

**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.**

APPLICANTS

**FIFTEENTH REPORT OF THE MONITOR
DATED JANUARY 17, 2017**

TABLE OF CONTENTS

INTRODUCTION.....	1
PURPOSE OF REPORT.....	3
TERMS OF REFERENCE	3
BACKGROUND	3
CLAIMS SOLICITATION PROCEDURE.....	4
LATE FILED CLAIMS	5
INTERIM DISTRIBUTION TO CREDITORS OF VALLE FOAM AND A-Z FOAM.....	6
STATUS OF CLAIM BY REVENU QUEBEC AGAINST DOMFOAM	7
COURT ORDERED CHARGES	9
FUTURE RECEIPTS FROM THE US URETHANE PROCEEDINGS.....	10
ACTIVITIES OF THE MONITOR.....	11
DEVELOPMENT OF THE PLAN	12
NOTICE OF CREDITORS' MEETING.....	12
AMENDMENTS TO THE PLAN	13
MATERIAL TERMS OF THE PLAN.....	14
MEETING	15
MONITOR'S REVIEW OF THE REASONABLENESS AND FAIRNESS OF THE PLAN	16
CONDITIONS PRECEDENT TO PLAN IMPLEMENTATION	18
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS.....	19
PROFESSIONAL FEES	22
ALLOCATION OF PROFESSIONAL FEES.....	22
EXTENSION OF THE STAY PERIOD	23
MONITOR'S RECOMMENDATIONS	23

EXHIBITS

- EXHIBIT A: Initial Order dated January 12, 2012
- EXHIBIT B: U.S. Recognition Order dated February 24, 2012
- EXHIBIT C: Claims Solicitation Procedure Order dated June 15, 2012
- EXHIBIT D: Distribution Order dated September 29, 2015
- EXHIBIT E: Revenu Quebec Notice of Revision
- EXHIBIT F: Amended Plan of Arrangement
- EXHIBIT G: Statement of Receipts and Disbursements for Valle Foam for the period March 29, 2012 to January 16, 2017
- EXHIBIT H: Statement of Receipts and Disbursements for Domfoam for the period March 29, 2012 to January 16, 2017
- EXHIBIT I: Statement of Receipts and Disbursements for A-Z Foam for the period March 29, 2012 to January 16, 2017
- EXHIBIT J: Affidavit of Paul M. Casey of Deloitte Restructuring Inc. sworn January 17, 2017
- EXHIBIT K: Affidavit of Grant Moffat of Thornton Grout Finnigan LLP, sworn January 17, 2017

INTRODUCTION

1. By Order of the Court dated January 12, 2012 (the “**Initial Order**”), Valle Foam Industries (1995) Inc. (“**Valle Foam**”), Domfoam International Inc. (“**Domfoam**”) and A-Z Sponge & Foam Products Ltd. (“**A-Z Foam**”) (collectively, the “**Applicants**” or the “**Companies**”), obtained protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The CCAA proceeding with respect to the Applicants is referred to herein as the “**CCAA Proceeding**”.
2. Pursuant to the Initial Order, Deloitte & Touche Inc. was appointed monitor of the Applicants as part of the CCAA Proceeding (the “**Monitor**”). Pursuant to the Initial Order, all proceedings against the Applicants were stayed until February 10, 2012, or until such later date as this Court would order (the “**Stay Period**”). A copy of the Initial Order is attached hereto as Exhibit “**A**”.
3. On July 1, 2013, Deloitte & Touche Inc. changed its name to Deloitte Restructuring Inc. (hereafter, “**Deloitte**”).
4. As noted in the Monitor’s Fourth Report to the Court dated June 12, 2012, Valle Foam changed its name to 3113736 Canada Ltd. and Domfoam changed its name to 4362063 Canada Ltd. Throughout this Report, references to Valle Foam mean 3113736 Canada Ltd. and references to Domfoam mean 4362063 Canada Ltd.
5. By Order of the United States Bankruptcy Court, Northern District of Ohio (Western Division) (the “**U.S. Bankruptcy Court**”) dated February 24, 2012 (the “**U.S. Recognition Order**”), the CCAA Proceeding was recognized as a foreign main proceeding. A copy of the U.S. Recognition Order is attached hereto as Exhibit “**B**”.
6. By Orders of the Court dated February 8, 2012, March 16, 2012, June 15, 2012 October 25, 2012, February 28, 2013, July 17, 2013, December 17, 2013, April 29, 2014, October 28, 2014, April 22, 2015, September 29, 2015, February 25, 2016 and August 30, 2016

(collectively, the “**Extension Orders**”), the Court has periodically extended the Stay Period, with the most recent extension expiring on January 30, 2017.

7. All of the assets of the Companies have been sold and the proceeds of sale, as well as certain accounts receivable collected by the Companies (net of disbursements and distributions to creditors as described below), are held by the Monitor (collectively, the “**Proceeds**”). Pursuant to the Order of the Court dated June 15, 2012 (the “**Claims Solicitation Procedure Order**”), the Monitor has conducted and completed a claims process with respect to the Companies (the “**Claims Solicitation Procedure**”). The claims bar date under the Claims Solicitation Procedure was August 31, 2012 (the “**Claims Bar Date**”). A copy of the Claims Solicitation Procedure Order is attached as Exhibit “**C**”.
8. By Order of the Court dated September 29, 2015 (the “**Distribution Order**”), the Monitor was authorized and directed to make an interim distribution of the Valle Foam and A-Z Foam Proceeds on a *pro rata, pari passu* basis to the Valle Foam Creditors and A-Z Foam Creditors holding Proven Claims, subject to the holdbacks described in the Distribution Order in respect of amounts secured by the Administration Charge and Directors’ Charge. A copy of the Distribution Order is attached as Exhibit “**D**”.
9. By Order dated September 6, 2016 (the “**Meeting Order**”), the Court authorized Domfoam to file a Plan of Compromise and Arrangement pursuant to the CCAA dated August 23, 2016 (as amended, varied or supplemented from time to time in accordance with the terms thereof, the “**Plan**”) and authorized Domfoam to call, hold and conduct a meeting of one class of unsecured creditors for the purpose of considering and voting on a resolution to approve the Plan (the “**Meeting**”).
10. The Initial Order together with related Court documents, the Notice to Creditors dated January 17, 2012 and the Monitor’s First through Fourteenth Reports to the Court (collectively, the “**Prior Reports**”) have been posted on the Monitor’s website at www.deloitte.com/ca/vallefoam (the “**Monitor’s Website**”). The Monitor has also established a dedicated e-mail address at vallefoam@deloitte.ca for creditors and other

interested parties to contact the Monitor with questions or concerns regarding the CCAA Proceeding.

PURPOSE OF REPORT

11. The purpose of this report (the “**Fifteenth Report**”) is to provide the Court with information on the following:
 - (a) the Monitor’s activities since the filing of the Fourteenth Report;
 - (b) the results of the Meeting;
 - (c) the Companies’ motion for an order sanctioning the Plan; and
 - (d) the Companies’ request for an extension of the Stay Period from January 30, 2017 to June 30, 2017.

TERMS OF REFERENCE

12. In preparing the Fifteenth Report, the Monitor has relied upon unaudited financial information, the Companies’ books and records, the financial information prepared by the Companies, and discussions with management (“**Management**”) and legal counsel for the Companies.
13. Unless otherwise stated, all dollar amounts contained in this Fifteenth Report are expressed in Canadian dollars.
14. Capitalized terms not otherwise defined in this Fifteenth Report are as defined in the Initial Order, the Claims Solicitation Procedure Order or the Plan.

BACKGROUND

15. The Companies operated together as one of Canada’s leading and largest manufacturers and distributors of flexible polyurethane foam products from facilities located in Ontario, Quebec and British Columbia. The operations of Valle Foam and Domfoam historically

comprised substantially all of the Companies' operations. A-Z Foam and Valle Foam are wholly owned subsidiaries of Domfoam.

16. Mr. Anthony Vallecoccia is the President and Chief Executive Officer of Domfoam, President of Valle Foam, and the sole officer and director of A-Z Foam.
17. Other than security interests which may have been claimed by certain equipment lessors, the Monitor is not aware of any secured creditors of the Companies.

CLAIMS SOLICITATION PROCEDURE

18. The Monitor, with the assistance of the Companies, reviewed all Proofs of Claim delivered to the Monitor by the Claims Bar Date.
19. Listed below is a summary of the Prefiling and Postfiling Proofs of Claim which were admitted by the Monitor in accordance with the Claims Solicitation Procedure Order, as well as the Distribution Order, which authorized the Monitor to admit certain late filed Proofs of Claim. The only Proof of Claim pending resolution is the claim by Revenu Quebec against Domfoam, discussed later in this report.

Company	Prefiling	Postfiling	Pending Resolution	Total
Valle Foam	\$ 27,822,834.03	\$168,255.98	\$ nil	\$27,991,090.01
Domfoam	\$ 26,588,931.85 ⁽¹⁾	\$ nil	\$709,310.94	\$27,298,242.79
A-Z Foam	\$ 4,084,071.70	\$135,372.59	\$ nil	\$ 4,219,444.29

⁽¹⁾ Includes one claim in the amount of \$6,740.08 filed in March 2012 prior to Claims Solicitation Procedure.

20. As described in the Prior Reports, the Applicants were named as Defendants in certain class action lawsuits in Canada and the United States (collectively, the "**Class Actions**"), based upon allegations of price fixing by certain of the Applicants and other manufacturers in the slab foam industry. The Canadian Class Actions consisted of 2 proceedings commenced in each of British Columbia and Ontario and a proceeding commenced in Quebec. The Canadian Class Actions advanced joint and several claims against the

Companies and certain other defendants or respondents on behalf of proposed classes comprised of all persons or entities who purchased polyurethane foam and polyurethane foam products in Canada from and after January 1, 1999 (collectively, the “**Class**”).

21. The most significant Proven Claims against the Companies were filed in respect of the Canadian Class Actions in the total amount of CAD\$40 million (allocated to each of Valle Foam and Domfoam in the amount of CAD\$18 million and to A-Z Foam in the amount of CAD\$4 million) and by the Competition Bureau against both Valle Foam and Domfoam in the amount of CAD\$6 million respectively.

LATE FILED CLAIMS

22. Eight claims in the amount of \$74,382.38 were filed against Domfoam after the Claims Bar date (the “**Domfoam Late Claims**”) as described in the Fourteenth Report. By Order of the Court dated September 6, 2016, the Domfoam Late Claims were all characterized as Prefiling Claims and treated as Proven Claims for the purpose of the Plan.
23. The Domfoam Directors and Officers have previously taken the position that certain Prefiling Claims by CRA against Domfoam with respect to unremitted HST should be paid as Post-filing Claims pursuant to paragraph 7(b) of the Initial Order. Although the Monitor does not agree with this position, this issue is addressed and resolved as part of the Plan.
24. In addition to soliciting Claims against the Companies, the Claims Solicitation Procedure Order provides that any person asserting a D&O Claim against one or more of the Directors or Officers was required to file a Proof of D&O Claim by no later than the Claims Bar Date. Pursuant to paragraph 12 of the Claims Solicitation Procedure Order, any Creditor with a D&O Claim who did not deliver a Proof of D&O Claim to the Monitor by the Claims Bar Date is forever barred from asserting or enforcing a D&O Claim (other than a Surviving D&O Claim) against any of the Directors or Officers and any such D&O Claim shall be forever barred and extinguished.

25. The only D&O Claim properly filed against the Directors and Officers of Domfoam was filed by Revenu Quebec in the amount of \$2,919,679. The amount and status of the Revenu Quebec claim has now been resolved as part of the Plan.

INTERIM DISTRIBUTION TO CREDITORS OF VALLE FOAM AND A-Z FOAM

26. As described in the Twelfth Report, the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) and certain provincial statutes may impose personal liability upon the Monitor for amounts owing to the federal and provincial taxing authorities if it carries out a distribution of the proceeds of the Companies' property without first obtaining clearance certificates. Clearance certificates will not be issued by the relevant taxing authorities since none of the Companies have filed tax returns since the 2011 fiscal year. Although the relevant federal and provincial statutes do not impose the same personal liability upon a trustee in bankruptcy, the Monitor sought to avoid the unnecessary expense of carrying out a distribution to the Companies' Creditors by requesting from the federal and provincial taxing authorities comfort letters confirming that the Monitor would not incur any personal liability as result of carrying out a distribution of the proceeds of the Companies' property without first obtaining clearance certificates.
27. As described in the Twelfth Report, the Monitor obtained from CRA, the Ontario Ministry of Finance and the British Columbia Ministry of Finance the requested comfort letters in respect of Valle Foam and A-Z Foam.
28. Revenu Quebec advised that it would not provide the required comfort letter for Domfoam. Accordingly, as described in the Thirteenth Report, a bankruptcy of Domfoam will be required in order to carry out a distribution of the proceeds of Domfoam's property if the Plan is not implemented.
29. In accordance with the Distribution Order, the Monitor carried out an interim distribution of the Valle Foam Proceeds in the amount of \$5,585,546.00 to the Valle Foam Creditors holding Proven Claims on a *pro rata, pari passu* basis (the "**Valle Foam Interim**

Distribution”). Each Creditor holding a Prefiling Claim against Valle Foam received approximately \$0.20 for each dollar of its Proven Claim.

30. In accordance with the Distribution Order, the Monitor carried out an interim distribution of the of the A-Z Foam Proceeds in the amount of \$624,054.25 to the A-Z Foam Creditors holding Proven Claims on a *pro rata, pari passu* basis (the “**A-Z Foam Interim Distribution**”). Each Creditor holding a Prefiling Claim against A-Z Foam received approximately \$0.15 for each dollar of its Proven Claim.

STATUS OF CLAIM BY REVENU QUEBEC AGAINST DOMFOAM

31. Revenu Quebec filed a Proof of Claim against Domfoam pursuant to the Claims Solicitation Procedure in the amount of \$2,912,679. The Monitor, after consultation with the Applicants, disallowed the claim of Revenu Quebec in full on September 21, 2012. On October 5, 2012, Revenu Quebec issued a Notice of Dispute in the full amount of its original claim. The Monitor agreed to extend the time for Revenu Quebec to bring its motion before the Court to determine its claim to provide the parties an opportunity to resolve same.
32. In the meantime, discussions continued between the parties and the amount of the claim in dispute was substantially reduced. Revenu Quebec’s claim was originally comprised of Quebec sales tax in the amount of \$795,116.64 and goods and services tax in the amount of \$2,156,013.74. Revenu Quebec acknowledged that Domfoam is entitled to make an election pursuant to section 156 of the *Excise Tax Act* (Canada) in respect of its purchases of goods and services from Valle Foam and A-Z Foam, with the result that Revenu Quebec reduced its claim in respect of intercompany sales from \$1,664,824.52 to zero. On April 22, 2014, Revenu Quebec delivered to the Monitor its revised notice of assessment (the “**Revised Notice of Assessment**”), claiming \$844,941.87 in respect of Quebec sales tax and source deductions and \$398,904.83 in respect of GST. Domfoam disputed its liability in respect of approximately \$400,000 of the Revenu Quebec claim relating to certain input tax credits disallowed by Revenu Quebec.

33. As noted in the Monitor's Tenth Report to the Court, the Monitor has accepted Revenu Quebec's claim for taxes exigible in respect of sales of pre-filing goods, specifically input tax credits ("CTI") in the amount of \$185,667.56 and reimbursement of input tax credits ("RTI") in the amount of \$348,868.20 (together, the "**Prefiling Amounts**").
34. Domfoam appealed that part of the Revenu Quebec assessment relating to the disallowed GST component of the input tax credits to the Tax Court of Canada, without prejudice to its position that the amount of Revenu Quebec's claim should be properly determined before the Ontario Superior Court of Justice in accordance with the Claims Solicitation Procedure. There is also a similar appeal pending before the Superior Court of Quebec with respect to the disputed amount of the Revenu Quebec Claim comprised of Quebec provincial sales tax.
35. Revenu Quebec delivered its responding material to Domfoam's appeal in the Tax Court of Canada. A settlement conference with respect to the GST component of Revenu Quebec's claim was held before the Tax Court of Canada on March 3, 2016. That settlement conference was adjourned and reconvened on April 28, 2016. However, no settlement was reached between the parties. The Tax Court has been informed of the status of the Plan and the prospect of resolving the Tax Court appeal if the Plan is implemented. The parties have undertaken to advise the Tax Court of the status of the requested sanction of the Plan prior to January 30, 2017.
36. It appears that certain of the amounts referenced in Revenu Quebec's Revised Notice of Assessment constitute post-filing obligations of Domfoam in accordance with paragraph 7(b) of the Initial Order. Based on the Notice of Dispute filed by Revenu Quebec with the Monitor on October 5, 2012, it appears that approximately \$52,000 plus interest of approximately \$3,000 of the Revenu Quebec claim should be characterized as a Postfiling Claim and paid by the Monitor.
37. The Monitor has reviewed correspondence between counsel to the Applicants and Revenu Quebec setting out the terms of the settlement of the Revenu Quebec Claim. That settlement is subject to Court approval of the Plan. If the Plan is approved, Domfoam will

discontinue the appeals taken by Domfoam with respect to the Revenu Quebec Claim before the Tax Court of Canada and the Superior Court of Quebec (together, the “**Revenu Quebec Actions**”).

38. In accordance of the terms of the settlement reached between Domfoam and Revenu Quebec, on January 9, 2017, the Monitor issued to Revenu Quebec a Notice of Revision or Disallowance setting out the amount of the Revenu Quebec Claim that will be accepted by the Monitor pursuant to the Claims Solicitation Procedure (the “**Revenu Quebec Notice of Revision**”). Of the \$1,243,846.69 amount filed by Revenu Quebec in its Amended Proof of Claim dated April 22, 2014, the Monitor accepted \$881,804.88 and disallowed the remaining balance of \$362,041.81. The Monitor requested information with respect to the 2011 source deductions in the amount of \$79,635.24 which were not included in Revenu Quebec’s initial claim filed on July 20, 2012. A copy of the Revenu Quebec Notice of Revision is attached as Exhibit “E”.
39. As set out in the Revenu Quebec Notice of Revision, Revenu Quebec must deliver to the Monitor a Notice of Dispute by January 20, 2017 if it intends to dispute the Revenu Quebec Notice of Revision.
40. As set out in paragraph 19, the total claims for Domfoam are \$27,298,242.79 including the amended amount of \$1,243,846.69 as noted above for Revenu Quebec. Therefore, the revised claims are \$27,298,242.79, less the Revenu Quebec disallowance of \$362,041.81, plus the Domfoam Late Claims in the amount of \$74,382.38, for a total of \$27,010,583.36.

COURT ORDERED CHARGES

41. As noted in the Twelfth Report, the beneficiaries of the Directors’ Charge are concerned that some amount of the Revenu Quebec claim may be properly characterized as a Postfiling Claim for which the Directors of Domfoam may be liable and to which the Directors’ Indemnity may respond. Accordingly, pursuant to the Distribution Order, the Directors’ Indemnity was amended such that Domfoam shall indemnify the Domfoam Directors only and that such indemnity shall be secured by the Directors’ Charge, but only

on the Domfoam Property, to a maximum amount of \$1,000,000. As at January 16, 2017, the Directors' Charge has been reduced to \$985,649.00 for payments for D&O insurance and legal costs for the director's legal counsel in the amount of \$14,351.00.

42. Pursuant to the Initial Order, the Administration Charge shall not exceed the aggregate amount of \$500,000 on the Property of the Applicants. Pursuant to the Distribution Order, the Directors' Charge against the Valle Foam Property was reduced to \$200,000 and after payment of insurance and professional fees, the balance of the Directors' Charge is \$181,480.59. Also pursuant to the Distribution Order, the Monitor was authorized and directed to hold back Valle Foam Proceeds in the amount of \$225,000 (the "**Valle Foam Holdback**") from the Valle Foam Interim Distribution as security for the Administration Charge. The balance of the Valle Foam Holdback as at January 16, 2017 after payment of professional fees is \$137,734.65.
43. Pursuant to the Distribution Order, the Monitor was authorized and directed to hold back A-Z Foam Proceeds in the amount of \$50,000 (the "**A-Z Foam Holdback**") from the A-Z Foam Distribution as security for the Administration Charge. The balance of the A-Z Foam Holdback as at January 16, 2017 after payment of professional fees is \$11,577.20.

FUTURE RECEIPTS FROM THE US URETHANE PROCEEDINGS

44. As previously described in the Monitor's Seventh Report, the Monitor has been advised by the Companies that they are each claimants in a class action proceeding pending before the United States District Court for the District of Kansas under the caption *In Re Urethane AntiTrust Litigation* (the "**US Urethane Proceedings**"). Pursuant to a 2008 services agreement between the Companies and Refund Recovery Services, LLC (the "**Services Agreement**"), the Companies retained Refund Recovery Services LLC to assist in asserting and recovering their claims in the US Urethane Proceedings in consideration of a fee equal to 25% of all funds paid to the Companies. The rights and obligations of Refund Recovery Services, LLC under the Services Agreement were subsequently assumed by Enterprise Law Group. As described in the Monitor's Seventh Report, the foregoing

collection fee has been paid to Enterprise Law Group in connection with certain proceeds of the US Urethane Proceedings received by the Companies since the date of the Initial Order.

45. The Monitor understands that a settlement has been reached with The Dow Chemical Company in the US Urethane Proceedings (the “**Dow Settlement**”) and that further payments may be received by the Companies pursuant to this settlement, as well as in relation to any additional judgments obtained or settlements reached in the US Urethane Proceedings. As described in the Affidavit of Tony Vallecoccia sworn August 23, 2016 (the “**Vallecoccia Affidavit**”), Domfoam may be entitled to receive its share of the Dow Settlement in the amount of approximately \$4,900,000, prior to deduction of the Enterprise Law Group fee referred to above. As described in the Affidavit of Tony Vallecoccia sworn January 13, 2017, the amount which will be payable to the Applicants pursuant to the U.S. Urethane Proceedings has yet to be determined. At this point, the Monitor does not have sufficient information to determine when any payments will be received by the Companies on account of the Dow Settlement and the amount of such payments.

ACTIVITIES OF THE MONITOR

46. In addition to the activities described above, the Monitor has undertaken the following activities since the date of the Fourteenth Report:
- (a) notified all creditors of Domfoam holding Proven Claims of the Meeting and the procedure for voting on the Plan in accordance with the Meeting Order;
 - (b) conducted the Meeting;
 - (c) assisted the Companies in resolving the claim by Revenu Quebec; and
 - (d) monitored the financial position of the Applicants and prepared this Fifteenth Report.

DEVELOPMENT OF THE PLAN

47. Given that a Comfort Letter is not available from Revenu Quebec, the Monitor consulted with Domfoam regarding the most efficient and cost effective manner to distribute the Domfoam Proceeds. The Monitor currently holds Domfoam Proceeds as at January 16, 2017 in the amount of \$1,892,682.80 consisting of cash on hand of \$907,033.80 and the remaining funds for the Directors' Charge in the amount of \$985,649.00. If a trustee in bankruptcy were to carry out a distribution of the Domfoam Proceeds, the Superintendent's levy payable with respect to such distribution would be approximately \$62,000.00. In addition, the Superintendent's levy would also be payable by a trustee in bankruptcy of Domfoam with respect to any distribution of the proceeds of the Dow Settlement. Further costs would also be incurred in connection with the administration of the bankrupt estate of Domfoam, including the holding of the first meeting of creditors as well as various statutory obligations of a trustee in bankruptcy of Domfoam.
48. In consultation with Domfoam, the Monitor determined that it would be at least as cost effective to carry out a distribution of the existing Domfoam Proceeds pursuant to the Plan as compared to a bankruptcy. However, given that the Superintendent's levy would also apply to a distribution of the proceeds of the Dow Settlement or any other future amounts, the Plan will be a more cost effective method to distribute future Domfoam Proceeds than a bankruptcy since only minimal incremental costs will be associated with such distribution.
49. Accordingly, the Monitor worked with Domfoam to develop a simplified Plan that will resolve the remaining outstanding issues in the Domfoam estate and permit an immediate distribution of the Domfoam Proceeds to Domfoam's creditors.

NOTICE OF CREDITORS' MEETING

50. In accordance with the terms of the Meeting Order, the Monitor posted a copy of the notice of the Meeting, the form of proxy for Creditors entitled to vote at the Meeting, the Meeting

Order and the Monitor's Fourteenth Report (collectively with the Plan, the "**Creditors' Information Package**") to the Monitor's Website on or about September 9, 2016.

51. On or about September 28, 2016, the Monitor delivered the Creditors' Information Package to all Creditors known to the Monitor and Domfoam as of the date of the Meeting Order in the manner provided for in the Meeting Order.
52. On or about September 29, 2016, the Monitor published in the national edition of the *Globe and Mail* notice of the Meeting in the manner required by the Meeting Order.

AMENDMENTS TO THE PLAN

53. Prior to the hearing on September 6, 2016, the Department of Justice ("**DOJ**") advised counsel to Domfoam that \$5.5 million of the fine levied against Domfoam by the Competition Bureau (the "**Domfoam Fine**") remained unpaid and noted that, pursuant to section 19(2) of the CCAA, the Plan may not deal with the Domfoam Fine unless the Crown votes in favour of the Plan. Immediately prior to the commencement of the hearing, DOJ confirmed to Domfoam counsel and counsel to the Monitor that the Crown expressly reserved its right to not vote in favour of any plan that purported to compromise payment in full of the Domfoam Fine and reiterated the Crown's position that this fine should be paid in full before any distribution to other creditors. Domfoam counsel advised the Court of DOJ's position at the September 6, 2016 hearing.
54. Thereafter, discussions continued between Domfoam counsel and DOJ regarding treatment of the Domfoam Fine. Ultimately, a compromise was reached with DOJ whereby the Plan was amended to provide that while the Domfoam Fine would not be compromised or released by the Plan, the Crown is entitled to participate in any distributions under the Plan with respect to the Domfoam Fine and any funds distributed on account of the Domfoam Fine will reduce the amount outstanding thereunder. In addition, the Plan was amended to clarify that enforcement of the Domfoam Fine by the Crown shall continue to be stayed until such time as the stay of proceedings created by the Initial Order in the CCAA Proceedings expires.

MATERIAL TERMS OF THE PLAN

55. The amended Plan is attached hereto as Exhibit “F” together with a comparison to the version of the Plan filed with the Court in support of the motion for the Meeting Order.
56. The only material amendments to the Plan contained in the Amended Plan relate to the treatment of the Domfoam Fine. The key terms of the Plan were described in the Monitor’s Fourteenth Report and are reproduced below for ease of reference. Capitalized terms not otherwise defined are as defined in the Plan:
- (a) a single class of unsecured creditors of Domfoam voted upon the Plan. Only Creditors holding Proven Claims were entitled to vote upon the Plan. A Proven Claim means a Creditor Claim that was properly filed with the Monitor pursuant to the Claims Solicitation Procedure Order, to the extent that it was allowed in whole or in part by the Monitor or the Court. Creditors holding Proven Claims were not be required to file any additional material with the Monitor in order to vote upon the Plan;
 - (b) once sanctioned by the Court, the Plan provides for a *pro rata, pari passu* distribution of the Domfoam Proceeds;
 - (c) the Directors and Officers of Domfoam will be released from any Claims existing up to the Plan Implementation Date, including the claims of Revenu Quebec;
 - (d) any future Domfoam Proceeds, including pursuant to the Dow Settlement, will also be distributed to Domfoam’s Proven Creditors on a *pro rata, pari passu* basis if and when such funds are received by the Monitor;
 - (e) the Plan does not affect Unaffected Claims which are any (i) Claims secured by the Court ordered charges granted in the CCAA Proceedings; (ii) fees and expenses authorized pursuant to the Initial Order; (iii) Claims of Domfoam, the Monitor and its counsel; (iv) Claims that are not permitted to be compromised pursuant to the CCAA; (v) Claims that arise from the DIP Loan; or (vi) any intercompany Claims;

- (f) the Plan confirms that the Monitor shall not incur any liability under various taxing statutes with respect to the distribution of the Domfoam Proceeds;
- (g) the Plan shall be implemented upon satisfaction of certain conditions including the following:
 - (i) approval of the Plan by the requisite majorities of Proven Creditors;
 - (ii) granting of the Sanction Order on terms acceptable to Domfoam and the Monitor;
 - (iii) expiry of all relevant appeal periods without an appeal having been taken of the Sanction Order;
 - (iv) the discontinuance of the Revenu Quebec action;
 - (v) the withdrawal of the claim by the Directors and Officers that any amount of HST payable by Domfoam is properly payable as a Postfiling Claim; and
 - (vi) the execution and delivery of all definitive agreements in respect of the Plan.

MEETING

- 57. The Meeting was held on October 19, 2016 in Toronto, Ontario. In accordance with the Meeting Order, Anna Koroneos of the Monitor acted as Chair of the Meeting. After calling the Meeting to order, the Chair confirmed that there was a quorum, being at least one (1) Creditor present in-person and by proxy.
- 58. The amendments to the Plan to address the treatment of the Domfoam Fine were reviewed. The Chair confirmed that there were no changes to the Plan that would alter the substance of the original Plan to the Creditors. Thereafter, the Plan was put to a vote of the Creditors. The Plan was approved by 92% in number and 99% in value of Creditors holding Proven Claims present in person or by proxy at the Meeting. Given the results of the vote, the Chair declared that the Plan, as amended, was accepted by the Creditors.

59. Neither the Competition Bureau nor Revenu Quebec attended the Meeting in person or by proxy and did not vote upon the Plan. As noted above, however, notice of the Meeting was delivered by the Monitor to each such party in accordance with the Meeting Order.

MONITOR'S REVIEW OF THE REASONABLENESS AND FAIRNESS OF THE PLAN

60. In accordance with section 23(1)(i) of the CCAA, the Monitor has considered the reasonableness and fairness of the Plan. The Monitor remains of the view, as set out in the Fourteenth Report, that the Plan is fair and reasonable and, if approved by the Court, will provide for the most efficient and cost effective method of distributing the existing and future Domfoam Proceeds. In particular, the Plan is, in the Monitor's view, reasonable and fair for the following reasons:

- (a) Superior to Bankruptcy: Given that the Plan is a liquidating plan, it is similar in function to a bankruptcy of Domfoam in that it provides for a *pro rata, pari passu* distribution of the Domfoam Proceeds to unsecured creditors. As noted above, the proposed distribution to Proven Creditors pursuant to the Plan will result in a greater recovery for Proven Creditors than in a bankruptcy, assuming that funds are received by Domfoam from the Dow Settlement or other sources;
- (b) Equality of Claims: The Plan utilizes the previously conducted Claims Solicitation Procedure to determine the validity and amount of Creditor Claims. All Proven Creditors are treated equally and entitled to vote on the Plan to the extent of their Proven Claim;
- (c) Statutory Compliance: The Plan is compliant with the CCAA. In accordance with subsection 6(3) of the CCAA, the Plan provides for payment within 6 months after Court sanction of all amounts that could be subject to a demand by Her Majesty in Right of Canada or a province under the provisions set out in subsection 6(3) of the CCAA. Revenu Quebec has included in its amended Proof of Claim a claim of approximately \$79,000 with respect to unpaid employee source deductions. Although the Monitor is not aware of any amounts owing to employees which would be captured by subsection 6(5) of the CCAA, in the event that any such

claims exist, the Plan provides for payment immediately after the rendering of the Sanction Order and the expiry of all relevant appeal periods of the following amounts:

- (i) amounts at least equal to the amounts Domfoam's former employees would have been qualified to receive under paragraph 136(1)(d) of the *Bankruptcy and Insolvency Act* if Domfoam had become bankrupt on the day on which proceedings commenced under the CCAA;
 - (ii) wages, salaries, commissions or compensation for services rendered after the Initial Order and before the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about Domfoam's business during the same period;
 - (iii) as noted above, the amendments to the Plan to address the concerns raised by DOJ with respect to the Domfoam Fine ensure compliance with section 19(2) of the CCAA.
- (d) Equity Claims: Subsection 6(8) of the CCAA prohibits payment of equity claims unless all non-equity claims are paid in full. The Plan does not provide for any distributions to be made to equity holders of Domfoam;
- (e) Reviewable Transactions: Subsection 23(1)(d.1) of the CCAA requires that the Monitor file a report containing its opinion as to the reasonableness of a decision, if any, to include in a compromise or arrangement a provision that sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act* do not apply. The Monitor notes that the Plan does not contain any such exclusion.

61. The Monitor considers the release of the directors and officers included in the Plan to be fair and reasonable for the following reasons:

- (a) the release allows for the resolution of the outstanding Revenu Quebec claim and eliminates any further costs being incurred in connection with same;

- (b) the release allows for the resolution of the Claim by the Directors and Officers of Domfoam that any amount of HST payable by Domfoam is a Postfiling Claim;
 - (c) Claims against the Directors and Officers of Domfoam have previously been solicited pursuant to the Claims Solicitation Procedure and, as noted above, other than the Claim by Revenu Quebec, no other D&O Claims were properly filed; and
 - (d) the release will allow the discharge of the Director's Charge as it relates to the Domfoam Proceeds.
62. For the reasons set out above, the Monitor supports the Plan and recommends that the Court issue an order sanctioning the Plan as requested by Domfoam.

CONDITIONS PRECEDENT TO PLAN IMPLEMENTATION

63. Section 7.1 of the Plan enumerated the conditions precedent to implementation of the Plan. A brief description of each condition, together with the status thereof, is set out below:
- (a) *Approval by Creditors.* The Plan shall have been approved pursuant to the CCAA by the Proven Creditors. Status: The Plan was approved at the Meeting by the requisite majorities of Proven Creditors;
 - (b) *Granting of Sanction Order.* Status: The motion for the Sanction Order is returnable on January 24, 2017;
 - (c) *Expiry of appeal periods.* All appeal periods with respect to the Sanction Order shall have expired without an appeal or application for leave to appeal of the Sanction Order having been commenced or, in the event of any such appeal or application for leave to appeal, such appeal or application shall have been dismissed with no further right of appeal, such that the sanctioning of the Plan is affirmed by the applicable appellate court. Status: The twenty-one (21) day appeal period with respect to the Sanction Order will commence upon issuance of the Sanction Order;
 - (d) *Revenu Quebec Action.* Status: The Applicant and the Directors and Officers of Domfoam shall have provided a binding undertaking to discontinue, settle or

withdraw the Revenu Quebec Action on terms satisfactory to the Monitor and the Court, upon the Plan Implementation Date. Status: Domfoam and Revenu Quebec have agreed to a settlement of the Revenu Quebec Actions and the Monitor has issued the Revenu Quebec Notice of Revision in support of same. Revenu Quebec has until January 20, 2017 to object to the Revenu Quebec Notice of Revision;

- (e) *HST Pre- and Post-filing Dispute*. Status: As set out in the Affidavit of Tony Vallecoccia sworn January 13, 2017, Domfoam and the Directors and Officers are no longer contesting the position of the Monitor with respect to this issue as the Plan releases the directors and Officers from any potential liability thereunder, provided the Plan is sanctioned by the Court; and
- (f) *Completion of Necessary Documentation*. Status: Other than any documentation necessary to document the discontinuance of the Revenu Quebec Action, the Monitor is not aware of any other documentation necessary to implement the Plan.

64. In accordance with the terms of the Plan, on satisfaction of the foregoing conditions precedent, the Monitor will file a certificate with the Court confirming that the conditions for implementation of the Plan have been satisfied. The Plan Implementation Date will occur on filing of that certificate with the Court.

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

65. Attached as Exhibit “G” is the Statement of Receipts and Disbursements for Valle Foam for the period March 29, 2012 to January 16, 2017. Total cash receipts from the sale of assets, the collection of accounts receivable, settlement funds, reimbursement of legal fees and other receipts are \$7,545,460.11. Total disbursements are \$7,503,960.21 which includes the first dividend payment of \$5,585,546.00 and the accruals for the Administration and Directors’ Charges. Net cash on hand as of January 16, 2017 is \$41,499.90. This amount excludes any possible recovery of funds that may not be required to pay amounts secured by the Administration Charge or the Directors’ Charge.

66. Attached as Exhibit “H” is the Statement of Receipts and Disbursements for Domfoam for the period March 29, 2012 to January 16, 2017. Total cash receipts from the sale of assets, the collection of accounts receivable, settlement funds and other receipts are \$4,730,786.05. Total disbursements are \$3,823,752.25 which includes the accrual for the Directors’ Charge. Net cash on hand as at January 16, 2017 is \$907,033.80. This amount excludes any possible recovery of funds that may not be required to pay amounts secured by the Administration Charge or the Directors’ Charge.
67. Attached as Exhibit “T” is the Statement of Receipts and Disbursements for A-Z Foam for the period March 29, 2012 to January 16, 2017. Total cash receipts from the sale of assets, the collection of accounts receivable, settlement funds and other receipts are \$1,215,239.51. Total disbursements are \$1,215,239.51 which includes the dividend payment of \$624,054.24 and the accrual for the Administration Charge. Net cash on hand as at January 16, 2017 is \$Nil, which excludes any possible recovery for funds that may not be required for the Administration Charge.
68. As noted above, in accordance with the Distribution Order, the Monitor carried out the Valle Foam Interim Distribution and A-Z Foam Interim Distribution in the amounts of \$5,585,546.00 and \$624,054.25 respectively. In addition to the cash on hand of \$41,499.90 as at January 16, 2017, Valle Foam has balances on hand for its Directors’ Charge and the Valle Foam Holdback in the amount of \$181,480.59 and \$137,734.65 respectively. As at January 16, 2017, A-Z Foam has nil cash on hand and a balance of \$11,577.20 for the A-Z Foam Holdback. For both Valle Foam and A-Z Foam, respectively, there will be very little in the way of disbursements during the proposed extension period to June 30, 2017.
69. As described above, Domfoam may be entitled to receive its share of the Dow Settlement in the amount of approximately \$4,900,000, prior to deduction of the Enterprise Law Group fee. In addition as noted in the Vallecoccia Affidavit, A-Z Foam and Valle Foam may be entitled to receive their respective shares of the Dow Settlement in the amount of approximately \$690,000 and \$6,000,000, prior to deduction of the Enterprise Law Group fee. The administration of the estates for both A-Z Foam and Valle Foam respectively

remain open for the potential distributions under the Dow Settlement and both estates have sufficient funds on hand to pay for ongoing disbursements.

70. As the amount and the timing of the distribution of the Dow Settlement are unknown, listed in the following chart is the projected funds on hand to the proposed stay extension of June 30, 2017, including an interim distribution for Domfoam:

For the period January 16, 2017 to June 30, 2017			
	Valle Foam	Domfoam	A-Z Foam
Opening cash on hand as at January 16, 2017	\$ 41,499.90	\$ 907,033.80	
Directors Charge Holdback	181,480.59	985,649.00	
Administration Charge Holdback	137,734.65		\$ 11,577.20
Total cash available as at January 16, 2017	360,715.14	1,892,682.80	11,577.20
Projected Receipts	-	-	-
Projected Disbursements			
Interim Distribution including deemed trusts and post-filing claims	-	1,824,000.00	-
D&O Insurance			
Professional fees	25,000.00	25,000.00	5,500.00
Net change in cash	(25,000.00)	(1,849,000.00)	(5,500.00)
Closing cash balance	\$ 335,715.14	\$ 43,682.80	\$ 6,077.20

71. The Monitor estimates that the potential dividend to the Domfoam creditors is approximately \$.06 as noted in the table below:

ProForma Distribution

Total cash on hand as at January 16, 2017	\$ 907,033.80
Release of Directors' Charge Holdback	985,649.00
Total funds available	1,892,682.80
Less:	
Holdback for professional fees	(25,000.00)
Holdback for potential deemed trust claim	(79,636.00)
Estimated post-filing claim from Revenu Quebec	(55,000.00)
Funds to be retained in bank account	(43,682.80)
Estimated funds available for distribution to creditors	\$ 1,689,364.00
Total claims as per paragraph 40	27,010,583.36
Less post-filing claim included in total creditors	(55,000.00)
Total estimated claims	\$ 26,955,583.36
 Estimated dividend	 \$ 0.06

PROFESSIONAL FEES

72. The Monitor and its independent legal counsel, Thornton Grout Finnigan LLP (“**TGF**”), have maintained detailed records of their professional time and costs since the issuance of the Initial Order. Pursuant to paragraph 29 of the Initial Order, the Monitor and TGF were directed to pass their accounts from time to time before this Court.
73. The total fees of the Monitor during the period from August 20, 2016 to November 30, 2016 amount to \$43,301.50, and harmonized sales tax (“**HST**”) in the amount of \$5,629.20, totalling \$48,930.70 (the “**Monitor Fees**”). The time spent by the Monitor is more particularly described in the Affidavit of Paul M. Casey of Deloitte Restructuring Inc., sworn January 17, 2017 in support hereof and attached hereto as Exhibit “**J**”.
74. The total legal fees incurred by the Monitor during the period August 1, 2016 to December 31, 2016 for services provided by TGF as the Monitor’s independent legal counsel amount to \$38,707.50, together with disbursements in the amount of \$248.58 and HST in the amount of \$5,064.30, totalling \$44,020.38. The time spent by TGF personnel is more particularly described in the Affidavit of Grant Moffat, a partner of TGF, sworn January 17, 2017 in support hereof and attached hereto as Exhibit “**K**”.

ALLOCATION OF PROFESSIONAL FEES

75. As noted in the Monitor’s Eleventh Report to the Court, the Applicants, with the concurrence of the Monitor, determined that the appropriate *pro rata* allocation of professional fees to Valle Foam, Domfoam and A-Z Foam should be 45%, 45% and 10%, respectively. To this point, payment of the Monitor’s fees, and legal fees incurred by the Monitor and the Applicants, have been paid on the above-noted prorated basis with the exception of the collection of the accounts receivable for Valle Foam. The Monitor recommends that since the great majority of the professional fees and disbursements incurred by the Monitor, its counsel and counsel to the Applicants for the period referenced to above relates to the Plan alone, that all such fees and disbursements be paid from the

Domfoam Proceeds. Following implementation of the Plan, the Monitor recommends that the 45/45/10 professional fee allocation be reinstated.

76. Valle Foam also provided retainers to a number of law firms prior to the date of the Initial Order. As those law firms draw down on their retainers, Domfoam and A-Z Foam repay Valle Foam their respective proportionate share.

EXTENSION OF THE STAY PERIOD

77. The Companies have asked the Court to approve an extension of the Stay Period from January 31, 2017 to June 30, 2017. The basis for this request is to allow Domfoam to carry out the Plan, to collect any remaining amounts receivable, to determine if further funds will be distributed to the Companies from the US Urethane Proceedings and to carry out further distributions to the Companies' Proven Creditors.
78. The Monitor believes that the Companies are acting in good faith and with due diligence and the Monitor therefore supports the extension of the Stay Period to June 30, 2017.

MONITOR'S RECOMMENDATIONS


79. For the reasons set out above, the Monitor recommends that:
- (a) the Stay Period be extended until June 30, 2017;
 - (b) the Fifteenth Report and the activities of the Monitor as described in the Fifteenth Report be approved;
 - (c) the professional fees and disbursements of the Monitor and TGF be approved and the Companies be authorized to pay all such fees and disbursements; and
 - (d) the Court issue an order sanctioning the Plan.

All of which is respectfully submitted at Toronto, Ontario this 17th day of January, 2017.

DELOITTE RESTRUCTURING INC.

solely in its capacity as the Monitor
of the Companies (as defined herein),
and without personal or corporate liability

Per:



Paul M. Casey, CPA, CA, FCIRP
Senior Vice-President

EXHIBIT "A"



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 ✓

Second – Directors' Charge (to the maximum amount of \$●). ✓ \$1,000,000 ✓

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. *mt*

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 ~~the Globe and Mail~~ ~~[newspapers specified by the Court]~~ a notice containing the information

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

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

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

GENERAL

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

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

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

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

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

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

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

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

#1832803 | 4079509



RECEIVED AT THE COURT OF
JANUARY 12 2012
IN THE COURT OF THE QUEEN
IN THE PROVINCE OF ONTARIO

JAN 12 2012

RECEIVED AT THE COURT OF



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

rsattery@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

EXHIBIT "B"

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



Dated: February 24 2012



Mary Ann Whipple
United States Bankruptcy Judge

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.*

EXHIBIT "C"

**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 seal of the Ontario Superior Court of Justice is circular. It features a central shield with a scale of justice and a book. The shield is surrounded by the text "SUPERIOR COURT OF JUSTICE" in English and "COUR SUPÉRIEURE DE JUSTICE" in French. The word "JUSTITIA" is at the bottom of the shield.

(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.

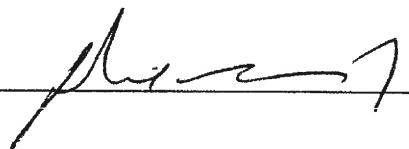
28. **THIS COURT ORDERS** that references to the singular include the plural and to the plural include the singular.

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 <ul style="list-style-type: none"> • • • Telephone: (416) 775-8831 Telecopier: (416) 601-6690 Email: christow@deloitte.ca		OFFICE USE ONLY <hr/> <hr/>
		Date Received <hr/>

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:

E-mail address of Creditor:

Fax number of Creditor:

I, _____, of _____, do hereby certify:

(Name)

(City and province)

- 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*.

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)

(Name of Creditor in block letters)

(Signature of witness)

(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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at TORONTO

ORDER
(Claims Solicitation Procedure)

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

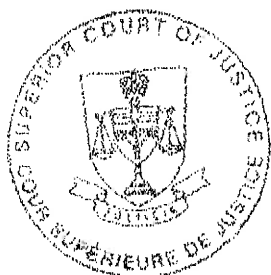
Raymond M. Slattery (LSUC #20479L)
416-369-4149
rslattery@mindengross.com

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

EXHIBIT "D"



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE NEWBOULD

) TUESDAY, THE 29th DAY
)
) OF SEPTEMBER, 2015.

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

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

(the "Applicants")

ORDER
(Extension of Stay Period, Admission of Late Claims
and Interim Distributions)

THIS MOTION made by the Applicants for an Order extending the stay of proceedings, admitting certain late filed claims and approving the Valle Foam Interim Distribution and the A-Z Foam Interim Distribution (each as defined below) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Tony Vallecoccia sworn September 25, 2015, and the exhibits thereto, the Twelfth Report of Deloitte Restructuring Inc. (formerly known as Deloitte & Touche Inc.), in its capacity as Court-appointed monitor of the Applicants (the "**Monitor**") and the appendices attached thereto (the "**Twelfth Report**"), and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, no one appearing for anyone else on the

Service List, although properly served as appears from the affidavit of service of Nada Hannouch sworn September 25, 2015.

1. **THIS COURT ORDERS** that each capitalized term not otherwise defined in this Order shall have the meaning set out in the Twelfth Report or the order of the Court dated June 15, 2012 (the "**Claims Solicitation Procedure Order**").

2. **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.

Stay Extension

3. **THIS COURT ORDERS** that the Stay Period granted under the Initial Order of Justice Newbould dated January 12, 2012 (the "**Initial Order**") and as subsequently extended by, *inter alia*, the Order of Justice Pattillo dated April 22, 2015, is hereby extended from September 30, 2015 to and including February 29, 2016.

Late Claims

4. **THIS COURT ORDERS** that the following Claims filed after the Claims Bar Date (collectively, the "**Valle Foam Late Claims**") shall be admitted as Prefiling Claims against 3113736 Canada Ltd. ("**Valle Foam**") and shall deemed to be Proven Claims against Valle Foam for the purpose of any Distribution in these proceedings:

Claimant	Prefiling Claim Amount
Just Energy Group Inc.	\$185,408.93
Ontario Ministry of Labour	\$46,309.15
Pitney Bowes	\$1,395.57

Pitney Bowes	\$3,435.23
Workplace Safety and Insurance Board	\$117,738.58

For greater certainty, none of the Creditors holding a Valle Foam Late Claim shall be entitled to send a Notice of Dispute or otherwise dispute or seek to vary the amount or priority of such Valle Foam Late Claim.

5. **THIS COURT ORDERS** that the Claim filed by WorkSafe BC in the amount of \$1,673.41 after the Claims Bar Date (the "**A-Z Foam Late Claim**") against A-Z Foam and Sponge Ltd. ("**A-Z Foam**") shall be admitted as Prefiling Claims against A-Z Foam and shall deemed to be a Proven Claim for the purpose of any Distribution in these proceedings.

For greater certainty, WorkSafe BC shall not be entitled to send a Notice of Dispute or otherwise dispute or seek to vary the amount or priority of the A-Z Foam Late Claim.

6. **THIS COURT ORDERS** that the Claim against Valle Foam filed by Manulife Financial after the Claims Bar Date in the amount of \$39,240.08 shall be admitted as a Postfiling Claim against Valle Foam and paid in full by Valle Foam prior to the Valle Foam Interim Distribution.

7. **THIS COURT ORDERS** that any Person with a Claim against any of the Applicants that is not a Proven Claim as of the date of this order shall not be entitled to participate in the Valle Foam Interim Distribution or the A-Z Foam Interim Distribution.

Directors' Indemnity and Charge

8. **THIS COURT ORDERS** that paragraph 19 of the Initial Order be and is hereby amended and restated as follows:

19. **THIS COURT ORDERS** that each of the Applicants shall indemnify its respective directors and officers from and against all claims, costs, charges, expenses, obligations and liabilities that they may incur as directors or officers of the applicable Applicant, 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 officer's or director's gross negligence or wilful misconduct.

9. **THIS COURT ORDERS** that paragraph 20 of the Initial Order be and is hereby amended and restated as follows:

20A. **THIS COURT ORDERS** that the directors and officers of 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.) shall be entitled to the benefit of and are hereby granted a charge (the "**Valle Foam Directors' Charge**") on the Property of 3113736 Canada Ltd., which charge shall not exceed the amount of \$200,000 as security for the indemnity provided in paragraph 19 of this Order.

20B. **THIS COURT ORDERS** that the directors and officers of 4362063 Canada Ltd. (formerly Doamfoam International Inc.) shall be entitled to the benefit of and are hereby granted a charge (the "**Domfoam Directors' Charge**") on the Property of 4362063 Canada Ltd., which charge shall not exceed the amount of \$1,000,000 as security for the indemnity provided in paragraph 19 of this Order. The Valle Foam Directors' Charge and the Doamfoam Directors' Charge granted shall have the priority set out in paragraph 32 herein.

10. **THIS COURT ORDERS** that the Directors' Charge granted to the Directors and Officers on the Property of A-Z Foam be and is hereby permanently discharged.

11. **THIS COURT ORDERS** that paragraph 32 of the Initial Order be and is hereby amended and restated as follows:

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

On the Property of 3113736 Canada Ltd.: First—Administration Charge (to the maximum amount of \$500,000); Second—Valle Foam Directors' Charge (to the maximum of \$200,000);

On the Property of 4362063 Canada Ltd.: First—Administration Charge (to the maximum amount of \$500,000); Second—Domfoam Directors' Charge (to the maximum of \$1,000,000);

Valle Foam Interim Distribution

12. **THIS COURT ORDERS** that the Monitor be and is hereby authorized to hold back from the Valle Foam Interim Distribution the following amounts from the Valle Foam Proceeds (as defined in the Twelfth Report):

- (a) \$225,000 as security for the Administration Charge; and
- (b) \$200,000 as security for the Valle Foam Directors' Charge.

13. **THIS COURT ORDERS** that, subject to the holdbacks set out in paragraph 12 above, the Monitor be and is hereby authorized to make an interim Distribution of the Valle Foam

Proceeds in the amount of \$5,583,436.23 to the Valle Foam Creditors holding Proven Claims on a *pro rata, pari passu* basis (the "Valle Foam Interim Distribution").

A-Z Foam Interim Distribution

14. **THIS COURT ORDERS** that the Monitor be and is hereby authorized to hold back \$50,000 of the A-Z Foam Proceeds (as defined in the Twelfth Report) from the A-Z Foam Interim Distribution as security for the Administration Charge.

15. **THIS COURT ORDERS** that, subject to the holdback set out in paragraph 14 above, the Monitor be and is hereby authorized to make an interim Distribution of the A-Z Foam Proceeds in the amount of \$623,820.39 to the A-Z Foam Creditors holding Proven Claims on a *pro rata, pari passu* basis (the "A-Z Foam Interim Distribution").

Approval of the Monitor's Actions, Fees and Expenses

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

17. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel, as set out in the Twelfth Report and the Affidavit of Catherine Hristow sworn September 22, 2015 and the Affidavit of Grant Moffat sworn September 18, 2015, and the exhibits attached thereto, are hereby authorized and approved.

18. **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.

19. **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.



#2412029 | 4079509

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

SEP 30 2015

M13

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at TORONTO

ORDER

(Extension of Stay Period, Admission of Late Claims and
Interim Distributions)

MINDEN GROSS LLP

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

Raymond M. Slattery (LSUC #204791)

416-369-4149

rsattery@mindengross.com

David T. Ullmann (LSUC #423571)

416-369-4148

dukmann@mindengross.com

Sepideh Nassabi (LSUC #60139B)

416-369-4323

snassabi@mindengross.com

416-864-9223 fax

Lawyers for the Applicants

EXHIBIT "E"

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
3, Complexe Desjardins
Montreal, Quebec
Secteur D221LC, H5B 1A4

Attention: Jean Duval, DGLRE, Direction adjointe du contentieux – Montreal –
Secteur fiscal
Via E-mail: Jean.Duval@revenuquebec.ca

Based on the discussions that Revenu Quebec has had with legal counsel to the Company, the Monitor has partially accepted your Amended Proof Claim as set out below:

Amended Claim:

Claim Against	Amended Proof of Claim dated April 22, 2014	Allowed Amount	Disallowed Amount
43262063 Canada Ltd. (formerly known as Domfoam International Inc.)	\$1,243, 846.69	\$881,804.88	\$362,041.81
Total	\$1,243,846.69	\$881,804.88	\$362,041.81

REASONS FOR REVISION

From Revenu Quebec Audit Work Sheet			
QST		348,868.20	
QST-temporary agencies-settlement		197,480.92	546,349.12
Penalty-settlement			20,000.00
Total QST			566,349.12
GST		185,667.56	
GST-temporary agencies-settlement		120,548.10	306,215.66
Total QST and GST owing before interest			872,564.78
From April 22, 2014 Revised proof of claim			
Income tax-April 30, 2011			9,240.10
Total QST, GST and income tax			881,804.88

There is a further amount that the Monitor will consider reviewing with respect to 2011 source deductions which were not included in the original proof of claim in the amount of \$68,900.21 plus a penalty of \$10,735.03 for a total of \$79,635.24. Supporting documentation must be submitted in the timeframe as noted below.

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

You must, no later than **5:00 p.m. (Toronto Time) on January 20, 2017** deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which is attached for your reference.)

Deloitte Restructuring Inc.

Bay Adelaide Centre East Tower
22 Adelaide Street West Suite 200
Toronto, Ontario
M5H 0A9

Attention: Catherine Hristow

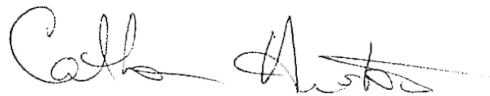
Telephone: (416) 775-8831

Facsimile: (416) 601-6690

E-mail: christow@deloitte.ca

DATE: January 9, 2017

Deloitte Restructuring Inc.

A handwritten signature in black ink, appearing to read 'Catherine Hristow', with a long horizontal flourish extending to the right.

Catherine Hristow, BBA, CPA, CMA, CIRP

Senior Vice President – Financial Advisory – Restructuring Services Inc.

EXHIBIT "F"

PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

ARTICLE 1 - INTERPRETATION 1.1

1.2 Definitions

In this Plan:

"Applicant" means 4362063 Canada Ltd. (formerly Domfoam International Inc.);

"Approval Meeting" means a meeting of Creditors, held pursuant to the Meeting Order, to vote on the Plan, and includes any meeting or meetings resulting from the adjournment thereof;

"A-Z Foam" means the applicant A-Z Sponge & Foam Products Ltd, in these proceedings;

"Business" means the business and operations carried on by or formerly carried on by the Applicant;

"Business Day" means a day other than a Saturday or Sunday on which banks are generally open for business in Toronto, Ontario, and Montreal, Quebec;

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"CCAA Proceedings" means the proceedings under the CCAA commenced by the Applicant on January 12, 2012 at Toronto under Court File No. CV-12-9545-00CL;

"Claim" means any right or claim of any Person, or class of Persons or representative Person, against the Applicant whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Applicant in existence on the Filing Date, or which has arisen since 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 Applicant become bankrupt on the Filing Date;

"Claims Bar Date" means the 5:00 PM August 31, 2012 bar date referred to at paragraphs 5(b) and (f) of the Claims Process Order;

"Claims Process Order" means the Order of Justice Brown in the CCAA Proceedings dated June 15, 2012;

"Court" means the Ontario Superior Court of Justice;

"Competition Act Claim" means the proof of claim filed by Her Majesty the Queen in Right of Canada (the **"Crown"**) in respect of fines owed to the Crown by Domfoam International Inc. and

Valle Foam Industries (1995) Inc. as a result of their participation in offences under ss. 45(1)(a) and 45(1)(c) of the *Competition Act*, RSC 1985, c C-34, and in accordance with the Plea Agreement between the Crown and Domfoam International Inc. and Valle Foam Industries (1995) Inc., executed on December 22, 2011.

"Creditor" means any Person with a Claim or a D&O Claim regardless of whether such Person has filed a Proof of Claim in the CCAA Proceedings;

"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, before or after June 15, 2012, and whether enforceable in any civil, administrative or criminal proceedings, including, without limitation, any person (including the crown) who filed a claim against the Directors and Officers pursuant to the Claims Process Order, including, without limitation any possible D&O Claim related to or derived from the facts alleged against the Applicant in the Revenu Quebec Action;

"DIP Loan" means any loans made between or among the Applicant, Valle Foam and A-Z Foam on or after January 12, 2012 which were expressly authorized to be considered a DIP loan by an Order of the Court;

"Directors and Officers" means (i) the current and former directors of the Applicant; and (ii) the current and former officers of the Applicant;

"Effective Time" means the first moment in time on the Plan Implementation Date;

"Equity Claim" means an equity claim as defined by the *Bankruptcy Insolvency Act*, R.S.C. 1985, c. B-3;

"Excepted Claim" has the meaning given to that term in Section 9.5 hereof;

"Filing Date" means January 12, 2012;

"Holdback Amount" means that amount from the cash on hand from the Applicant which the Monitor, in consultation with the Applicant, elects to hold back from the distribution of the Liquidation Proceeds, for future administration costs of these CCAA Proceedings;

"HST Pre and Post Filing Dispute" means the outstanding dispute between the Applicant and the Monitor as to the treatment of certain outstanding claims for payment of HST by Revenu Quebec as either a pre or post Filing Date obligation of the Applicant as further described in the Affidavit of Tony Vallecoccia sworn August 23, 2016;

"Initial CCAA Order" means the initial order of the Ontario Court dated January 12, 2012, pursuant to which, among other things, the Ontario Court granted a stay of proceedings with respect to the Applicant, as same may be further amended from time to time;

"Intercompany Claims" means any Claims, including the DIP Loan, owing among or between the Applicant and A-Z Foam or Valle Foam or any of them;

"Liquidation Proceeds" means the proceeds realized from the Business or collected by the Applicant or the Monitor on behalf of the Business since the Filing Date;

"Meeting" means an Information Meeting or an Approval Meeting;

"Meeting Order" means the Order of the Ontario Court dated September 6, 2016, regarding, *inter alia*, the calling and holding of the Meeting;

"Monitor" means Deloitte Restructuring Inc. (previously known as Deloitte & Touche Inc.), in its capacity as monitor of the Applicant, appointed pursuant to the Initial CCAA Order;

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

"Order" means an order of the Ontario Court in the CCAA Proceedings;

"Person" means any individual, partnership, limited partnership, limited liability company, joint venture, trust, trustee, corporation, unincorporated organization, government, agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, or any other entity howsoever designated or constituted;

"Plan" means this plan of compromise or arrangement and all schedules hereto, as same may be amended hereafter in accordance with Section 11.1 herein;

"Plan Completion Date" means the Business Day on which the Monitor has completed and filed a certificate in accordance with Section 10.1 of this Plan;

"Plan Implementation Date" means the Business Day on which the conditions precedent to implementation of this Plan as set out in Section 7.1 hereof have been satisfied or fulfilled, and the Monitor has completed and filed its certificate in accordance with Section 7.2 of this Plan;

"Polyols Settlement" means the settlement as described in the affidavit of Tony Vallecoccia, sworn August 23, 2016, between the Applicant, as a member of a class of plaintiffs, and Dow Chemical Inc. in the United States;

"Proof of Claim" means the form attached as Schedule B to the Claims Process Order;

"Proven Claim" means a Creditor Claim that was properly filed with the Monitor, to the extent that it was allowed in whole or in part by (a) the Monitor, or (b) the Ontario Court, following an appeal from the determination of the Monitor;

"Proven Creditor" means a Creditor having a Proven Claim;

"Revenu Quebec Action" means the outstanding action by the Applicant against each of Revenu Quebec and Canada Revenue Agency with respect to certain amounts assessed as due and owing by Revenu Quebec and Canada Revenue Agency against the Applicant, before each of the Superior Court of Quebec and the Tax Court of Canada;

"Sanction Order" means an order of the Ontario Court approving this Plan;

"Unaffected Claim" has the meaning given to that term in Section 3.3 hereof;

"Unaffected Creditor" means any Person holding Unaffected Claims, to the extent of those Unaffected Claims;

"Unconfirmed Vote" means a vote cast at the Approval Meeting and marked by the Monitor as relating not to a Proven Claim, but to a Claim which the Monitor revised or disallowed in whole or in part and which remains in dispute;

"Unconfirmed Voting Claim" means a Creditor Claim in respect of which the Creditor's vote is an Unconfirmed Vote;

"Valle Foam" means Valle Foam Industries (1995) Inc. one of the applicants in the CCAA Proceedings; and

"Website" means the website established by the Monitor for purposes of the Plan and having the following address: www.deloitte.com/ca/vallefoam.

1.2 Certain Rules of Interpretation

In this Plan and all schedules hereto:

- (a) the division of this Plan into articles, sections, subsections and clauses and the insertion of headings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Plan. The terms "this Plan", "hereof", "hereunder", "herein" and similar expressions refer to this Plan and not to any particular article, section, subsection or clause and include any plan supplemental hereto. Unless otherwise indicated, any reference in this Plan to an article, section, subsection, clause or schedule refers to the specified article, section, subsection, clause or schedule of or to this Plan;
- (b) the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (c) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes without limitation" and "including without limitation", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (d) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day. Unless otherwise specified, the time period within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day; and

- (e) unless otherwise provided, any reference to a statute, or other enactment of parliament or a legislature includes all regulations made thereunder, all enactments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation.

ARTICLE 2 - PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose

The purpose of this Plan is to enable the Applicant to efficiently distribute the Liquidation Proceeds and the proceeds of the Polyols Settlement to its Proven Creditors on a pro-rated basis, and to provide for releases for the Directors and Officers.

2.2 Affected Persons

This Plan will be implemented pursuant to the CCAA. On the Plan Implementation Date, subject to Section 3.3 hereof and subject to the satisfaction of the conditions contained in Section 7.1 herein, this Plan will be binding upon all Creditors and all other Persons in accordance with its terms.

ARTICLE 3 - CLASSIFICATION OF CREDITORS

3.1 Class of Creditors

The sole class for the purpose of considering and voting on this Plan shall be a single class consisting of Creditors.

3.2 Creditor Identification Procedure

Creditor Claims which have been delivered by Proof of Claim by the Claims Bar Date shall be as if they had been filed in respect of the Plan, and Creditors need not deliver to the Monitor a further Proof of Creditor Claim in respect thereof.

3.3 Unaffected Claims

This Plan does not compromise, release or otherwise affect any rights or claims:

- (a) for fees and expenses authorized pursuant to paragraph 6 of the Initial CCAA Order, incurred in the provision of goods and services relating to the CCAA Proceedings;
- (b) of the Applicant, the Monitor and of its counsel;
- (c) that fall within Section 6(3), 6(5) or 6(6) of the CCAA;
- (d) that arise from the DIP Loan; or
- (e) any outstanding Intercompany Claims.

Each of the foregoing rights and claims set out in this Section 3.3 is referred to herein as an **"Unaffected Claim"**.

3.4 Equity Claims

All Persons holding Equity Claims shall not be entitled to vote at or attend the Approval Meeting, and shall not receive any distributions under the Plan or otherwise receive any other compensation in respect of their Equity Claims.

ARTICLE 4 - TREATMENT OF CREDITORS

4.1 Treatment of Claims

On the Plan Implementation Date, the Claims will be compromised, released and otherwise affected in accordance with the terms of this Plan.

Notwithstanding the foregoing and anything else in the Plan, the Competition Act Claim shall not be compromised or released by the Plan. For greater certainty, the Crown is entitled to participate in any distributions under the Plan with respect to the Competition Act Claim, and any funds distributed on account of the Competition Act Claim will reduce the amount outstanding thereunder.

4.2 Voting Rights of Creditors

Subject to this Plan and the Meeting Order, each Proven Creditor shall be entitled to one vote in an amount equal to such Proven Claim. Furthermore, votes in respect of Unconfirmed Voting Claims will be recorded by the Monitor, subject to further determination in accordance with the Meeting Order. The procedure for determining the validity and quantum of the Claims for voting purposes shall be governed by the Meeting Order.

4.3 Unaffected Creditors

Notwithstanding anything to the contrary herein, each Person who has an Unaffected Claim shall not be entitled to vote or to receive any distribution under this Plan in respect of such Unaffected Claim. All Unaffected Claims shall be unaffected by the CCAA Proceedings and principal and interest shall continue to accrue notwithstanding the CCAA Proceedings.

ARTICLE 5 - DISTRIBUTIONS

5.1 Employees (Section 6(5) CCAA)

To the best of the Company's knowledge, there are no amounts owing to employees of the Applicant generally, or which would be captured by section 6(5) of the CCAA. However, in the event any such claims exist, immediately after the rendering of the Sanction Order and the expiry of all appeal periods relating thereto or the affirmation of the Sanction Order in such appeals, employees and former employees of the Applicant shall receive payment of:

- (a) amounts at least equal to the amounts that they would have been qualified to receive under paragraph 136(l)(d) of the *Bankruptcy and Insolvency Act* if the Applicant had become bankrupt on the day on which proceedings commenced under the CCAA; and
- (b) wages, salaries, commissions or compensation for services rendered after the Initial

CCAA Order and before the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Applicant's business during the same period.

The inclusion of this Section 5.1 herein does not constitute any admission or acknowledgment by the Applicant as to the existence of any employees or former employees claims.

5.2 Crown claims (Section 6(3) CCAA)

Within six (6) months after the date of the Sanction Order and the expiry of all appeal periods relating thereto or the affirmation of the Sanction Order in such appeals, all amounts that were outstanding at the time of the Applicant's application for an order under Section 11 or 11.02 of the CCAA and that are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a purpose similar to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, and the sum:
 - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

shall be paid in full to Her Majesty in right of Canada or a Province, as applicable, but expressly not including any claims as may be due under the Excise Tax Act or any analogous statute in any province.

The inclusion of this Section 5.2 herein does not constitute any admission or acknowledgment by the Applicant as to the existence of any such outstanding amounts.

5.3 Payment of Professional and Administrative Expenses

On the Plan Implementation Date, all outstanding fees and disbursements payable under any Order shall be fully paid, or a reserve for such amount fully funded, as determined by the Monitor. Parties entitled to be paid hereunder shall have sixty (60) days from the Plan Implementation Date, or such later date as may be agreed with the Monitor, to submit final invoices to the Monitor for payment. Any reserve shall be administered by the Monitor.

5.4 Initial Distribution

Within thirty (30) days of the Plan Implementation Date, the Monitor shall distribute to the Proven Creditors the Liquidation Proceeds, less any amounts required to be paid pursuant to this Article 5 as determined by the Monitor in its sole discretion, and less the Holdback Amount.

5.5 Subsequent Distribution(s)

From time to time, the Monitor shall distribute to the Proven Creditors any other amounts in the possession or coming into the possession of the Monitor which will be available from other sources, including amounts paid to the Applicant pursuant to the Polyols Settlement, less the Holdback amount, if any, as determined by the Monitor in its sole discretion.

5.6 Distributions *Pro Rata* and *Pari Passu*

All distributions made to Proven Creditors pursuant hereto shall be made on a *pro rata, pari passu basis* among such Proven Creditors, considering the amounts of their respective Proven Claims.

All distributions made by the Monitor are made as agent for and on behalf of the Applicant, and not in its personal capacity.

ARTICLE 6 - SANCTION ORDER

6.1 Application for Sanction Order

The application for the Sanction Order shall be brought by the Applicant as soon as reasonably practicable following the approval of this Plan by the requisite majorities of Creditors voting at the Approval Meeting.

6.2 Effect of Sanction Order

In addition to sanctioning this Plan, and subject to the discretion of the Ontario Court, the Sanction Order shall, among other things and without limitation:

- (a) direct and authorize the distributions contemplated under this Plan;
- (b) order and declare that any distributions under the Plan shall not constitute a "distribution" and the Monitor shall not constitute a "legal representative" or "representative" of the Applicants for the purposes of section 159 of the Income Tax Act (Canada), section 270 of the Excise Tax Act (Canada), section 14 of the Tax Administration Act (Quebec), section 107 of the Corporations Tax Act (Ontario), section 22 of the Retail Sales Tax Act (Ontario), section 117 of the Taxation Act, 2007 (Ontario), section 23 of the Canada Pension Plan, section 86 of the Employment Insurance Act or any other similar federal, provincial or territorial tax legislation (collectively the "Tax Statutes"), nor a "receiver" within the meaning of An Act Respecting the Quebec Sales Tax, given that the Monitor is only a disbursing agent under the CCAA Plan, and the Monitor in making such payments is not "distributing", nor shall be considered to "distribute" nor to have "distributed", such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of it making any payments ordered or permitted hereunder, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of payments made under the Plan and this Order and any claims of this

nature are hereby forever barred.

- (c) declare that the compromises and releases effected hereby are approved, binding and effective as of the Plan Implementation Date upon all Creditors, the Monitor and all other Persons affected by this Plan;
- (d) provide that no Person who is a party to any obligation or agreement with the Applicant shall, following the Plan Implementation Date, accelerate, terminate, rescind, refuse to perform or repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason:
 - (i) of any event(s) that occurred on or prior to the Plan Implementation Date that would have entitled any other Person thereto to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Applicant);
 - (ii) of the fact that relief under the CCAA has been sought or obtained in respect of the Applicant or that the CCAA Proceedings have been commenced or completed; or
 - (iii) of any compromises or arrangements effected pursuant to this Plan;
- (d) confirm the effect of the Meeting Order;
- (e) provide that the Monitor shall be discharged and released from its role as Monitor on the Plan Completion Date, save and except with respect to any remaining duties or powers required to implement and give effect to the terms of this Plan.

ARTICLE 7 - CONDITIONS PRECEDENT

7.1 Conditions Precedent to Implementation of Plan

The implementation of this Plan shall be conditional upon the fulfillment of the following conditions on or before the Plan Implementation Date:

- (a) **Approval by Creditors:** The Plan shall have been approved pursuant to the CCAA by the Proven Creditors;
- (b) **Granting of Sanction Order:** The Sanction Order shall have been granted by the Ontario Court in a form acceptable to the Applicant and the Monitor;
- (c) **Expiry of Appeal Periods:** The appeal periods and any periods for leave to appeal with respect to the Sanction Order shall have expired without an appeal or application for leave to appeal of such Order having been commenced or, in the event of an appeal or application for leave to appeal, a final determination denying leave to appeal or dismissing such appeal and affirming and recognizing the sanctioning of this Plan, as the case may be, shall have been made by the applicable appellate court, with no further right of appeal;
- (d) **Revenu Quebec Action:** The Applicant and the Directors and Officers shall have provided a binding undertaking to discontinue, settle or withdraw the Revenu Quebec Action on terms satisfactory to the Monitor and the Court, upon the Plan Implementation Date;

- (e) **HST Pre and Post Filing Dispute:** The Applicant and the Directors and Officers shall have provided a binding undertaking to settle or withdraw from further contesting the position of the Monitor with respect to this issue upon the Plan Implementation Date;
- (f) **Completion of Necessary Documentation:** The execution and delivery by all relevant Persons of all agreements, settlements, resolutions, indentures, releases, documents and other instruments that are necessary to be executed and delivered to implement and give effect to all material terms and provisions of this Plan;

7.2 Monitor's Certificate

Upon the satisfaction of the conditions set out in Section 7.1 hereof, the Monitor shall file with the Ontario Court in the CCAA Proceedings a certificate that states that all conditions precedent set out in Section 7.1 of this Plan have been satisfied and that the Plan Implementation Date has occurred.

7.3 Termination of Plan for Failure to Become Effective

If the Plan Implementation Date shall not have occurred on or before one hundred and twenty (120) days following the date of the Sanction Order, or such later date as the Applicant may stipulate, then, subject to further Order of the Ontario Court, this Plan shall automatically terminate and be of no further force or effect; provided that this Plan shall not automatically terminate pursuant to this section if the sole basis for the nonoccurrence of the Plan Implementation Date is the pendency of any appeal or application for leave to appeal with respect to the Sanction Order.

ARTICLE 8 - EFFECT OF PLAN

8.1 Effect of Plan Generally

The Plan (including, without limitation, the releases and injunctions contained in the Plan), upon being sanctioned and approved by the Ontario Court pursuant to the Sanction Order, shall be binding on the Plan Implementation Date on the Creditors and all other Persons (and each of their respective heirs, executors, administrators, guardians, legal personal representatives, successors and assigns) irrespective of the jurisdiction in which such Creditors and other Persons reside, or in which the Claims arose.

On the Plan Implementation Date, the Directors and Officers shall and shall be deemed to resign without the requirement of further action on the part of such Directors and Officers. The Directors and Officers shall also consent to the discharge of the Directors and Officer's Charge, as created by and defined in the Initial Order.

Notwithstanding the foregoing and anything else in the Plan, the Competition Act Claim shall not be compromised or released by the Plan. For greater certainty, the Crown is entitled to participate in any distributions under the Plan with respect to the Competition Act Claim, and any funds distributed on account of the Competition Act Claim will reduce the amount outstanding thereunder.

8.2 Consents and Agreements

On the Plan Implementation Date, each Creditor shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety. In particular, each Creditor shall be deemed:

- (a) to have executed and delivered to the Monitor all consents, releases or agreements required to implement and carry out this Plan in its entirety; and
- (b) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Applicant at the Plan Implementation Date (other than those entered into by the Applicant in writing on or after the date hereof) and the provisions of this Plan, the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement shall be deemed to be amended accordingly.

8.3 Exculpation

The Monitor (including its affiliates, directors, officers, employees, associated individuals, agents and representatives) and all of its professional advisors and legal counsel shall have no liability or obligation to any Person for their role, or any act or omission, in connection with their appointments as Monitor or advisors or counsel thereto, the CCAA Proceedings, activities undertaken in preparation for or in anticipation of the CCAA Proceedings, the Plan, the pursuit of sanctioning of the Plan, the consummation and implementation of the Plan, the administration of the Plan or the property to be distributed under the Plan, from the date of their appointments to the earlier of the date of their discharges from those appointments, or the Plan Completion Date.

ARTICLE 9 - RELEASES AND INJUNCTIONS

9.1 Plan Releases

- (a) On the Plan Implementation Date, the Applicant, the Directors, Officers, current and former employees, advisors, legal counsel and agents, (being referred to individually as a “**Domfoam Released Party**”) shall be released and discharged from the D&O Claims, the Claims and any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor, Unaffected Creditor, Her Majesty the Crown or other Person may be entitled to assert, including any and all Claims in respect of the payment and receipt of proceeds, statutory liabilities of the Directors and Officers and employees of the Applicant and any alleged fiduciary or other duty (whether such employees are acting as a Director and Officer or employee), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or

extinguished by the Claims Process Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Applicant's obligations under the Plan or any related document), all to the full extent permitted by applicable law, provided that nothing herein shall release or discharge (i) any Domfoam Released Party if such Domfoam Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct or (ii) the Directors with respect to matters set out in section 5.1(2) of the CCAA. For clarity, a D&O Claim with respect to the Revenu Quebec Action is not a claim to which section 5.1(2) applies and is to be released hereunder.

- (b) The Sanction and Vesting Order will enjoin on the Plan Implementation Date the prosecution, whether directly, derivatively or otherwise, of any Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged, compromised or terminated pursuant to the Plan.
- (c) Nothing in the Plan shall be interpreted as restricting the application of Section 21 of the CCAA.
- (d) Notwithstanding the foregoing and anything else in the Plan, the Competition Act Claim shall not be compromised or released by the Plan. For greater certainty, the Crown is entitled to participate in any distributions under the Plan with respect to the Competition Act Claim, and any funds distributed on account of the Competition Act Claim will reduce the amount outstanding thereunder.

9.2 Injunction

- (a) On the Plan Implementation Date, all Persons (regardless of whether or not such Persons are Creditors, but expressly excluding the Crown with respect to the enforcement of the Competition Act Claim), together with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitees, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, with respect to all Claims against the Monitor and the Domfoam Released Parties, from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature of kind whatsoever against the Monitor and the Domfoam Released Parties; (ii) levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Monitor and the Domfoam Released Parties; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, or damages, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral,

administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Domfoam Released Parties or the Monitor; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or (v) taking any actions to interfere with the implementation or consummation of this Plan

- (b) Notwithstanding its exclusion from section 9.2(a) hereof, the enforcement of the Competition Act Claim by the Crown against the Applicant shall continue to be stayed until such time as the stay of proceedings created by the Initial Order in the CCAA Proceedings expires.

ARTICLE 10 - COMPLETION OF PLAN

10.1 Monitor's Certificate

Upon the Monitor being satisfied that there is no likelihood of additional funds becoming available for distribution to Creditors under the Polyols Settlement or otherwise, the Monitor shall file with the Ontario Court a certificate confirming that there are no further distributions to be made to Creditors, and that the Plan is completed to the satisfaction of the Monitor.

10.2 Discharge and release of the Monitor

On the Plan Completion Date, and subject to the Sanction Order and any other Orders, the Monitor shall be discharged and released and shall have no further obligations or responsibilities. For clarity, nothing in this Plan shall discharge the Monitor from its duties related to Valle Foam or A-Z Foam.

ARTICLE 11 - GENERAL PROVISIONS

11.1 Plan Amendment

The Applicant reserves the exclusive right to amend this Plan, in a written document filed with the Ontario Court, at any time prior to the Plan Implementation Date, provided that:

- (a) if the amendment is made before or during the Meetings, prior to the vote being taken to approve the Plan, the Applicant shall, subject to the Meeting Order:
 - (i) give notice to all Proven Creditors of the details of any amendment that renders the Plan less favourable to such Proven Creditors; and
 - (ii) may, in its entire discretion, give notice to Proven Creditors absent from a Meeting, of the details of any amendment that does not render the Plan less favourable to them.
- (b) if the Monitor, acting reasonably and in good faith, determines that the amendment is of a technical or administrative nature that would not be materially prejudicial to the interests of any of the Proven Creditors under the Plan, subject to the Meeting Order, and is necessary in order to give effect to the substance of the Plan or the Sanction Order, the Applicant need not give notice to Proven Creditors or obtain a further Order in connection therewith, regardless of whether the amendment is made prior to or subsequent to the vote

on the Plan, or prior to or subsequent to the Sanction Order, if granted;

- (c) after the Approval Meeting, any other amendment may only be made if approved by the Ontario Court; and
- (d) any supplementary plan or plans of compromise or arrangement filed by the Applicant with the Ontario Court and, if required by this Section 11.1, approved by the Ontario Court, shall, for all purposes be a part of and incorporated into this Plan.

11.2 Severability

In the event that any provision in this Plan is held by the Ontario Court to be invalid, void or unenforceable, this Plan shall be null and void in all respects, with effect in accordance with Section 11.3 hereof.

11.3 Termination

At any time prior to the Plan Implementation Date, the Applicant may, subject to further order of the Ontario Court, determine not to proceed with this Plan notwithstanding any prior approvals given at the Meeting or the obtaining of the Sanction Order.

If the conditions precedent to implementation of this Plan are not satisfied, if the Applicant determines not to proceed with this Plan, if the Ontario Court holds any provision of this Plan to be invalid, void or unenforceable or if the Sanction Order is not issued by the Ontario Court:

- (a) this Plan shall be null and void in all respects;
- (b) any document or agreement executed pursuant to this Plan shall be deemed null and void; and
- (c) nothing contained in this Plan, and no act taken in preparation for the consummation of this Plan, shall:
 - (i) constitute or be deemed to constitute a waiver or release of any Creditor Claims or any defenses thereto by or against the Applicant or any other Person;
 - (ii) prejudice in any manner the rights of any of the Creditors, or any other Person in any further proceedings involving the Applicant or the Domfoam Released Parties; or
 - (iii) constitute an admission of any sort by any of the Creditors, the Applicant, the Monitor, or any other Person.

11.4 Paramountcy

From and after the Plan Implementation Date, any conflict between: (a) this Plan; and (b) any information statement or summary in respect of this Plan, or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, indenture, loan agreement, commitment letter, document or agreement, written or oral, and any and all amendments and supplements thereto existing between the Applicant and any Creditor or other Person as at the Plan Implementation Date will

be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority.

11.5 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings, and it will not be responsible or liable for any obligations of the Applicant hereunder. The Monitor will have only those powers granted to it by this Plan, by the CCAA and by any Order of the Ontario Court in the CCAA Proceedings, including the Initial CCAA Order.

11.6 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

11.7 Notices

Any notice or communication to be delivered hereunder shall be in writing and shall reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery or by fax addressed to the respective parties as follows:

(a) if to the Applicant or to the Monitor:

(b) if to a Creditor:

to the address specified in the Proof of Claim, or Proof of Creditor Claim filed by that Creditor or, if none has been specified, to such other address at which the notifying party may reasonably believe that the Creditor may be contacted;

or to such other address as any party may from time to time notify the others in accordance with this Section 11.7. All such notices and communications that are personally delivered shall be deemed to have been received on the date of delivery. Any such notices and communications that are faxed shall be deemed to be received on the date faxed if sent before 5:00 p.m. Eastern Time on a Business Day and otherwise shall be deemed to be received on the Business Day next following the day upon which such fax was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing. The unintentional failure to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to this Plan.

11.8 Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator, successor or assign of such Person.

11.9 Further Assurances

Notwithstanding that the transactions and events set out in this Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be

reasonably required by the Monitor in order to implement and give effect to this Plan.

11.10 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to any conflict of law provision that would require the application of the law of any other jurisdiction. In the event of any dispute or issue in connection with, or related to, the interpretation, application or effect of this Plan, such dispute or issue shall be subject to the exclusive jurisdiction of the Ontario Court.

Dated at Toronto, Ontario, as of this 23rd day of August, 2016.

PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

ARTICLE 1 - INTERPRETATION 1.1

1.2 Definitions

In this Plan:

"Applicant" means 4362063 Canada Ltd. (formerly Domfoam International Inc.);

"Approval Meeting" means a meeting of Creditors, held pursuant to the Meeting Order, to vote on the Plan, and includes any meeting or meetings resulting from the adjournment thereof;

"A-Z Foam" means the applicant A-Z Sponge & Foam Products Ltd, in these proceedings;

"Business" means the business and operations carried on by or formerly carried on by the Applicant;

"Business Day" means a day other than a Saturday or Sunday on which banks are generally open for business in Toronto, Ontario, and Montreal, Quebec;

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"CCAA Proceedings" means the proceedings under the CCAA commenced by the Applicant on January 12, 2012 at Toronto under Court File No. CV-12-9545-00CL;

"Claim" means any right or claim of any Person, or class of Persons or representative Person, against the Applicant whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Applicant in existence on the Filing Date, or which has arisen since 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 Applicant become bankrupt on the Filing Date;

"Claims Bar Date" means the 5:00 PM August 31, 2012 bar date referred to at paragraphs 5(b) and (f) of the Claims Process Order;

"Claims Process Order" means the Order of Justice Brown in the CCAA Proceedings dated June 15, 2012;

"Court" means the Ontario Superior Court of Justice;

"Competition Act Claim" means the proof of claim filed by Her Majesty the Queen in Right of Canada (the **"Crown"**) in respect of fines owed to the Crown by Domfoam International Inc. and

Valle Foam Industries (1995) Inc. as a result of their participation in offences under ss. 45(1)(a) and 45(1)(c) of the *Competition Act*, RSC 1985, c C-34, and in accordance with the Plea Agreement between the Crown and Domfoam International Inc. and Valle Foam Industries (1995) Inc., executed on December 22, 2011.

"Creditor" means any Person with a Claim or a D&O Claim regardless of whether such Person has filed a Proof of Claim in the CCAA Proceedings;

"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, before or after June 15, 2012, and whether enforceable in any civil, administrative or criminal proceedings, including, without limitation, any person (including the crown) who filed a claim against the Directors and Officers pursuant to the Claims Process Order, including, without limitation any possible D&O Claim related to or derived from the facts alleged against the Applicant in the Revenu Quebec Action;

"DIP Loan" means any loans made between or among the Applicant, Valle Foam and A-Z Foam on or after January 12, 2012 which were expressly authorized to be considered a DIP loan by an Order of the Court;

"Directors and Officers" means (i) the current and former directors of the Applicant; and (ii) the current and former officers of the Applicant;

"Effective Time" means the first moment in time on the Plan Implementation Date;

"Equity Claim" means an equity claim as defined by the *Bankruptcy Insolvency Act*, R.S.C. 1985, c. B-3;

"Excepted Claim" has the meaning given to that term in Section 9.5 hereof;

"Filing Date" means January 12, 2012;

"Holdback Amount" means that amount from the cash on hand from the Applicant which the Monitor, in consultation with the Applicant, elects to hold back from the distribution of the Liquidation Proceeds, for future administration costs of these CCAA Proceedings;

"HST Pre and Post Filing Dispute" means the outstanding dispute between the Applicant and the Monitor as to the treatment of certain outstanding claims for payment of HST by Revenu Quebec as either a pre or post Filing Date obligation of the Applicant as further described in the Affidavit of Tony Vallecoccia sworn August 23, 2016;

"Initial CCAA Order" means the initial order of the Ontario Court dated January 12, 2012, pursuant to which, among other things, the Ontario Court granted a stay of proceedings with respect to the Applicant, as same may be further amended from time to time;

"Intercompany Claims" means any Claims, including the DIP Loan, owing among or between the Applicant and A-Z Foam or Valle Foam or any of them;

"Liquidation Proceeds" means the proceeds realized from the Business or collected by the

Applicant or the Monitor on behalf of the Business since the Filing Date;

"Meeting" means an Information Meeting or an Approval Meeting;

"Meeting Order" means the Order of the Ontario Court dated ~~August 29,~~September 6, 2016, regarding, *inter alia*, the calling and holding of the ~~Meetings~~Meeting;

"Monitor" means Deloitte Restructuring Inc. (previously known as Deloitte & Touche Inc.), in its capacity as monitor of the Applicant, appointed pursuant to the Initial CCAA Order;

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

"Order" means an order of the Ontario Court in the CCAA Proceedings;

"Person" means any individual, partnership, limited partnership, limited liability company, joint venture, trust, trustee, corporation, unincorporated organization, government, agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, or any other entity howsoever designated or constituted;

"Plan" means this plan of compromise or arrangement and all schedules hereto, as same may be amended hereafter in accordance with Section 11.1 herein;

"Plan Completion Date" means the Business Day on which the Monitor has completed and filed a certificate in accordance with Section 10.1 of this Plan;

"Plan Implementation Date" means the Business Day on which the conditions precedent to implementation of this Plan as set out in Section 7.1 hereof have been satisfied or fulfilled, and the Monitor has completed and filed its certificate in accordance with Section 7.2 of this Plan;

"Polyols Settlement" means the settlement as described in the affidavit of Tony Vallecoccia, sworn August 23, 2016, between the Applicant, as a member of a class of plaintiffs, and Dow Chemical Inc. in the United States;

"Proof of Claim" means the form attached as Schedule B to the Claims Process Order;

"Proven Claim" means a Creditor Claim that was properly filed with the Monitor, to the extent that it was allowed in whole or in part by (a) the Monitor, or (b) the Ontario Court, following an appeal from the determination of the Monitor;

"Proven Creditor" means a Creditor having a Proven Claim;

"Revenu Quebec Action" means the outstanding action by the Applicant against each of Revenu Quebec and Canada Revenue Agency with respect to certain amounts assessed as due and owing by Revenu Quebec and Canada Revenue Agency against the Applicant, before each of the Superior Court of Quebec and the Tax Court of Canada;

"Sanction Order" means an order of the Ontario Court approving this Plan;

"Unaffected Claim" has the meaning given to that term in Section 3.3 hereof;

"Unaffected Creditor" means any Person holding Unaffected Claims, to the extent of those Unaffected Claims;

"Unconfirmed Vote" means a vote cast at the Approval Meeting and marked by the Monitor as relating not to a Proven Claim, but to a Claim which the Monitor revised or disallowed in whole or in part and which remains in dispute;

"Unconfirmed Voting Claim" means a Creditor Claim in respect of which the Creditor's vote is an Unconfirmed Vote;

"Valle Foam" means Valle Foam Industries (1995) Inc. one of the applicants in the CCAA Proceedings; and

"Website" means the website established by the Monitor for purposes of the Plan and having the following address: [http://www.insolvencies.deloitte.ca/en-ca/pages/Valle%20Foam%20Industries%20\(1995\)%20Inc-%20and%20Other%20Petitioners.aspx](http://www.insolvencies.deloitte.ca/en-ca/pages/Valle%20Foam%20Industries%20(1995)%20Inc-%20and%20Other%20Petitioners.aspx) ~~px~~ www.deloitte.com/ca/vallefoam.

1.2 Certain Rules of Interpretation

In this Plan and all schedules hereto:

- ~~(a)~~(a) the division of this Plan into articles, sections, subsections and clauses and the insertion of headings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Plan. The terms "this Plan", "hereof", "hereunder", "herein" and similar expressions refer to this Plan and not to any particular article, section, subsection or clause and include any plan supplemental hereto. Unless otherwise indicated, any reference in this Plan to an article, section, subsection, clause or schedule refers to the specified article, section, subsection, clause or schedule of or to this Plan;
- (b) the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (c) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes without limitation" and "including without limitation", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (d) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day. Unless otherwise specified, the time period within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day; and unless otherwise provided, any reference to a statute, or other enactment of parliament or a legislature includes all regulations made thereunder, all enactments to or re-enactments of such

statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation.

ARTICLE 2 - PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose

The purpose of this Plan is to enable the Applicant to efficiently distribute the Liquidation Proceeds and the proceeds of the Polyols Settlement to its Proven Creditors on a pro-rated basis, and to provide for releases for the Directors and Officers.

2.2 Affected Persons

This Plan will be implemented pursuant to the CCAA. On the Plan Implementation Date, subject to Section 3.3 hereof and subject to the satisfaction of the conditions contained in Section 7.1 herein, this Plan will be binding upon all Creditors and all other Persons in accordance with its terms.

ARTICLE 3 - CLASSIFICATION OF CREDITORS

3.1 Class of Creditors

The sole class for the purpose of considering and voting on this Plan shall be a single class consisting of Creditors.

3.2 Creditor Identification Procedure

Creditor Claims which have been delivered by Proof of Claim by the Claims Bar Date shall be as if they had been filed in respect of the Plan, and Creditors need not deliver to the Monitor a further Proof of Creditor Claim in respect thereof.

3.3 Unaffected Claims

This Plan does not compromise, release or otherwise affect any rights or claims:

- (a) for fees and expenses authorized pursuant to paragraph ~~INSERT~~6 of the Initial CCAA Order, incurred in the provision of goods and services relating to the CCAA Proceedings;
- (b) of the Applicant, the Monitor and of its counsel;
- (c) that fall within Section 6(3), 6(5) or 6(6) of the CCAA;
- (d) that arise from the DIP Loan; or
- (e) any outstanding Intercompany Claims.

Each of the foregoing rights and claims set out in this Section 3.3 is referred to herein as an "**Unaffected Claim**".

3.4 Equity Claims

All Persons holding Equity Claims shall not be entitled to vote at or attend the Approval Meeting, and shall not receive any distributions under the Plan or otherwise receive any other compensation in respect of their Equity Claims.

ARTICLE 4 - TREATMENT OF CREDITORS

4.1 Treatment of Claims

On the Plan Implementation Date, the Claims will be compromised, released and otherwise affected in accordance with the terms of this Plan.

Notwithstanding the foregoing and anything else in the Plan, the Competition Act Claim shall not be compromised or released by the Plan. For greater certainty, the Crown is entitled to participate in any distributions under the Plan with respect to the Competition Act Claim, and any funds distributed on account of the Competition Act Claim will reduce the amount outstanding thereunder.

4.2 Voting Rights of Creditors

Subject to this Plan and the Meeting Order, each Proven Creditor shall be entitled to one vote in an amount equal to such Proven Claim. Furthermore, votes in respect of Unconfirmed Voting Claims will be recorded by the Monitor, subject to further determination in accordance with the Meeting Order. The procedure for determining the validity and quantum of the Claims for voting purposes shall be governed by the Meeting Order.

4.3 Unaffected Creditors

Notwithstanding anything to the contrary herein, each Person who has an Unaffected Claim shall not be entitled to vote or to receive any distribution under this Plan in respect of such Unaffected Claim. All Unaffected Claims shall be unaffected by the CCAA Proceedings and principal and interest shall continue to accrue notwithstanding the CCAA Proceedings.

ARTICLE 5 - DISTRIBUTIONS

5.1 Employees (Section 6(5) CCAA)

To the best of the Company's knowledge, there are no amounts owing to employees of the Applicant generally, or which would be captured by section 6(5) of the CCAA. However, in the event any such claims exist, immediately after the rendering of the Sanction Order and the expiry of all appeal periods relating thereto or the affirmation of the Sanction Order in such appeals, employees and former employees of the Applicant shall receive payment of:

- (a) amounts at least equal to the amounts that they would have been qualified to receive under paragraph 136(1)(d) of the *Bankruptcy and Insolvency Act* if the Applicant had become bankrupt on the day on which proceedings commenced under the CCAA; and
- (b) wages, salaries, commissions or compensation for services rendered after the Initial CCAA Order and before the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Applicant's business during the

same period.

The inclusion of this Section 5.1 herein does not constitute any admission or acknowledgment by the Applicant as to the existence of any employees or former employees claims.

5.2 Crown claims (Section 6(3) CCAA)

Within six (6) months after the date of the Sanction Order and the expiry of all appeal periods relating thereto or the affirmation of the Sanction Order in such appeals, all amounts that were outstanding at the time of the Applicant's application for an order under Section 11 or 11.02 of the CCAA and that are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a purpose similar to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, and the sum:

~~(i)~~(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

~~(ii)~~(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

shall be paid in full to Her Majesty in right of Canada or a Province, as applicable, but expressly not including any claims as may be due under the Excise Tax Act or any analogous statute in any province.

The inclusion of this Section 5.2 herein does not constitute any admission or acknowledgment by the Applicant as to the existence of any such outstanding amounts.

5.3 Payment of Professional and Administrative Expenses

On the Plan Implementation Date, all outstanding fees and disbursements payable under any Order shall be fully paid, or a reserve for such amount fully funded, as determined by the Monitor. Parties entitled to be paid hereunder shall have sixty (60) days from the Plan Implementation Date, or such later date as may be agreed with the Monitor, to submit final invoices to the Monitor for payment. Any reserve shall be administered by the Monitor.

5.4 Initial Distribution

Within thirty (30) days of the Plan Implementation Date, the Monitor shall distribute to the Proven

Creditors the Liquidation Proceeds, less any amounts required to be paid pursuant to this Article 5 as determined by the Monitor in its sole discretion, and less the Holdback Amount.

5.5 Subsequent Distribution(s)

From time to time, the Monitor shall distribute to the Proven Creditors any other amounts in the possession or coming into the possession of the Monitor which will be available from other sources, including amounts paid to the Applicant pursuant to the Polyols Settlement, less the Holdback amount, if any, as determined by the Monitor in its sole discretion.

5.6 Distributions *Pro Rata* and *Pari Passu*

All distributions made to Proven Creditors pursuant hereto shall be made on a *pro rata, pari passu basis* among such Proven Creditors, considering the amounts of their respective Proven Claims.

All distributions made by the Monitor are made as agent for and on behalf of the Applicant, and not in its personal capacity.

ARTICLE 6 - SANCTION ORDER

6.1 Application for Sanction Order

The application for the Sanction Order shall be brought by the Applicant as soon as reasonably practicable following the approval of this Plan by the requisite majorities of Creditors voting at the Approval Meeting.

6.2 Effect of Sanction Order

In addition to sanctioning this Plan, and subject to the discretion of the Ontario Court, the Sanction Order shall, among other things and without limitation:

- (a) direct and authorize the distributions contemplated under this Plan;
- (b) order and declare that any distributions under the Plan shall not constitute a "distribution" and the Monitor shall not constitute a "legal representative" or "representative" of the Applicants for the purposes of section 159 of the Income Tax Act (Canada), section 270 of the Excise Tax Act (Canada), section 14 of the Tax Administration Act (Quebec), section 107 of the Corporations Tax Act (Ontario), section 22 of the Retail Sales Tax Act (Ontario), section 117 of the Taxation Act, 2007 (Ontario), section 23 of the Canada Pension Plan, section 86 of the Employment Insurance Act or any other similar federal, provincial or territorial tax legislation (collectively the "Tax Statutes"), nor a "receiver" within the meaning of An Act Respecting the Quebec Sales Tax, given that the Monitor is only a disbursing agent under the CCAA Plan, and the Monitor in making such payments is not "distributing", nor shall be considered to "distribute" nor to have "distributed", such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of it making any payments ordered or permitted hereunder, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of payments made under the Plan and this Order and any claims of this nature are hereby forever barred.
- (c) declare that the compromises and releases effected hereby are approved, binding and

effective as of the Plan Implementation Date upon all Creditors, the Monitor and all other Persons affected by this Plan;

- (d) provide that no Person who is a party to any obligation or agreement with the Applicant shall, following the Plan Implementation Date, accelerate, terminate, rescind, refuse to perform or repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason:
 - ~~(i)~~(i) of any event(s) that occurred on or prior to the Plan Implementation Date that would have entitled any other Person thereto to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Applicant);
 - ~~(ii)~~(ii) of the fact that relief under the CCAA has been sought or obtained in respect of the Applicant or that the CCAA Proceedings have been commenced or completed; or
 - ~~(iii)~~(iii) of any compromises or arrangements effected pursuant to this Plan;
- (d) confirm the effect of the Meeting Order;
- (e) provide that the Monitor shall be discharged and released from its role as Monitor on the Plan Completion Date, save and except with respect to any remaining duties or powers required to implement and give effect to the terms of this Plan.

ARTICLE 7 - CONDITIONS PRECEDENT

7.1 Conditions Precedent to Implementation of Plan

The implementation of this Plan shall be conditional upon the fulfillment of the following conditions on or before the Plan Implementation Date:

- (a) **Approval by Creditors:** The Plan shall have been approved pursuant to the CCAA by the Proven Creditors;
- (b) **Granting of Sanction Order:** The Sanction Order shall have been granted by the Ontario Court in a form acceptable to the Applicant and the Monitor;
- (c) **Expiry of Appeal Periods:** The appeal periods and any periods for leave to appeal with respect to the Sanction Order shall have expired without an appeal or application for leave to appeal of such Order having been commenced or, in the event of an appeal or application for leave to appeal, a final determination denying leave to appeal or dismissing such appeal and affirming and recognizing the sanctioning of this Plan, as the case may be, shall have been made by the applicable appellate court, with no further right of appeal;
- (d) **Revenu Quebec Action:** The Applicant and the Directors and Officers shall have provided a binding undertaking to discontinue, settle or withdraw the Revenu Quebec Action on terms satisfactory to the Monitor and the Court, upon the Plan Implementation Date;
- (e) **HST Pre and Post Filing Dispute:** The Applicant and the Directors and Officers shall have provided a binding undertaking to settle or withdraw from further contesting the position of the Monitor with respect to this issue upon the Plan Implementation Date;

- (f) **Completion of Necessary Documentation:** The execution and delivery by all relevant Persons of all agreements, settlements, resolutions, indentures, releases, documents and other instruments that are necessary to be executed and delivered to implement and give effect to all material terms and provisions of this Plan;

7.2 Monitor's Certificate

Upon the satisfaction of the conditions set out in Section 7.1 hereof, the Monitor shall file with the Ontario Court in the CCAA Proceedings a certificate that states that all conditions precedent set out in Section 7.1 of this Plan have been satisfied and that the Plan Implementation Date has occurred.

7.3 Termination of Plan for Failure to Become Effective

If the Plan Implementation Date shall not have occurred on or before one hundred and twenty~~(120)~~ (120) days following the date of the Sanction Order, or such later date as the Applicant may stipulate, then, subject to further Order of the Ontario Court, this Plan shall automatically terminate and be of no further force or effect; provided that this Plan shall not automatically terminate pursuant to this section if the sole basis for the nonoccurrence of the Plan Implementation Date is the pendency of any appeal or application for leave to appeal with respect to the Sanction Order.

ARTICLE 8 - EFFECT OF PLAN

8.1 Effect of Plan Generally

The Plan (including, without limitation, the releases and injunctions contained in the Plan), upon being sanctioned and approved by the Ontario Court pursuant to the Sanction Order, shall be binding on the Plan Implementation Date on the Creditors and all other Persons (and each of their respective heirs, executors, administrators, guardians, legal personal representatives, successors and assigns) irrespective of the jurisdiction in which such Creditors and other Persons reside, or in which the Claims arose.

On the Plan Implementation Date, the Directors and Officers shall ~~and shall~~ and shall be deemed to resign without the requirement of further action on the part of such Directors and Officers. The Directors and Officers shall also consent to the discharge of the Directors and Officer²'s Charge, as created by and defined in the Initial Order.

Notwithstanding the foregoing and anything else in the Plan, the Competition Act Claim shall not be compromised or released by the Plan. For greater certainty, the Crown is entitled to participate in any distributions under the Plan with respect to the Competition Act Claim, and any funds distributed on account of the Competition Act Claim will reduce the amount outstanding thereunder.

8.2 Consents and Agreements

On the Plan Implementation Date, each Creditor shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety. In particular, each Creditor shall be deemed:

~~(a)~~(a) to have executed and delivered to the Monitor all consents, releases or agreements required to implement and carry out this Plan in its entirety; and

~~(b)~~(b) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Applicant at the Plan Implementation Date (other than those entered into by the Applicant in writing on or after the date hereof) and the provisions of this Plan, the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement shall be deemed to be amended accordingly.

8.3 Exculpation

The Monitor (including its affiliates, directors, officers, employees, associated individuals, agents and representatives) and all of its professional advisors and legal counsel shall have no liability or obligation to any Person for their role, or any act or omission, in connection with their appointments as Monitor or advisors or counsel thereto, the CCAA Proceedings, activities undertaken in preparation for or in anticipation of the CCAA Proceedings, the Plan, the pursuit of sanctioning of the Plan, the consummation and implementation of the Plan, the administration of the Plan or the property to be distributed under the Plan, from the date of their appointments to the earlier of the date of their discharges from those appointments, or the Plan Completion Date.

ARTICLE 9 - RELEASES AND INJUNCTIONS

~~9.1~~ 9.1 Plan Releases

- (a) On the Plan Implementation Date, the Applicant, the Directors, Officers, current and former employees, advisors, legal counsel and agents, (being referred to individually as a “**Domfoam Released Party**”) shall be released and discharged from the D&O Claims, the Claims and any and all demands, claims, actions, applications, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor, Unaffected Creditor, Her Majesty the Crown or other Person may be entitled to assert, including any and all Claims in respect of the payment and receipt of proceeds, statutory liabilities of the Directors and Officers and employees of the Applicant and any alleged fiduciary or other duty (whether such employees are acting as a Director and Officer or employee), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the later of the Plan Implementation Date and the date on which actions are taken to implement the Plan that are in any way relating to, arising out of or in connection with the Claims, the Business whenever or however conducted, the Plan, the CCAA Proceedings, or any Claim that has been barred or extinguished by the Claims Process Order and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Applicant²'s obligations under the Plan or any related document),

all to the full extent permitted by applicable law, provided that nothing herein shall release or discharge (i) any Domfoam Released Party if such Domfoam Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct or (ii) the Directors with respect to matters set out in section 5.1(2) of the CCAA. For clarity, a D&O Claim with respect to the Revenu Quebec Action is not a claim to which section 5.1(2) applies and is to be released hereunder.

The Sanction and Vesting Order will enjoin ~~on the Plan Implementation Date~~ on the Plan Implementation Date the prosecution, whether directly, derivatively or otherwise, of any Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged, compromised or terminated pursuant to the Plan.

(b) Nothing in the Plan shall be interpreted as restricting the application of Section 21 of the CCAA.

(c) Notwithstanding the foregoing and anything else in the Plan, the Competition Act Claim shall not be compromised or released by the Plan. For greater certainty, the Crown is entitled to participate in any distributions under the Plan with respect to the Competition Act Claim, and any funds distributed on account of the Competition Act Claim will reduce the amount outstanding thereunder.

~~9.1~~ — 9.2 Injunction

(a) On the Plan Implementation Date, all Persons (regardless of whether or not such Persons are Creditors, but expressly excluding the Crown with respect to the enforcement of the Competition Act Claim), together with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitees, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, with respect to all Claims against the Monitor and the Domfoam Released Parties, from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature of kind whatsoever against the Monitor and the Domfoam Released Parties; (ii) levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Monitor and the Domfoam Released Parties; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, or damages, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Domfoam Released Parties or the Monitor; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or (v) taking any actions to interfere with the implementation or consummation of this Plan

(b) Notwithstanding its exclusion from section 9.2(a) hereof, the enforcement of the Competition Act Claim by the Crown against the Applicant shall continue to be stayed until such time as the stay of proceedings created by the Initial Order in the CCAA Proceedings expires.

ARTICLE 10 - COMPLETION OF PLAN

10.1 Monitor's Certificate

Upon the Monitor being satisfied that there is no likelihood of additional funds becoming available for distribution to Creditors under the Polyols ~~Settlement~~Settlement or otherwise, the Monitor shall file with the Ontario Court a certificate confirming that there are no further distributions to be made to Creditors, and that the Plan is completed to the satisfaction of the Monitor.

10.2 Discharge and release of the Monitor

On the Plan Completion Date, and subject to the Sanction Order and any other Orders, the Monitor shall be discharged and released and shall have no further obligations or responsibilities. For clarity, nothing in this Plan shall discharge the Monitor from its duties related to Valle Foam or A-Z Foam.

ARTICLE 11 - GENERAL PROVISIONS

11.1 Plan Amendment

The Applicant reserves the exclusive right to amend this Plan, in a written document filed with the Ontario Court, at any time prior to the Plan Implementation Date, provided that:

~~(a)~~(a) if the amendment is made before or during the Meetings, prior to the vote being taken to approve the Plan, the Applicant shall, subject to the Meeting Order:

~~(i)~~(i) give notice to all Proven Creditors of the details of any amendment that renders the Plan less favourable to such Proven Creditors; and

~~(ii)~~(ii) may, in its entire discretion, give notice to Proven Creditors absent from a Meeting, of the details of any amendment that does not render the Plan less favourable to them.

(b) if the Monitor, acting reasonably and in good faith, determines that the amendment is of a technical or administrative nature that would not be materially prejudicial to the interests of any of the Proven Creditors under the Plan, subject to the Meeting Order, and is necessary in order to give effect to the substance of the Plan or the Sanction Order, the Applicant need not give notice to Proven Creditors or obtain a further Order in connection therewith, regardless of whether the amendment is made prior to or subsequent to the vote on the Plan, or prior to or subsequent to the Sanction Order, if granted;

(c) after the Approval Meeting, any other amendment may only be made if approved by the Ontario Court; and

(d) any supplementary plan or plans of compromise or arrangement filed by the Applicant with

the Ontario Court and, if required by this Section 11.1, approved by the Ontario Court, shall, for all purposes be a part of and incorporated into this Plan.

11.2 Severability

In the event that any provision in this Plan is held by the Ontario Court to be invalid, void or unenforceable, this Plan shall be null and void in all respects, with effect in accordance with Section 11.3 hereof.

11.3 Termination

At any time prior to the Plan Implementation Date, the Applicant may, subject to further order of the Ontario Court, determine not to proceed with this Plan notwithstanding any prior approvals given at the Meeting or the obtaining of the Sanction Order.

If the conditions precedent to implementation of this Plan are not satisfied, if the Applicant determines not to proceed with this Plan, if the Ontario Court holds any provision of this Plan to be invalid, void or unenforceable or if the Sanction Order is not issued by the Ontario Court:

- (a) this Plan shall be null and void in all respects;
- (b) any document or agreement executed pursuant to this Plan shall be deemed null and void; and
- (c) nothing contained in this Plan, and no act taken in preparation for the consummation of this Plan, shall:
 - ~~(i)~~(i) constitute or be deemed to constitute a waiver or release of any Creditor Claims or any defenses thereto by or against the Applicant or any other Person;
 - ~~(ii)~~(ii) prejudice in any manner the rights of any of the Creditors, or any other Person in any further proceedings involving the Applicant or the Domfoam Released Parties; or
 - ~~(iii)~~(iii) constitute an admission of any sort by any of the Creditors, the Applicant, the Monitor, or any other Person.

11.4 Paramountcy

From and after the Plan Implementation Date, any conflict between: (a) this Plan; and (b) any information statement or summary in respect of this Plan, or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, indenture, loan agreement, commitment letter, document or agreement, written or oral, and any and all amendments and supplements thereto existing between the Applicant and any Creditor or other Person as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority.

11.5 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings, and it will not be

responsible or liable for any obligations of the Applicant hereunder. The Monitor will have only those powers granted to it by this Plan, by the CCAA and by any Order of the Ontario Court in the CCAA Proceedings, including the Initial CCAA Order.

11.6 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

11.7 Notices

Any notice or communication to be delivered hereunder shall be in writing and shall reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery or by fax addressed to the respective parties as follows:

~~(a)~~(a) if to the Applicant or to the Monitor:

~~(b)~~(b) if to a Creditor:

to the address specified in the Proof of Claim, or Proof of Creditor Claim filed by that Creditor or, if none has been specified, to such other address at which the notifying party may reasonably believe that the Creditor may be contacted;

or to such other address as any party may from time to time notify the others in accordance with this Section 11.7. All such notices and communications that are personally delivered shall be deemed to have been received on the date of delivery. Any such notices and communications that are faxed shall be deemed to be received on the date faxed if sent before 5:00 p.m. Eastern Time on a Business Day and otherwise shall be deemed to be received on the Business Day next following the day upon which such fax was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing. The unintentional failure to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to this Plan.

11.8 Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator, successor or assign of such Person.

11.9 Further Assurances

Notwithstanding that the transactions and events set out in this Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by the Monitor in order to implement and give effect to this Plan.

11.10 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to any conflict of law

provision that would require the application of the law of any other jurisdiction. In the event of any dispute or issue in connection with, or related to, the interpretation, application or effect of this Plan, such dispute or issue shall be subject to the exclusive jurisdiction of the Ontario Court.

Dated at Toronto, Ontario, as of this 23rd day of August, 2016.

Document comparison by Workshare Compare on Tuesday, October 18, 2016
2:24:11 PM

Input:

Document 1 ID	file:///I:/Users/DULLmann/File/Word/Active/Domfoam International Inc/Valle Foam/Plan of Compromise and Arrangement Final.pdf
Description	Plan of Compromise and Arrangement Final
Document 2 ID	file:///I:/Users/DULLmann/File/Word/Active/Domfoam International Inc/Valle Foam/PLAN/PLAN OF COMPROMISE AND ARRANGEMENT V11.docx
Description	PLAN OF COMPROMISE AND ARRANGEMENT V11
Rendering set	Standard

Legend:

Insertion

~~Deletion~~

~~Moved from~~

Moved to

Style change

Format change

~~Moved deletion~~

Inserted cell

Deleted cell

Moved cell

Split/Merged cell

Padding cell

Statistics:

	Count
Insertions	41
Deletions	30
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	71
---------------	----

EXHIBIT "G"

Exhibit G

**Deloitte Restructuring Inc., CCAA Monitor of
3113736 Canada Ltd.
(formerly Valle Foam Industries (1995) Inc.)
Statement of Receipts and Disbursements
For the period March 29, 2012 to January 16, 2017**

Receipts

Sale of assets	\$ 1,560,000.00
Accounts Receivable - Collected by Purchaser	3,721,223.31
Accounts Receivable - Collected by Applicants	170,609.95
Reimbursement of Legal Fees (net of payment of post-filing obligations)	631,451.21
Insurance Refund	51,297.00
Interest Earned	188,862.99
Class Action Settlement (net)	383,754.65
Loan Repayment & Interest from 4362063 Canada Ltd.	838,261.00
Total cash receipts	\$ <u>7,545,460.11</u>

Disbursements

Holdback - Legal & Monitor Fees (including Accruals)	225,000.00
Holdback - Directors Fees (including Accruals)	200,000.00
CCAA Monitor's Fees	251,774.48
HST on CCAA Monitor's Fees	32,730.67
Legal Fees and Disbursements	897,855.47
HST Paid on Legal and Disbursements	108,245.81
Other Disbursements (Newspaper Notices, Bank Charges)	5,809.54
HST on Disbursements	797.26
PST Paid on D&O Premium	2,070.00
D&O Insurance premium	25,875.00
Post-filing Claims Paid	168,255.98
Dividend Payments (Including Accrual Dividends)	5,585,546.00
Total cash disbursements	\$ <u>7,503,960.21</u>

Cash on hand as at January 16, 2017	\$ <u><u>41,499.90</u></u>
-------------------------------------	----------------------------

Continuity of Administration Charge and Directors' Charge Holdbacks:

Administration Charge:

Valle Foam Holdback	\$ 225,000.00
Disbursements for professional fees	(87,265.35)
	<u>\$ 137,734.65</u>

Directors' Charge:

Disbursements for D&O insurance, and for director's legal counsel	\$ 200,000.00
	(18,519.41)
Remaining Funds for Valle Foam Holdback and Directors Charge	<u>\$ 181,480.59</u>

EXHIBIT "H"

Exhibit H

**Deloitte Restructuring Inc., CCAA Monitor of
4362063 Canada Ltd.
(formerly Domfoam International Inc.)
Statement of Receipts and Disbursements
For the period March 29, 2012 to January 16, 2017**

Receipts

Sale of assets	\$ 4,050,879.66
Funds received from Domfoam RBC bank accounts	296,932.86
Interest earned	97,623.97
Class Action Settlement (net)	285,349.56
Total cash receipts	\$ <u>4,730,786.05</u>

Disbursements

CCAA Monitor's Fees	278,433.61
HST on CCAA Monitor's Fees	35,352.94
Legal Fees and Disbursements	1,508,697.87
HST Paid on Legal and Disbursements	123,073.01
Other Disbursements (Newspaper Notices, bank charges)	9,874.29
HST & QST on Disbursements	1,280.19
PST Paid on D&O Premium	2,070.00
D&O Insurance premium	25,875.00
Director's - Accural	1,000,000.00
Loan Payment & Interest to 3113736 Canada Ltd.	839,095.34
Total cash disbursements	\$ <u>3,823,752.25</u>

Cash on hand as at January 16, 2017	\$ <u><u>907,033.80</u></u>
-------------------------------------	-----------------------------

Continuity of Directors' Charge Holdback:

Directors Charge	\$ 1,000,000.00
Disbursements for D&O insurance, and for director's legal counsel	<u>14,351.00</u>
Remaining Funds for Directors Charge	<u><u>\$ 985,649.00</u></u>

EXHIBIT "I"

Exhibit I

**Deloitte Restructuring Inc., CCAA Monitor of
of A-Z Sponge & Foam Products Ltd.
Statement of Receipts and Disbursements
For the period March 29, 2012 to January 16, 2017**

Receipts

Sale of assets	\$ 842,278.49
Funds received from A-Z bank account	304,564.36
Insurance Refund	8,517.80
Interest Earned	23,095.48
Class Action Settlement (net)	36,783.38
Total cash receipts	\$ <u>1,215,239.51</u>

Disbursements

Holdback - Legal & Monitor Fees (including Accruals)	50,000.30
CCAA Monitor's Fees	55,949.84
HST on CCAA Monitor's Fees	7,273.49
Legal Fees and Disbursements	311,166.49
HST Paid on Legal and Disbursements	23,633.17
Other Disbursements (Newspaper Notice, bank charges)	1,306.88
HST on Disbursements	272.50
PST Paid on D&O Premium	460.00
D&O Insurance premium	5,750.00
Post-filing claims paid	135,372.59
Dividend Payments	624,054.25
Total cash disbursements	\$ <u>1,215,239.51</u>
Cash on hand as at January 16, 2017	\$ <u><u>-</u></u>

Continuity of Administration Charge Holdback:

A-Z Foam Holdback (<i>Note</i>)	\$ 50,000.30
Expense paid	<u>38,423.10</u>
Remaining A-Z Foam Holdback	<u>\$ 11,577.20</u>

Note: \$0.30 remaining after paying the dividends and was added to the holdback

EXHIBIT "J"

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.

APPLICANTS

AFFIDAVIT OF PAUL M. CASEY
(Sworn January 17, 2017)

I, Paul M. Casey of the City of Toronto in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Chartered Professional Accountant, a Chartered Insolvency and Restructuring Professional and a Senior Vice-President of Deloitte Restructuring Inc. ("Deloitte"), the Court-Appointed monitor (the "Monitor") of 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc. ("**Valle Foam**")), 4362063 Canada Ltd. (formerly Domfoam International Inc. ("**Domfoam**")) and A-Z Sponge & Foam Products Ltd. ("**A-Z Foam**") (collectively, the "**Applicants**" or the "**Companies**"). As such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as Exhibit "A" are true copies of the invoice for fees and disbursements incurred by Deloitte in the course of the CCAA administration of the Company between August 20, 2016 and November 30, 2016 (the "**Passing of Accounts Period**").

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

4. The total fees of the Monitor during the Passing of Accounts Period amount to \$43,301.50, together with harmonized sales tax ("HST") in the amount of \$5,629.20, totalling \$48,930.70.

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

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

7. Attached as Exhibit "K" to the Fifteenth Report of the Monitor and filed in support of the within motion is the Affidavit of Grant Moffat which sets out the full particulars of the fees and disbursements of Thornton Grout Finnigan LLP, counsel to the Monitor, which have been incurred during the period August 1, 2016 to December 31, 2016.

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

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

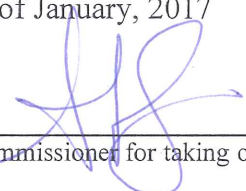
SWORN BEFORE ME

at the City of Toronto, in the
Province of Ontario this 17th
day of January, 2017

)
)
)
)



Paul M. Casey



A commissioner for taking oaths, etc.

Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte Restructuring Inc.,
Licensed Insolvency Trustee.
Expires June 3, 2019.

EXHIBIT "A"

REFERRED TO IN THE AFFIDAVIT OF PAUL M. CASEY
(Sworn on January 17, 2017)



Commissioner

Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte Restructuring Inc.,
Licensed Insolvency Trustee,
Expires June 3, 2019.



Deloitte LLP
Bay Adelaide East
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Private and confidential

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)

4362063 Canada Ltd. (formerly Domfoam International Inc.)

A-Z Sponge & Foam Products Ltd.

c/o Deloitte Restructuring Inc.

Bay Adelaide Centre, East Tower

22 Adelaide Street West, Suite 200

Toronto, ON M5H 0A9

Attention: **Mr. Paul Casey, CPA, CA, CIRP**
Senior Vice-President

Date: November 10, 2016

Invoice No.: **4211916**

Client/Mandate No.: 921001.1000001

Billing Partner: Paul Casey

HST Registration No: 122893605

Invoice

For professional services rendered in connection with Deloitte Restructuring Inc., acting as Court-Appointed Monitor under the *Companies' Creditors Arrangement Act* (R.S.C., 1985, c. C-36) ("CCAA") of 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc. ("**Valle Foam**")), 4362063 Canada Ltd. (formerly Domfoam International Inc. ("**Domfoam**")), and A-Z Sponge & Foam Products Ltd. ("**A-Z**") (collectively the "Companies") for the period from August 20, 2016 to October 31, 2016.

Date	Professional	Description	Hours
8/24/2016	Casey, Paul	Review court motion materials and draft report to the court.	1.0
8/24/2016	Hristow, Catherine	Review email correspondences from R. Kennedy regarding L. Melo and M. Silva, former Valle Foam employees and forward same to J. Damon of the Ministry of Labour for a response; review court motion materials and draft report to the court; telephone attendance with G. Moffat regarding draft court report; email correspondence with G. Moffat regarding late filed claims.	3.0
8/25/2016	Brown, Rose	Prepare statements of receipts and disbursements and send same along with general ledgers to C. Hristow.	1.0
8/25/2016	Casey, Paul	Review filed affidavit, Plan, draft report to the court; telephone attendance and email correspondence with C. Hristow.	1.5

Remittance information on last page

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.

Date	Professional	Description	Hours
8/25/2016	Hristow, Catherine	Discussions with G. Moffat regarding draft court report, cash flows, Revenu Quebec and queries from W. Branch; review Thornton Grout Finnigan's bill of costs; prepare cash flows and send same to G. Moffat; various email correspondences/discussions with P. Casey; preparation of affidavit of fees; review statement of receipts and disbursements; continue with revisions to the court report and prepare report with references for quality review of same; correspondence with C. Kwok.	12.0
8/25/2016	Kwok, Carol	Review correspondence from C. Hristow; format report and send to C. Hristow.	0.5
8/26/2016	Brown, Rose	Review correspondence from C. Hristow; update the Monitor's website.	0.5
8/26/2016	Bryk, Adam	Quality review of the Fourteenth Report of the Monitor and provide comments to C. Hristow.	1.8
8/26/2016	Casey, Paul	Various correspondence with C. Hristow; review revised report; telephone attendance with G. Moffat; further revisions to the report; finalize affidavit of fees.	2.0
8/26/2016	Hristow, Catherine	Telephone attendance with J. Ehrman regarding filing of the Canadian materials in the United States and subsequent email correspondences regarding same; various correspondences with P. Casey; correspondence with R. Brown regarding website update; correspondences with G. Moffat; further revisions to court report, finalize same and send to G. Moffat.	4.5
8/26/2016	Kwok, Carol	Further revisions and formatting of the court report.	0.5
8/29/2016	Casey, Paul	Correspondence with C. Hristow; final review of affidavit and swear same.	0.5
8/29/2016	Hristow, Catherine	Correspondence with P. Casey regarding affidavit of fees; review draft comments on stay extension order; correspondence with R. Brown regarding Domfoam claims.	0.8
8/30/2016	Casey, Paul	Attendance at the Superior Court of Justice for the hearing for stay extension.	1.5
8/30/2016	Hristow, Catherine	Correspondence with G. Moffat regarding meeting order date.	0.1
9/1/2016	Faria, Cecilia	Post the Order and Endorsement of Justice Newbould to the Monitor's website.	0.5
9/6/2016	Brown, Rose	Deposit cheque received and record same in Ascend.	0.4
9/6/2016	Casey, Paul	Prepare for and attend the Superior Court of Justice for Domfoam motion regarding the Plan.	1.0
9/7/2016	Casey, Paul	Email correspondence with legal counsel regarding order and Plan date; correspondence with C. Hristow.	0.1
9/8/2016	Hristow, Catherine	Review and respond to email correspondence from R. Kennedy regarding C. Rupa and forward email to J. Damon of the Ministry of Labour; review correspondence from P. Casey.	0.1
9/9/2016	Brown, Rose	Deposit cheque received and record same in Ascend.	0.4

Date	Professional	Description	Hours
9/13/2016	Hristow, Catherine	Correspondence with R. Brown regarding renewal of Domfoam investment; review correspondence received from P. Berg including assignment form; review admitted claims and confirm the amount admitted for Opti Van.	0.3
9/15/2016	Brown, Rose	Investment renewal for Domfoam.	0.3
9/16/2016	Hristow, Catherine	Review and respond to email from Blaney's regarding legal accounts; telephone attendance and email correspondence with L. Young.	0.8
9/20/2016	Hristow, Catherine	Correspondence with R. Brown regarding claim assignment to Argo and schedule of claims.	0.1
9/21/2016	Hristow, Catherine	Review class action file for change in payee for Option Consommateurs to Camp Fiorante and forward email to R. Brown to change payee in Ascend; correspondences with A. Koroneos regarding placing notice in the Globe and Mail, creditors and the meeting on October 19th; correspondences with D. Ullmann regarding Revenu Quebec and Blaney's accounts; review and revise proxy and send to G. Moffat.	1.8
9/21/2016	Koroneos, Anna	Review notices; correspondence with Globe and Mail regarding notice publication; discussion with C. Hristow on meeting, information and publication	1.0
9/22/2016	Brown, Rose	Review creditor listing for Domfoam and update creditor payee.	0.3
9/22/2016	Hristow, Catherine	Correspondences with R. Brown regarding claim of Option Consommateurs for the payee to be changed to Camp Fiorante Matthews Mogerman; review correspondence from N. Nebel regarding Direct Upholstery and request response from R. Brown and respond to N. Nebel.	0.4
9/22/2016	Koroneos, Anna	Review of Meeting Order; correspondence with the Globe and Mail regarding notice in the paper.	0.5
9/26/2016	Hristow, Catherine	Correspondences with A. Koroneos regarding meeting to vote on the Plan on October 19th; review and approve legal account for Thornton Grout Finnigan.	0.2
9/27/2016	Brown, Rose	Download creditor list in to excel and review for use in mail merge document and provide same to C. Kwok; scan two proofs of claim and send to C. Hristow.	0.7
9/27/2016	Hristow, Catherine	Correspondences with R. Brown and C. Kwok regarding proxies; review and approve notice of meeting in the Globe and Mail.	0.8
9/27/2016	Koroneos, Anna	Correspondence with the Globe and Mail and C. Hristow regarding notice; upon receipt of approval from C. Hristow, advise the Globe and Mail to proceed with notice.	0.6
9/27/2016	Kwok, Carol	Review correspondence from C. Hristow regarding proxies; mail merge Domfoam proxies, save same in the Valle Foam file and advise C. Hristow of completion.	2.0

Date	Professional	Description	Hours
9/28/2016	Hristow, Catherine	Review claims and send out faxes and/or email correspondences to creditors enclosing the Fourteenth Report, the Meeting Order, the Plan and their respective proxies; review email correspondence received from the Department of Justice and forward to D. Ullmann and G. Moffat.	7.5
9/28/2016	Koroneos, Anna	Email correspondence received from Lease Direct and forward same to C. Hristow.	0.1
9/29/2016	Brown, Rose	Scan proof of claim and email same to C. Hristow.	0.2
9/29/2016	Hristow, Catherine	Further faxes/emails to creditors; attendance on a telephone call with Montford; attendance on a call with legal counsel to P. Dupuis and send email correspondence regarding the Plan.	1.5
9/29/2016	Koroneos, Anna	Purchase notice in the Globe and Mail; discussion with R. Brown on website publication and C. Hristow.	0.4
9/30/2016	Brown, Rose	Prepare disbursement cheques and transfers between accounts.	0.3
9/30/2016	Hristow, Catherine	Review and respond to email correspondence from Balcan Plastics.	0.1
10/3/2016	Hristow, Catherine	Review email correspondence from G. Moffat regarding Revenu Quebec settlement and respond to same; review correspondence from the Department of Justice regarding competition fine; review correspondence regarding amendment to plan;	0.2
10/4/2016	Brown, Rose	Prepare deposit and take to the bank.	0.3
10/6/2016	Brown, Rose	Updating Website and prepare schedule of creditors for meeting.	1.2
10/6/2016	Hristow, Catherine	Confirm email receipts and faxes for Domfoam meeting; correspondences with R. Brown; telephone attendance with D. Ullmann; email correspondence to W. Branch; email correspondence with R. Kennedy.	3.0
10/7/2016	Hristow, Catherine	Review Revenu Quebec's claim; telephone attendance with G. Moffat.	0.5
10/12/2016	Hristow, Catherine	Correspondences to creditors; correspondence with M. Abramowitz regarding Bayer.	0.8
10/13/2016	Hristow, Catherine	Correspondence with C. Kwok regarding faxes to creditors; various correspondences with S. Liebein of Residue North; email correspondence to G. Moffat; review correspondence from L. Nebel.	0.7
10/13/2016	Kwok, Carol	send faxes re Domfoam; organize fax results for Domfoam; check fax number for Residue and ICI, re-send fax to ICI, organize fax result	1.5
10/14/2016	Koroneos, Anna	with CH on creditors meeting and email re: pre-meeting discussion and proxies to date; prepare attendance list and proxy listing excel for entries;	1.0

Date	Professional	Description	Hours
10/17/2016	Brown, Rose	Update address of creditor for Domfoam estate; other estate admin.	0.3
10/17/2016	Hristow, Catherine	Respond to correspondence from G. Moffat regarding C. Rupa; email correspondence with D. Ullmann.	0.2
10/17/2016	Koroneos, Anna	with CH and reschedule time for meeting; forward schedule prepared for voting	0.2
10/17/2016	Koroneos, Anna	pick up of Proxy for Services de pneu and enter on schedule; email to C. Hristow re same	0.2
10/18/2016	Brown, Rose	Trusting Banking Administration - Reviewing Legal bills for payment to retainer.	0.8
10/18/2016	Hristow, Catherine	Prepare proxy schedule for meeting to consider plan of arrangement and send same to A. Koroneos, G. Moffat and D. Ullmann; review and approve legal accounts and send same to R. Brown; email correspondence with D. Ullmann indicating allocation of legal fees; email correspondence to R. Mogerman regarding outstanding proxy; attendance on a conference call between A. Koroneos, G. Moffat and D. Ullmann; further discussions/correspondence with A. Koroneos; email amended plan of arrangement to be presented at the meeting tomorrow to M. Abramowitz for Bayer; various email correspondences with M. Abramowitz regarding amendments.	2.0
10/18/2016	Koroneos, Anna	prepare and update; draft minutes; attendance list and proxy listing; voting sheet; conf call with C. Hristow, David Ullman of Blaney McMurtry and Grant Moffat of TGF re meeting and votes; review amended plan and blackline	1.5
10/19/2016	Hristow, Catherine	Correspondence with R. Brown regarding Thornton Grout Finnigan invoices; email correspondence with G. Kalhounis regarding trust statement; discussion with A. Koroneos regarding meeting.	0.8
10/19/2016	Koroneos, Anna	prepare for and attend meeting of creditors; discussions pre and post; email correspondence with A. Teodorescu of Blaney McMurtry LLP to discuss minutes; draft minutes and forward same for input.	2.0
10/20/2016	Koroneos, Anna	with Alex at BM on minutes;	0.2
10/21/2016	Hristow, Catherine	Review correspondence from P. Berg regarding Rail Cantech; review claims register for amount of Rail Cantech claim and respond to P. Berg; email correspondence with L. Young from Gaz Metro regarding approving of the plan and next steps.	0.2
10/25/2016	Brown, Rose	Preparing Schedule for Legal Payments	0.5

Date	Professional	Description	Hours
10/26/2016	Brown, Rose	Trust Banking Administration - Disbursement cheques.	0.8
10/27/2016	Brown, Rose	Inputting transfer between account for Retainer/legal expenses for A-Z, Domfoam to Vallefoam	0.8
10/31/2016	Brown, Rose	Trust Banking Administration - Renewal of investment.	0.3
Total			73.6

Summary of Fees

Professional	Position	Hours	Rate	Fees
Paul Casey	Senior Vice-President	7.6	700.00	\$ 5,320.00
Adam Bryk	Senior Vice-President	1.8	700.00	1,260.00
Catherine Hristow	Senior Vice-President	42.4	625.00	26,500.00
Anna Koroneos	Senior Manager	7.7	525.00	4,042.50
Rose Brown	Trust Administrator	9.1	180.00	1,638.00
Carol Kwok	Administrator	4.5	75.00	337.50
Cecilia Faria	Administrator	0.5	75.00	37.50
Total hours and professional fees		73.6		\$ 39,135.50
Blended hourly rate			531.73	
HST @ 13%				5,087.62
			Total	\$ 44,223.12
			Less: Retainer Applied	(44,223.12)
Total Amount Due				\$0.00

Allocation of Fees

Entity	Professional Fees	Taxes	Total
Valle Foam Industries (1995) Inc. (45%)	17,610.98	2,289.43	19,900.41
Domfoam International Inc. (45%)	17,610.98	2,289.43	19,900.41
A-Z Sponge & Foam Products (10%)	3,913.54	508.76	4,422.30
Totals	39,135.50	5,087.62	44,223.12



Deloitte LLP
Bay Adelaide East
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Private and confidential

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)
4362063 Canada Ltd. (formerly Domfoam International Inc.)
A-Z Sponge & Foam Products Ltd.
c/o Deloitte Restructuring Inc.
Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

Attention: Mr. Paul Casey, CPA, CA, CIRP
Senior Vice-President

Date: December 13, 2016
Invoice No.: **4237315**
Client/Mandate No.: 921001.1000001
Billing Partner: Paul Casey
HST Registration No: 122893605

Invoice

For professional services rendered in connection with Deloitte Restructuring Inc., acting as Court-Appointed Monitor under the *Companies' Creditors Arrangement Act* (R.S.C. , 1985, c. C-36) ("CCAA") of 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc. ("**Valle Foam**")), 4362063 Canada Ltd. (formerly Domfoam International Inc. ("**Domfoam**")), and A-Z Sponge & Foam Products Ltd. ("**A-Z**") (collectively the "Companies") for the period from November 1, 2016 to November 30, 2016.

Date	Professional	Description	Hours
10/24/2016	Hristow, Catherine	Correspondence from P. Berg regarding Rail Tech; review correspondence from D. Ullmann regarding response from Revenu Quebec; correspondence with P. Rupa regarding the claim of his mother, C. Rupa.	0.2
10/28/2016	Hristow, Catherine	Correspondence with S. Lieben of Residue North regarding Domfoam plan.	0.1
11/3/2016	Hristow, Catherine	Telephone attendance with G. Moffat regarding Revenu Quebec; and review email correspondence regarding same; review and respond to correspondence from V. Arman regarding small claims court on the Quality litigation; correspondence with P. Berg of Argo regarding Rail Cantech cancellation of assignment.	0.6
11/6/2016	Hristow, Catherine	Telephone attendance with D. Ullmann regarding Valle litigation.	0.2
11/7/2016	Hristow, Catherine	Review correspondence from L. Niebel regarding litigation against Quality and Co.	0.1

Remittance information on last page

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.

Date	Professional	Description	Hours
11/7/2016	Koroneos,Anna	with Alex Teodorescu on minutes of meeting;	0.1
11/10/2016	Brown,Rose	Trust banking Administration - Review and prepare stop payment for staledated cheque.	0.3
11/10/2016	Casey,Paul	Account correspondence	0.3
11/10/2016	Hristow,Catherine	Review email correspondence from C. Baeta regarding stale dated cheques for Valle Foam and respond to same; review correspondences from R. Brown.	0.2
11/16/2016	Brown,Rose	Trust Banking Administration - stop payment and replace dividend cheque.	0.5
11/23/2016	Hristow,Catherine	Review and respond to correspondence from L. Nebel; correspondence with R. Brown; review proceeds received from settlements; review email correspondence from G. Moffat.	0.5
11/28/2016	Brown,Rose	Trust Banking Administration - disbursement cheques	0.4
11/29/2016	Hristow,Catherine	Review and respond to correspondence from S. Lieblein; commence draft of disallowance to Revenu Quebec; email correspondence with G. Moffat and D. Ullman; correspondence with P. Rupa regarding C. Rupa's claim in Valle Foam; email B. Truong at Valle regarding C. Rupa.	1.5
11/30/2016	Hristow,Catherine	Attendance on a conference call with D. Ullmann regarding Revenu Quebec; review appeal document, audit schedule, letter of acceptance and prepare schedule of funds owed to Revenu Quebec and email D. Ullmann and G. Moffat regarding same.	2.5
Total			7.5

Summary of Fees:

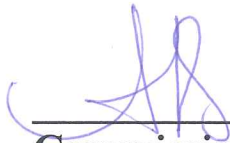
Professional	Position	Hours	Rate	Fees
Paul Casey	Senior Vice President	0.3	700.00	\$ 210.00
Catherine Hristow	Senior Vice President	5.9	625.00	3,687.50
Anna Koroneos	Vice President	0.1	525.00	52.50
Rose Brown	Trust Administrator	1.2	180.00	216.00
Total hours and professional fees		7.5		\$ 4,166.00
Blended hourly rate			555.47	
HST @ 13%				541.58
			Total	\$ 4,707.58
			Less: Retainer Applied	(4,707.58)
Total Amount Due				\$ 0.00

Allocation of Fees

Entity	Professional Fees	Taxes	Total
Valle Foam Industries (1995) Inc. (45%)	1,874.70	243.71	2,118.41
Domfoam International Inc. (45%)	1,874.70	243.71	2,118.41
A-Z Sponge & Foam Products (10%)	416.60	54.16	470.76
Totals	\$ 4,166.00	\$ 541.58	\$ 4,707.58

EXHIBIT "B"

REFERRED TO IN THE AFFIDAVIT OF PAUL M. CASEY
(Sworn on January 17, 2017)



Commissioner

Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte Restructuring Inc.,
Licensed Insolvency Trustee,
Expires June 3, 2019.

EXHIBIT "B"

Calculation of Average Hourly Billing Rates of
Deloitte Restructuring Inc.
for the period August 20, 2016 to November 30, 2016

Invoice No.	Fees	HST	Hours	Average Rate	Total
4211916 (August 20 to October 31, 2016) (31 st Invoice)	\$39,135.50	\$5,087.62	73.6	\$531.73	\$44,223.12
4237315 (November 1 to 30, 2016) (32 nd Invoice)	\$4,166.00	\$541.58	7.5	\$555.47	\$4,707.58
TOTALS	\$43,301.50	\$5,629.20	81.1	\$533.93	\$48,930.70

EXHIBIT "K"

**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.**

APPLICANTS

**AFFIDAVIT OF GRANT MOFFAT
(Sworn January 17, 2017)**

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

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am a partner with Thornton Grout Finnigan LLP ("**TGF**"), lawyers for Deloitte Restructuring Inc. in its capacity as monitor (the "**Monitor**") of the property, assets and undertakings of 3113736 Canada Ltd., 4362063 Canada Ltd. and A-Z Sponge & Foam Products Ltd. and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. Attached hereto as Exhibit "**A**" are true copies of the invoices forwarded to the Monitor by TGF for fees and disbursements incurred by TGF in the course of the within proceeding for the period August 1, 2016 to December 31, 2016.
3. Attached hereto as Exhibit "**B**" is a schedule summarizing each invoice in Exhibit "**A**", the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

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

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

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

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

SWORN BEFORE ME

at the City of Toronto, in the
Province of Ontario this 17th
day of January, 2017.

A commissioner for taking oaths, etc.

Gloria Kalkounis, a Commissioner, etc.,
City of Toronto, for ThorntonGroutFinnigan LLP,
Barristers and Solicitors.
Expires August 27, 2019.

)
)
)
)
)

Grant B. Moffat

EXHIBIT "A"

EXHIBIT "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 FOAM SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

FIFTY SECOND BILL OF COSTS OF THE MONITOR

For the period ending August 31, 2016

Aug-15-16	Review and revise Plan; e-mails with G. Moffat regarding same;	1.30	LMW
Aug-18-16	Telephone call with L. Williams regarding Plan; review comments on Plan from C. Hristow; draft Fourteenth Report; correspondence with D. Ullman regarding revisions to Plan;	2.80	GBM
Aug-19-16	Review dividend calculation; review Thirteenth Report regarding matters to finalize estates;	0.60	GBM
	Telephone call with D. Ullmann in respect of Plan; e-mails regarding same;	0.20	LMW
Aug-20-16	Review affidavit and revised plan; revise plan; review Thirteenth Report regarding same;	2.20	GBM
Aug-22-16	Review and revise plan; correspondence with D. Ullman; draft Monitor's Report;	2.80	GBM
	Telephone call with D. Ullman regarding Plan; review injunction language;	0.40	GBM
	Review claims summary;	0.30	GBM
Aug-23-16	Review revised plan; correspondence with C. Hristow regarding same;	0.70	GBM
	Draft Fourteenth Report;	2.80	GBM
Aug-24-16	Revise Fourteenth Report; review and revise Meeting Order;	3.20	GBM
	Telephone call with C. Hristow; revise Fourteenth Report;	0.50	GBM
Aug-25-16	Review correspondence from W. Branch; telephone call with D. Ullman regarding late claims;	0.30	GBM

Aug-26-16	Telephone call with C. Hristow; review revised report; further revisions to same; telephone call with D. Ullman; review correspondence from W. Branch;	2.80	GBM
	Telephone call with C. Hristow regarding Revenu Quebec claim; revise Fourteenth Report; review spreadsheet summarizing components of Revenu Quebec claim;	1.10	GBM
	Telephone call with D. Ullman;	0.40	GBM
	Review plan regarding voting of class action claims; telephone call with C. Hristow regarding same;	0.40	GBM
	Review draft statements of receipts and disbursements; review cash flow;	0.40	GBM
	Review correspondence from P. Casey regarding questions and comments on Fourteenth Report; telephone call with P. Casey regarding same; review cash flow;	1.60	GBM
	Telephone call with D. Ullman; correspondence with P. Casey; review fee affidavit; review distribution schedule; several telephone call with C. Hristow regarding Fourteenth Report; review correspondence from W. Branch; review final Fourteenth Report;	1.30	GBM
	Review correspondence to D. Ullman from W. Branch; correspondence with W. Branch; review correspondence regarding Revenu Quebec claim; telephone call with W. Branch;	0.80	GBM
	Correspondence with W. Branch regarding valuation of claims; correspondence with D. Ullman; review Claims Procedure Order; correspondence with C. Hristow;	0.70	GBM
	File documents in Commercial Court;	0.70	JER
Aug-29-16	Attend Morawetz RSJ;	1.20	GBM
	Telephone call with P. Casey; telephone call with D. Ullman; telephone call with Alex Teodarescu regarding order;	0.40	GBM
	Review Report and motion materials;	0.60	GBM
Aug-30-16	Review and revise stay extension order; correspondence with Company counsel and C. Hristow regarding same; review revised meeting order and final plan;	0.80	GBM
	Attend stay extension motion;	1.80	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Grant B. Moffat	30.90	\$775.00	23,947.50
Leanne M. Williams	1.50	\$650.00	975.00
Justin Rosen	0.70	\$250.00	175.00

TOTAL FEE HEREIN
HST on Fees

\$25,097.50
\$3,262.68

Total Fees and HST

\$28,360.18

Disbursements:

Photocopies	\$153.50
Photocopies - Colour	\$2.70
Stationery/Supplies	\$18.68
Telephone	\$0.91
Transportation	\$6.50

Total Taxable Disbursements
HST on Disbursements

\$182.29
\$23.70

Total Non-Taxable Disbursements

\$0.00

Total Disbursements and HST

\$205.99

Total Fees, Disbursements & HST


\$28,566.17

OUR ACCOUNT HEREIN

\$28,566.17

ThorntonGroutFinnigan LLP

Per: _____


Grant B. Moffat

HST No. 87042 1039RT
 Matter No. 533-029
 Invoice No. 30750
 Date: Sep 23/16

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

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 FOAM SPONGE & FOAM PRODUCTS LTD.

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

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

Proceedings commenced at **Toronto**

FIFTY SECOND BILL OF COSTS OF THE MONITOR

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

Grant B. Moffat (LSUC# 32380L)
Tel: 416-304-0599
Fax: 416-304-1313
Email: gmoffat@tgf.ca

Lawyers for the Monitor

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 FOAM SPONGE & FOAM PRODUCTS
LTD.

(the "Applicants")

FIFTY THIRD BILL OF COSTS OF THE MONITOR

For the period ending September 30, 2016

Sep-02-16	Review correspondence from counsel to Competition Bureau; consider terms of plan; correspondence with C. Hristow regarding same;	0.40	GBM
Sep-06-16	Review correspondence from Competition Bureau; consider terms of plan affecting Competition Bureau claim; correspondence with P. Casey regarding same;	0.40	GBM
	Review correspondence from D. Ullman regarding Competition Bureau fines;	0.40	GBM
	Attend motion for meeting order;	1.20	GBM
Sep-07-16	Correspondence with D. Ullman regarding issued orders; correspondence with P. Casey regarding meeting date;	0.20	GBM
Sep-09-16	Review issued orders; correspondence with Service List; review notices;	0.40	GBM
Sep-14-16	Review correspondence from W. Branch; correspondence with Company counsel regarding Competition Bureau fines;	0.40	GBM
Sep-15-16	Telephone call with W. Branch; review correspondence from D. Ullman regarding Competition Bureau fine;	0.40	GBM
	Review Meeting Order; correspondence with C. Hristow regarding same;	0.20	GBM
Sep-20-16	Telephone call with D. Ullman regarding status of discussion with A-G regarding Competition Bureau claim; review CCAA regarding same;	0.20	GBM
Sep-21-16	Correspondence with Company counsel and monitor regarding notice of meeting;	0.20	GBM

Sep-23-16	Review proxy form; correspondence with C. Hristow;	0.20	GBM
Sep-28-16	Review correspondence from D. Ullman; telephone call with C. Hristow regarding treatment of Competition Bureau claim;	0.20	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Grant B. Moffat	4.80	\$775.00	3,720.00

TOTAL FEE HEREIN	\$3,720.00
HST on Fees	<u>\$483.60</u>

Total Fees and HST	\$4,203.60
---------------------------	-------------------

OUR ACCOUNT HEREIN	<u>\$4,203.60</u>
---------------------------	--------------------------

ThorntonGroutFinnigan LLP

Per: _____

Grant B. Moffat

HST No. 87042 1039RT

Matter No. 533-029
 Invoice No. 30770
 Date: Oct 11/16

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

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 FOAM SPONGE & FOAM PRODUCTS LTD.

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

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

Proceedings commenced at **Toronto**

FIFTY THIRD BILL OF COSTS OF THE MONITOR

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

Grant B. Moffat (LSUC# 32380L)
Tel: 416-304-0599
Fax: 416-304-1313
Email: gmoffat@tgf.ca

Lawyers for the Monitor

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 FOAM SPONGE & FOAM PRODUCTS
LTD.

(the "Applicants")

FIFTY FOURTH BILL OF COSTS OF THE MONITOR

For the period ending October 31, 2016

Oct-03-16	Review correspondence regarding settlement of Revenu Quebec claim; correspondence with C. Hristow regarding same; review revised plan; correspondence with Company counsel regarding same; correspondence with C. Hristow regarding plan;	0.80	GBM
Oct-06-16	Review of emails from C. Hristow; telephone call from M. Rupa; reply to emails;	0.30	RK
Oct-07-16	Review correspondence to Revenu Quebec; review 2014 revised notice of assessment; review calculation of GST by Revenu Quebec; review Fourteenth Report regarding same;	1.40	GBM
	Telephone call with D. Ullman regarding Revenu Quebec letter;	0.20	GBM
	Review correspondence from Company counsel regarding revised plan; consider injunction provisions;	0.20	GBM
	Telephone call with C. Hristow; correspondence with D. Ullman regarding revisions to plan;	0.40	GBM
Oct-13-16	Review revised plan and correspondence with Department of Justice; consider treatment of Competition Act claim post plan implementation; telephone call with D. Ullman regarding same;	0.70	GBM
Oct-15-16	Review revised plan;	0.20	GBM
	Review claims order regarding voting by class;	0.20	GBM
Oct-17-16	Meeting with M. Grossell regarding voting by class claimants; consider voting by Department of Justice;	0.40	GBM

	Review S. 19(2) of the CCAA regarding treatment of Competition Act claim; consider revisions to Plan; telephone call with D. Ullman regarding same; telephone call with C. Hristow regarding same; review revised Plan; correspondence with C. Hristow regarding same; review Meeting Order;	1.80	GBM
	Review revised Plan; correspondence with C. Hristow;	0.40	GBM
	Research case law on class action voting entitlements and discuss with G. Moffat;	0.50	MG
Oct-18-16	Telephone call with C. Hristow; review correspondence with W. Branch; review Meeting Order and Plan;	0.40	GBM
	Conference call with Company counsel and Monitor regarding creditor meeting; review proxies; review correspondence with class plaintiffs regarding same;	0.70	GBM
	Continue research regarding treatment of class action claims for voting purposes and email G. Moffat on same;	2.00	MG
Oct-19-16	Review correspondence with W. Branch regarding plan and claims; review Fourteenth Report; review correspondence from C. Hristow regarding Revenu Quebec claim; attend creditors meeting;	1.00	GBM
Oct-24-16	Review correspondence from J. Duval regarding settlement; correspondence with D. Ullman regarding same; review claims process order;	0.20	GBM
Oct-28-16	Review correspondence from Revenu Quebec; review correspondence regarding claim amount; correspondence with D. Ullman and C. Hristow regarding same;	0.50	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Grant B. Moffat	9.50	\$775.00	7,362.50
Rebecca Kennedy	0.30	\$450.00	135.00
Mitch Grossell	2.50	\$275.00	687.50
TOTAL FEE HEREIN			\$8,185.00
HST on Fees			<u>\$1,064.05</u>

Total Fees and HST **\$9,249.05**

OUR ACCOUNT HEREIN **\$9,249.05**

ThorntonGroutFinnigan LLP

Per: 
Grant B. Moffat

HST No. 87042 1039RT
Matter No. 533-029
Invoice No. 30892
Date: Nov 21/16

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

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 FOAM SPONGE & FOAM PRODUCTS LTD.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

FIFTY FOURTH BILL OF COSTS OF THE MONITOR

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

Grant B. Moffat (LSUC# 32380L)
Tel: 416-304-0599
Fax: 416-304-1313
Email: gmoffat@tgf.ca

Lawyers for the Monitor

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 FOAM SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

FIFTY FIFTH BILL OF COSTS OF THE MONITOR

For the period ending December 31, 2016

Nov-03-16	Telephone call with C. Hristow;	0.20	GBM
	Review correspondence with J. Dwal and Tax Court; correspondence with C. Hristow regarding same;	0.30	GBM
Nov-17-16	Review correspondence from D. Ullman; review correspondence from C. Hristow regarding disallowance;	0.20	GBM
Nov-22-16	Review correspondence from Revenu Quebec; correspondence with C. Hristow regarding notice of revision of Revenu Quebec claim; correspondence with D. Ullman regarding Sanction Hearing;	0.40	GBM
Dec-05-16	Review correspondence from C. Hristow regarding Revenu Quebec claim; correspondence with C. Hristow regarding same;	0.20	GBM
Dec-14-16	Correspondence with C. Hristow regarding sanction hearing; telephone call D. Ullman; review correspondence with Revenu Quebec regarding claim value;	0.30	GBM
Dec-19-16	Review correspondence from Tax Court and D. Ullman; correspondence with C. Hristow regarding sanction hearing;	0.20	GBM
Dec-31-16	Review correspondence regarding sanction hearing; review correspondence from Tax Court; review Plan regarding timing of performance;	0.40	GBM

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
<u>Lawyer</u>			
Grant B. Moffat	2.20	\$775.00	1,705.00
TOTAL FEE HEREIN			\$1,705.00
HST on Fees			<u>\$221.65</u>
Total Fees and HST			\$1,926.65

Disbursements:

Computer Research

\$66.29

Total Taxable Disbursements**\$66.29****HST on Disbursements****\$8.62****Total Non-Taxable Disbursements****\$0.00****Total Disbursements and HST****\$74.91****Total Fees, Disbursements & HST****\$2,001.56****OUR ACCOUNT HEREIN****\$2,001.56****ThorntonGroutFinnigan LLP**Per: 

Grant B. Moffat

HST No. 87042 1039RT
 Matter No. 533-029
 Invoice No. 31068
 Date: Jan 17/17

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

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 FOAM SPONGE & FOAM PRODUCTS LTD.

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

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

Proceedings commenced at **Toronto**

FIFTY FIFTH BILL OF COSTS OF THE MONITOR

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

Grant B. Moffat (LSUC# 32380L)
Tel: 416-304-0599
Fax: 416-304-1313
Email: gmoffat@tgf.ca

Lawyers for the Monitor

EXHIBIT "B"

EXHIBIT "B"

**Calculation of Average Hourly Billing Rates of
Thornton Grout Finnigan LLP
for the period August 1, 2016 to December 31, 2016**

Invoice No.	Fees	Disbursements	HST	Hours	Average Rate	Total
30750 (52nd Bill of Costs)	\$25,097.50	\$182.29	\$3,286.38	33.1	\$558.34	\$28,566.17
30770 (53rd Bill of Costs)	\$3,720.00	\$0.00	\$483.60	4.80	\$775.00	\$4,203.60
30892 (54th Bill of Costs)	\$8,185.00	\$0.00	\$1,064.05	12.3	\$500.00	\$9,249.05
31068 (55th Bill of Costs)	\$1,705.00	\$66.29	\$230.27	2.20	\$775.00	\$2,001.56
TOTALS:	\$38,707.50	\$248.58	\$5,064.30	52.4		<u>\$44,020.38</u>

EXHIBIT "C"

EXHIBIT "C"

Billing Rates of Thornton Grout Finnigan LLP

For the period August 1, 2016 to December 31, 2016

	<u>Rate</u>	<u>Year of Call</u>
Grant B. Moffat	\$775	1991
Leanne Williams	\$650	1999
Rebecca Kennedy	\$450	2011
Mitch Grossell	\$275	2016
Justin Rosen	\$250	Articling Student

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

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

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

Proceedings commenced at **Toronto**

AFFIDAVIT OF GRANT MOFFAT

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

Grant B. Moffat (LSUC# 32380L)
Tel: 416-304-0599
Fax: 416-304-1313
Email: gmoffat@tgf.ca

Lawyers for the Monitor