

CANADA
PROVINCE OF QUÉBEC

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

SUPERIOR COURT
(Commercial Division)

The Companies' Creditors Arrangement Act

Montreal, September 2, 2009

Present: The Honourable Clément Gascon,
S.C.J.

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

CLAIMS AND MEETING ORDER

- [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 establish a claims process and for setting the procedures with respect to a meeting of creditors" dated August 28, 2009 (the "Petition"), and the affidavit of Michel Megelas filed in support thereof;
- [2] **GIVEN** the provisions of the *Companies' Creditors Arrangement Act* R.S.C. (1985), c. C-36, as amended ("CCAA");

WHEREFORE, THE COURT:

[3] GRANTS the Petition;

Service

[4] DECLARES that the Petition filed by the Petitioners is properly presentable today;

Definitions

[5] ORDERS that the following terms in the present order (the "Order") shall, unless otherwise indicated, have the following meanings ascribed thereto:

- (a) "BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (b) "Business Day" means a day, other than a Saturday, a Sunday or a non-judicial day (as defined in article 6 of the *Code of Civil Procedure*, R.S.Q., c. C-25, as amended);
- (c) "CBCA" means the *Canada Business Corporations Act*, R.S.C., 1985 c. C-44, as amended;
- (d) "CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
- (e) "CCAA Proceedings" means the proceedings in respect of the Petitioners before the Court commenced pursuant to the CCAA;
- (f) "Claim" means any right of any Person against the Petitioners in connection with any indebtedness, liability or obligation of any kind of the Petitioners owed to such Person and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to the Determination Date, or which would have been claims provable in bankruptcy had the Petitioners become bankrupt on the Determination Date, and, without limitation, shall include any Restructuring Claim;
- (g) "Claims Bar Date" means 5:00 p.m. (Montréal time) on October 5, 2009;
- (h) "Court" means the Québec Superior Court (Commercial Division);

- (i) "Creditor" means any Person having a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, or other Person acting on behalf of such Person and includes a Known Creditor. A Creditor shall not include an Excluded Creditor;
- (j) "Creditors' Instructions" means the instructions for Creditors, including a Proof of Claim and an instruction letter explaining how to complete same;
- (k) "Creditors' List" means a list of all Known Creditors;
- (l) "Creditors' Meeting" means the meeting of the Petitioners' Creditors to be convened for the purposes of voting on the Plan, and any adjournment thereof;
- (m) "Designated Newspapers" means La Presse and The Gazette;
- (n) "Determination Date" means March 20, 2009;
- (o) "Excluded Claim" means any right of any Person against the Petitioners in connection with any indebtedness, liability or obligation of any kind which came into existence after the Determination Date and any interest thereon, including any obligation of the Petitioners toward creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Petitioners after the Determination Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds after the Determination Date and to the extent that such claims are not otherwise affected by the Plan;
- (p) "Excluded Creditor" means a Person having a Claim in respect of an Excluded Claim but only in respect of such Excluded Claim;
- (q) "Initial Order" means the order of this Court made at the Determination Date under the CCAA;
- (r) "Known Creditor" means a Creditor whose Claim is included in the Petitioners' books and records;
- (s) "Meeting Materials" shall have the meaning ascribed to such term in paragraph 22;
- (t) "Monitor" means RSM Richter Inc., in its capacity as monitor appointed pursuant to the Initial Order;
- (u) "Newspaper Notice" means the notice of this Order to be published in the Designated Newspapers on the Publication Date in accordance with paragraph 6, which shall set out the Claims Bar Date and the Creditors' Instructions;
- (v) "Notice of Revision or Disallowance" means the notice referred to in paragraph 10 hereof, advising a Creditor that the Monitor has revised or rejected all or part

of such Creditor's Claim set out in its Proof of Claim and setting out the reasons for such revision or disallowance;

- (w) "Notice to Creditors" shall have the meaning ascribed to such term in subparagraph 22(a);
- (x) "Person" means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, governmental body or agency, or any other entity;
- (y) "Plan" means a plan to be filed by the Petitioners pursuant to the CCAA, as such plan may be amended or supplemented from time to time;
- (z) "Proof of Claim" means the form of Proof of Claim for Creditors referred to in paragraphs 9 and 10 hereof;
- (aa) "Proven Claim" means the amount of any Claim of any Creditor determined in accordance with the provisions of the CCAA and this Order, and proven by delivering a Proof of Claim to the Monitor;
- (bb) "Publication Date" means the date on which the publication of the Newspaper Notice in all of the Designated Newspapers has been completed;
- (cc) "Restructuring Claim" means any right of any Person against the Petitioners in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation or termination, on or after the Determination Date, of any contract, lease, employment agreement, collective agreement or other agreement, whether written or oral, including any right of any Person who receives a notice of repudiation or termination from the Petitioners before September 11, 2009;
- (dd) "Sanction Hearing" means a hearing before the Court to seek the approval of the Plan;
- (ee) "Voting Claim" of a Creditor means the Proven Claim of the Creditor unless the Proven Claim of the Creditor is not finally determined at the time of the Creditors' Meeting, in which case it means the Claim of the Creditor which is accepted for voting purposes in accordance with the provisions of this Order;

General Procedure

- [6] **ORDERS** that the Newspaper Notice shall be published by the Monitor in the Designated Newspapers as soon as possible following the issuance of this Order, but in any event no later than September 16, 2009;
- [7] **ORDERS** that the Monitor shall publish on its website on or before September 16, 2009, a copy of this Order, a copy of the Creditors' List and of the Creditors' Instructions;

- [8] **ORDERS** that, in addition to the publication referred to in paragraph 7, the Monitor shall send, by regular mail, a copy of this Order and of the Creditors' Instructions to each Known Creditor no later than September 16, 2009;

Claims Procedure

- [9] **ORDERS** that, unless otherwise authorized by this Court, a Creditor who does not file a Proof of Claim by the Claims Bar Date shall not be entitled to any further notice, shall not be entitled to participate as a Creditor in these proceedings, shall not be entitled to vote on any matter in these Proceedings, including the Plan, or from advancing a Claim against the Petitioners or from receiving a distribution under the Plan;
- [10] **ORDERS** that the following procedure shall apply where a Creditor files a Proof of Claim on or before the Claims Bar Date:
- (a) the Monitor, together with the Petitioners, shall review the Proof of Claim to value the amounts and terms set out therein for voting and distribution purposes. Where applicable, the Monitor shall send the Creditor a Notice of Revision or Disallowance by mail, telecopier, courier or other means of electronic communication;
 - (b) the Creditor who receives a Notice of Revision or Disallowance and wishes to dispute it shall, within ten (10) days of the Notice of Revision or Disallowance, file an appeal motion with the Court and serve a copy of such appeal motion to the Petitioners' counsel identified in paragraph 29 hereof and the Monitor;
 - (c) unless otherwise authorized by this Court, if the Creditor does not file an appeal motion within the delay provided for above, such Creditor shall be deemed to have accepted the value of its Claim as set out in the Notice of Revision or Disallowance;
 - (d) where the Creditor appeals from the Notice of Revision or Disallowance or its Claim has not been finally determined prior to the date of any Creditor's Meeting, the Monitor, in conjunction with the Petitioners, will determine the amount of the Voting Claim;

Creditors' Meeting

- [11] **ORDERS** that the Petitioners be authorized to call, hold, adjourn and conduct the Creditors' Meeting at a date to be determined in conjunction with the Monitor, in Montréal, Québec for the purpose of considering and, if deemed advisable, approving the Plan, unless the Creditors decide by resolution carried by the majority of votes (one vote for each dollar of every Voting Claim) to postpone the Creditors' Meeting;
- [12] **ORDERS** that, the only Persons entitled to attend and speak at the Creditors' Meeting are Creditors with Voting Claims and their proxy holders, representatives of the Petitioners, members of the boards of directors of the Petitioners and representatives of

the Monitor. Any other Person may be admitted to the Creditors' Meeting on invitation of the Monitor;

- [13] **ORDERS** that the quorum required at the Creditors' Meeting shall be one Creditor with a Voting Claim present at such meeting in person or by proxy. If the requisite quorum is not present at the Creditors' Meeting, then the Creditors' Meeting shall be adjourned by the Monitor to such time and place as the Monitor deems necessary or desirable;
- [14] **ORDERS** that the only Persons entitled to vote at the Creditors' Meeting shall be Creditors with Voting Claims and their proxy holders. Each Creditor with a Voting Claim will be entitled to a number of votes equal to the value in dollars of its Voting Claim as determined in accordance with this Order. A Creditor's Voting Claim shall not include fractional numbers and Voting Claims shall be rounded down to the nearest whole Canadian dollar amount;
- [15] **ORDERS** that any proxy that any Creditor wishes to submit in respect of the Creditors' Meeting (or any adjournment thereof) must be received by the Monitor a least one Business Day before the beginning of the Creditors' Meeting;
- [16] **ORDERS** that the results of any and all votes in each class conducted at the Creditors' Meeting shall be binding on all Creditors of the same class, whether or not any such Creditor has a Proven Claim or is present, or voting, at the Creditors' Meeting;
- [17] **ORDERS** that the Monitor shall preside as the chair of the Creditors' Meeting and, subject to any further order of this Court, shall decide, in conjunction of the Petitioners, all matters relating to the conduct of the Creditors' Meeting. The Petitioners and any Creditor may appeal from any decision of the Monitor to the Court, within three (3) Business Days of any such decision;
- [18] **ORDERS** that, at the Creditors' Meeting, the Monitor shall be and is hereby authorized to direct a vote with respect to the Plan and any amendments thereto as the Petitioners and the Monitor may consider appropriate;
- [19] **ORDERS** that the Monitor be authorized to adjourn the Creditors' Meeting on one or more occasions to such time(s), date(s) and place(s) as he deems necessary or desirable (without the need to first convene the Creditors' Meeting for the purpose of any adjournment);
- [20] **ORDER** that the Monitor may appoint scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at the Creditors' Meeting. A Person designated by the Monitor shall act as secretary at the Creditors' Meeting;
- [21] **ORDERS** that the Monitor shall be directed to calculate the votes cast at the Creditors' Meeting and shall report to the Court at the sanction hearing as to the effect, if any, that the Monitor's determination of Creditors' Voting Claims pursuant to subparagraph 10(d) hereof had on the outcome of the votes cast at the Creditors' Meeting;

Notice of Creditors' Meeting

- [22] **ORDERS** that, at least 21 days prior to the Creditors' Meeting, the Monitor shall publish on its website at <http://www.rsmrichter.com/Restructuring/bluemountain.aspx>, the following documents (collectively, the "Meeting Materials"):
- (a) a notice of the Creditors' Meeting and Sanction Hearing (the "Notice to Creditors"), substantially in the form attached hereto as Schedule A;
 - (b) the Plan; and
 - (c) a copy of the Proxy and Voting Letter, substantially in the forms attached hereto as Schedule B;
- [23] **ORDERS** that the Monitor shall send the Meeting Materials to all Creditors with a Voting Claim at least 21 days prior to the Meeting of Creditors;
- [24] **ORDERS** that publication of a copy of the Notice to Creditors in the manner set out in subparagraph (a), and mailing of the Meeting Materials in accordance with paragraph 23 hereof, shall constitute good and sufficient service of the Meeting Materials on all Persons who may be entitled to receive notice thereof, or of these proceedings, or who may wish to be present in person or by proxy at the Creditors' Meeting, or who may wish to appear in these proceedings, and no other form of notice or service need be made on such Persons, and no other document or material need be served on such Persons in respect of these proceedings;

Notice of Transfers

- [25] **ORDERS** that, for purposes of voting at the Creditors' Meeting, if a Creditor who has a Voting Claim transfers or assigns all of its Voting Claim and the transferee or assignee delivers evidence satisfactory to the Monitor of its ownership of all of such Voting Claim and a written request to the Monitor, not later than October 9, 2009, or such later time that the Monitor may agree to, that such transferee's or assignee's name be included on the list of Creditors entitled to vote, either in person or by proxy, the transferor's or assignor's Voting Claim at the Creditors' Meeting in lieu of the transferor or assignor;
- [26] **ORDERS** that, for purposes of distributions to be effected pursuant to the Plan, if a Creditor transfers or assigns the whole of its Claim to another Person after October 9, 2009, neither the Petitioners, nor the Monitor shall be obligated to deal with the transferee or assignee of the Claim as the Creditor in respect thereof unless and until notice of the transfer or assignment from either the transferor, assignor, transferee or assignee, together with evidence showing that such transfer or assignment was valid at law, has been received by the Monitor at least ten (10) Business Days prior to any distribution under the Plan;
- [27] **ORDERS** that if the holder of a Claim or any subsequent holder of the whole of a Claim who has been acknowledged by the Monitor as the Creditor in respect of such Claim, transfers or assigns the whole of such Claim to more than one Person or part of such

Claim to another Person or Persons, such transfer or assignment shall not create a separate Claim or Claims and such Claim shall continue to constitute and be dealt with as a single Claim notwithstanding such transfer or assignment, and the Monitor and the Petitioners shall in each such case not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim, provided such Creditor may by notice in writing to the Monitor direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and in such event, such Creditor, such transferee or assignee of the Claim as a whole shall be bound by any notices given or steps taken in respect of such Claim with such Person in accordance with this Order;

Evidence that Claim was Paid

[28] **ORDERS** that, should the Monitor receive evidence satisfactory to it that the Claim of a Creditor was paid in part or in full by a party other than the Petitioners prior to the Determination Date, such Claim shall be reduced or deleted, for the purposes of distributions under the Plan;

Notices and Communications

[29] **ORDERS** that any notice or other communication to be given under this Order by a Creditor to the Monitor or the Petitioners shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if given by mail, telecopier, courier or other means of electronic communication addressed to:

Monitor:	RSM Richter Inc.
	Attention: Gilles Robillard
	E-mail: grobillard@rsmrichter.com

Petitioners' counsel	Stikeman Elliott LLP
	Attention: Jean Fontaine and Frédéric Paré
	E-mail : jfontaine@stikeman.com
	E-mail : fpare@stikeman.com


[30] **ORDERS** that any document sent by the Monitor pursuant to this Order may be sent by e-mail, ordinary mail, registered mail, courier or facsimile transmission. A Creditor shall be deemed to have received any document sent pursuant to this Order two (2) Business Days after the document is sent by mail, one (1) Business Day after the document is sent by courier and on the date the document is sent by e-mail or facsimile transmission (if the document is sent no later than 5:00 p.m.);

General Provisions

[31] **ORDERS** that for the purposes of this Order, all Claims that are denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada noon spot

rate of exchange for exchanging currency to Canadian dollars on the Determination Date;

- [32] **ORDERS** that the Monitor may apply to this Court for advice and direction in connection with the discharge or variation of its powers and duties under this Order;
- [33] **ORDERS** the provisional execution of this Order notwithstanding appeal;
- [34] **THE WHOLE** without costs.


Clément Gascon, S.C.J. J.C.S.

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