS COURT ORDERS** that Creditors with Excluded Claims shall not be required to file a Proof of Claim in this process, unless required to do so by further Order of this Court.

ADJUDICATION OF CLAIMS

14. **THIS COURT ORDERS** that there shall be no adjudication of the D&O Claims by the Applicants or the Monitor, pursuant to the Claims Solicitation Procedure Order, pending a further Order of this Court.

15. **THIS COURT ORDERS** the Monitor shall, with the assistance of the Applicants, review all Proofs of Claim (but not any Proofs of D&O Claim) delivered to the Monitor by the Claims Bar Date and shall accept, revise or reject each Claim as submitted therein. If the Monitor disputes a Claim in whole or in part, the Monitor shall by no later than 11:59 p.m. (Eastern Standard Time) on September 21, 2012, send to the Creditor who has submitted the disputed Claim a Notice of Revision or Disallowance indicating the reasons for the revision or disallowance.

16. **THIS COURT ORDERS** that the Monitor may attempt to resolve any disputed Claim with the Creditor prior to accepting, revising or disallowing such Claim.

17. **THIS COURT ORDERS** that any Claim received by the Claims Bar Date in respect of which the Monitor does not send a Notice of Revision or Disallowance by the deadline date referenced above shall be deemed a Proven Claim.

DISPUTE NOTICES

18. **THIS COURT ORDERS** that 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 5:00 p.m. (Eastern Standard Time) on October 5, 2012 a Notice of Dispute by registered mail, courier service or facsimile.

19. **THIS COURT ORDERS** that if a Creditor receives a Notice of Revision or Disallowance and does not file a Notice of Dispute by the time set out in paragraph 18 above, then the value of such Creditor's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance.

20. **THIS COURT ORDERS** that any Creditor who delivers a Notice of Dispute to the Monitor by the time set out in paragraph 18 above 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 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.

SET-OFF

21. **THIS COURT ORDERS** that the Applicants may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made to any Creditor in respect of its Proven Claim, any claims of any nature whatsoever that any of the Applicants may have against such Creditor, however, neither the failure to do so nor the allowance of any Claim as a Proven Claim hereunder shall constitute a waiver or release by the Applicants of any such claim that the Applicants may have against such Creditor.

DISTRIBUTIONS

22. **THIS COURT ORDERS** that the Monitor and the Applicants shall not distribute any funds to Creditors holding Proven Claims prior to the approval by this Court of a distribution methodology to be proposed by the Monitor and/or the Applicants in a subsequent motion to this Court.

NOTICE OF TRANSFEREES

23. **THIS COURT ORDERS** that if, after the Filing Date, the holder of a Claim or D&O Claim transfers or assigns the whole of such Claim or D&O Claim to another Person, neither the Monitor nor the relevant Applicant shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim or D&O Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the relevant Applicant and the Monitor in writing and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim or D&O Claim. Any such transferee or assignee of a Claim or D&O Claim shall be bound by any notices given or steps taken in respect of such Claim or D&O Claim in accordance with

this Order prior to receipt and acknowledgment by the relevant Applicant and the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim or D&O Claim takes the Claim or D&O Claim subject to any rights of set-off to which the Applicants or the Directors and Officers may be entitled with respect to such Claim or D&O Claim respectively. For greater certainty, a transferee or assignee of a Claim or D&O Claim is not entitled to set-off, apply, merge, consolidate or combine any Claims or D&O Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to any of the Applicants or the Directors and Officers. Reference to transfer in this Order includes a transfer or assignment whether absolute or intended as security.

GENERAL PROVISIONS

24. **THIS COURT ORDERS** that any Creditor who submits a Proof of Claim or Proof of D&O Claim authorizes the Monitor to post the information contained therein to the Monitor's Website and that the Monitor shall have no liability for the information submitted other than as a result of gross negligence or wilful misconduct.

25. **THIS COURT ORDERS** that for the purposes of the Claims Solicitation Procedure, all Claims or D&O Claims which are denominated in United States dollars shall (i) in the case of Prefiling Claims or D&O Claims, be converted to Canadian dollars at the rate of 1.0198%, being the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars on the Filing Date; and (ii) in the case of Postfiling Claims, be converted to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars on the date of the applicable Proof of Claim.

26. **THIS COURT ORDERS** that any document, notice or communication required to be filed with the Monitor by a Creditor pursuant to the terms of this Order must be delivered by facsimile, email or electronic transmission, personal delivery, courier or prepaid mail to:

Deloitte & Touche Inc.

181 Bay Street West
Suite 1400
Toronto, Ontario
M5J 2V1

Attention: Catherine Hristow

Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

27. **THIS COURT ORDERS** that in the event that the day on which any notice or communication required to be delivered pursuant to the Claims Solicitation Procedure is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.

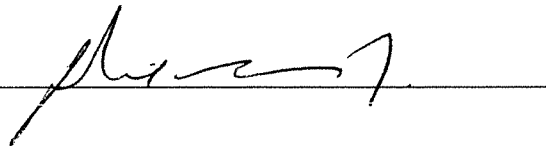
28. **THIS COURT ORDERS** that references to the singular include the plural and to the plural include the singular.

29. **THIS COURT ORDERS** that in the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be delivered by email, facsimile transmission, personal delivery or courier and any notice or other communication given or made by prepaid mail within the seven (7) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been delivered. All such notices and communications shall be deemed to have been received, in the case of notice

by email, facsimile transmission, personal delivery or courier prior to 5:00 p.m. (Eastern standard Time) on a Business Day, when received, if received after 5:00 p.m. (Eastern Standard Time) on a Business Day or at any time on a non-Business Day, on the next following Business Day, and in the case of a notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed.

30. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court or any judicial, regulatory or administrative body of the United States and the States or other subdivisions of the United States and of any nation or state to act in aid of and be complimentary to this Court in carrying out the terms of this Claims Solicitation Procedure Order.

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



JUN 15 2012

SCHEDULE "A"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

(the "Applicants")

NOTICE OF CLAIMS SOLICITATION PROCEDURE AND

CLAIMS BAR DATE REGARDING:

3113736 CANADA LTD. (FORMERLY VALLE FOAM
INDUSTRIES (1995) INC.,
4362063 CANADA LTD. (FORMERLY DOMFOAM
INTERNATIONAL INC.) AND
A-Z SPONGE & FOAM PRODUCTS LTD.

By Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated January 12, 2012 (the "Initial Order"), the Applicants listed above filed for and obtained relief from their creditors under the *Companies Creditors' Arrangement Act* (the "CCAA"). Pursuant to the Initial Order, Deloitte & Touche Inc. was appointed by the Court as monitor in the Applicants' CCAA proceeding (the "Monitor").

By Order of the Court dated June 15, 2012 (the "Claims Solicitation Procedure Order"), a process was established for creditors to prove claims against the Applicants in existence as at the date of the Initial Order or with respect to Postfiling Claims (as defined below) or with respect to claims against the current or former Directors and Officers of the Applicants which arose on or before June 15, 2012. Capitalized terms in this notice are as defined in the Claims Solicitation

Procedure Order, a copy of which can be found on the Monitor's Website: <http://www.deloitte.com/ca/vallefoam>.

In accordance with the Claims Solicitation Procedure Order, the Monitor shall mail to all known creditors ("**Known Creditors**") of the Applicants a Proof of Claim form together with this notice. Any Creditor who does not receive a Proof of Claim form may obtain this form on the Monitor's Website, <http://www.deloitte.com/ca/vallefoam> or by contacting the Monitor directly as follows: (i) by email: christow@deloitte.ca; (ii) by mail at Deloitte & Touche Inc., 181 Bay Street West, Suite 1400, Toronto, Ontario, M5J 2V1, attention: Catherine Hristow; or (iii) by facsimile at (416) 601-6690.

In accordance with the Claims Solicitation Procedure Order, any Person or representative class of Persons who wishes to assert a claim against one of more of the Applicants (each, a "**Claim**") which arose (i) at any time up to January 12, 2012; (ii) at any time after January 12, 2012 (a "**Postfiling Claim**") must complete and deliver the Proof of Claim form to the Monitor by mail, fax, e-mail, courier or hand delivery by **no later than 5:00 p.m. (Eastern Standard Time) on August 31, 2012** or such other date as ordered by the Court (the "**Claims Bar Date**").

In accordance with the Claims Solicitation Procedure, any Person or representative class of Persons who wishes to assert a claim against one of more of the current or former Directors and Officers of the Applicants which arose on or before June 15, 2012 (each, a "**D&O Claim**") must complete and deliver the Proof of D&O Claim form to the Monitor by mail, fax, e-mail, courier or hand delivery by **no later than the Claims Bar Date**.

IF YOUR PROOF OF CLAIM OR PROOF OF D&O CLAIM IS NOT RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE, YOUR CLAIM AGAINST THE APPLICANTS OR THE OFFICERS AND DIRECTORS WILL BE BARRED AND EXTINGUISHED FOREVER.

A Proof of Claim which is disputed by the Monitor will be addressed in the manner set out in the Claims Solicitation Procedure Order.

Address of the Monitor:

Deloitte & Touche Inc.
181 Bay Street West
Suite 1400
Toronto, Ontario
M5J 2V1

Attention: Catherine Hristow
Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

Dated at _____ this _____ day of _____, 2012.

#1900657

SCHEDULE "B"

DELOITTE & TOUCHE INC., solely in its capacity as the Court-appointed Monitor of the Applicants, and without personal or corporate liability ● ● ● Telephone: (416) 775-8831 Telecopier: (416) 601-6690 Email: christow@deloitte.ca		OFFICE USE ONLY

		Date Received _____

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

(the "Applicants")

PROOF OF CLAIM

I. DESCRIPTION OF DEBTOR, CREDITOR AND NATURE OF CLAIM

Name of entity against which claim is being made: *(Check appropriate box in following list. If claims are being made against more than one entity, use a separate Proof of Claim form for each entity.)*

- 3113736 Canada Ltd. (formerly known as Valle Foam Industries (1995) Inc.)
- 4362063 Canada Ltd. (formerly known as Domfoam International Inc.)
- A-Z Sponge & Foam Products Ltd.

(hereinafter the "**Debtor**")

Name of person asserting a claim against the Debtor: _____
(hereinafter the "**Creditor**")

Individual: Corporation: Other: Specify: _____

If individual, Creditor's Social Insurance Number: _____

If corporation, Business Identification Number: _____

Address of Creditor: _____

Telephone number of Creditor:

E-mail address of Creditor:

Fax number of Creditor:

I, _____, of _____, do hereby certify:

(Name)

(City and province)

1. That I am a Creditor of the Debtor

or that I am

of

(State position or title)

(Name of Creditor)

a Creditor of the Debtor.

2. That I have knowledge of all the circumstances connected with the claim referred to in this form.

3. *(Check and complete appropriate category:)*

That, as at January 12, 2012, the Creditor had and still has an **unsecured claim** against the Debtor in the sum of CAD\$ _____, as shown by the statement (*or affidavit or solemn declaration*) attached hereto and marked **Annex "A"**, after deducting any counterclaims to which the Debtor may be entitled. (*Claims in US dollars should be converted to Canadian dollars at the rate of [insert], being the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars on January 12, 2012. The attached statement, affidavit or solemn declaration must specify and attach the evidence in support of the claim.*) (*Give full particulars of the claim with all necessary supporting documentation.*)

That, as at the date hereof, the Creditor has an **unsecured claim** against the Debtor which arose after January 12, 2012 in the sum of CAD\$ _____, as shown by the statement (*or affidavit or solemn declaration*) attached hereto and marked **Annex "A"**, after deducting any counterclaims to which the Debtor may be entitled. (*Claims in US dollars should be converted to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars as of the date hereof. The attached statement, affidavit or solemn declaration must specify and attach the evidence in support of the claim.*) (*Give full particulars of the claim with all necessary supporting documentation.*)

-or-

That, as at January 12, 2012, the Creditor had and still has a **secured claim** against the Debtor in the sum of CAD\$ _____, as shown by the statement (*or affidavit or solemn*

declaration) attached hereto and marked **Annex "A"**, after deducting any counterclaims to which the Debtor may be entitled. *(The attached statement, affidavit or solemn declaration must specify and attach the evidence in support of the claim and the security held in respect of the claim, including copies of all security.) (Give full particulars of the claim and security with all necessary supporting documentation.)*

- 4. That to the best of my knowledge and belief, I am (or the above-named Creditor is) (or am not or is not) related to the Debtor within the meaning of section 4 of the *Bankruptcy and Insolvency Act*.

II. ATTESTATION

I hereby attest that, to the best of my knowledge, the information in this document is and any and all annexes hereto are truthful and accurate in all material respects.

SIGNED this _____ day of _____, 2012.

(Signature of Creditor)

(Signature of witness)

(Name of Creditor in block letters)

(Name of witness in block letters)

(Address of witness in block letters)

ANNEX "A"
DETAILS OF CLAIM

SCHEDULE "C"

DELOITTE & TOUCHE INC., solely in its capacity as the Court-appointed Monitor of the Applicants, and without personal or corporate liability • • • Telephone: (416) 775-8831 Telecopier: (416) 601-6690 Email: christow@deloitte.ca		OFFICE USE ONLY

		Date Received _____

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

(the "Applicants")

PROOF OF D&O CLAIM

III. DESCRIPTION OF DEBTOR, CREDITOR AND NATURE OF D&O CLAIM

Name of entity against which claim is being made: *(Check appropriate box in following list. If claims are being made against more than one entity, use a separate Proof of Claim form for each entity.)*

- Director or Officer of 3113736 Canada Ltd. (formerly known as Valle Foam Industries (1995) Inc.)
- Director or Officer of 4362063 Canada Ltd. (formerly known as Domfoam International Inc.)
- Director or Officer of A-Z Sponge & Foam Products Ltd.

(hereinafter the "**Debtor**")

Name of person asserting a claim against the Debtor: _____
(hereinafter the "**Creditor**")

Individual: Corporation: Other: Specify: _____

If individual, Creditor's Social Insurance Number: _____

If corporation, Business Identification Number: _____

Address of Creditor: _____

Telephone number of Creditor: _____
 E-mail address of Creditor: _____
 Fax number of Creditor: _____

I, _____, of _____, do hereby certify:

(Name) (City and province)

1. That I am a Creditor of the Debtor

or that I am _____ of _____
(State position or title) (Name of Creditor)

a Creditor of the Debtor.

2. That I have knowledge of all the circumstances connected with the claim referred to in this form.

3. (Check and complete appropriate category:)

That, as at June 15, 2012, the Creditor had and still has an **unsecured claim** against the Debtor in the sum of CAD\$ _____, as shown by the statement (or affidavit or solemn declaration) attached hereto and marked **Annex "A"**, after deducting any counterclaims to which the Debtor may be entitled. (Claims in US dollars should be converted to Canadian dollars at the rate of 1.0198%, being the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars on January 12, 2012. The attached statement, affidavit or solemn declaration must specify and attach the evidence in support of the claim.) (Give full particulars of the claim with all necessary supporting documentation.)

4. That to the best of my knowledge and belief, I am (or the above-named Creditor is) (or am not or is not) related to the Debtor within the meaning of section 4 of the *Bankruptcy and Insolvency Act*.

IV. ATTESTATION

I hereby attest that, to the best of my knowledge, the information in this document is and any and all annexes hereto are truthful and accurate in all material respects.

SIGNED this _____ day of _____, 2012.

(Signature of Creditor)

(Signature of witness)

(Name of Creditor in block letters)

(Name of witness in block letters)

(Address of witness in block letters)

ANNEX "A"
DETAILS OF CLAIM

SCHEDULE "D"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

(the "Applicants")

NOTICE OF REVISION OR DISALLOWANCE

TO: [INSERT NAME AND ADDRESS OF CREDITOR]

The Monitor has disallowed in full or in part your Claim as set out in your Proof of Claim, as set out below:

Prefiling Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
	\$	\$	\$
Total	\$	\$	\$

Postfiling Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
	\$	\$	\$
Total	\$	\$	\$

REASONS FOR DISALLOWANCE:

IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:

You must, no later than **5:00 p.m. (Toronto Time)** on **September 21, 2012**, deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's Website at <http://www.deloitte.com/ca/vallefoam>) in accordance with the Claims Solicitation Procedure Order to the following address, email, or facsimile:

Deloitte & Touche Inc.

181 Bay Street West

Suite 1400

Toronto, Ontario

M5J 2V1

Attention: Catherine Hristow

Telephone: (416) 775-8831

Facsimile: (416) 601-6690

E-mail: christow@deloitte.ca

DATE:

#1900657

SCHEDULE "E"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

(the "Applicants")

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

1. PARTICULARS OF CREDITOR:

(a) Full Legal Name of Creditor: _____

(b) Full Mailing Address of Creditor: _____

(c) *Telephone Number of Creditor: _____

(d) *Facsimile Number of Creditor: _____

(e) *E-mail Address of Creditor: _____

(f) Attention (Contact Person): _____

***In order to ensure that all Claims are processed in an expedited manner you must provide one (1) or more of your telephone number, fax number or e-mail address.**

2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:

(a) Have you acquired this Claim by Assignment? Yes No
(if yes, attach document evidencing assignment)

(b) Full Legal Name of original Creditor(s): _____

3. DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM FOR VOTING AND/OR DISTRIBUTION PURPOSES:

We hereby disagree with the value of our Claim set out in the Notice of Revision or Disallowance dated _____, as set out below:

Claim:

Claim Against	Claim per Proof of Claim	Allowed Amount	Disallowed Amount
	\$	\$	\$
Total Claims			

REASONS FOR DISPUTE:

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction (s) or agreement(s) giving rise to the Claim, name of any guarantor(s) that has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

If you intend to dispute a Notice of Revision or Disallowance, you must, no later than **5:00 p.m. (Toronto Time) on October 5, 2012** deliver to the Monitor a Notice of Dispute of Revision or Disallowance in accordance with the Claims Solicitation Procedure Order to the following address, email or facsimile:

Deloitte & Touche Inc.
181 Bay Street West
Suite 1400
Toronto, Ontario
M5J 2V1

Attention: Catherine Hristow
Telephone: (416) 775-8831
Facsimile: (416) 601-6690
E-mail: christow@deloitte.ca

If you do not deliver a Notice of Dispute of Revision or Disallowance by the time and date set out above, as applicable, the value of your Claim shall be deemed to be as set out in the Monitor's Notice of Revision or Disallowance.

Dated at _____ this _____ day of _____, 2012.

Per: _____

#1900657

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

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

<p>ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST Proceeding commenced at TORONTO</p>	
<p>ORDER (Claims Solicitation Procedure)</p>	
<p>MINDEN GROSS LLP 145 King Street West, Suite 2200 Toronto ON M5H 4G2</p>	
<p>Raymond M. Slattery (LSUC #20479L) 416-369-4149 rslattery@mindengross.com</p>	
<p>David T. Ullmann (LSUC #423571) 416-369-4148 dullmann@mindengross.com</p>	
<p>Sepideh Nassabi (LSUC #60139B) 416-369-4323 snassabi@mindengross.com 416-864-9223 fax</p>	
<p>Lawyers for the Applicants</p>	

TAB 5

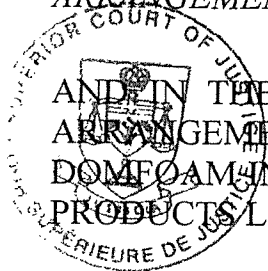
Court File No. CV-12-9545-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) FRIDAY, THE 15th DAY
)
 JUSTICE BROWN) OF JUNE, 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, Monitor's Report & Change Title of Proceedings)

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 June 12, 2012, and the exhibits thereto, the Fourth Report of Deloitte & Touche Inc., in its capacity as Court-appointed monitor of the Applicants (the "Monitor") dated June 12, 2012, and the exhibits attached thereto (the "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 Nada Hannouch sworn June 12, 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 Report.
3. **THIS COURT ORDERS** that the Stay Period as defined in the Initial Order of Justice Newbould dated January 12, 2012 and as subsequently extended is hereby extended from June 30, 2012 to and until October 31, 2012.
4. **THIS COURT ORDERS** that the Report and the actions, decisions and conduct of the Monitor as set out in the Report are hereby authorized and approved.
5. **THIS COURT ORDERS** that the title of the proceedings in all documents issued, served or filed after the date of this Order be as follows:

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

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

6. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, as set out in the Report and the Bougie Affidavit, the Moffat Affidavit and the Whitmer Affidavit attached as Exhibits thereto, are hereby authorized and approved.

7. **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 Report.

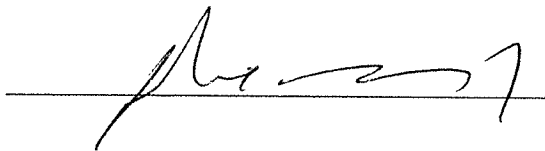
8. **THIS COURT HEREBY** requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this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

9. **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.

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

#1903114  4079509

JUN 15 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, Monitor's Report & Change Title of
Proceedings)**

MINDEN GROSS LLP

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

Raymond M. Slattery (LSUC #20479L)

416-369-4149

rslattery@mindengross.com

David T. Ullmann (LSUC #423571)

416-369-4148

dullmann@mindengross.com

Sepideh Nassabi (LSUC #60139B)

416-369-4323

snassabi@mindengross.com

416-864-9223 fax

Lawyers for the Applicants

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

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**MOTION RECORD OF THE APPLICANTS
(returnable October 25, 2012)**

MINDEN GROSS LLP

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

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rslattery@mindengross.com

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