

CANADA
PROVINCE OF QUÉBEC

DISTRICT OF MONTREAL
No.: 500-11-035903-091

SUPERIOR COURT
(Commercial Division)

The Companies' Creditors Arrangement Act

Montreal, January 11, 2010

Present: ^{The}
Honourable Jean-Yves Lalonde
J.S.C.

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

BLUE MOUNTAIN WALLCOVERINGS
GROUP INC.

-and-

BLUE MOUNTAIN WALLCOVERINGS
INC.

-and-

BLUE MOUNTAIN WALLCOVERINGS
CANADA INC.

-and-

BLUE MOUNTAIN WALLCOVERINGS
USA INC.

Petitioners

-and-

RSM RICHTER INC.

Monitor

ORDER

- JL3280
- [1] SEEING Blue Mountain Wallcoverings Group Inc., Blue Mountain Wallcoverings Inc., Blue Mountain Wallcoverings Canada Inc. and Blue Mountain Wallcoverings USA Inc. (collectively, the "Petitioners")'s petition to sanction a plan of arrangement pursuant to Section 6 of the *Companies' Creditors Arrangement Act* R.S.C. (1985), c. C-36, as amended ("CCAA"), dated December 14, 2009, the exhibit and the affidavit of Michel Megelas filed in support thereof (the "Petition");
- [2] GIVEN the provisions of the CCAA;
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WHEREFORE, THE COURT:

[3] **GRANTS** the Petition;

DEFINITIONS

[4] **ORDERS** that any capitalized terms not otherwise defined in this Order shall have the meaning ascribed thereto in the Petitioners' Plan of Arrangement dated November 10, 2009 (the "**Plan**") or the order rendered by the Honourable Clément Gascon, J.S.C., on September 2, 2009 (the "**Claims and Meeting Order**"), as the case may be;

SERVICE AND MEETING

[5] **DECLARES** that the notices of presentation of the Petition and Sanction Hearing are proper and sufficient, and that they were sent in accordance with the Claims and Meeting Order;

[6] **DECLARES** that there has been proper and sufficient service and notice to all Known Creditors of the Meeting Materials, and that the Creditors' Meeting was duly called, held and conducted in conformity with the CCAA and the orders of the Court;

PLAN SANCTION

[7] **DECLARES** that:

- (a) the Plan has been approved by the required majorities of Creditors of the Petitioners in conformity with the CCAA;
- (b) the Petitioners has complied with the provisions of the CCAA and Orders of the Court;
- (c) the Court is satisfied that the Petitioners has neither done nor purported to do anything that is not authorized by the CCAA;
- (d) the Plan is fair and reasonable, and in the best interests of the Petitioners, the Creditors and the other stakeholders of the Petitioners;

[8] **ORDERS** that the Plan and the payment terms established by the Plan are sanctioned and approved pursuant to Section 6 of the CCAA and binding upon all Unsecured Creditors and, as at the Effective Date, will be effective and will enure to the benefit of and be binding upon the Petitioners, the Creditors and all other Persons stipulated in the Plan;

[9] **ORDERS** that the Petitioners and the Monitor are authorized and directed to take all steps and actions necessary or appropriate, as determined by the Petitioners to implement the Plan, and such steps and actions are approved;

- [10] **ORDERS** that, as at the Effective Date, all Claims of any nature against the Petitioners or the Property (as defined in the Initial Order) are hereby forever discharged, released and irrevocably extinguished and all proceedings with respect thereto or in connection therewith are permanently stayed, subject only to the right of the Creditors to receive the distributions in respect of such Claims in accordance with the Plan and the Claims Process Order;
- [11] **DECLARES** that all Proven Claims determined in accordance with the Claims Process Order and the Plan are final and binding on the Petitioners and all Creditors;
- [12] **ORDERS** that as at the Effective Date and subject to the provisions of Subsection 5.1(2) of the CCAA, all Persons shall release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing in any way relating to the Petitioners, the subject matter of, or the transactions or events giving rise to, any claims or interests that could be asserted against: (i) present or former directors, officers and employees of the Petitioners, in each case, in their respective capacities as at the Determination Date; (ii) the agents, legal counsel, financial advisors and other professionals of the Petitioners; and (iii) the Monitor and its employees, officers and directors;
- [13] **ORDERS** that, from and after the Effective Date, all Persons shall be deemed to have waived any and all defaults of the Petitioners then existing or previously committed by the Petitioners or caused by the Petitioners, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Petitioners arising from the filing by the Petitioners under the CCAA or the transactions contemplated by the Plan, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded;
- [14] **DECLARES** that, subject to the performance by the Petitioners of their obligations under the Plan, all contracts, leases, agreements and other arrangements to which the Petitioners are a party and that have not been terminated or repudiated pursuant to the Initial Order will be and remain in full force and effect, unamended, as at the Effective Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:
- (a) any event that occurred on or prior to the Effective Date and is not continuing that would have entitled such Person to enforce those rights or remedies;

- (b) the insolvency of the Petitioners or the fact that the Petitioners sought or obtained relief under the CCAA; or
- (c) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan;

STAY EXTENSION

- [15] **DECLARES** that the stay of proceedings under the Initial Order continues until the filing with this Court of the Monitor's Certificate (the date of such filing to be the Stay Termination Date (as such term is defined in the Initial Order));
- [16] **ORDERS** that all other Orders made in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by, or inconsistent with this Order;

MONITOR

- [17] **APPROVES** the conduct and activity of the Monitor as described in the "*Minutes of the First Meeting of Creditors of the Petitioners*" (the "**Minutes**");
- [18] **ORDERS** that, until its discharge as provided in this Order, the appointment of RSM Richter Inc. as Monitor and as an officer of this Court pursuant to the terms of the Initial Order, and the protections afforded to it pursuant to Orders made in the CCAA Proceedings, shall not expire or terminate on the Effective Date and shall be effective and in full force and effect until the completion by the Monitor of all of its duties in relation to the claims procedure and all matters relating thereto as set out in the Claims Process Order and the completion by the Monitor of all other matters for which it is responsible under the Plan or pursuant to the Orders of this Court made in the CCAA Proceedings;
- [19] **ORDERS** that the Monitor shall be discharged of its duties and obligations pursuant to the Plan, this Order and all other Orders made in the CCAA Proceedings, upon the filing with this Court of a certificate of the Monitor certifying that the matters set out in the immediately preceding paragraph are completed to the best of the Monitor's knowledge;

PROVISIONAL EXECUTION

- [20] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security.
- [21] **THE WHOLE** without costs.



J.C.S

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