

# RSM Richter Inc.

May 6, 2010

RSM Richter Inc.  
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## To the Creditors of Blue Mountain Wallcoverings Group Inc., Blue Mountain Wallcoverings Inc., Blue Mountain Wallcoverings Canada Inc. and Blue Mountain Wallcoverings USA Inc.

Dear Madam/Sir,

We refer to the Plan of Arrangement ("Plan") filed by Blue Mountain Wallcoverings Group Inc., Blue Mountain Wallcoverings Inc., Blue Mountain Wallcoverings Canada Inc. and Blue Mountain Wallcoverings USA Inc. ("BMW"), which was approved by the creditors at the meeting of creditors held on December 10, 2009 and sanctioned by the Court on January 11, 2010.

In summary, the Plan provided for the following treatment of the Unsecured Claims:

- (1) Unsecured Creditors have the option to receive payment of the lesser of the amount of their Unsecured Claim and \$1,500, in full and final settlement of all of their Unsecured Claims ("Option 1 Distribution"), provided they complete and return the Election and Voting Form (with the Proxy form) by the deadline of December 9, 2009.
- (2) Unsecured Creditors who do not elect for the Option 1 Distribution on the Election and Voting Form will be entitled to receive their *pro rata* share of the balance of the Basket, ("Option 2 Distribution") after payment of Crown Claims and distributions to the Unsecured Creditors who elected for Option 1 Distribution.

Since you hold Unsecured Claims against BMW and have not submitted an Election and Voting form to the Monitor electing for an "Option 1 Distribution", we are writing to inform you that BMW was unable to complete its financing in time to make the initial 50% of your Option 2 Distribution payment contemplated in the Plan.

Accordingly, BMW will be presenting to the Court a Petition to Amend the Plan of Arrangement, requesting the postponement of the delay to make distributions under the Plan for a 90 day period.

Enclosed you will find a copy of the Petition as well as our Report addressing the postponement of the delay to make distributions under the Plan as well as our recommendation.

We wish to inform you that the Petition will be presented in Court on Tuesday, May 25, 2010, at 9:00 am, in Room 16.10, Palais de Justice, where you will have the opportunity, should you wish, to make representations to the Court.

The information contained herein is a summary only, for ease of reference only, and does not amend, alter or affect anything set out in the Plan. Reference should be made to the full text of the Plan itself, which is available on the Monitor's website at <http://www.rsmrichter.com/Restructuring/BlueMountain.aspx>.

Yours very truly,

**RSM Richter Inc.**  
Monitor



Gilles Robillard, CA, CIRP