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CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No.: 500-11-035903-091

SUPERIOR COURT
(Commercial Division)

The Companies' Creditors Arrangement Act

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

*28 octobre 2010
Vu la nature du recours
déposé au JCC en vertu de l'art 16.12*

BLUE MOUNTAIN WALLCOVERINGS
GROUP INC.

-and-

*Le 28 octobre 2010 - s. 16.12
Hon. Justine Mayrand, J.C. &
Référé accueilli suivant
les conclusions amendées.*

BLUE MOUNTAIN WALLCOVERINGS
INC.

-and-

*Sans frais
Maloney & Co.*

BLUE MOUNTAIN WALLCOVERINGS
CANADA INC.

-and-

David George

BLUE MOUNTAIN WALLCOVERINGS
USA INC.

Petitioners

-and-

RSM RICHTER INC.

Monitor

PETITION FOR THE APPROVAL OF A RE-AMENDED PLAN OF ARRANGEMENT
(Section 7.1 of the Amended Plan of Arrangement dated May 7, 2010)

TO ONE OF THE HONORABLE JUDGES OF THE SUPERIOR COURT, SITTING IN
THE COMMERCIAL CHAMBER, IN AND FOR THE JUDICIAL DISTRICT OF
MONTREAL, PETITIONERS RESPECTFULLY SUBMIT THE FOLLOWING:

(v) only a small number of creditors (that no longer supply Petitioners) have voiced their dissatisfaction with the current delays;

21. Petitioners communicate for approval to this Honorable Court, as Exhibit R-2, a copy of the proposed Re-Amended Plan;

22. The Re-Amended Plan does not alter the amounts to be distributed as Option 2 Distributions;

23. The Amended Plan allows the Petitioners to make any material amendment or modification to the Amended Plan at any time after the Creditor's Meeting, if the amendments are approved by the Monitor and the Court, after notice has been given to the affected creditors, the whole as appears from Section 7.1 of the Amended Plan which reads as follows:

"Section 7.1 Amendments to the Plan

The Petitioners reserve the right, at any time and from time to time, to amend, modify and/or supplement this Plan, provided that:

(...);

any material amendment or modification that is approved by the Monitor and, if made following the Creditors' Meeting, approved by the Court following notice to the creditors affected thereby. The Petitioners may give notice of proposed material amendments to the Plan at the Creditors' Meeting: (...)" (emphasis added)

24. Notice will be given to the creditors affected by the amendments, by the mailing (as set forth in the Monitor's Report) and/or the service of the present Petition and the supporting Exhibits, including the Re-Amended Plan. A copy of the Petition, the Report and the Re-Amended Plan will also be posted on the Monitor's website;

25. The Petitioners have otherwise fully complied with the provisions of the CCAA and with the orders of this Court. Petitioners have also acted at all times in good faith and in the best interest of the parties involved in the proposed arrangement.

WHEREFORE, MAY IT PLEASE THIS COURT TO:

[1] **GRANT** Petitioners' "Petition for the approval of a Re-Amended Plan of Arrangement" pursuant to Section 7.1 of the Amended Plan;

Definitions

[2] **ORDER** that any capitalized terms not otherwise defined in this Order shall have the meaning ascribed thereto in the Amended Plan or the Claims Process Order, as the case may be;

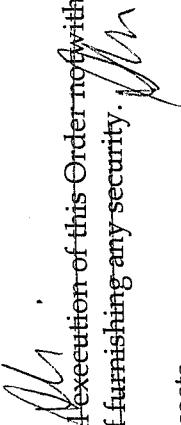
Service and Re-Amended Plan

- [3] DECLARE that there has been proper and sufficient notice of the Petition and the proposed amendments to the Amended Plan to all Known Creditors;
- [4] ORDER that the Petitioners' proposed Re-Amended Plan dated October 8, 2010 (the "Re-Amended Plan") is approved and binding upon all Creditors and persons as per its terms;
- [5] EXEMPT the Petitioners from holding a new creditors' meeting to vote on the Re-Amended Plan;

Stay of Proceedings

- [6] ORDER that the Stay Termination Date (as defined in the Initial Order) is set to May 4, 2011 and that the Stay Period will be in effect up to and including the Stay Termination Date;
- [7] ORDER that all other Orders made in the CCAA Proceedings, including the Initial Order and the Sanction Order shall continue in full force and effect in accordance with their respective terms, subject to or except to the extent that such Orders are varied by, or inconsistent with this Order;

Provisional Execution

- [8] ORDER the provisional execution of this Order ~~notwithstanding any appeal and without the necessity of furnishing any security.~~  .
- [9] THE WHOLE without costs.

MONTREAL, this 12th day of October,
2010


STIKEMAN ELLIOTT LLP
Attorneys for the Petitioners