

**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 HOLLANDER SLEEP PRODUCTS LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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MOTION RECORD

December 17, 2019

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APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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APPLICANT

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TAB 1

Court File No. CV-19-620484-00CL

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APPLICANT

**NOTICE OF MOTION
(Motion for Recognition of Certain Orders of the U.S. Court)
(Returnable December 19, 2019)**

HSP Liquidation, LLC (formerly Hollander Sleep Products, LLC), the foreign representative (the “**Foreign Representative**”), in its capacity as a foreign representative of itself as well as Dream II Holdings, LLC, HSPC Liquidation Limited (formerly Hollander Sleep Products Canada Limited) (“**Hollander Canada**”), HHFH Liquidation, LLC (formerly Hollander Home Fashions Holdings, LLC), PCF Liquidation, LLC (formerly Pacific Coast Feather, LLC), HSPK Liquidation, LLC (formerly Hollander Sleep Products Kentucky, LLC) and PCFC Liquidation, LLC (formerly Pacific Coast Feather Cushion, LLC) (collectively, the “**Chapter 11 Debtors**”), will make a motion to the Ontario Superior Court of Justice (Commercial List) on December 19, 2019 at 10:00 AM, or as soon thereafter as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order substantially in the form attached hereto as Schedule “A”:
 - (a) recognizing and enforcing pursuant to section 49 of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended (the “**CCAA**”) the following Orders recently entered by the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Court**”):
 - (i) the Case Names Order;
 - (ii) the Claims Procedure Amending Order;
 - (iii) the Administrative Claims Bar Date Extension Order (each as defined below); and
 - (b) such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

The Chapter 11 Proceedings and the Canadian Proceedings

2. On May 19, 2019 (the “**Petition Date**”), each of the Chapter 11 Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code (the “**Chapter 11 Cases**”) with the U.S. Court.
3. Concurrent with or shortly after the filing of the Petitions, the Chapter 11 Debtors also filed several “first day” motions (the “**First Day Motions**”) with the U.S. Court and, on May 21, 2019

and June 3, 2019, the U.S. Court heard the First Day Motions, with certain “second day” motions (the “**Second Day Motions**”) to be heard at a later date.

4. On May 22 and 23, 2019, the U.S. Court entered interim and/or final orders (the “**First Day Orders**”) in respect of the First Day Motions.

5. On May 23, 2019, this Court granted an initial order (the “**Initial Recognition Order**”) which, among other things, recognized the Chapter 11 Cases as “foreign main proceedings”, recognized the appointment of the Foreign Representative, and granted related stays of proceedings in favour of the Chapter 11 Debtors, pursuant to Part IV of the CCAA.

6. Also on May 23, 2019, this Court granted a supplemental Order (the “**Supplemental Order**”) which, among other things, recognized the Foreign Representative Order and certain other First Day Orders made by the U.S. Court in the “foreign main proceedings”, appointed KSV Kofman Inc. as Information Officer, granted a charge in favour of the DIP ABL Agent and the DIP ABL Lenders in respect of the DIP ABL Facility, and an administration charge in the amount of \$200,000 in favour of the Information Officer and its counsel.

7. By Order dated July 5, 2019, this Court recognized sixteen (16) Second Day Orders that had been entered by the U.S. Court on June 21, July 2 and July 3, 2019 (the “**Second Recognition Order**”), including the Bar Date Order, the Bid Procedures Order and the Final DIP ABL Order.

8. By Order dated August 6, 2019, this Court recognized five additional Orders, including the Disclosure Statement Order, KERP Order and the Final DIP Term Order (the “**Third Recognition Order**”), all of which had been entered by the U.S. Court on July 10, July 19, July 25, August 1 and August 2, 2019.

9. On September 11, 2019, the Ontario Court issued the Recognition, Approval and Vesting Order and recognized three additional Orders, including the Confirmation Order, the Restructuring Support and Settlement Order, and the DIP Term Loan Amendment Order, which Orders had been entered by the U.S. Court on September 5, 2019, August 15, 2019, and September 6, 2019, respectively.

10. The Recognition, Approval and Vesting Order, among other things:

- (a) authorized and directed the Foreign Representative and the Chapter 11 Debtors to take all steps and actions, and to do all things, necessary or appropriate, to implement the *Debtors' Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* (as approved, confirmed and modified by the Confirmation Order, the “**Confirmed Plan**”),
- (b) approved the sale of the Canadian Assets to the Purchaser pursuant to an asset purchase agreement dated as of August 15, 2019 (as amended, modified, or supplemented, the “**Asset Purchase Agreement**”), and
- (c) vested the Canadian Acquired Assets (as defined in the Asset Purchase Agreement) and such other Acquired Assets (as defined in the Asset Purchase Agreement) over which the Ontario Court has jurisdiction (the “**Canadian Assets**”) in the Purchaser upon the delivery by the Information Officer to the Purchaser of a certificate substantially in the form of Schedule “D” to the Recognition, Approval and Vesting Order, which delivery occurred on September 13, 2019, representing the closing of the sale of substantially all of the Chapter 11 Debtors’ assets to Bedding Acquisition, LLC (including its successors and permitted assigns, the “**Purchaser**”), pursuant to the Asset Purchase Agreement.

11. Pursuant to the Confirmed Plan, Drivetrain, LLC was appointed as the plan administrator (the “**Plan Administrator**”) on the Effective Date (as defined in the Confirmed Plan) with authorization to act on behalf of the Chapter 11 Debtors as the sole manager and sole officer of each (or, in the case of HSPC Liquidation Limited, directors). The Plan Administrator is responsible for, among other things, “. . . wind[ing] down the [Chapter 11 Debtors’] businesses and affairs . . . and administer[ing] the liquidation of the [Chapter 11 Debtors] and any assets held by the Wind-Down Trust . . .” in these CCAA Recognition Proceedings.

12. On November 19, 2019, December 12 and December 16, 2019, the U.S. Court entered the following Orders, which the Foreign Representative, by and through the Plan Administrator, is seeking to have recognized through this Motion:

- (a) *Order Authorizing Change of Case Names and for Related Relief* (the “**Case Names Order**”);
- (b) *Order (I) Approving (A) Omnibus Claims Objection Procedures and (B) Omnibus Claims Satisfaction Procedures, and (II) Authorizing the Plan Administrator to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007(c) and (d)* (the “**Claims Procedure Amending Order**”); and
- (c) *Order Extending the Period to File Objections to Administrative Claims* (the “**Administrative Claims Bar Date Extension Order**”).

Recognition of the Case Names Order is Appropriate

13. Pursuant to the Asset Purchase Agreement, the Chapter 11 Debtors, by and through the Plan Administrator, changed all of the Chapter 11 Debtors’ names (except Dream II Holdings, LLC whose name shall remain the same) to new names, as follows:

Former Name	New Name
Hollander Sleep Products, LLC	HSP Liquidation, LLC
Hollander Home Fashions Holdings, LLC	HHFH Liquidation, LLC
Hollander Sleep Products Kentucky, LLC	HSPK Liquidation, LLC
Pacific Coast Feather, LLC	PCF Liquidation, LLC
Pacific Coast Feather Cushion, LLC	PCFC Liquidation, LLC
Hollander Sleep Products Canada Limited	HSPC Liquidation Limited

14. In order to reflect the Chapter 11 Debtors' new names in the Chapter 11 Cases, the U.S. Court entered the Case Names Order on November 19, 2019. In addition to changing the Chapter 11 Debtors' names, the Case Names Order ordered that the jointly administered case caption for the Chapter 11 Case be changed to reflect the new names and authorized the Clerk of the U.S. Court and other relevant parties to take certain administrative actions to reflect the name changes.

15. In order to ensure consistency between the Chapter 11 cases and the CCAA Recognition Proceedings, the Foreign Representative is seeking recognition of the Case Names Order by this Court. The Foreign Representative is also requesting that this Court change the style of cause in these CCAA Recognition Proceedings to reflect the new names of the Chapter 11 Debtors and is further requesting that this Court authorize the Ontario Superior Court of Justice (Commercial List) and other relevant parties to take whatever actions are necessary to update their respective records to reflect the name changes and changes to the style of cause.

Recognition of the Claims Procedure Amending Order is Appropriate

16. On June 21, 2019, the U.S. Court entered an order establishing certain dates and deadlines for filing and adjudicating Proofs of Claim in the Chapter 11 Cases. Specifically, among other things, the U.S. Court established July 29, 2019 as the deadline for all persons and entities asserting

a Claim against the Chapter 11 Debtors that arose on or before the Petition Date and November 15, 2019 as the deadline for all governmental agencies to file written proof of such claims.

17. Due to the large number of claims filed against the Chapter 11 Debtors in the Chapter 11 Cases, including a number of claims submitted by Canadian Creditors, on November 5, 2019, the Plan Administrator filed a motion with the U.S. Court seeking entry of the Claims Procedure Amending Order, which establishes a process to expedite and ultimately complete the Claims reconciliation process in a timely, efficient, and cost-effective manner.

18. The Claims Procedure Amending Order was entered by the U.S. Court on December 16, 2019

19. The Plan Administrator believes that recognition of the Claims Procedure Amending Order by this Court is appropriate as the relief provided for in the Claims Procedure Amending Order appropriately balances judicial and administrative efficiency with due process rights, and that recognition in Canada would ensure that the procedures governing claims made by Canadian creditors and any resulting allowances or disallowances are consistent with the procedures governing the claims of other creditors in the Chapter 11 Cases.

Recognition of the Administrative Claims Bar Date Extension Order

20. The Confirmed Plan established that the deadline for filing objections to requests for payment of Administrative Claims was the later of (a) 60 days after the Effective Date, being November 12, 2019 and (b) 60 dates after the Filing of the applicable request for payment of the Administrative Claims (the “**Administrative Claims Objection Bar Date**”).

21. By October 15, 2019, the Plan Administrator had received approximately 190 Administrative Claims in the asserted aggregate amount of approximately \$22.5 million against

the Chapter 11 Debtors. These Administrative Claims are in respect of the costs and expenses of preserving the estates and operating the Chapter 11 Debtors during the Chapter 11 Cases.

22. Due to the Plan Administrator's significant obligations in winding down the businesses and affairs of the Chapter 11 Debtors, the Plan Administrator and its professionals did not have sufficient opportunity to analyze the merits of the asserted Administrative Claims. Accordingly, on November 5, 2019, the Plan Administrator filed a motion with the U.S. Court seeking entry of the Administrative Claims Bar Date Extensions Order.

23. On December 12, 2019, the U.S. Court entered the Administrative Claims Bar Date Extension Order, which ordered the extension of the Administrative Claims Objection Bar Date to January 30, 2020, without prejudice to the ability of the Plan Administrator to request further extensions.

24. While there have been no Canadian creditors that have filed Administrative Claims against the Chapter 11 Debtors to date, the Foreign Representative is seeking recognition of the Administrative Claims Bar Date Extension Order by this Court as a matter of completeness and because it amends a prior order which was recognized by this Court, being the Confirmation Order.

General

25. The CCAA, including Part IV and section 49 & 50 thereof; and

26. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the application:

1. the Affidavit of Marc Rosenberg sworn December 17, 2019;
2. the Affidavit of Evan Barz sworn December 17, 2019;
3. the prior reports of the Information Officer;
4. the Fourth Report of the Information Officer, to be filed; and
5. Such further and other evidence as counsel may advise and this Honourable Court may permit.

December 17, 2019

OSLER, HOSKIN & HARCOURT LLP

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Lawyers for the Applicant

TAB A

SCHEDULE “A”
(Draft Recognition Order)

Court File No. CV-19-620484-00CL

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

THE HONOURABLE ●)	THURSDAY, THE 19 TH
)	
JUSTICE ●)	DAY OF DECEMBER, 2019

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

**AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER
SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER
HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC,
HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST
FEATHER CUSHION, LLC**

**APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED**

RECOGNITION ORDER

THIS MOTION, made by HSP Liquidation, LLC (formerly Hollander Sleep Products, LLC) (“**HSP**”) in its capacity as the foreign representative (the “**Foreign Representative**”) of HSP, HSPC Liquidation Limited (formerly Hollander Sleep Products Canada Limited), Dream II Holdings, LLC, HHFH Liquidation, LLC (formerly Hollander Home Fashions Holdings, LLC), PCF Liquidation, LLC (formerly Pacific Coast Feather, LLC), HSPK Liquidation, LLC (formerly Hollander Sleep Products Kentucky, LLC) and PCFC Liquidation, LLC (formerly Pacific Coast Feather Cushion, LLC) (collectively, the “**Chapter 11 Debtors**” and each, a “**Chapter 11 Debtor**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an Order, among other things, recognizing certain orders granted by the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Bankruptcy Court**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Marc Rosenberg sworn December 17, 2019 (the “**Rosenberg Affidavit**”), the report of KSV Kofman Inc., in its capacity as Information Officer, dated December 17, 2019 (the “**Fourth Report**”), each filed.

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the Information Officer, and those other parties present, no one else appearing although duly served as appears from the affidavit of service of ● sworn ●, 2019, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meaning given to them in the Rosenberg Affidavit.

RECOGNITION OF FOREIGN ORDERS

3. **THIS COURT ORDERS** that the following orders (collectively, the “**Foreign Orders**”) of the U.S. Bankruptcy Court made in the cases commenced by the Chapter 11 Debtors pursuant to Chapter 11 of the United States Bankruptcy Code are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:
 - (a) *Order Authorizing Change of Case Names and for Related Relief* (the “**Case Names Order**”);
 - (b) *Order (I) Approving (A) Omnibus Claims Objection Procedures and (B) Omnibus Claims Satisfaction Procedures and (II) Authorizing the Plan Administrator to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007(c) and (d)* (the “**Claims Procedure Amending Order**”); and
 - (c) *Order Extending the Period to File Objections to Administrative Claims* (the “**Administrative Claims Bar Date Extension Order**”),

(copies of each such Foreign Orders are attached hereto as Schedules “A” to “C”, respectively);

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to the Property (as defined in the Supplemental Order).

STYLE OF CAUSE

4. **THIS COURT ORDERS** that the title of these proceedings is hereby changed to:

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

IN THE MATTER OF HSP LIQUIDATION, LLC, HHFH LIQUIDATION,
LLC, HSPK LIQUIDATION, LLC, PCF LIQUIDATION, LLC, PCFC
LIQUIDATION, LLC, HSPC LIQUIDATION LIMITED

APPLICATION OF HSP LIQUIDATION, LLC UNDER SECTION 46 OF THE
COMPANIES’ CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED

INFORMATION OFFICER’S REPORT

5. **THIS COURT ORDERS** that the Fourth Report and the actions, conduct and activities of the Information Officer as described therein be and are hereby approved.

GENERAL

6. **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 of America, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and 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 Chapter 11 Debtors, the Foreign Representative and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11

Debtors, the Foreign Representative, the Information Officer, and their respective counsel and agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the Foreign Representative and the Information Officer 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.

8. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

SCHEDULE A – CASE NAMES ORDER

SCHEDULE B – CLAIMS PROCEDURE AMENDING ORDER

SCHEDULE C – ADMINISTRATIVE CLAIMS BAR DATE EXTENSION ORDER

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED Court File No: CV-19-620484-00CL

AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**RECOGNITION ORDER
(December 19, 2019)**

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Lawyers for the Applicant

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

Court File No: CV-19-620484-00CL

AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF MOTION

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Lawyers for the Applicant

Matter No: 1200852

TAB 2

Court File No. CV-19-620484-00CL

**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 HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICANT

AFFIDAVIT OF MARC ROSENBERG

(Sworn December 17, 2019)

I, Marc Rosenberg, of the city of New York, state of New York, United States of America,

MAKE OATH AND SAY:

1. I am an authorized representative of Drivetrain, LLC (the "**Plan Administrator**"), which is the plan administrator acting on behalf of HSP Liquidation, LLC (formerly Hollander Sleep Products, LLC), the foreign representative (the "**Foreign Representative**") of HSPC Liquidation Limited (formerly Hollander Sleep Products Canada Limited) ("**Hollander Canada**"), Dream II Holdings, LLC, HHFH Liquidation, LLC (formerly Hollander Home Fashions Holdings, LLC),

PCF Liquidation, LLC (formerly Pacific Coast Feather, LLC), HSPK Liquidation, LLC (formerly Hollander Sleep Products Kentucky, LLC) and PCFC Liquidation, LLC (formerly Pacific Coast Feather Cushion, LLC) (collectively, the “**Chapter 11 Debtors**” and each, a “**Chapter 11 Debtor**”) in these CCAA Recognition Proceedings (as defined below).

2. The Chapter 11 Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code on May 19, 2019 (the “**Chapter 11 Cases**”). As part of the Chapter 11 Cases, on September 5, 2019, the United States Bankruptcy Court for the Southern District of New York entered its *Findings of Fact, Conclusions of Law, and Order Confirming Debtors’ Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 356] (the “**Confirmation Order**”), confirming the *Debtors’ Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* (as approved, confirmed and modified by the Confirmation Order, the “**Confirmed Plan**”). On September 13, 2019, the Effective Date (as defined in the Confirmed Plan) of the Confirmed Plan occurred.

3. Pursuant to the Confirmed Plan, the Plan Administrator was appointed on the Effective Date with authorization to act on behalf of the Chapter 11 Debtors as the sole manager and sole officer of each (or, in the case of HSPC Liquidation Limited, directors) and is responsible for, among other things, “. . . wind[ing] down the [Chapter 11 Debtors’] businesses and affairs . . . and administer[ing] the liquidation of the [Chapter 11 Debtors] and any assets held by the Wind-Down Trust . . .”. As noted below, on September 11, 2019, the Ontario Court (as defined below) issued a Recognition, Approval and Vesting Order (the “**Recognition, Approval and Vesting Order**”) that, among other things, recognized the Confirmation Order and gave it full force and effect in all provinces and territories of Canada pursuant to Section 49 of the *Companies’ Creditors Arrangement Act*.

4. As such, I am authorized to swear this affidavit on behalf of the Foreign Representative, and I have personal knowledge of the matters to which I depose herein, save and except where I refer to matters based on information and belief, in which case I have stated the source of my information and, in all such cases, I believe that information to be true. In preparing this Affidavit, I have reviewed relevant documents and information concerning the Chapter 11 Debtors' operations, financial affairs and restructuring initiatives.

5. I swear this Affidavit in support of a motion by the Foreign Representative of the Chapter 11 Debtors for an Order recognizing and enforcing three (3) orders recently entered by the United States Bankruptcy Court for the Southern District of New York (the "**U.S. Court**"): (i) the Case Names Order; (ii) the Claims Procedure Amending Order; and (iii) the Administrative Claims Bar Date Extension Order (each as defined below).

6. I am aware that copies of the Case Names Order and the Claims Procedure Amending Order will be attached to the Affidavit of Evan Barz (the "**Fifth Barz Affidavit**"), an associate lawyer with the law firm Osler, Hoskin & Harcourt LLP, Canadian counsel to the Chapter 11 Debtors, and will be filed with this Court at or before the hearing of this motion.

7. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Confirmed Plan or the meanings given to them in the affidavits of Marc Pfefferle (then the CEO of the Chapter 11 Debtors) sworn in this proceeding on May 23, 2019, July 3, 2019, August 2, 2019 and September 6, 2019, copies of which are attached hereto without exhibits as Exhibit "A", Exhibit "B", Exhibit "C" and Exhibit "D", respectively. All dollar references in this Affidavit are in U.S. dollars unless otherwise specified.

A. Background

8. On May 19, 2019, the Chapter 11 Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court and commenced the Chapter 11 cases (the “**Petition Date**”).

9. By Order dated May 23, 2019, the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”) recognized the Chapter 11 Cases as “foreign main proceedings” (the “**CCAA Recognition Proceedings**”), recognized the appointment of the Foreign Representative, and granted related stays of proceedings in favour of the Chapter 11 Debtors (the “**Initial Recognition Order**”). Attached as Exhibit “E” hereto is a copy of the Initial Recognition Order (without schedules) and attached as Exhibit “F” hereto is a copy of Justice Hainey’s May 30, 2019 Endorsement.

10. Also by Order dated May 23, 2019, Justice Hainey recognized seven (7) First Day Orders that were entered by the U.S. Court on May 22 and 23, 2019 (the “**Supplemental Order**”).¹ The Supplemental Order also appointed KSV Kofman Inc. as Information Officer in respect of the CCAA Recognition Proceedings, granted a charge in favour of the DIP ABL Agent and the DIP ABL Lenders in respect of the DIP ABL Facility, and an Administration Charge in the amount of \$200,000 in favour of the Information Officer and its counsel. Attached as Exhibit “G” hereto is a copy of the Supplemental Order (without schedules).

¹ The Supplemental Order recognized the following seven (7) First Day Orders: (a) Joint Administration Order; (ii) Foreign Representative Order; (iii) Interim Employee Wages Order; (iv) Interim Cash Management Order; (v) Interim DIP Order; (vi) Interim Critical Vendors and Shippers Order; and (vii) Interim Customer Programs Order. The remaining two First Day Orders entered by the U.S. Court on May 22 and 23, 2019 did not need to be recognized by the Ontario Court.

11. By Order dated July 5, 2019, the Ontario Court recognized sixteen (16) Second Day Orders that had been entered by the U.S. Court on June 21, July 2 and July 3, 2019 (the “**Second Recognition Order**”), including the Bar Date Order, the Bid Procedures Order and the Final DIP ABL Order.² A copy of the Second Recognition Order is attached hereto as Exhibit “H” (without schedules).

12. By Order dated August 6, 2019, the Ontario Court recognized five additional Orders, including the Disclosure Statement Order, KERP Order and the Final DIP Term Order (the “**Third Recognition Order**”), which Orders had been entered by the U.S. Court on July 10, July 19, July 25, August 1 and August 2, 2019, respectively. A copy of the Third Recognition Order is attached hereto as Exhibit “I” (without schedules).

13. On September 11, 2019, the Ontario Court issued the Recognition, Approval and Vesting Order and recognized three additional Orders, including the Confirmation Order, the Restructuring Support and Settlement Order, and the DIP Term Loan Amendment Order, which Orders had been entered by the U.S. Court on September 5, 2019, August 15, 2019, and September 6, 2019, respectively.

14. The Recognition, Approval and Vesting Order, among other things:

² The Second Recognition Order recognized the following sixteen (16) Second Day Orders: (i) the Insurance Order; (ii) the Surety Bond Order; (iii) the Bid Procedures Order; (iv) the Final Critical Vendors Order; (v) the Final Wages Order; (vi) the Carl Marks Order; (vii) the Final Cash Management Order; (viii) the Final Customer Programs Order; (ix) the Final DIP ABL Order; (x) the Final Tax Order; (xi) the Utilities Order; (xii) the Professionals Order; (xiii) the OMNI Order; (xiv) the Case Management Order; (xv) the Second Interim DIP Term Order; and (xvi) the Bar Date Order.

- (a) authorized and directed the Foreign Representative and the Chapter 11 Debtors to take all steps and actions, and to do all things, necessary or appropriate, to implement the Confirmed Plan,
- (b) approved the sale of the Canadian Assets (as defined below) to the Purchaser pursuant to an asset purchase agreement dated as of August 15, 2019 (as amended, modified, or supplemented, the “**Asset Purchase Agreement**”), and
- (c) vested the Canadian Acquired Assets (as defined in the Asset Purchase Agreement) and such other Acquired Assets (as defined in the Asset Purchase Agreement) over which the Ontario Court has jurisdiction (the “**Canadian Assets**”) in the Purchaser upon the delivery by the Information Officer to the Purchaser of a certificate substantially in the form of Schedule “D” to the Recognition, Approval and Vesting Order, which delivery occurred on September 13, 2019, being the closing date of the sale of substantially all of the Chapter 11 Debtors’ assets to Bedding Acquisition, LLC (including its successors and permitted assigns, the “**Purchaser**”), pursuant to the Asset Purchase Agreement.

A copy of the Recognition, Approval and Vesting Order is attached hereto as Exhibit “J (without schedules).

B. Case Names Order

15. Pursuant to the Asset Purchase Agreement, the Chapter 11 Debtors, by and through the Plan Administrator, were required to change their corporate names within ninety (90) days after closing, being December 11, 2019.

16. Consistent with the Confirmed Plan and the Asset Purchase Agreement, the Plan Administrator took steps to change all of the Chapter 11 Debtors' names (except Dream II Holdings, LLC whose name shall remain the same) to new names, as reflected below:

Former Name	New Name
Hollander Sleep Products, LLC	HSP Liquidation, LLC
Hollander Home Fashions Holdings, LLC	HHFH Liquidation, LLC
Hollander Sleep Products Kentucky, LLC	HSPK Liquidation, LLC
Pacific Coast Feather, LLC	PCF Liquidation, LLC
Pacific Coast Feather Cushion, LLC	PCFC Liquidation, LLC
Hollander Sleep Products Canada Limited	HSPC Liquidation Limited

17. In order to reflect the Chapter 11 Debtors' new names in the Chapter 11 Cases, on November 5, 2019, the Plan Administrator filed a motion with the U.S. Court seeking entry of an Order authorizing changes of certain of the Chapter 11 Debtors' case names and for related relief (the "**Case Names Order**"). The Case Names Order was subsequently entered by the U.S. Court on November 19, 2019.

18. In addition to changing the Chapter 11 Debtors' names, the Case Names Order also:

- (a) ordered that the jointly administered case caption (i.e., the U.S. version of the style of cause) for the Chapter 11 Cases be changed to reflect the new names; and
- (b) authorized the Clerk of the U.S. Court and other relevant parties to take whatever actions necessary to update the Electronic Case Filing system and their respective records to reflect the above name changes.

19. The Foreign Representative is seeking recognition of the Case Names Order by the Ontario Court, a copy of which is attached to the Fifth Barz Affidavit as Exhibit “A”.

20. Additionally, to ensure consistency between the Chapter 11 Cases and the CCAA Recognition Proceedings, the Foreign Representative is requesting that this Court change the style of cause in these CCAA Recognition Proceedings to reflect the new names of the Chapter 11 Debtors as follows:

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

AND IN THE MATTER OF HSP LIQUIDATION, LLC, HSPC LIQUIDATION LIMITED, DREAM II HOLDINGS, LLC, HHFH LIQUIDATION, LLC, PCF LIQUIDATION, LLC, HSPK LIQUIDATION, LLC, AND PCFC LIQUIDATION, LLC

APPLICATION OF HSPC LIQUIDATION LIMITED UNDER SECTION 46 OF THE *COMPANIES’ CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

21. The Foreign Representative is further requesting that this Court authorize the Ontario Superior Court of Justice (Commercial List) and other relevant parties to take whatever actions are necessary to update their respective records to reflect the above name changes and changes to the style of cause.

22. I have been advised that the Information Officer is supportive of the relief requested in respect of the Case Names Order and will be filing a report with the Ontario Court recommending same.

C. Claims Procedure Amending Order

23. On June 21, 2019, the U.S. Court entered an order establishing certain dates and deadlines for filing and adjudicating Proofs of Claim in the Chapter 11 Cases (the “**Bar Date Order**”).

Specifically, among other things, the U.S. Court established July 29, 2019 as the deadline for all persons and entities asserting a Claim against the Chapter 11 Debtors that arose on or before the Petition Date and November 15, 2019 as the deadline for all governmental agencies to file written proof of such claims.

24. On July 5, 2019, the Ontario Court recognized the Bar Date Order.

25. To date, approximately 681 Proofs of Claim have been filed against the Chapter 11 Debtors in the aggregate approximate amount of \$36.7 million. A number of the Proofs of Claim were submitted by Canadian creditors.

26. Due to the large number of claims in the Chapter 11 Cases, on November 5, 2019, the Plan Administrator filed a motion with the U.S. Court seeking entry of an *Order (I) Approving (A) Omnibus Claims Objection Procedures and (B) Omnibus Claims Satisfaction Procedures, and (II) Authorizing the Plan Administrator to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007(c) and (d)* (the “**Claims Procedure Amending Order**”)

27. The Claims Procedure Amending Order was entered by the U.S. Court on December 16, 2019, a copy of which is attached to the Fifth Barz Affidavit as Exhibit “B”.

28. The Claims Procedure Amending Order establishes a process to expedite and ultimately complete the Claims reconciliation process in a timely, efficient and cost-effective manner.

29. Key Elements of the Claims Procedure Amending Order are as follows:

- (a) *Objection Procedures*: The Objection Procedures, a copy of which is attached to this affidavit as Exhibit “K”, describe the Claims objection process, including, among other things:

- (i) the form of omnibus objections (the “**Omnibus Objection**”) that the Plan Administrator will utilize;
 - (ii) the types of exhibits and supporting documentation that the Plan Administrator will include with each Omnibus Objection;
 - (iii) the form of notice that will be provided to affected creditors (the “**Objection Notice**”);
 - (iv) the information necessary for affected creditors to attempt to informally resolve the objection to their Claim and/or file a formal response thereto, and the implications of failing to timely resolve or respond to such objections;
 - (v) information related to filing a formal reply to a filed response; and
 - (vi) information relating to discovery and hearings and Omnibus Objections.
- (b) *Objection Notice:* The Objection Notice, a copy of which is attached to this Affidavit as Exhibit “L”, provides notice to an affected creditor that the Plan Administrator is objecting to their claim. The Objection Notice includes, among other things:
- (i) the name of the claimant;
 - (ii) the Proof of Claim number;
 - (iii) the basis for the objection to each particular claim;
 - (iv) the response date and response procedures; and

- (v) the date, time, and location of the hearing and related procedures.
- (c) *Satisfaction Procedures:* The Satisfaction Procedures, a copy of which is attached to this Affidavit as Exhibit “M”, notifies certain claimants of the Plan Administrator’s belief that those Claims have been satisfied in full pursuant to the Confirmed Plan, some other order of the U.S. Court, and/or the assumption of the relevant contract, and will, therefore, be expunged. The Satisfaction Procedures describe the key aspects of the Claims satisfaction process, including, among other things:
- (i) the form of notice of satisfaction (the “**Notice of Satisfaction**”) that the Plan Administrator will utilize;
 - (ii) the information necessary for affected creditors to object to the Notice of Satisfaction and/or file a formal response thereto; and
 - (iii) information regarding the implications of failing to timely object or respond to such Notice of Satisfaction.
- (d) *Notice of Satisfaction:* the Notice of Satisfaction, a copy of which is attached hereto as Exhibit “N”, provides notice to claimants that, according to the Chapter 11 Debtors’ books and records, the Plan Administrator believes their claim has been satisfied in full. The Notice of Satisfaction includes, among other things:
- (i) the name of the claimant;
 - (ii) the proof of claim number;
 - (iii) the amount for which each particular Claim has been satisfied; and

- (iv) the objection date and objection procedures for objecting to the Notice of Satisfaction.

30. The Plan Administrator believes that the relief provided for in the Claims Procedure Amending Order appropriately balances judicial and administrative efficiency with due process rights, and that recognition in Canada would ensure that the procedures governing claims made by Canadian creditors and any resulting allowances or disallowances are consistent with the procedures governing the claims of other creditors in the Chapter 11 Cases.

31. On the one hand, the Objection Procedures and Satisfaction Procedures provide a cost-effective and efficient framework for the careful review, prosecution and reconciliation of claims by, among other things: (a) providing greater certainty in administering the objection process; (b) promoting the consensual resolution of Claims objections, or, alternatively, establishing efficient fair mechanisms to settle claims objections; and (c) reducing the cost, time and delay of prosecuting Claims objections.

32. On the other hand, the proposed Objection Procedures and Satisfaction Procedures respect creditors' due process rights by implementing the safeguards set forth for Omnibus Objections and requiring service of the Objection Notice and Notice of Satisfaction on affected creditors in compliance with due process requirements.

33. Additionally, allowing the Plan Administrator to object to Claims in an omnibus format will promote the efficient and cost-effective administration of the Chapter 11 Debtors' estates. Specifically, the relief requested will save the Plan Administrator from the time and expense of filing potentially hundreds of duplicative Claim objections to individual creditors of the Chapter 11 Debtors. Moreover, the Claims objection process and Claims satisfaction process will be well-

organized, and all parties in interest will benefit from a streamlined process that will result in fewer pleadings, fewer hearings, and greater efficiency.

34. Accordingly, the Foreign Representative is seeking recognition of the Claims Procedure Amending Order by the Ontario Court.

35. I have been advised that the Information Officer is supportive of the relief requested in respect of the Claims Procedure Amending Order and will be filing a report with the Ontario Court recommending same.

D. Administrative Claims Bar Date Extension Order

36. The Confirmed Plan established that the deadline for filing objections to requests for payment of Administrative Claims was the later of (a) 60 days after the Effective Date, being November 12, 2019 and (b) 60 dates after the Filing of the applicable request for payment of the Administrative Claims (the “**Administrative Claims Objection Bar Date**”).

37. The Confirmed Plan also contained a provision which contemplated that the Administrative Claim Objection Bar Date may be extended by the U.S. Court following notice and a hearing.

38. By October 15, 2019, the Administrative Claim Bar Date, the Plan Administrator had received approximately 190 Administrative Claims in the asserted aggregate amount of approximately \$22.5 million against the Chapter 11 Debtors. These Administrative Claims are in respect of the costs and expenses of preserving the estates and operating the Chapter 11 Debtors during the Chapter 11 Cases.

39. Due to the Plan Administrator's significant obligations in winding down the businesses and affairs of the Chapter 11 Debtors, the Plan Administrator and its professionals did not have sufficient opportunity to analyze the merits of the asserted Administrative Claims.

40. Accordingly, on November 5, 2019, the Plan Administrator filed a motion with the U.S. Court seeking entry of an *Order Extending the Period to File Objections to Administrative Claims* (the "**Administrative Claims Bar Date Extension Order**"). The Administrative Claims Bar Date Extension Order authorizes the extension of the Administrative Claims Objection Bar Date to January 30, 2020, without prejudice to the ability of the Plan Administrator to request further extensions.

41. The Administrative Claims Bar Date Extension Order was entered by the U.S. Court on December 12, 2019, a copy of which is attached to the Fifth Barz Affidavit as Exhibit "C".


42. At present, no Canadian creditors have filed Administrative Claims against the Chapter 11 Debtors.

43. Nonetheless, the Foreign Representative is seeking recognition of the Administrative Claims Bar Date Extension Order by the Ontario Court as a matter of completeness and because it amends a prior order which was recognized by the Ontario Court, being the Confirmation Order.

44. I have been advised that the Information Officer is supportive of the relief requested in respect of the Administrative Claims Bar Date Extension Order and will be filing a report with the Ontario Court recommending same.

45. I swear this affidavit in support of the motion of the Foreign Representative returnable on December 19, 2019 and for no other or improper purpose.

SWORN BEFORE ME at the City of New York in the State of New York on December 17, 2019.



A handwritten signature in black ink, appearing to read 'David Mack', written over a horizontal line.

David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023




MARC ROSENBERG

A handwritten signature in black ink, appearing to read 'Marc Rosenberg', written over a horizontal line. Below the line, the name 'MARC ROSENBERG' is printed in bold, uppercase letters.

TAB A

**THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

Court File No. CV-19-620484-00CL

**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 HOLLANDER SLEEP PRODUCTS LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICANT

AFFIDAVIT OF MARC PFEFFERLE

(Sworn May 23, 2019)

I, Marc Pfefferle, of the Town of Westport, Connecticut, United States of America, **MAKE**

OATH AND SAY:

1. I am the Chief Executive Officer (“**CEO**”) of Hollander Sleep Products, LLC (“**Hollander Sleep Products**”) and the six (6)¹ other debtors in possession that recently filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code (the “**Chapter 11 Debtors**”). I am

¹ In addition to Hollander Sleep Products, the other six (6) Chapter 11 Debtors are: Dream II Holdings, LLC; Hollander Home Fashions Holdings, LLC; Pacific Coast Feather, LLC; Hollander Sleep Products Kentucky, LLC; Pacific Coast Feather Cushion, LLC; and Hollander Sleep Products Canada Limited.

a Partner at Carl Marks Advisors (“**Carl Marks**”), an investment bank that provides financial and operational services, and have served as CEO of Hollander Sleep Products since March 28, 2019 when I was retained by the Chapter 11 Debtors and the their Non-Debtor Affiliates (defined below). I have been with Carl Marks since 1992. Before joining Carl Marks, I was a Partner with Marigold Associates, a strategic management consulting firm serving Fortune 100 companies, and before that I worked for Price Waterhouse LLP. I have over thirty years of experience providing restructuring and reorganization services for companies, creditors, and other stakeholders across a variety of industries, including consumer products, retail, manufacturing, and distribution related businesses.

2. As such, I have personal knowledge of the matters to which I depose in this Affidavit, save and except where I refer to matters based on information and belief, in which case I have stated the source of my information and, in all such cases, I believe that information to be true. In preparing this Affidavit, I consulted with the Chapter 11 Debtors’ management team and advisors (including the Carl Marks team working under my supervision) and reviewed relevant documents and information concerning the Chapter 11 Debtors’ operations, financial affairs and restructuring initiatives.

3. I swear this Affidavit in support of an application by Hollander Sleep Products in its capacity as foreign representative of the Chapter 11 Debtors for, *inter alia*:

(a) recognition of the Chapter 11 Cases (defined below) as foreign main proceedings pursuant to Part IV of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”);

(b) recognition of certain First Day Orders (defined below);

- (c) the appointment of KSV Kofman Inc. (“**KSV**”) as Information Officer;
 - (d) the granting of the DIP ABL Charge (defined below); and
 - (e) the granting of the Administration Charge (defined below).
4. All monetary references in this Affidavit are in U.S. dollars unless otherwise stated.

I. Background

5. On May 19, 2019 (the “**Petition Date**”), each of the Chapter 11 Debtors filed voluntary petitions for relief (the “**Petitions**”) pursuant to Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Court**”).

6. I am aware that certified copies of the Petitions will be attached to the affidavit of Evan Barz (the “**Barz Affidavit**”), an associate lawyer with the law firm Osler, Hoskin & Harcourt LLP (“**Osler**”), Canadian counsel to the Chapter 11 Debtors, and will be provided to the Court at or before the hearing of this Application.

7. The cases commenced by the Chapter 11 Debtors in the U.S. Court are referred to in this Affidavit as the “**Chapter 11 Cases**”.

8. The Chapter 11 Debtors filed several first day motions (the “**First Day Motions**”) with the U.S. Court on May 19, 2019. On May 21, 2019, the U.S. Court heard the following seven (7) First Day Motions (all defined below), with the remaining First Day Motions to be heard on June 3, 2019 and/or June 13, 2019:

- (a) Foreign Representative Motion;
- (b) Joint Administration Motion;

- (c) Employee Wages Motion;
- (d) Cash Management Motion;
- (e) DIP Motion;
- (f) Critical Vendors and Shippers Motion; and
- (g) Customer Programs Motion.

9. The U.S. Court entered interim and/or final First Day Orders (as defined below) in respect of these seven (7) First Day Motions on May 22 and 23, 2019.

10. Capitalized terms in this Affidavit that are not otherwise defined have the meanings given to them in my declaration filed in support of the First Day Motions attached hereto without exhibits as Exhibit “A” (the “**First Day Declaration**”).

11. I am aware that copies of the First Day Orders will be attached to the Barz Affidavit.

12. In support of the First Day Motions, I submitted my First Day Declaration to the U.S. Court. It provides a comprehensive overview of the Chapter 11 Debtors and their Non-Debtor Affiliates² (collectively, “**Hollander**”) and the events leading to the commencement of the Chapter 11 Cases. As such, this Affidavit provides a more general overview and focuses on giving this Court information to support the finding of the centre of main interest (“**COMI**”) of each of the Chapter 11 Debtors and to support the request for recognition of the Chapter 11 Cases as a “foreign main proceeding”, the recognition of the First Day Orders, the granting of the Administration

² As described in more detail below, the Non-Debtor Affiliates are Hollander Sleep Products Trading (Shanghai) Co., Ltd. and PCF (Shanghai) Quality Management Co., Ltd.

Charge, and the granting of the DIP ABL Charge. I am not aware of any other foreign recognition insolvency proceedings involving the Chapter 11 Debtors.

II. The Business

A. Overview

13. Hollander – an industry leader in the bedding products market – manufactures, among other bedding products, pillows, comforters, and mattress pads. Hollander produces these items for well-known licensed brands, including Ralph Lauren®, Simmons®, Beautyrest®, Nautica®, and Calvin Klein®. Hollander also owns and manufactures bedding products under its own proprietary brands, including Great Sleep®, I AM®, LC®, PCF®, and Restful Nights®. Hollander, in turn, partners with major retailers and hotel chains, including long standing relationships with, among others, Costco, Kohl's, Walmart, Target, and Marriott.

14. The corporate headquarters of Hollander are in Boca Raton, Florida. Hollander has 13 manufacturing facilities throughout the United States and Canada and operates a primary show room in New York City. Hollander employs over 2,300 people across North America and had approximately \$526.9 million in net revenue in its most recent fiscal year ended December 31, 2018. As of the Petition Date, Hollander has approximately \$233 million in funded debt.

15. Core to Hollander's business model is its ability to innovate and provide improved products. Recent innovations include asthma-sensitive natural-fill bedding products, memory foam substitutes with increased flexibility and comfort, and cooling and air-flow technology to help with the heat trapping in certain bedding materials. Investments in product development attract new customers and provide for increased profit margins over time. To support innovation and product development, Hollander utilizes a development team with diverse backgrounds in

industries such as home products, apparel and packaging, who in turn work with graphic designers, sales and marketing professionals and senior management to ensure they are capturing customer needs, product specifications and appropriate costs in developing new products.

16. Hollander also has a competitive advantage because of its well-established global production and shipping processes. Hollander works with a network of suppliers and purchases materials including polyester fibers, fabrics, pillow and comforter shells and certain retail-ready products. A significant portion of these products are purchased from China, Pakistan and India, as well as Indonesia, South Korea, Vietnam, Malaysia and the United Arab Emirates. Hollander consistently monitors and works to develop new sourcing opportunities to maximize quality and minimize inventory procurement costs.

17. Hollander has the industry's largest manufacturing and distribution footprint in North America. Filling, final sewing, packaging, and shipping of finished goods is primarily performed at Hollander's thirteen (13) North American manufacturing facilities, which are strategically located across North America, with locations in Pennsylvania, Kentucky (2), North Carolina (2), Iowa, Georgia, Texas, California (3), Ontario and Québec. This manufacturing and distribution network provides Hollander with significant flexibility in processing and shipping orders, such that shipments can reach almost anywhere in the United States and eastern Canada within a 24-hour period, which is critical for high-volume retailers that rely on Hollander's prompt shipping.

18. Approximately 95% of the Chapter 11 Debtors' sales come from wholesale distribution, including to department stores, mass merchant and clubs, off-price retailers, specialty retailers and hospitality customers. The remaining 5% of the Chapter 11 Debtors' sales are from online sales. Recently, the Chapter 11 Debtors have been working to increase direct-to-customer sales through e-commerce connections, with their own websites, established retailers and online marketers.

B. The Chapter 11 Debtors

19. All of the Chapter 11 Debtors operate on an integrated basis and are incorporated or established under the laws of the United States, with the exception of Hollander Sleep Products Canada Limited (“**Hollander Canada**”), which is amalgamated under the laws of British Columbia and which maintains a registered office located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, B.C. Each of the Chapter 11 Debtors, including Hollander Canada, is a direct or indirect wholly-owned subsidiary of Dream II Holdings, LLC. A copy of the Hollander Organization Chart is attached hereto as Exhibit “B”.

20. For the most recent fiscal year ended December 31, 2018, Hollander generated approximately \$526.9 million in net revenue on a consolidated basis. Canadian sales accounted for approximately 10.7% of Hollander’s net revenue; U.S. sales amounted to approximately 89%.

21. For the most recent fiscal year ended December 31, 2018, the book value of Hollander’s assets and liabilities reflected on its balance sheet was approximately \$350.6 million and \$340.8 million, respectively, on a consolidated basis.

C. The Chapter 11 Debtors’ Non-Debtor Affiliates

22. The Chapter 11 Debtors have two affiliates in China that are not part of the Chapter 11 Cases: Hollander Sleep Products Trading (Shanghai) Co., Ltd. and PCF (Shanghai) Quality Management Co., Ltd. (the “**Non-Debtor Affiliates**”). The Non-Debtor Affiliates provide manufacturing product support services and quality control operations for the Chapter 11 Debtors.

The Non-Debtor Affiliates are not liable for any of the Chapter 11 Debtors' outstanding funded debt obligations.

D. The Financial Position of Hollander Canada

23. There are no stand-alone audited financial statements for Hollander Canada. Hollander Canada's unaudited financial statements have historically been consolidated with Hollander's financial statements, and an audit is performed on a consolidated basis only.

24. On a standalone basis, Hollander Canada is not profitable. Hollander Canada's 2018 financial statement reflects a net loss of approximately \$2.6 million and losses have continued for the four month period ended April 30, 2019. A copy of Hollander Canada's unaudited balance sheet as at April 30, 2019 is attached hereto as Exhibit "C".

25. A review of the information contained in the balance sheet is as follows:

i. Assets

26. As of April 30, 2019, the book value of Hollander Canada's current assets totaled \$16,837,829, which consisted of:

- (a) Cash and Cash Equivalents: \$140,744;
- (b) Third Party Accounts Receivable: \$3,641,985;
- (c) Inventory: \$12,955,335; and
- (d) Prepaid Expenses: \$99,765.

27. As of April 30, 2019, the book value of Hollander Canada's non-current assets was \$8,300,236, which consisted of inter-company receivables owed to Hollander Canada by Hollander Sleep Products. These monies were advanced to Hollander Sleep Products by Hollander Canada principally to help fund the Chapter 11 Debtors' U.S. operations.

28. In addition, as of April 30, 2019, the book value of Hollander Canada's property and equipment was \$1,160,896. This largely represents Hollander Canada's machinery and equipment at its two Canadian production facilities.

ii. Liabilities

29. As of April 30, 2019, Hollander Canada's total liabilities were \$15,873,547, which consisted of:

- (a) Loan payable (under the ABL Facility, defined below): \$5,945,429;
- (b) Accounts payable, Trade: \$8,710,152; and
- (c) Other Accrued Expenses: \$1,217,967.

iii. Employees

30. A detailed description of Hollander's employees, including information on wages and benefits of Hollander Canada, is set out in the Employee Wages Motion (defined below). Hollander employs approximately 2,370 employees in the United States and Canada.

31. As of April 2019, Hollander Canada employed approximately 240 employees, all of whom are located in Canada. Approximately 136 employees work at Hollander Canada's manufacturing facility and sales office in Toronto, of which 81 are full-time employees, 1 is a part-time employee,

40 are presently laid off and 14 are on leave. The remainder of Hollander Canada's 104 employees work at or out of its Montreal manufacturing facility, of which 95 are full time employees, 1 is a part time employee, 1 is presently laid off and 14 are on leave.

32. Employees are typically paid wages or salary. Each of Hollander Canada's manufacturing facilities and sales office process their own payroll, with the assistance of a third-party payroll service provider, ADP Canada Co. Hollander Canada's employees are paid on a weekly basis.

33. Hollander Canada also provides benefits coverage to its full-time employees through a group benefits plan provided by Manulife Financial and administered by The Lesly Group Ltd. (the "**Hollander Group Benefits Plan**"). The Hollander Group Benefits Plan is designed to assist and protect eligible employees and their dependents in the event of a serious illness, accident or death and to help cover the cost of some routine items such as prescription drugs, dental care and vision care.

34. Hollander Canada sponsors a Group Registered Retirement Savings Plan ("**Group RRSP**") administered by the Royal Bank of Canada. Through the Group RRSP, Hollander Canada (i) matches 50 percent for contributions representing up to six (6) percent of the employee's weekly compensation, and (ii) matches three (3) percent for contributions representing more than six (6) percent of the employee's weekly compensation.

35. There is no union representation for any of the Canadian employees. There is no registered defined benefit or defined contribution pension in place for the Canadian employees.

36. As described in more detail in the Employee Wages Motion, the Chapter 11 Debtors are, for the time being, seeking relief to continue to pay and/or perform, as applicable, employee related obligations, including those of Hollander Canada. Hollander Canada pays its priority payables in

the ordinary course, including employee wages, vacation pay, employee source deductions and federal and provincial sales tax. Hollander Canada currently has an accrued vacation pay liability of approximately \$570,000. Hollander Canada currently has approximately \$12,050 in accrued but unpaid Canadian payroll taxes and related amounts. The Chapter 11 Debtors intend to honour vacation entitlements and remit payroll taxes and related deductions to the appropriate authorities in the ordinary course.

iv. Operations in Canada

37. Hollander currently operates two (2) manufacturing facilities in Canada:

- (a) 5415/5435/5445/5455 Cote de Liesse, Montreal, Québec (the “**Montreal Facility**”) which is leased from 2298174 Ontario Inc. The Montreal Facility’s lease is scheduled to expire on May 31, 2023; and
- (b) 724 Caledonia Rd, Toronto, Ontario (the “**Toronto Facility**”), which is leased from Crestpoint Acq. The Toronto Facility’s lease is scheduled to expire on July 21, 2019, however a notice of lease extension has been provided.

38. In addition, Hollander Canada maintains a sales office at 420 Britannia Road, Toronto, Ontario, which is leased from 420-450 Britannia Road East Ltd. (the “**Britannia Lease**”). The Britannia Lease is set to expire on March 31, 2021. The sales office facilitates sales of Hollander’s products to Canadian customers.

39. The primary stakeholders of Hollander Canada include employees, customers, landlords and trade-suppliers. Hollander Canada’s vendor base is largely comprised of offshore inventory suppliers, substantially all of whom supply to all of the Chapter 11 Debtors. Key customers of Hollander Canada include Walmart Canada, Costco Canada and Hudson’s Bay Company.

Together, these three (3) customers account for approximately 87% of Hollander Canada's annual sales.

v. Merchandise and Supplies in Canada Primarily Sourced Through U.S.

40. Hollander Canada's assets principally consist of inventory (merchandise and supplies) used for the manufacturing of its bedding products, the overwhelming majority of which is manufactured in the U.S. and Canada.

41. All inventory procurement and logistics functions for Hollander Canada are run out of the U.S. headquarters in Boca Raton, Florida. Hollander Canada does not independently design its own merchandise or source its own supplies, nor does it generally enter into licensing partnerships that allow the Chapter 11 Debtors to offer their products under their partners' names.³ This integrated approach allows Hollander to generate significant benefits for all of its operating subsidiaries by maximizing efficiencies through an integrated supply chain managed out of Hollander's head office.

42. Hollander's business model depends heavily on the Chapter 11 Debtors' well-established global supply chain, which in turn depends on the Chapter 11 Debtors' longstanding relationships with key suppliers. The suppliers provide fabrics and other materials made to Hollander's specifications (the "**Supply Arrangements**"). Hollander's ability to deliver products in a timely manner is critically important to its financial performance and depends on a seamless interaction with various third-party service and logistics providers who ship products to Hollander.

³ It should be noted that Hollander Canada is a party to a licensing agreement with each of Ralph Lauren® and Simmons®. However, these licensing agreements were negotiated in the U.S. and were approved by head of U.S. sales, for the benefit of Hollander Canada.

vi. Hollander Canada's Integrated Operations with U.S.

43. Hollander Canada's operations are fully integrated with Hollander's U.S. operations. In particular:

- (a) Canadian sales make up approximately 10.7% of Hollander's net revenue.
- (b) All of Hollander Canada's directors reside in the U.S.
- (c) Hollander Canada's books and records are maintained at Hollander's head office in Boca Raton, Florida.
- (d) Hollander Canada is almost wholly reliant on U.S. managerial functions at Hollander's U.S. head office for overhead services, including accounting, finance, buying, logistics, marketing, strategic decisions, IT and other functions. These services are provided for Hollander Canada's benefit by Hollander Sleep Products in the U.S. To compensate Hollander Sleep Products for these services, the Chapter 11 Debtors allocate approximately the total cost of shared services at year end to Hollander Canada. For the most recent fiscal year ended December 31, 2018, pursuant to this arrangement, Hollander Canada paid approximately \$7.36 million to Hollander Sleep Products for shared services.
- (e) Hollander Canada, on its own, does not have sufficient purchasing power or operational infrastructure to replicate the Supply Arrangements; it primarily relies on the purchasing power and supplier relationships of the U.S. Chapter 11 Debtors.
- (f) Hollander Canada is entirely dependent on the U.S. Chapter 11 Debtors for the overwhelming majority of licensing agreements, design partnerships and company-

owned brands. All or substantially all of the trademarks and IP are owned by the U.S. Chapter 11 Debtors.

- (g) Most of the data for the Canadian operations is housed within the same IT systems (located and operated out of the U.S.) that support both the Canadian and U.S. operations.
- (h) The Chapter 11 Debtors and their non-debtor affiliates operate an integrated, centralized cash management system (the “**Cash Management System**”) to collect, transfer and disburse funds generated by their operations, all of which is described in more detail in the Cash Management Motion (defined below). The Cash Management System facilitates cash monitoring, forecasting and reporting and enables the Chapter 11 Debtors to maintain control over the administration of approximately 18 bank accounts, including eight (8) Canadian and U.S. bank accounts (together, the “**Canadian Operations Accounts**”) maintained with Wells Fargo Bank, National Association and the Royal Bank of Canada. The Canadian Operations Accounts were primarily established to facilitate the Chapter 11 Debtors sales and manufacturing operations in Canada. The Cash Management System reflects Hollander’s integrated business, is vital to the Chapter 11 Debtors’ ability to conduct business around the globe and is tailored to meet their operating needs.
- (i) The Chapter 11 Debtors, including Hollander Canada, offer and engage in certain customer promotional programs, including with Hollander Canada’s key customers. Hollander Canada is dependent on the U.S. Chapter 11 Debtors for the establishment, maintenance and administration of these customer promotional programs.

III. The Chapter 11 Debtors' Prepetition Capital Structure and Indebtedness

44. The Chapter 11 Debtors' prepetition capital structure consists of outstanding funded-debt obligations in the aggregate principal amount of approximately \$233 million, including:

- (a) a \$125 million senior secured revolving credit facility (the "**ABL Facility**") by and between Dream II Holdings, LLC, as parent, and Hollander Home Fashions Holdings, LLC, Hollander Sleep Products, Hollander Sleep Products Kentucky, LLC, Hollander Canada, Pacific Coast Feather Company, and Pacific Coast Feather Cushion Co., as borrowers, the lender parties thereto (the "**ABL Lenders**"), and Wells Fargo Bank, National Association, as agent (in such capacity, the "**ABL Agent**"); and
- (b) a \$190 million secured term loan facility (the "**Term Loan Facility**") by and between Dream II Holdings, LLC and Hollander Home Fashions Holdings, LLC, as parent guarantors, Hollander Sleep Products, as borrower, the lenders from time to time party thereto (the "**Term Loan Lenders**") and Barings Finance LLC, as administrative agent (in such capacity, the "**Term Loan Agent**").

45. Each Chapter 11 Debtor is an obligor (either as a borrower or guarantor) under the ABL Facility. Hollander Canada is limited in the amount it can borrow under the ABL Facility to \$40 million and is not jointly or severally liable for the obligations of the U.S. Chapter 11 Debtors under the ABL Facility (however, the U.S. Chapter 11 Debtors are liable for Hollander Canada's obligations under the ABL Facility). With regard to the Term Loan Facility, each Chapter 11 Debtor, except for Hollander Canada, is an obligor (either as a borrower or a guarantor).

A. Prepetition ABL Facility

46. The ABL Facility provides for cash dominion when the excess availability under the ABL Facility is less than either (a) 12.5% of the maximum credit available under the ABL Facility or (b) \$12.5 million for three consecutive business days, at which point the ABL Agent can exercise certain controls over the Chapter 11 Debtors' bank accounts. The Chapter 11 Debtors have triggered cash dominion and the ABL Agent currently sweeps the Chapter 11 Debtors' accounts that are subject to control agreements daily. Substantially all of the Chapter 11 Debtors' cash is subject to control agreements in favour of the ABL Agent. The amount outstanding under the ABL Facility is subject to fluctuations based on daily cash sweeps. The Chapter 11 Debtors estimate that approximately \$61 million in principal was outstanding as of the Petition Date, not including approximately \$5 million in letters of credit (the "**Prepetition ABL Obligations**"). There are presently no issued Canadian letters of credit. The Prepetition ABL Obligations include approximately \$6 million of borrowings by Hollander Canada

47. The Prepetition ABL Obligations are secured by a first lien on certain ABL-priority collateral of the Chapter 11 Debtors, including certain accounts and inventory, Canadian assets, and a second lien in certain collateral on which the prepetition term loan lenders (the "**Term Loan Lenders**") have a first lien. The relative rights and priorities among the ABL Lenders and Term Loan Lenders are governed by an intercreditor agreement.

48. Finally, with regard to the Last Out Loans, the Purchasers (both as defined below) share priority with the ABL Lenders with regard to the Chapter 11 Debtors' collateral but have agreed to subordinate their right to payment to the ABL Lenders until the Prepetition ABL Obligations are paid in full.

B. Prepetition Put Agreement

49. In November 2018, the Chapter 11 Debtors entered into forbearances and an amendment to each of their ABL Credit Agreement and Term Loan Credit Agreement. In connection with these amendments, Sentinel Capital Partners V, L.P., Sentinel Dream Blocker, Inc., and Sentinel Capital Investors V, L.P. (collectively, together with their permitted successors and assigns, the “**Purchasers**”) entered into a Put Agreement, dated as of November 27, 2018 (the “**Put Agreement**”), in favor of the ABL Agent and SunTrust Bank, an ABL Lender.

50. Subject to the terms and conditions set forth in the Put Agreement, upon the occurrence of certain events of default under the ABL Facility, the ABL Agent may cause the Purchasers to execute an agreement to purchase a participation interest in a subordinated last-out loan (the “**Last-Out Loans**”). If the Purchasers fail to purchase their participation interest in the Last-Out Loan in accordance with the Put Agreement, the ABL Agent is permitted to draw from certain standby letters of credit that were posted by the Purchasers.

C. Prepetition Term Loan Facility

51. As of the date hereof, approximately \$166.5 million in aggregate principal amount remains outstanding under the Term Loan Facility. The Term Loan Facility is secured by a first lien on certain collateral of the Chapter 11 Debtors, except for Hollander Canada, and a second lien on certain collateral on which the ABL Lenders have a first lien. Hollander Canada’s assets are not encumbered by the Term Loan Facility; however, the Term Loan Facility is secured by a pledge of 65% of Dream II Holdings, LLC’s equity interest in Hollander Canada.

D. Equity Interests

52. Dream II Holdings, LLC owns directly or indirectly 100% of the residual interests in each of the Chapter 11 Debtors (other than Dream II Holdings, LLC). Investment funds managed by Sentinel Capital Partners, LLC (the “**Sponsor**” or “**Sentinel**”) directly or indirectly hold the majority of the outstanding membership interests in Dream II Holdings, LLC.

E. Hollander Canada Trade Debt

53. Hollander Canada estimates that, as of May 10, 2019, arm’s-length trade creditors are owed approximately \$8.95 million in unsecured trade debt. Of that amount, approximately \$7.2 million is past due.

F. Hollander Canada Intercompany Debt

54. As of April 30, 2019, Hollander Canada is owed approximately \$8.3 million, inclusive of accrued interest, from Hollander Sleep Products, a Chapter 11 Debtor.

IV. Hollander Canada PPSA Searches

55. I am advised by Mr. Martino Calvaruso, a lawyer at Osler, and believe that lien searches were conducted on or about May 16, 2019 against each of the Chapter 11 Debtors under the *Personal Property Security Act* (or equivalent legislation) in Ontario, Québec and British Columbia (the “**PPSA Searches**”). I have been further advised by Mr. Calvaruso and believe that the PPSA Searches indicate, among other things, that Wells Fargo Bank, National Association, has registered a security interest against assets of Hollander Canada in B.C., Ontario and Québec. Barings Finance LLC has registered a security interest against the Chapter 11 Debtors (other than

Hollander Canada) in Ontario. The searches indicate no other registrations against the Chapter 11 Debtors except for a registration in Québec in respect of a photocopier lease.

V. Recent Events

56. In June of 2017, Hollander acquired one of its major competitors, Pacific Coast Feather Company (“PCF”). While this acquisition has been a net positive for operations, the impact of continued integration overhang following the acquisition, and the need to expend additional capital to facilitate the integration, strained Hollander’s cash flows.

57. Shortly after the acquisition of PCF, Hollander was faced with dramatic increases in the price of materials, including fiber, down and feathers. The financial impact of these unanticipated price increases was in excess of \$20 million over the course of approximately one year. At the same time, employee wages increased (as a result of natural wage inflation and the tight job market), as did the cost of freight, duty, and tariff charges. Recently, material prices, particularly fiber, have showed some downward trends, and Hollander is focused on right-sizing production and operational costs and reducing material costs moving forward to re-establish cost parity with its key competitors.

58. Fortunately, the sleep industry as a whole is both healthy and growing. Market trends favor healthy lifestyle sectors, and the basic bedding segment is generally recession resilient. Moreover, management has evaluated Hollander’s position and identified steps that Hollander can take to get back on track, including selective price increases and material efficiencies, continued diligence in cost-effective sourcing, investing in capital and technological advancements, streamlining Hollander’s manufacturing footprint and building Hollander’s e-commerce business.

59. The Chapter 11 Cases provide Hollander with the opportunity to right-size operations and invest in equipment, infrastructure and processes that will allow it to utilize raw material more efficiently, lower its production costs in the long term and re-establish parity with its competitors. Additionally, the infusion of capital proposed as part of the Chapter 11 Cases will facilitate the completion of the PCF integration process and best position Hollander to realize returns on the PCF acquisition.

60. In order to assist with the restructuring process, in April and May 2019, respectively, Matthew R. Kahn was appointed as a disinterested director to the Board of Directors of Dream II Holdings, LLC, as well as the Board of Directors of Hollander Canada, and subsequently granted exclusive authority over conflicts matters. Mr. Kahn has extensive experience serving on boards of managers and boards of directors in distressed situations. Mr. Kahn subsequently directed Hollander to retain Proskauer Rose LLP as independent counsel acting at his direction to assist in the discharge of his duties.

VI. Restructuring Negotiations and Path Forward

61. Beginning in November 2018, the Chapter 11 Debtors engaged with the ABL Lenders and the Term Loan Lenders, resulting in forbearances, amendments to the Chapter 11 Debtors' credit agreements and the Put Agreement. Over the following months, the Chapter 11 Debtors recognized that a more comprehensive solution was required.

62. In February 2019, the Chapter 11 Debtors initiated discussions with the ABL Lenders and the Term Loan Lenders regarding potential balance sheet solutions to their liquidity problems. These discussions preceded the deadline for a March 2019 interest payment under the Term Loan Facility. After exploring out-of-court possibilities, it became apparent that a significant deleveraging would be necessary. In February 2019, the Chapter 11 Debtors retained Kirkland &

Ellis LLP to advise on their restructuring alternatives; in late March the Chapter 11 Debtors retained Carl Marks to provide management services; and in May 2019, the Chapter 11 Debtors retained Houlihan Lokey Capital, Inc. (“**Houlihan**”) as their investment banker.

63. Following further discussions, the Chapter 11 Debtors entered into a restructuring support agreement, dated as of May 19, 2019 (the “**RSA**”), with holders of 100% in principal amount of loans under the Term Loan Facility and Sentinel. The RSA contemplates, and the Chapter 11 Debtors have filed, a comprehensive Chapter 11 plan (the “**Plan**”). The RSA ensures that the Plan will be confirmed in all circumstances and, most importantly, a viable business will continue to operate uninterrupted. A copy of the RSA is attached hereto as Exhibit “D” and a copy of the Plan is attached hereto as Exhibit “E”.

64. The RSA provides a commitment from the Chapter 11 Debtors’ largest creditor constituency to support a substantial deleveraging of the Chapter 11 Debtors’ approximately \$233 million funded debt capital structure. More specifically, and as described in greater detail below under the heading “DIP Motion”, the ABL Lenders and certain Term Loan Lenders have agreed to provide a \$90 million debtor-in-possession (“**DIP**”) asset-based loan facility (the “**DIP ABL Facility**”), and certain term loan lenders have agreed to provide an additional \$28 million term loan facility (the “**DIP Term Loan Facility**”, and together with the DIP ABL Facility, the “**DIP Facilities**”) to fund the administration of the Chapter 11 Cases.

65. Hollander has also secured an agreement to have the DIP Term Loan Facility converted into a \$58 million exit term loan facility upon emergence from the Chapter 11 proceedings, which provides an additional \$30 million in incremental liquidity to fund go-forward operations. With respect to the DIP ABL Facility, it includes a creeping (or gradual) roll-up wherein the Chapter 11 Debtors will use receipts from the Chapter 11 Debtors’ operations to pay down pre-filing

obligations under the ABL Facility pending the final DIP Order, whereupon (and if granted) there will be a deemed draw on the DIP ABL Facility to satisfy the then remaining outstanding prepetition debt under the ABL Facility, if any. Furthermore, Sentinel has agreed to convert its loans, in a last-out position, in any proposed exit asset-based financing facility. The new money term loan exit financing is committed, thus ensuring that Hollander is able to finance its emergence from the Chapter 11 proceedings without the need to raise additional financing.

66. The Plan also includes a sale “toggle” feature, allowing for a potential sale to a third party supported by the secured lenders and accomplished through the Plan. In this regard, Houlihan commenced a marketing process relating to the Chapter 11 Debtors’ assets, including the assets of Hollander Canada, and will continue to actively solicit the market for potential financial and strategic buyers now that the Chapter 11 Cases have formally commenced. Houlihan’s process will not preclude a prospective buyer from submitting bids for the business and assets of Hollander Canada on its own. The Chapter 11 Debtors will be willing to enter into a sale or a combination of sales if the Chapter 11 Debtors believe, in their business judgment, that such transactions will result in higher or otherwise better value to stakeholders than the proposed transaction embodied in the RSA and the Plan. Importantly, the parties to the RSA are active supporters of this market test process.

67. To ensure the least disruption to operations and to minimize the cost of the Chapter 11 Cases, Hollander and its stakeholders have agreed upon an expedited timeline to effectuate its comprehensive restructuring. The proposed timeline is as follows, subject to U.S. Court availability and approval at the final DIP Motion:

Deadline	Proposed Date
Deadline to file Disclosure Statement	June 12, 2019
Preliminary Bid Deadline	July 1, 2019
Disclosure Statement Hearing	July 17, 2019, or as soon thereafter as the Debtors may be heard.
Bid Deadline	July 26, 2019
Auction	August 1, 2019
Plan and Sale Objection and Plan Voting Deadlines	August 19, 2019
Confirmation Hearing	August 26, 2019, or as soon thereafter as the Debtors may be heard.

68. Given that Hollander Canada is not a borrower or guarantor under the Term Loan Facility, the Chapter 11 Debtors have negotiated and incorporated certain protections into the Plan to mitigate against any material prejudice to current creditors of Hollander Canada. More specifically, the Plan provides that, except to the extent that a holder of an allowed unsecured claim in respect of Hollander Canada agrees to less favourable treatment, on the effective date of the Plan, each holder of such a claim will receive its pro rata share of the “Hollander Canada Cash Allocation” up to the full amount of such holder’s claim, in full and final satisfaction, compromise, settlement, release and discharge of and in exchange for such claim. The “Hollander Canada Cash Allocation” is defined to mean (i) in the event that the winning bidder is an entity other than the Term Loan Lenders, any cash proceeds of a winning bidder’s sale transaction, after payment in full of the DIP ABL Claims (as defined therein) and other priority secured claims, allocated to the assets, undertakings and property of Hollander Canada by such winning bidder, in consultation with the Information Officer, or (ii) in the event that the winning bidder is the Term Loan Lenders, the cash proceeds, if any, of any Canadian Acquisition Transaction, if so elected by the Term Loan Lenders, made available to apply against Hollander Canada’s general unsecured claims. A

Canadian Acquisition Transaction is defined to mean one or more transactions to be implemented on or before the Effective Date pursuant to which the Term Loan Lenders may acquire the assets, undertakings and properties of Hollander Canada, which transaction shall be acceptable to the Chapter 11 Debtors, the required Term Loan Lenders and the Information Officer and subject to the approval of the Canadian Court.

69. The provision of consultation rights to the Information Officer in (i) above is designed to ensure that creditors of Hollander Canada are afforded necessary protection with regard to any asset allocation following a sale to a third party. The requirement to obtain Court approval for any Canadian Acquisition Transaction in (ii) above is designed to ensure that interested parties have an opportunity to voice concerns, if any, with respect to such transaction and to provide an opportunity for the Information Officer to make a recommendation to the Canadian Court in respect of any proposed Canadian Acquisition Transaction.

VI. Urgent Need for Relief in Canada

70. Hollander Canada and the other Chapter 11 Debtors are in urgent need of a stay of proceedings and the recognition of the First Day Orders.

71. The Chapter 11 Debtors' cash balance as of the Petition Date was insufficient to operate their enterprise and continue paying their debts as they come due. While the Chapter 11 Debtors have thus far largely been able to maintain the shipment and distribution of products (and thus the continued trust of their customers) notwithstanding their liquidity challenges, the Chapter 11 Debtors, including Hollander Canada on a standalone basis, cannot sustain normal course operations without an immediate infusion of post-petition financing and access to cash collateral. Presently, approximately \$7.2 million of Hollander Canada's \$9 million of accounts payable is past due. Without immediate post-petition financing and access to cash collateral, the Chapter 11

Debtors, including Hollander Canada on a standalone basis, will be unable to pay wages for their employees or the invoices of vendors critical to business operations, preserve and maximize the value of their estates, and administer the Chapter 11 cases, causing irreparable harm to the value of the Chapter 11 Debtors' estates to the detriment of all stakeholders.

72. Furthermore, the DIP ABL Credit Agreement (defined below) requires the Chapter 11 Debtors to obtain an order from this Court recognizing and giving effect to the DIP Order (among other First Day Orders) within three (3) business days of the day that the DIP Order is issued by the U.S. Court. Further, the DIP ABL Facility provides that the DIP Order must be recognized by this Court before any borrowing by Hollander Canada will be permitted. As the Chapter 11 Debtors, including Hollander Canada on a standalone basis, need access to all of the funds available under the DIP Facilities forthwith, it is critical that the Applicant obtain recognition of the First Day Orders as soon as possible to permit the Chapter 11 Debtors to access the liquidity necessary for them to continue as a going concern and to implement the restructuring contemplated by the RSA and the Plan.

73. If the restructuring is implemented, it is anticipated that Hollander Canada will continue as a going concern, resulting in, among other things, the continuing employment of approximately 240 Canadian employees. In addition, it is anticipated that trade creditors, customers, landlords and other third party stakeholders will benefit from the continued operation of Hollander Canada's business.

74. If, however, the restructuring is not implemented, a liquidation of the business and assets of the Chapter 11 Debtors, including Hollander Canada, will be the likely result. In a liquidation scenario, Hollander Canada's unsecured creditors are likely to suffer a substantial or complete shortfall in the recoveries on their claims. The book value of Hollander Canada's current assets is

not reflective of the realizable value of its assets in a liquidation scenario. In addition, Hollander Canada currently has liabilities of approximately \$15.8 million and a large number of additional “off balance sheet” liabilities would arise if Hollander Canada were to cease operations and liquidate, including claims in respect of lease terminations, breach of contract and termination and severance pay for Hollander Canada’s approximately 240 employees.

75. The proposed Information Officer has prepared a liquidation analysis evaluating the impact of a liquidation scenario on creditors of Hollander Canada (the “**Liquidation Analysis**”) and has determined that such a liquidation would result in Hollander Canada’s unsecured creditors receiving nominal recoveries, if any. I understand from the proposed Information Officer that the Liquidation Analysis will be included in a Confidential Appendix to the proposed Information Officer’s Pre-filing Report (the “**Confidential Appendix**”). The Applicant is requesting that a sealing order be granted with respect to the Confidential Appendix, as it contains confidential and commercially sensitive information which would result in material prejudice to the Chapter 11 Debtors, including to the Houlihan sale process, should it be disclosed.

76. In light of the foregoing, a going concern outcome is in the best interests of Hollander Canada and all of its stakeholders. A going concern outcome is only available if the relief sought is granted. The proposed DIP Facilities and Plan are supported by all creditors and key stakeholders with an economic interest in Hollander Canada.

VII. Relief Sought

A. Recognition of Foreign Proceedings

77. The Applicant seeks recognition of the Chapter 11 Cases as “foreign main proceedings” pursuant to Part IV of the CCAA. Other than Hollander Canada, all of the remaining Chapter 11

Debtors are incorporated under U.S. law, have their registered head office and corporate headquarters in the U.S., carry out their business in the U.S. and have all or substantially all of their assets located in the U.S. While Hollander Canada maintains a sales office in Ontario and one manufacturing facility in each of Ontario and Québec, only minimal administrative functions are carried out in Canada – Hollander Canada is, for all intents and purposes, administered and managed out of the United States.

78. As described above, Hollander is managed on a consolidated basis and its Canadian operations are dependent on and integrated with the U.S. operations. Hollander Canada would not be able to function as an independent entity without the corporate functions performed by the Chapter 11 Debtors in the U.S.

B. Recognition of the First Day Orders

79. By operation of the U.S. Bankruptcy Code, the Chapter 11 Debtors obtained the benefit of a stay upon filing the voluntary petitions with the U.S. Court. A stay of proceedings in Canada is essential to protect the efforts of Hollander to proceed with the Chapter 11 Cases and to pursue the Plan.

80. On May 19, 2019, the Chapter 11 Debtors filed certain First Day Motions. On May 21, 2019, the U.S. Court heard several (but not all) of the First Day Motions and entered seven (7) interim or final orders on May 22 and 23, 2019 (the “**First Day Orders**”). Two further court dates have been scheduled with the U.S. Court to hear the remaining First Day Motions and certain anticipated “day two” motions.

81. At this time, the Applicant is seeking recognition of the seven (7) First Day Orders issued by the U.S. Court on May 22 and 23, 2019.

82. The First Day Motions heard by the U.S. Court on May 21, 2019 can be summarized as follows:

- (a) *Debtors' Motion for Entry of an Order (I) Authorizing Hollander Sleep Products to Act as Foreign Representative and (II) Granting Related Relief* (the “**Foreign Representative Motion**”): Pursuant to this motion, Hollander Sleep Products sought an order authorizing Hollander Sleep Products to act as the “foreign representative” in order to seek the relief sought in this Application.
- (b) *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases; and (II) Granting Related Relief* (the “**Joint Administration Motion**”): This motion sought an order authorizing the joint administration of the various Chapter 11 Cases filed by the Chapter 11 Debtors and related procedural relief.
- (c) *Debtors' Motion Seeking Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief* (the “**Employee Wages Motion**”): This motion described and sought an order approving the continuation of the Chapter 11 Debtors' prepetition employee obligations in the ordinary course of business, and authority to pay and honour certain prepetition claims relating to, among other things, wages, salaries and other compensation. With respect to Canada in particular, the Chapter 11 Debtors sought authorization, among other things, to: (i) pay all outstanding prepetition amounts on account of unpaid wage and salary obligations for Hollander Canada employees consistent with past practice, and to continue paying such wages

and salary obligations in the ordinary course of business; (ii) pay in a manner consistent with historical practice any unpaid withholding obligations and to continue to honour withholding obligations in the ordinary course of business during the administration of the Chapter 11 Cases; and (iii) to pay all outstanding prepetition amounts incurred by Hollander Canada employees on account of reimbursable expenses, and continue to pay such reimbursable expenses on a post-petition basis.

- (d) *Debtors Motion Seeking Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate their Cash Management System and (B) Honour Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief* (the “**Cash Management Motion**”): The Cash Management Motion contained a detailed description of the Chapter 11 Debtors’ cash management system, including the Canadian Operations Accounts, and sought an order authorizing the ongoing use of that system, including access to the Canadian Operations Accounts. It also sought relief to permit intercompany advances.
- (e) *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Chapter 11 Debtors to Obtain Postpetition Financing, (II) Authorizing the Chapter 11 Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Lenders, (V) Modifying the Automatic Stay, (VI) Scheduling a Final*

Hearing, and (VII) Granting Related Relief (the “**DIP Motion**”). The DIP Motion is described below.

- (f) *Debtors’ Motion Seeking Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition Claims of (A) Lien Claimants, (B) Import Claimant (C) Section 503(B)(9) Claimants (D) Foreign Vendors, (E) Critical Vendors, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief* (the “**Critical Vendors and Shippers Motion**”): This motion described lien claimants, critical vendors, customs brokers and warehousemen, among others, that provide specific services to the Chapter 11 Debtors. Through this motion, the Chapter 11 Debtors sought, among other things, an order authorizing them to pay certain pre-petition amounts to such critical third parties, including third parties who provide services to Hollander Canada, to maintain stability during the opening days of the Chapter 11 Cases and to avoid jeopardizing the Chapter 11 Debtors’ ability to serve their customers going forward.
- (g) *Debtors’ Motion for Entry of Interim and Final Order (A) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honour Certain Prepetition Obligations Related Thereto and (B) Granting Related Relief* (the “**Customer Programs Motion**”): This motion described and sought the continuation, in the discretion of the Chapter 11 Debtors, of various customer programs that Hollander offers, including markdown allowances, discounts, returns, and cooperative marketing programs. It is essential that Hollander maintain customer loyalty and goodwill by maintaining and honouring the programs.

C. DIP Motion

83. As described in more detail in the DIP Motion, the Chapter 11 Debtors (including Hollander Canada) sought the authority from the U.S. Court to enter into:

- (a) a debtor-in-possession senior secured ABL credit agreement (the “**DIP ABL Credit Agreement**”) with Wells Fargo Bank, National Association as agent (in such capacity, the “**DIP ABL Agent**”) and the lenders who from time to time are a party thereto (the “**DIP ABL Lenders**”) with respect to a senior secured credit facility in an aggregate amount not to exceed \$90 million (as above, the DIP ABL Facility); and
- (b) a DIP senior secured term loan agreement (the “**DIP Term Loan Credit Agreement**” and together with the DIP ABL Credit Agreement, the “**DIP Agreements**”) with Barings Finance LLC, as administrative agent (in such capacity, the “**DIP Term Loan Agent**”), and the financial institutions who from time to time are a party thereto (collectively, the “**DIP Term Loan Lenders**” and together with the DIP ABL Lenders, the “**DIP Lenders**”) in the aggregate amount not to exceed \$28 million (as above, the DIP Term Loan Facility).

84. Full details regarding the Chapter 11 Debtors request for the DIP Facilities are set out in the DIP Motion and are not repeated herein. In addition, matters related to the granting of adequate protection in respect of the DIP ABL Credit Agreement and the DIP Term Loan Credit Agreement are addressed therein.

85. Briefly, some of the significant features of the DIP ABL Facility—the critical facility from the perspective of Hollander Canada—include:

- (a) *Borrowers:* Hollander Home Fashions Holdings, LLC; Hollander Sleep Products; Hollander Sleep Products Kentucky, LLC; Hollander Canada; Pacific Coast Feather, LLC; and Pacific Coast Feather Cushion, LLC.
 - (b) *Guarantors:* Dream II Holdings, LLC.
 - (c) *Amount:* Up to \$90 million. However, Hollander Canada is only entitled to borrow \$20 million under the DIP ABL Facility, less the amount of Hollander Canada's prepetition obligations under the ABL Credit Agreement that are rolled-up into the DIP ABL Facility.
 - (d) *Rate:* Loans will bear interest, at the option of the Borrowers, at one of the following rates: (i) if a US Revolving Loan or Canadian obligation is a Base Rate Loan, the Base Rate + 2.00% and (ii) if a US Revolving Loan or Canadian obligation is a Non-Base Rate Loan, LIBOR + 4.00%.
 - (e) *Security:* all present and after acquired real and personal property of the Chapter 11 Debtors.
 - (f) *Events of Default:* Various events of default as set out therein.
 - (g) *Remedies upon Default:* Upon default, the DIP ABL Lenders, among other things, may terminate their obligations under the DIP ABL Facility and demand immediate repayment of all or part of the borrowers' obligations without further notice.
86. Some of the significant features of the DIP Term Loan Facility include:
- (a) *Borrower:* Hollander Sleep Products.

- (b) *Guarantors*: All Chapter 11 Debtors, excluding Hollander Sleep Products and Hollander Canada.
- (c) *Amount*: Up to \$28 million.
- (d) *Rate*: Loans will bear interest, at the option of the Borrower, at one of the following rates: (i) LIBOR Rate Loans: LIBOR + 7.00% and (ii) Base Rate Loans: Base Rate + 6.00%.
- (e) *Security*: all real and personal property, whether now existing or hereafter arising and wherever located, tangible and intangible of the Chapter 11 Debtors, except for Hollander Canada.
- (f) *Events of Default*: Various events of default as set out therein.
- (g) *Remedies upon Default*: Upon default, the DIP Term Loan Lenders, among other things, may terminate their obligations under the DIP Term Loan Facility and demand immediate repayment of all or part of the borrowers' obligations without further notice.

87. Immediate access to incremental liquidity pursuant to the DIP Facilities is critical to preserving the value of the Chapter 11 Debtors' estates (including Hollander Canada's estate) and maximizing the likelihood of a going-concern reorganization. Ample post-petition financing is necessary to send a strong market signal that the Chapter 11 Cases are well-funded.

88. The ability of the Chapter 11 Debtors, including Hollander Canada, to maintain business relationships with their vendors, suppliers and customers, to pay their employees and otherwise finance their operations requires the availability of working capital from the DIP Facilities. This

is particularly critical at this stage given the upcoming “back to school” season, being the peak selling season for Hollander Canada. The Chapter 11 Debtors, including Hollander Canada on a standalone basis, do not have sufficient available sources of working capital and financing to operate their businesses or maintain their properties in the ordinary course of business without immediate access to the DIP Facilities.

89. In addition, the DIP ABL Lenders have indicated that they are unwilling to make the DIP ABL Facility available to the Chapter 11 Debtors unless Hollander Canada is jointly and severally liable for all of the outstanding obligations under the DIP ABL Facility (including those incurred by the U.S. borrowers). In recognition of, and in response to, the demands for security from Hollander Canada, the Chapter 11 Debtors negotiated several forms of protections in the DIP ABL Facility which are designed to mitigate against any material prejudice to creditors of Hollander Canada. I understand that all of these efforts (and the results therefrom) were supported by the proposed Information Officer and its independent counsel.

90. First, the DIP ABL Lenders have agreed to a provision in the DIP Order pursuant to which the DIP ABL Agent is obligated to first look to proceeds of the Chapter 11 Debtors’ U.S. collateral to satisfy any outstanding obligations of the U.S. Chapter 11 Debtors under the DIP ABL Facility and to the proceeds of the Chapter 11 Debtors’ Canadian collateral to satisfy any outstanding obligations of Hollander Canada under the DIP ABL Facility. Only once the collateral in the U.S. has been exhausted can the DIP ABL Lenders look to the proceeds of Canadian assets to satisfy any outstanding U.S. obligations.

91. Second, the DIP ABL Facility, the Term DIP Facility and the DIP Order have been structured such that if the Chapter 11 Debtors (other than Hollander Canada) require access to the Canadian collateral for additional borrowings, Hollander Canada will borrow such amounts under

the DIP ABL Facility (up to the Canadian Maximum Revolver Amount) and then lend such borrowed amounts to the applicable Chapter 11 Debtor on a superpriority administrative expense basis. The superpriority “intercompany” charge would rank junior to the DIP ABL Lenders and ABL Lenders but senior to the Term DIP Loan Lenders and Term Loan Lenders on the ABL Priority Collateral and junior to the Term DIP Loan Lenders, the Term Loan Lenders, the DIP ABL Lenders and the ABL Lenders on the Term Priority Collateral. Amounts for shared services provided to Hollander Canada by the U.S. Chapter 11 Debtors will be offset against any such intercompany loans.

92. As described further in the DIP Motion, the Chapter 11 Debtors have determined, in the exercise of their business judgment, that the terms of the DIP ABL Facility are reasonable and appropriate in the circumstances. Without immediate access to the DIP Facilities, the Chapter 11 Debtors, including Hollander Canada on a standalone basis, would be unable to operate their business and maintain business relationships with their vendors, suppliers and customers, pay their employees or otherwise finance their operations, and their ability to preserve and maximize the value of their assets would be irreparably harmed.

93. Should the above occur, it would have a disastrous effect on Hollander Canada and Hollander more generally. To survive as a going concern, Hollander Canada requires the Chapter 11 Debtors in the U.S. to remain as a going concern. Hollander Canada depends on its U.S. counterparts to source and obtain high quality, low cost supplies from Hollander’s partners, and to access Hollander’s licensing agreements, design partnerships and company-owned brands, and other trademarks and IP (substantially all of which are owned or controlled by the U.S. Chapter 11 Debtors).

94. The amount actually borrowed by the Chapter 11 Debtors under the DIP ABL Credit Facility is proposed to be secured by, among other things, a Court-ordered charge on Hollander Canada's property and the property of the other Chapter 11 Debtors in Canada, if any, that ranks in priority to all unsecured claims, but is subordinate to the proposed Administration Charge (defined below) and to secured creditors with existing perfected security interests (the "**DIP ABL Charge**").

VIII. U.S. Court Hearing

95. On May 23, 2019, the U.S. Court entered the interim DIP Order, in addition to other interim and final First Day Orders entered on May 22nd and 23rd. A copy of each of the First Day Orders are attached to the Barz Affidavit as Exhibit "O".

IX. Appointment of Information Officer

96. As part of its application, the Applicant is seeking to appoint KSV as the information officer (the "**Information Officer**") in this proceeding. KSV is a licensed trustee in bankruptcy in Canada and its principals have acted as an information officer in several previous ancillary proceedings (both under Part IV of the CCAA as well as the former section 18.6 of the CCAA).

97. KSV has consented to acting as Information Officer in this proceeding. A copy of KSV's consent to act as Information Officer is attached hereto as Exhibit "F".

98. The Chapter 11 Debtors propose to grant the proposed Information Officer and its legal counsel an administration charge with respect to their fees and disbursements in the maximum amount of US\$200,000 (the "**Administration Charge**") on Hollander Canada's property in Canada. The U.S. Chapter 11 Debtors do not have any assets in Canada. I believe the amount of the charge to be reasonable in the circumstances, having regard to the size and complexity of these

proceedings and the roles that will be required of the proposed Information Officer and its legal counsel.

X. Proposed Next Hearing

99. As set out above, Hollander Sleep Products, as the Foreign Representative, is seeking recognition of the above-noted “interim orders” including the DIP Order.

100. Hollander Sleep Products intends to seek a further hearing for recognition of any corresponding “final orders” if and when issued by the U.S. Court and would expect to address any other matters at that time. As noted above, Hollander Sleep Products also intends to seek a further hearing for recognition of the Final DIP Order (as defined in the First Day Declaration) if and when issued by the U.S. Court.

XI. Notice

101. This application has been brought on notice to the DIP Lenders and the proposed Information Officer. The major stakeholders of the Chapter 11 Debtors are located in the U.S. and notice will be given to them within the Chapter 11 Cases.

102. The information regarding these proceedings will be provided to Hollander Canada’s stakeholders by and through the Information Officer. If the Orders sought are granted, Hollander Canada proposes that a notice of the recognition orders be published for two consecutive weeks in

The Globe and Mail (National Edition) pursuant to the CCAA and all Canadian Court materials in these proceedings will be available on the Information Officer's website.

SWORN BEFORE ME at the City of New York in the State of New York on May 23, 2019.

James F Hickey ss: N.Y.

JAMES F. HICKEY
Notary Public, State of New York
Registration #01HI6340819
Qualified In Queens County
Commission Expires April 25, 2020

Marc Pfefferle
MARC PFEFFERLE



TAB B

**THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

Court File No. CV-19-620484-00CL

**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 HOLLANDER SLEEP PRODUCTS LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICANT

AFFIDAVIT OF MARC PFEFFERLE

(Sworn July 3, 2019)

I, Marc Pfefferle, of the Town of Westport, Connecticut, United States of America, **MAKE OATH AND SAY:**

1. I am the Chief Executive Officer (“**CEO**”) of Hollander Sleep Products, LLC (“**Hollander Sleep Products**”) or the “**Foreign Representative**”) and the six (6)¹ other debtors in possession that recently filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy

¹ In addition to Hollander Sleep Products, the other six (6) Chapter 11 Debtors are: Dream II Holdings, LLC; Hollander Home Fashions Holdings, LLC; Pacific Coast Feather, LLC; Hollander Sleep Products Kentucky, LLC; Pacific Coast Feather Cushion, LLC; and Hollander Sleep Products Canada Limited.

Code (the “**Chapter 11 Debtors**”). I am also a Partner at Carl Marks Advisors (“**Carl Marks**”), an investment bank that provides financial and operational services, where I have worked since 1992. I have served as CEO of Hollander Sleep Products since March 28, 2019 when I was retained by the Chapter 11 Debtors and their non-debtor affiliates. Before joining Carl Marks, I was a Partner with Marigold Associates, a strategic management consulting firm serving Fortune 100 companies, and before that I worked for Price Waterhouse LLP. I have over thirty years of experience providing restructuring and reorganization services for companies, creditors, and other stakeholders across a variety of industries, including consumer products, retail, manufacturing, and distribution related businesses.

2. As such, I have personal knowledge of the matters to which I depose in this Affidavit, save and except where I refer to matters based on information and belief, in which case I have stated the source of my information and, in all such cases, I believe that information to be true. In preparing this Affidavit, I consulted with the Chapter 11 Debtors’ management team and advisors (including the Carl Marks team working under my supervision) and reviewed relevant documents and information concerning the Chapter 11 Debtors’ operations, financial affairs and restructuring initiatives.

3. I swear this Affidavit in support of a motion by Hollander Sleep Products in its capacity as foreign representative of the Chapter 11 Debtors for:

- (a) an Order recognizing and enforcing certain Second Day Orders (defined below) entered by the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Court**”), including the Final DIP ABL Order, the Claims Bar Date Order and the Bid Procedures Order (all as defined below); and

- (b) an Order amending the Supplemental Order (defined below) to reflect the Final DIP ABL Order.

4. Capitalized terms used herein and not otherwise defined shall have the meaning given to them in my initial affidavit sworn May 23, 2019 in these proceedings (the “**Initial Affidavit**”), a copy of which is attached hereto without exhibits as Exhibit “A”. All dollar references in this Affidavit are in U.S. dollars unless otherwise specified.

A. Background

5. On May 19, 2019 (the “**Petition Date**”), each of the Chapter 11 Debtors filed voluntary petitions for relief (the “**Petitions**”) pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court (the “**Chapter 11 Proceedings**”).

6. Concurrent with or shortly after the filing of the Petitions, the Chapter 11 Debtors also filed several “first day” motions (the “**First Day Motions**”) with the U.S. Court and, on May 21, 2019 and June 3, 2019, the U.S. Court heard nine (9) and two (2) First Day Motions, respectively, with certain “second day” motions (the “**Second Day Motions**”) to be heard at a later date. On May 22 and 23, 2019, the U.S. Court entered the following nine (9) interim and/or final orders (the “**First Day Orders**”) in respect of the First Day Motions heard on May 21, 2019:

- (a) Joint Administration Order;
- (b) Foreign Representative Order;
- (c) Interim Employee Wages Order;
- (d) Interim Cash Management Order;
- (e) Interim DIP Order;

- (f) Interim Critical Vendors and Shippers Order;
- (g) Interim Customer Programs Order;
- (h) Schedules and Statements Extension Order; and
- (i) Claims Agent Order.

7. By Order dated May 23, 2019, the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”) recognized the Chapter 11 Proceedings as “foreign main proceedings” (the “**CCAA Recognition Proceedings**”), recognized the appointment of the Foreign Representative, and granted related stays of proceedings in favour of the Chapter 11 Debtors (the “**Initial Recognition Order**”). Attached as Exhibit “B” hereto is a copy of the Initial Recognition Order (without exhibits) and attached as Exhibit “C” hereto is a copy of Justice Hainey’s May 30, 2019 Endorsement.

8. Also by Order dated May 23, 2019, Justice Hainey recognized seven (7) out of the nine (9) First Day Orders that were entered by the U.S. Court on May 22 and 23, 2019 (the “**Supplemental Order**”).² The Supplemental Order also appointed KSV Kofman Inc. as Information Officer in respect of the CCAA Recognition Proceedings, granted a charge in favour of the DIP ABL Agent and the DIP ABL Lenders in respect of the DIP ABL Facility, and an administration charge in the amount of \$200,000 in favour of the Information Officer and its counsel. Attached as Exhibit “D” hereto is a copy of the Supplemental Order (without exhibits).

² The Supplemental Order recognized the following seven (7) First Day Orders: (a) Joint Administration Order; (ii) Foreign Representative Order; (iii) Interim Employee Wages Order; (iv) Interim Cash Management Order; (v) Interim DIP Order; (vi) Interim Critical Vendors and Shippers Order; and (vii) Interim Customer Programs Order. The remaining two First Day Orders entered by the U.S. Court on May 22 and 23, 2019 did not need to be recognized by the Ontario Court.

B. Update on the Chapter 11 Proceedings

9. Since the Initial Affidavit was sworn, the Chapter 11 Debtors continue to advance their restructuring objectives and continue to operate in the ordinary course as contemplated in the Chapter 11 Proceedings. Among other things:

- (a) On May 30, 2019, the U.S. Trustee filed a Notice of Appointment of Official Committee of Unsecured Creditors, notifying parties in interest that the U.S. Trustee had appointed an Official Committee of Unsecured Creditors (the “UCC”). The UCC is currently composed of the following members: (a) Roind Hometex Co. Ltd (“**Roind**”), (b) Hangzhou Chuangyuan Feather Co Ltd. (“**HC Feather**”), (c) Hollander NC IA LLC; (d) Nap Industries, Inc. (“**NAP**”), and (e) Packaging Corporation of America. The UCC has retained Pachulski Stang Ziehl & Jones as its legal counsel and Alvarez & Marsal as its financial advisor. Roind, HC Feather and NAP are also unsecured creditors of Hollander Canada.
- (b) As described in my Initial Affidavit, prior to the Petition Date, the Chapter 11 Debtors and their advisors commenced a marketing process to market test the restructuring transaction contemplated by the Restructuring Support Agreement (“**RSA**”) and the Plan. Since the Petition Date, the Chapter 11 Debtors have continued to pursue the marketing process and have been keeping the Information Officer and advisors to their major stakeholders (including the UCC, the ABL Lenders, the Term Loan Lenders, and Sentinel) apprised of material developments in the process, including any indications of interest received. As described in more detail below, on May 19, 2019, the Chapter 11 Debtors filed a motion seeking approval of Bidding Procedures (as defined below) and a proposed confirmation

schedule (the “**Bid Procedures Motion**”). The Bid Procedures Motion was heard on July 1, 2019.

- (c) On June 3, 2019, the U.S. Court heard two additional First Day Motions which were not heard on May 21, 2019, and, on June 4, 2019, entered the following two Orders in connection therewith: (a) an order authorizing the Chapter 11 Debtors to prepare and file a consolidated list of creditors and mailing initial notices through their claims and noticing agent, among other related relief (the “**Creditor Matrix Order**”); and (b) an interim order authorizing the payment of certain prepetition taxes and fees to taxing authorities (the “**Interim Tax Order**”). As described below, on July 2, 2019, the Final Tax Order (as defined below) was entered by the U.S. Court as part of the hearing of the Second Day Motions. The Foreign Representative is only seeking recognition of the Final Tax Order.
- (d) On June 19, 2019, the Chapter 11 Debtors filed a Disclosure Statement (the “**Disclosure Statement**”) with the U.S. Court. The Disclosure Statement provides information regarding the affairs of the Chapter 11 Debtors to enable holders of claims against or interests in the Chapter 11 Debtors to make an informed judgment about the proposed Plan. A motion seeking approval of the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code is currently scheduled to be heard by the U.S. Court on July 24, 2019.
- (e) On June 21, 2019, the U.S. Court entered a further Order (a) setting bar dates for submitting proofs of claim, (b) approving procedures for submitting proofs of claim, (c) approving notice thereof, and (d) granting related relief (the “**Bar Date**”).

Order”). The Bar Date Order is described in greater detail below. The Foreign Representative is seeking to recognize the Bar Date Order through this Motion.

- (f) Other than as described in further detail below, the U.S. Court has granted certain other relief which is not germane to these proceedings.

C. The Second Day Motions

10. On July 1, 2019, the U.S. Court heard certain Second Day Motions that had been filed by the Chapter 11 Debtors and, on July 2 and 3, 2019, the U.S. Court entered orders in respect of these Second Day Motions, including the following orders which the Foreign Representative is seeking to have recognized by the Ontario Court (together, such orders and the Bar Date Order, the “**Second Day Orders**”):

- (a) *Order (I) Authorizing the Debtors to (A) Continue Insurance Coverage Entered into Prepetition and Satisfy Prepetition Obligations Related Thereto (B) Renew, Supplement, Modify, or Purchase Insurance Coverage, and (C) Continue to Pay Brokerage Fees, and (II) Granting Related Relief (the “**Insurance Order**”):* The Insurance Order authorizes the Chapter 11 Debtors to continue insurance coverage that had been entered into prepetition, including a number of insurance policies which cover Hollander Canada, and to satisfy prepetition obligations related thereto in the ordinary course of business. The Insurance Order further authorizes the Chapter 11 Debtors to renew, amend, supplement, extend, or purchase insurance coverage, if necessary.
- (b) *Order (I) Authorizing the Debtors to Continue and Renew their Surety Bond Program, and (II) Granting Related Relief (the “**Surety Bond Order**”):* In the

ordinary course of business, certain third parties require the Chapter 11 Debtors to post surety bonds to secure their payment or performance of obligations, including customs and tax obligations. The Surety Bond Order authorizes the Chapter 11 Debtors to maintain their existing surety bond program consistent with historical practices, including paying premiums and brokerage fees (including any such obligations that arose prior to the Petition Date), maintain existing collateral, post new or additional collateral or issue letters of credit, renew or enter into new surety bonds, and execute other agreements in connection with the Chapter 11 Debtors' existing surety bond program.

- (c) *Order (I) Approving the Bidding Procedures, (II) Scheduling the Bid Deadlines and the Auction, (III) Approving the Form and Manner of Notice Thereof, (IV) Scheduling Hearings and Objection Deadlines with Respect to the Sale, and (V) Granting Related Relief* (the “**Bid Procedures Order**”): The Bid Procedures Order is described in greater detail below.
- (d) *Final Order (I) Authorizing the Debtors to Pay Prepetition Claims of (A) Lien Claimants, (b) Import Claimant, (C) 503(B)(9) Claimants, (D) Foreign Vendors, and (E) Critical Vendors, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief* (the “**Final Critical Vendors Order**”): The Final Critical Vendors Order authorizes the Chapter 11 Debtors to pay certain prepetition amounts owed to, among others, (i) lien claimants; (ii) import claimant; (iii) 503(b)(9) claimants; (iv) foreign vendors; and (v) critical vendors, in an amount not to exceed \$6 million on a final basis, to help preserve the Chapter 11 Debtors' relationships with their key vendors and their

ability to serve their customers going forward. There are no material amendments to the Final Critical Vendors Order from the Interim Critical Vendors Order.

- (e) *Final Order (I) Authorizing the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* (the “**Final Wages Order**”): The Final Wages Order authorizes the continuation of the Chapter 11 Debtors’ prepetition employee obligations in the ordinary course of business, and permits them to pay and honour certain prepetition claims relating to, among other things, wages, salaries and other compensation. With respect to Hollander Canada, the Chapter 11 Debtors are authorized, among other things, to (i) pay all outstanding prepetition amounts on account of unpaid wage and salary obligations for the employees of Hollander Canada, and to continue paying such wage and salary obligations in the ordinary course of business, (ii) pay all outstanding prepetition amounts incurred by Hollander Canada employees on account of reimbursable expenses, and (iii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto. There are no material amendments to the Final Wages Order from the Interim Wages Order.
- (f) *Order Authorizing the Debtors to (A) Retain Carl Marks Advisory Group LLC to Provide the Debtors a Chief Executive Officer, a Chief Financial Officer, and Additional Personnel and (B) Appoint the Chief Executive Officer and Chief Financial Officer Nunc Pro Tunc to the Petition Date* (the “**Carl Marks Order**”): The Carl Marks Order authorizes, among other things, the Chapter 11 Debtors to

employ and retain myself as CEO of the Chapter 11 Debtors (including Hollander Canada), and Scott Pasquith as the Chief Financial Officer of the Chapter 11 Debtors (including Hollander Canada) along with such other personnel of Carl Marks as are necessary to assist myself and Mr. Pasquith in the performance of our duties.

- (g) *Final Order (I) Authorizing the Debtors to (A) Continue to Operate their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief* (the “**Final Cash Management Order**”): The Final Cash Management Order, among other things, authorizes the Chapter 11 Debtors to (i) continue using the Cash Management System and honour any prepetition obligations related to the use thereof, including any bank fees; (ii) designate, maintain, close, and continue to use on a final basis their existing bank accounts; (iii) deposit funds in, and withdraw funds from, the bank accounts by all usual means, including checks, wire transfers, ACH transfers, and other debits; (iv) treat their prepetition bank accounts for all purposes as debtor-in-possession accounts; and (v) open new debtor-in-possession bank accounts. With respect to the Chapter 11 Debtors bank accounts held at the Royal Bank of Canada, the Final Cash Management Order provides that the Chapter 11 Debtors shall not maintain funds in excess of \$100,000 in the aggregate with respect to all such bank accounts, and amounts in excess of \$100,000 at the end of the business day shall be deposited or transferred to any of the Chapter 11 Debtors’ bank accounts that are held at Wells Fargo. With respect to intercompany transactions, the Final Cash Management Order provides, *inter alia*, that the Chapter 11 Debtors shall provide the UCC and

the Information Officer with reports, on a weekly basis (no later than the second business day of the week following the previous week's end) of transfers of cash or other funds made that week from Hollander Canada to the Chapter 11 Debtors other than Hollander Canada.

- (h) *Final Order (A) Authorizing the Debtors to Maintain and Administer their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto and (B) Granting Related Relief* (the “**Final Customer Programs Order**”): The Final Customer Programs Order authorizes the Chapter 11 Debtors to continue to maintain and administer various customer programs that Hollander offers which are essential to maintain customer loyalty and goodwill. There are no material amendments to the Final Customer Programs Order from the Interim Customer Programs Order.
- (i) *Final Order With Respect to Prepetition ABL Secured Parties and DIP ABL Secured Parties (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection to the Prepetition ABL Secured Parties, (E) Modifying the Automatic Stay, and (F) Granting Related Relief* (the “**Final DIP ABL Order**”): The Final DIP ABL Order is described below.
- (j) *Final Order (A) Authorizing the Payment of Certain Prepetition Taxes and Fees and (B) Granting Related Relief* (the “**Final Tax Order**”): The Final Tax Order, among other things, authorizes the Chapter 11 Debtors to (i) pay or remit taxes and fees in the ordinary course of business accrued prior to the Petition Date that will

become payable during the pendency of the Chapter 11 Cases, including taxes paid to taxing authorities in Canada, and (ii) pay taxes and fees that arise in the ordinary course on a postpetition basis.

- (k) *Order (A) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Services, (B) Determining Adequate Assurance of Payment for Future Utility Services, (C) Establishing Procedures for Determining Adequate Assurance of Payment, and (D) Granting Related Relief* (the “**Utilities Order**”): Preserving utility services, including electricity, telecommunications, internet, water and waste management, is essential to the Chapter 11 Debtors’ operations. Should any utility provider refuse or discontinue service, even for a brief period, the Chapter 11 Debtors business operations (including Hollander Canada’s business operations) would be disrupted, and such disruption could jeopardize the Chapter 11 Debtors’ ability to continue to operate. Accordingly, the Utilities Order, among other things, (i) prohibits utility providers (including certain specified providers to Hollander Canada) from altering, refusing, or discontinuing services to the Chapter 11 Debtors; and (ii) establishes procedures for determining adequate assurances of payment for future utility services.
- (l) *Order (A) Authorizing the Retention and Compensation of Professionals Utilized in the Ordinary Course of Business and (B) Granting Related Relief* (the “**Professionals Order**”): The Professionals Order authorizes the Chapter 11 Debtors to retain and compensate certain named professionals utilized by the Chapter 11 Debtors in the ordinary course of business.

- (m) *Order Authorizing and Approving the Employment and Retention of OMNI Management Group as Administrative Advisor for the Debtors and Debtors in Possession Nunc Pro Tunc to the Petition Date* (the “**OMNI Order**”): The OMNI Order authorizes the Chapter 11 Debtors to retain OMNI Management Group (“**OMNI**”) as administrative advisor effective *nunc pro tunc* to the Petition Date and authorizes OMNI to perform certain bankruptcy administration services. OMNI is also the Chapter 11 Debtors’ noticing agent with respect to the proof of claim process contemplated by the Bar Date Order.
- (n) *Order (A) Establishing Certain Notice, Case Management, and Administrative Procedures and (B) Granting Related Relief* (the “**Case Management Order**”): The Case Management Order approves and implements certain notice, case management, and administrative procedures, which are attached as Exhibit 1 to the Case Management Order.
- (o) *Second Interim Order (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection to the Prepetition Term Loan Lenders, (E) Modifying the Automatic Stay, (F) Scheduling a Final Hearing, and (G) Granting Related Relief* (the “**Second Interim DIP Term Order**”): The Second Interim DIP Term Order is described below.

11. I am aware that copies of the above-noted Second Day Orders will be attached to the Affidavit of Evan Barz (the “**Second Barz Affidavit**”), an associate lawyer with the law firm

Osler, Hoskin & Harcourt LLP, Canadian counsel to the Chapter 11 Debtors, and will be filed with the Ontario Court at or before the hearing of this motion.

C. The Bar Date Order

12. On May 30, 2019, the Chapter 11 Debtors filed a motion seeking the Bar Date Order (the “**Bar Date Motion**”). The Bar Date Motion sought to establish deadlines for filing proofs of claim (the “**Bar Dates**”) and certain related relief, including procedures for notice of Bar Dates (the “**Bar Date Notice**”). A copy of Bar Date Motion is attached to Second Barz Affidavit as Exhibit “A”.

13. As noted above, the U.S. Court granted the Bar Date Order on June 21, 2019, a copy of which is attached to the Second Barz Affidavit as Exhibit “B”.

14. Key elements of the Bar Date Order are as follows:

- (a) Claims of creditors of Hollander Canada are to be addressed on the same basis as those of the U.S. Chapter 11 Debtors;
- (b) The general Bar Date to file proofs of claim for prepetition claims is July 29, 2019 at 5:00 p.m., prevailing Eastern Time;
- (c) The Bar Date for governmental units, including Canadian governmental agencies, to file proofs of claim for prepetition claims is November 15, 2019, at 5:00 p.m. prevailing Eastern Time;
- (d) Those with claims arising from the rejection of an executory contract or unexpired lease must file proof of claim by the later of (a) the general Bar Date, and (ii) any date the U.S. Court may fix in the applicable order authorizing such rejection and, if no such date is provided, the date that is 35 days after the entry of the order;

- (e) If, subsequent to the mailing of the Bar Date Notice, the Chapter 11 Debtors amend or supplement the June 21, 2019 schedules and statements of financial affairs (the “Schedules”) any affected claimant that disputes such changes must file a proof of claim on or by the later of (i) the applicable general Bar Date or the Bar Date for governmental units, and (ii) 35 days after the date that notice of applicable amendment to the Schedules is served on the claimant;
- (f) If a holder of a claim is required to file a proof of claim under the Bar Date Order and fails to do so, such holder is forever barred, estopped and enjoined from asserting such claim against the Chapter 11 Debtors; and
- (g) The Bar Date Notice, substantially in the form attached as Exhibit 3 to the Bar Date Order, was published on June 27, 2019 in *The Globe and Mail* (national edition), *The New York Times* (national edition), and *USA TODAY* (national edition).

15. The Chapter 11 Debtors are requesting that the Ontario Court recognize the Bar Date Order and give it full effect in Canada pursuant to Section 49 of the CCAA. The Chapter 11 Debtors are of the view that recognition of the Bar Date Order by the Ontario Court is necessary for the protection of the Chapter 11 Debtors property and is in the interest of their creditors for the following reasons:

- (a) the Chapter 11 Cases apply to all creditors of the Chapter 11 Debtors, wherever they may be located, and accordingly one comprehensive claims process is streamlined, efficient and appropriate;
- (b) known Canadian creditors of the Chapter 11 Debtors have or will receive a claims package from the Chapter 11 Debtors’ noticing agent, OMNI;

- (c) the Bar Dates and procedures are consistent with typical claims process orders issued by the Ontario Court in the context of formal insolvency proceedings and, accordingly, are reasonable and appropriate in the circumstances. They provide claimants with notice and opportunity to prepare and file proofs of claim, as well as allowing the Chapter 11 Cases to move forward on a cost-efficient basis;
- (d) recognition of the Bar Date Order by the Ontario Court will ensure that the deadline for filing proofs of claim is enforceable against all creditors in Canada and/or creditors of Hollander Canada so that the Chapter 11 Debtors can have an accurate understanding of the claims against their estates; and
- (e) As above, notice of the Bar Date was provided to Canadian creditors of the Chapter 11 Debtors on June 27, 2019 in *The Globe and Mail* (national edition).

D. Bidding Procedures

16. As explained in the Initial Affidavit, the Chapter 11 Debtors included a sales toggle feature in the RSA and the Plan to ensure the Chapter 11 Debtors obtain the highest or otherwise best offer, or combination of offers, for the Chapter 11 Debtors' assets. In this regard, the RSA and the Plan authorize the Chapter 11 Debtors to emerge from the Chapter 11 Proceedings through either a debt-for-equity transaction with certain of the Term Loan Lenders or through a sale, or combination of sales, for some or all of the Chapter 11 Debtors' assets (the "Assets"). The process does not preclude a bidder from submitting a bid for the Canadian assets on a stand-alone basis. The goal of this dual-pronged approach is to test the market to evaluate whether there is a more

optimal third-party sale transaction or transactions than the proposed restructuring transaction with the Term Loan Lenders which is embodied in the RSA and the Plan.

17. To implement the market test sale transaction, the Chapter 11 Debtors have developed a bidding process designed to encourage all interested parties to expeditiously put their best bids forward and to maximize value of the Chapter 11 Debtors' estates through a competitive auction process of the Assets (the "**Bidding Procedures**"). As described in further detail below, to maximize the competitiveness of the bidding process, the Bidding Procedures provide the Chapter 11 Debtors with the authority to select one or more bidders to act as a stalking horse bidder (each, a "**Stalking Horse Bidder**") and, in connection with each Stalking Horse Bidder, provide customary bid protections (the "**Bid Protections**").

18. On May 19, 2019, the Chapter 11 Debtors filed the Bid Procedures Motion seeking approval of the Bid Procedures Order, a copy of which is attached to the Second Barz Affidavit as Exhibit "G".

19. On July 3, 2019 the U.S. Court entered the Bid Procedures Order, a copy of which is attached to the Second Barz Affidavit as Exhibit "H".

20. The Bid Procedures Order (i) authorizes and approves the Bidding Procedures (a copy of which is attached as Exhibit 1 to the Bid Procedures Order); (ii) approves the Bid Protections; (iii) establishes certain dates and deadlines in connection with the Bidding Procedures; (iv) approves the manner of notice of the Auction; (v) schedules dates and deadlines in connection with approval of the sale; and (vi) grants related relief.

21. Key elements of the Bidding Procedures are as follows:

- (a) The deadline by which any party interested in participating in the bidding process (each, a “**Potential Bidder**”) must deliver the Preliminary Bid Documents (as defined in the Bidding Procedures) is July 15, 2019, at 4:00 p.m., prevailing Eastern Time;
- (b) The Chapter 11 Debtors will determine, in their reasonable discretion and in consultation with the counsel to the DIP ABL Agent and the ABL Agent, counsel to DIP Term Loan Agent and the Term Loan Agent, counsel to the Sponsor, and counsel to any statutory committees appointed in the Chapter 11 Cases (the “**Consultation Parties**”), whether a Potential Bidder has submitted acceptable Preliminary Bid Documents such that the Potential Bidder may conduct due diligence with respect to the Assets (each, an “**Acceptable Bidder**”). Each of the following will also be deemed to be Acceptable Bidders: (i) the DIP ABL Agent (on behalf of the DIP ABL Lenders), (ii) the DIP Term Loan Agent (on behalf of the DIP Term Loan Lenders), (iii) the ABL Agent (on behalf of the ABL Lenders), and (iv) the Term Loan Agent (on behalf of the Term Loan Lenders) (collectively, the “**Agents**”);
- (c) The Chapter 11 Debtors will provide each Acceptable Bidder with reasonable due diligence information concerning those Assets that are the subject of each such Acceptable Bidder’s Bid (as defined in the Bidding Procedures), as requested by each Acceptable Bidder in writing;
- (d) The Chapter 11 Debtors are authorized, but not obligated, in the exercise of their business judgment and with the unanimous consent of the Consultation Parties, not to be unreasonably withheld, conditioned, or delayed, to: (a) select one or more

Acceptable Bidders to act as Stalking Horse Bidders in connection with the Auction; and (b) in connection with any stalking horse agreement with a Stalking Horse Bidder (i) provide a breakup fee (the “**Breakup Fee**”), (ii) agree to reimburse reasonable and documented out-of-pocket fees and expenses (the “**Expense Reimbursement**”), and/or (iii) agree to pay a “work fee” or other similar cash fee (the “**Work Fee**” and together with the Breakup Fee and the Expense Reimbursement, the “**Bid Protections**”), *provided* that the aggregate amount that may be paid to any or all Stalking Horse Bidders on account of the Bid Protections shall not exceed three percent (3%) of the proposed Purchase Price (as defined in the Bidding Procedures); *provided, further*, that in the event the Consultation Parties shall not unanimously agree as to the Chapter 11 Debtors’ proposed selection of a Stalking Horse Bidder and/or the provision of Bid Protections, the Chapter 11 Debtors may file an emergency motion with the U.S. Court seeking approval of such Stalking Horse Bidder and/or such Bid Protections, as applicable. I understand that the Information Officer will be filing a Report in connection with the present Motion which comments on the reasonableness of the three percent (3%) Bid Protection;

- (e) To be eligible to participate in the Auction, an Acceptable Bidder must deliver to the Chapter 11 Debtors a Qualified Bid (as defined in the Bidding Procedures). A Qualified Bid must meet certain Bid Requirements (as defined in the Bidding Procedures), including that it must be:
 - (i) in writing;

- (ii) received by no later than August 8, 2019 at 4:00 p.m., prevailing Eastern Time (the “**Bid Deadline**”);
 - (iii) a firm, unconditional bid (not subject to due diligence, shareholder/director/other approval, or financing contingencies);
 - (iv) accompanied by clean and duly executed transaction documents, including, at a minimum, a draft asset purchase agreement, the form of which will be provided to any Acceptable Bidder prior to the Bid Deadline; and
 - (v) accompanied by sufficient and adequate financial and other information to demonstrate, to the satisfaction of the Chapter 11 Debtors, in consultation with the Consultation Parties, that such Acceptable Bidder (a) has the financial wherewithal and ability to consummate the acquisition of the Assets and (b) can provide adequate assurance of future performance in connection with the proposed transaction.
- (f) Within two (2) business days after the Bid Deadline, the Chapter 11 Debtors and their advisors, in consultation with the Consultation Parties, will determine which Acceptable Bidders (if any) are deemed to be “Qualified Bidders”, so as to enable such Qualified Bidders to bid at the Auction;
- (g) If no Qualified Bids are received by the Bid Deadline, then the Auction will not occur, the Term Loan Lenders will be deemed the Winning Bidder (as defined below), and the Chapter 11 Debtors will pursue entry of an order by the U.S. Court confirming the Plan at the Sale Hearing (as defined below);

- (h) Prior to the Auction, the Chapter 11 Debtors and their advisors will evaluate Qualified Bids and identify the Qualified Bid that is, in the Chapter 11 Debtors reasonable business judgment, in consultation with the Consultation Parties, the highest or otherwise best bid (the “**Initial Minimum Overbid**”). The Chapter 11 Debtors may select more than one Qualified Bid to collectively serve as the Initial Minimum Overbid if each such Qualified Bid contemplates the purchase of different Assets;
- (i) If one or more Qualified Bids is received by the Bid Deadline, the Chapter 11 Debtors will conduct the Auction with respect to the Chapter 11 Debtors Assets. The Auction will commence on August 12, 2019 at 10:00 a.m., prevailing Eastern Time, at the offices of Kirkland & Ellis LLP, Lexington Avenue, New York, New York 10022, or such later time or other place as the Chapter 11 Debtors will notify the Stalking Horse Bidders and all other Qualified Bidders, in consultation with the Consultation Parties. The Auction will be conducted in accordance with, among others, the following procedures:
- (i) The Auction will be conducted openly;
 - (ii) Only the Qualified Bidders, including any Stalking Horse Bidders and the Agents will be entitled to bid at the Auction;
 - (iii) Bidding at the Auction will begin at the Initial Minimum Overbid;
 - (iv) Subsequent bids at the Auction, including any Bids by any Stalking Horse Bidder, must be made in minimum increments of \$1 million (or such other amount as the Chapter 11 Debtors may determine in consultation with the

Consultation Parties) of additional value after payment of the Bid Protections to any Stalking Horse Bidders, if applicable; and

- (v) The Auction will not close unless and until all Qualified Bidders have been given a reasonable opportunity to submit an overbid at the Auction to the then prevailing highest Bid, subject to the Chapter 11 Debtors' right to require, and in consultation with the Consultation Parties, last and final Bids to be submitted on a "blind" basis;
 - (j) Upon the conclusion of the Auction (if such Auction is conducted), the Chapter 11 Debtors, in the exercise of their reasonable, good-faith business judgment, and in consultation with the Consultation Parties, will identify the highest or otherwise best Qualified Bid or Qualified Bids for the Assets (each, a "**Successful Bid**") and the Qualified Bidder or Qualified Bidders will be deemed the "**Winning Bidder**" or "**Winning Bidders**", as applicable; and
 - (k) On September 4, 2019, at 11:00 a.m., prevailing Eastern Time, a hearing before the U.S. Court will be held to consider approval of the Successful Bid or Successful Bids (the "**Sale Hearing**").
22. In granting the Bid Procedures Order, the U.S. Court found, among other things, that
- (a) the Chapter 11 Debtors articulated good and sufficient reasons for authorizing and approving the Bid Procedures, which are fair, reasonable, and appropriate under the circumstances and are designed to maximize the recovery on, and realizable value of, the Assets, including with respect to the proposed procedures for providing Bid

Protections as determined by the Chapter 11 Debtors in the exercise of their business judgment; and

- (b) the best interests of the Chapter 11 Debtors' estates, their creditors, and other parties in interest would be served by granting the Bid Procedures Order.

23. The DIP ABL Credit Agreement requires that the Chapter 11 Debtors apply to the Ontario Court to obtain approval of the Bid Procedures Order within three (3) business days of the entering of the Bid Procedures Order by the U.S. Court. The Foreign Representative intends to return to the Ontario Court at a later date to recognize any Order confirming the Plan.

ii. Recognition of the Bid Procedures Order is in the Best Interest of All Stakeholders

24. The Chapter 11 Debtors require a path forward if they are going to successfully emerge from their restructuring proceedings. The Plan that has been proposed, including the Bidding Procedures described above, is in the best interests of the Chapter 11 Debtors particularly in light of the fact that if no Qualified Bids are received and the Auction does not occur, the Term Loan Lenders will be deemed the Winning Bidder, and the Chapter 11 Debtors will pursue entry of an Order by the U.S. Court confirming the Plan.³ As such, in all circumstances a going concern outcome will likely result.

25. The Chapter 11 Debtors are hopeful that the Bid Procedures Order will assist to canvass the market to determine whether there is a transaction that will generate a greater recovery for the Chapter 11 Debtors' estates than the restructuring transaction with the Term Loan Lenders.

³ As above, the Foreign Representative intends to return to the Ontario Court at a later date to recognize any Order confirming the Plan.

Recognition of the Bid Procedures Order will allow the Chapter 11 Debtors to move expeditiously through the Chapter 11 Proceedings to an efficient and value-maximizing conclusion.

E. Final DIP ABL Order

26. As described above, on May 23, 2019, the U.S. Court entered the Interim DIP Order pursuant to which the Chapter 11 Debtors obtained authority, on an interim basis, to enter into (i) a \$90 million debtor-in-possession (“**DIP**”) asset-based loan facility (the “**DIP ABL Facility**”) with Wells Fargo Bank, National Association as agent (in such capacity, the “**DIP ABL Agent**”) and the lenders who from time to time are a party thereto (the “**DIP ABL Lenders**”); and (ii) an additional \$28 million term loan facility (the “**DIP Term Loan Facility**”, and together with the DIP ABL Facility, the “**DIP Facilities**”) with Barings Finance LLC, as administrative agent (in such capacity, the “**DIP Term Loan Agent**”), and the financial institutions who from time to time are a party thereto (collectively, the “**DIP Term Loan Lenders**” and together with the DIP ABL Lenders, the “**DIP Lenders**”) to fund the administration of the Chapter 11 Proceedings.

27. To protect the interests of Hollander Canada and its creditors, the DIP ABL Facility and the Interim DIP Order included certain protections to mitigate any prejudice to creditors of Hollander Canada. Specifically, as described in the Initial Affidavit, the Interim DIP Order included a quasi-marshalling construct whereby the DIP ABL agent is obligated to first look to proceeds of the Chapter 11 Debtors’ U.S. collateral to satisfy any outstanding obligations of the U.S. Chapter 11 Debtors under the DIP ABL Facility, and to the proceeds of the Chapter 11 Debtors’ Canadian collateral to satisfy any outstanding obligations of Hollander Canada under the DIP ABL Facility. Only once collateral in the U.S. has been exhausted can the DIP ABL Lenders look to the Canadian assets to satisfy any outstanding U.S. obligation (the “**Quasi-Marshalling Construct**”).

28. In addition, the DIP ABL Facility and the Interim DIP Order were structured such that if the Chapter 11 Debtors (other than Hollander Canada) require access to the Canadian collateral for additional borrowings, Hollander Canada is permitted to borrow such amounts under the DIP ABL Facility (up to the Canadian Maximum Revolver Amount) and then lend such borrowed amounts to the applicable Chapter 11 Debtor on a superpriority basis (the “**Superpriority Intercompany Loans Charge**”).

29. In the weeks following the issuance of the Interim DIP Order, the Chapter 11 Debtors engaged in discussions and negotiations with the UCC and other stakeholders with regards to the terms of a proposed final DIP Order.

30. One of the issues discussed with the UCC and the DIP Term Loan Lenders, among others, was the terms of an exit fee commitment that the Chapter 11 Debtors have agreed to pay to cover the reasonable and documented out-of-pocket expenses incurred by the participating Term Loan Lenders in connection with their commitment to provide an additional \$30 million in liquidity to fund go forward operations outside the Chapter 11 Proceedings (the “**Exit Fee Commitment**”). The Chapter 11 Debtors have recently made disclosure of the Exit Fee Commitment and are providing their stakeholders with an opportunity to review the proposed fee structure. However, the time provided to stakeholders to review the Exit Fee Commitment extended beyond the July 1, 2019 “second day” hearing date scheduled with the U.S. Court.

31. Accordingly, in an effort to move the Chapter 11 Proceedings forward in an efficient manner and ensure that the Chapter 11 Debtors have access to the DIP financing provided for under the DIP ABL Facility, while at the same time providing stakeholders with sufficient time to review and consider the Exit Fee Commitment, the Chapter 11 Debtors agreed to bifurcate the final approval of the DIP Facilities: (i) the DIP ABL Facility would be brought before the U.S.

Court for approval on a final basis at the July 1, 2019 hearing; and (ii) the DIP Term Facility would be brought before the U.S. Court for approved on a final basis at a later date. In the interim, the Chapter 11 Debtors requested that the U.S, Court approve the Second Interim DIP Term Order at the July 1 hearing. The Second Interim DIP Term Order provides the Chapter 11 Debtors with access up to \$5 million of incremental financing under the DIP Term Loan Facility, to be funded at the discretion of the DIP Term Loan Agent at the direction of the required DIP Term Loan Lenders, during the interim period until a final order approving the DIP Term Loan Facility is entered by the U.S. Court, which is required to occur on or before July 19, 2019 (or such later date as the DIP ABL Agent may agree in its sole discretion) pursuant to the terms of the Final DIP ABL Order.

32. The Second Interim DIP Term Order and the Final DIP ABL Order were entered by the U.S. Court on July 3, 2019, copies of which are attached to the Second Barz Affidavit as Exhibit “O” and Exhibit “Z”, respectively.

33. The Final DIP ABL Order contains several amendments from the Interim DIP Order to address comments received from the UCC and other stakeholders, including with respect to reporting obligations, which were resolved consensually. Other notable amendments of relevance to these proceedings include:

- (a) Approval of the DIP ABL Facility on a final basis and authorization to borrow up to \$90 million under the facility;
- (b) A provision providing no Chapter 11 Debtor may object to a credit bid made by the DIP ABL Lenders or ABL Lenders of the amount outstanding under the DIP ABL Facility and ABL Facility (as applicable), including any sale of assets of the Canadian Loan Parties (as defined in the DIP ABL Credit Agreement) with

approval of the Ontario Court, subject to, in the case of the conveyance of any assets of the Canadian Loan Parties, such conveyance being acceptable to the Information Officer;

- (c) Notwithstanding the inclusion of a provision providing that the equitable doctrine of marshalling shall not apply, such provision provides for the distribution of proceeds of any realizations in accordance with the Quasi-Marshalling Construct; and
- (d) A provision expressly providing that the Superpriority Intercompany Loans Charge is (i) subject to the Carve Out (as defined in the Final DIP ABL Order), which principally includes professional fees, (ii) junior to the DIP ABL Lenders and the ABL Lenders but senior to the Term DIP Loan Lenders and the Term Loan Lenders on the ABL Priority Collateral (as defined in the Final DIP ABL Order), and (iii) junior to the Term DIP Loan Lenders, the Term Loan Lenders, the DIP ABL Lenders and the ABL Lenders on the Term Priority Collateral (as defined in the Final DIP ABL Order).

34. Notably, no substantive changes were made to the the Quasi-Marshalling Construct and Superpriority Intercompany Loans Charge contained in the Interim DIP Order and these provisions remain substantially unchanged in the Final DIP ABL Order.

35. As of July 2, 2019, the U.S. Chapter 11 Debtors and Hollander Canada owe approximately \$39.5 million and \$3.5 million, respectively, under the DIP ABL Facility. The Chapter 11 Debtors' post-filing cash receipts were used to pay down, in full, the pre-filing obligations under the ABL Facility as of July 1, 2019.

36. The Foreign Representative is now seeking recognition of the Final DIP ABL Order in Canada. The Foreign Representative is also seeking amendments to the Supplemental Order to reflect the terms of the Final DIP ABL Order. Recognition of the Final DIP ABL Order will permit continued operations and consistency in the Chapter 11 Proceedings and is necessary for the protection of the Chapter 11 Debtors' property and the interests of their creditors. I understand that the Information Officer will be filing a Report in connection with the present Motion which comments on the reasonableness of the Final DIP ABL Order.

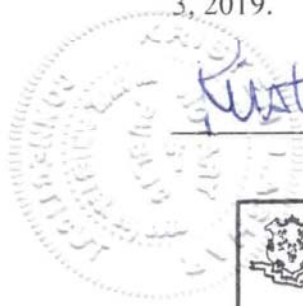
37. As explained in my Initial Affidavit, the DIP ABL Credit Agreement requires the Chapter 11 Debtors to obtain an order from the Ontario Court recognizing and giving effect to the Final DIP ABL Order within three (3) business days of the day that the Final DIP ABL Order is entered by the U.S. Court. Therefore, it is critical that the Foreign Representative obtain recognition of the above-noted Second Day Orders, including the Final DIP ABL Order and the Bid Procedures Order, as soon as possible to permit the Chapter 11 Debtors to continue as a going concern and to implement the restructuring contemplated by the RSA and the Plan.

SWORN BEFORE ME at the Town of Westport in the State of Connecticut on July 3, 2019.





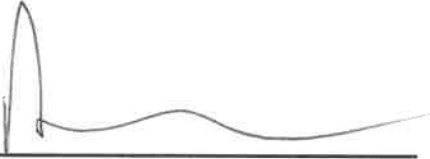
 MARC PFEFFERLE



 KRISTEN LASHAR
 NOTARY PUBLIC STATE OF CONNECTICUT
 My Commission Expires February 28 2022

TAB C

**THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

Court File No. CV-19-620484-00CL

**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 HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICANT

AFFIDAVIT OF MARC PFEFFERLE

(Sworn August 2, 2019)

I, Marc Pfefferle, of the Town of Westport, Connecticut, United States of America, **MAKE**

OATH AND SAY:

1. I am the Chief Executive Officer (“**CEO**”) of Hollander Sleep Products, LLC (“**Hollander Sleep Products**”) or the “**Foreign Representative**”) and the six (6)¹ other debtors in possession

¹ In addition to Hollander Sleep Products, the other six (6) Chapter 11 Debtors are: Dream II Holdings, LLC; Hollander Home Fashions Holdings, LLC; Pacific Coast Feather, LLC; Hollander Sleep Products Kentucky, LLC; Pacific Coast Feather Cushion, LLC; and Hollander Sleep Products Canada Limited (“**Hollander Canada**”).

that recently filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code (the “**Chapter 11 Debtors**”). I am also a Partner at Carl Marks Advisors (“**Carl Marks**”), an investment bank that provides financial and operational services, where I have worked since 1992. I have served as CEO of Hollander Sleep Products since March 28, 2019 when I was retained by the Chapter 11 Debtors and their non-debtor affiliates. Before joining Carl Marks, I was a Partner with Marigold Associates, a strategic management consulting firm serving Fortune 100 companies, and before that I worked for Price Waterhouse LLP. I have over thirty years of experience providing restructuring and reorganization services for companies, creditors, and other stakeholders across a variety of industries, including consumer products, retail, manufacturing, and distribution related businesses.

2. As such, I have personal knowledge of the matters to which I depose in this Affidavit, save and except where I refer to matters based on information and belief, in which case I have stated the source of my information and, in all such cases, I believe that information to be true. In preparing this Affidavit, I consulted with the Chapter 11 Debtors’ management team and advisors (including the Carl Marks team working under my supervision) and reviewed relevant documents and information concerning the Chapter 11 Debtors’ operations, financial affairs and restructuring initiatives.

3. I swear this Affidavit in support of a motion by Hollander Sleep Products in its capacity as foreign representative of the Chapter 11 Debtors for an Order recognizing and enforcing the following Orders recently entered (or, in the case of the KERP Order, approved and expected to be entered prior to the hearing of this motion) by the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Court**”): (i) the Disclosure Statement Order, (ii) the KERP Order, (iii) the Houlihan Lokey Retention Order, (iv) the Houlihan Lokey Additional

Services Order, and (v) the Final DIP Term Order (all as defined below). I am aware that copies of such Orders will be attached to the Affidavit of Evan Barz (the “**Third Barz Affidavit**”), an associate lawyer with the law firm Osler, Hoskin & Harcourt LLP, Canadian counsel to the Chapter 11 Debtors, and will be filed with the Ontario Court (as defined below) at or before the hearing of this motion.

4. Capitalized terms used herein and not otherwise defined shall have the meaning given to them in my affidavits sworn May 23, 2019 (the “**Initial Affidavit**”) and July 3, 2019 (the “**Second Pfefferle Affidavit**”) and, together with the Initial Affidavit, the “**Pfefferle Affidavits**”), copies of which are attached hereto without exhibits as Exhibit “A” and Exhibit “B”, respectively. All dollar references in this Affidavit are in U.S. dollars unless otherwise specified.

A. **Background**

5. On May 19, 2019 (the “**Petition Date**”), each of the Chapter 11 Debtors filed voluntary petitions for relief (the “**Petitions**”) pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court (the “**Chapter 11 Cases**”).

6. Concurrent with or shortly after the filing of the Petitions, the Chapter 11 Debtors also filed several “first day” motions (the “**First Day Motions**”) with the U.S. Court. On May 22 and 23, 2019, the U.S. Court entered nine (9) interim and/or final orders (the “**First Day Orders**”) in respect of the First Day Motions heard on May 21, 2019.

7. By Order dated May 23, 2019, the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”) recognized the Chapter 11 Cases as “foreign main proceedings” (the “**CCAA Recognition Proceedings**”), recognized the appointment of the Foreign Representative, and granted related stays of proceedings in favour of

the Chapter 11 Debtors (the “**Initial Recognition Order**”). Attached as Exhibit “C” hereto is a copy of the Initial Recognition Order (without exhibits) and attached as Exhibit “D” hereto is a copy of Justice Hainey’s May 30, 2019 Endorsement.

8. Also by Order dated May 23, 2019, Justice Hainey recognized seven (7) of the nine (9) First Day Orders that were entered by the U.S. Court on May 22 and 23, 2019 (the “**Supplemental Order**”).² The Supplemental Order also appointed KSV Kofman Inc. as Information Officer in respect of the CCAA Recognition Proceedings, granted a charge in favour of the DIP ABL Agent and the DIP ABL Lenders in respect of the DIP ABL Facility, and an administration charge in the amount of \$200,000 in favour of the Information Officer and its counsel. Attached as Exhibit “E” hereto is a copy of the Supplemental Order (without exhibits).

9. On May 30, 2019, the U.S. Trustee filed a Notice of Appointment of Official Committee of Unsecured Creditors, notifying parties in interest that the U.S. Trustee had appointed an Official Committee of Unsecured Creditors (the “**UCC**”).

10. By Order dated July 5, 2019, Justice Hainey recognized sixteen (16) Second Day Orders that had been entered by the U.S. Court on June 21, July 2 and July 3, 2019 (the “**Second Recognition Order**”), including the Bar Date Order, the Bid Procedures Order and the Final DIP ABL Order.³ A copy of the Second Recognition Order is attached hereto as Exhibit “F” (without exhibits).

² The Supplemental Order recognized the following seven (7) First Day Orders: (a) Joint Administration Order; (ii) Foreign Representative Order; (iii) Interim Employee Wages Order; (iv) Interim Cash Management Order; (v) Interim DIP Order; (vi) Interim Critical Vendors and Shippers Order; and (vii) Interim Customer Programs Order. The remaining two First Day Orders entered by the U.S. Court on May 22 and 23, 2019 did not need to be recognized by the Ontario Court.

³ The Second Recognition Order recognized the following sixteen (16) Second Day Orders: (i) the Insurance Order; (ii) the Surety Bond Order; (iii) the Bid Procedures Order; (iv) the Final Critical Vendors Order; (v) the Final Wages Order; (vi) the Carl Marks Order; (vii) the Final Cash Management Order; (viii) the Final Customer

B. Update on the Chapter 11 Cases

11. Since the Second Pfefferle Affidavit was sworn, the Chapter 11 Debtors continue to advance their restructuring objectives and continue to operate in the ordinary course as contemplated in the Chapter 11 Cases. Among other things:

- (a) On July 10, 2019, the U.S. Court entered an Order: (a) authorizing the retention of Houlihan Lokey Capital, Inc. (“**Houlihan Lokey**”) as financial advisor and Investment Banker to the Debtors *nunc pro tunc*; (b) approving the terms of the engagement agreement; (c) waiving certain time-keeping requirements, and (d) granting related relief (the “**Houlihan Lokey Retention Order**”). The Houlihan Lokey Retention Order authorizes the retention and employment of Houlihan Lokey as the Chapter 11 Debtors’ financial advisor and investment banker *nunc pro tunc* on the terms and conditions set forth in the Engagement Agreement, as modified by the Houlihan Lokey Retention Order (as both are defined in the Houlihan Lokey Retention Order). The Foreign Representative is seeking to recognize the Houlihan Lokey Retention Order through this Motion. A copy of the Houlihan Lokey Retention Order is attached to the Third Barz Affidavit as Exhibit “F”.
- (b) In accordance with the Bidding Procedures, on or before July 15, 2019, the Chapter 11 Debtors received Preliminary Bid Documents from six (6) Potential Bidders in respect of the Assets. As of yet, none of the bids have contemplated an acquisition

Programs Order; (ix) the Final DIP ABL Order; (x) the Final Tax Order; (xi) the Utilities Order; (xii) the Professionals Order; (xiii) the OMNI Order; (xiv) the Case Management Order; (xv) the Second Interim DIP Term Order; and (xvi) the Bar Date Order.

of Hollander Canada's business and assets on a standalone basis. The Chapter 11 Debtors are presently working with certain of these bidders to facilitate their due diligence. The deadline for bidders to submit Qualified Bids is August 8, 2019, although that date may be modified by agreement with the Consultation Parties.

- (c) On July 19, 2019, the U.S. Court entered a final order with respect to the DIP term loan secured parties and prepetition term loan secured parties (a) authorizing the Chapter 11 Debtors to obtain post-petition financing, (b) authorizing the Chapter 11 Debtors to use cash collateral, (c) granting liens and providing superpriority administrative expense status, (d) granting adequate protection to the prepetition term loan secured parties, (e) modifying the automatic stay, and (f) granting related relief (the "**Final DIP Term Order**"). Among other things, the Final DIP Term Order authorizes, on a final basis, the Chapter 11 Debtors (other than Hollander Canada) to obtain senior secured post-petition financing on a superpriority basis in aggregate principal amount of up to \$28 million pursuant to that certain superpriority secured debtor-in-possession term loan credit agreement with Barings Finance LLC, as administrative agent, and the financial institutions who from time to time are a party thereto. Notwithstanding that Hollander Canada is not a borrower under the DIP Term Loan, nor is it a guarantor, the Foreign Representative is seeking to recognize the Final DIP Term Order as a matter of completeness, given that the first two Interim DIP Term Orders granted by the U.S. Court were recognized by the Ontario Court. A copy of the Final DIP Term Order is attached to the Third Barz Affidavit as Exhibit "H".

(d) On July 21, 2019, the Chapter 11 Debtors filed a motion with the U.S. Court for entry of an Order (i) authorizing the Chapter 11 Debtors to assume the Amended and Restated Restructuring Support and Settlement Agreement dated as of July 21, 2019 (the “**Amended RSA**”), (ii) approving the settlements and compromises contained therein, and (iii) granting related relief (the “**RSA Motion**”). A copy of the RSA Motion is attached hereto as Exhibit “G”. The Amended RSA is the outcome of numerous good faith settlement negotiations among the UCC, the Chapter 11 Debtors, the Consenting Term Loan Lenders (as defined in the RSA Motion) and Sentinel. The Amended RSA and the Plan reflect a global compromise with the UCC (the “**Plan Settlement**”) and, as a result, the Plan is now supported by all major creditor constituencies. The Plan Settlement, which is embodied in the Amended RSA and the Plan, contemplates specified recoveries to the unsecured creditors of the Chapter 11 Debtors in either a reorganization, third party sale or liquidation scenario. On August 1, 2019, the RSA Motion was heard by the U.S. Court. The U.S. Court raised certain issues that require resolution prior to approving the Amended RSA. Accordingly, the Chapter 11 Debtors engaged in negotiations with the parties to the Amended RSA in an effort to agree on further amendments to the Amended RSA to address the issues raised by the U.S. Court. Once these amendments have been executed and the Chapter 11 Debtors have provided notice of such amendments to interested parties, the Chapter 11 Debtors intend to return to the U.S. Court for approval of the Amended RSA. Following approval by the U.S. Court, the Foreign Representative will seek recognition of the U.S. Court’s order in these proceedings.

- (e) On July 25, 2019, the U.S. Court entered an Order approving the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code (the “**Disclosure Statement Order**”), all as described in greater detail below. The Foreign Representative is seeking to recognize the Disclosure Statement Order through this Motion.
- (f) On August 1, 2019, the U.S. Court entered an Order authorizing additional services of Houlihan pursuant to the Houlihan Retention Order (the “**Houlihan Lokey Additional Services Order**”). The Houlihan Lokey Additional Services Order approves Houlihan Lokey to provide certain analytical services to the Chapter 11 Debtors’ disinterested director in his investigation of certain potential conflict matters between the Chapter 11 Debtors and their shareholders, officers and directors. The Foreign Representative is seeking to recognize the Houlihan Lokey Additional Services Order through this Motion. A copy of the Houlihan Lokey Additional Services Order is attached to the Third Barz Affidavit as Exhibit “G”.
- (g) On August 1, 2019, the U.S. Court heard a motion (the “**KERP Motion**”) seeking an Order (the “**KERP Order**”) approving the Chapter 11 Debtors’ key employee retention plan (“**Hollander Retention Plan**”) and retention payments to certain employees involved in the closure of the Chapter 11 Debtors’ Thomson, Georgia plant (“**Georgia Retention Plan**” and together with the Hollander Retention Plan, the “**Retention Plans**”) and certain related relief.⁴ The Retention Plans are necessary for the Chapter 11 Debtors to maintain stability in their operations and

⁴ Although not applicable to the Canadian operations of the Chapter 11 Debtors, the Georgia Retention Plan was approved by the U.S. Court pursuant to the same Order as the Hollander Retention Plan and is therefore referred to herein for completeness.

maintain enterprise value and is consistent with retention plans in similarly sized Chapter 11 cases. The Retention Plans provide for payment of awards to 74 of the Chapter 11 Debtors' non-insider employees (each a "**Participant**", and, collectively, the "**Participants**"), including 47 Participants under the Hollander Retention Plan (of which three (3) are employees of Hollander Canada) and 27 Participants under the Georgia Retention Plan. No participant is an officer or director (as such terms are normally understood), but instead play vital rank-and-file functions for the Chapter 11 Debtors' business. The total amount of the awards to be paid out under the Retention Plans is \$554,000 and not one individual payment award exceeds \$20,000. The departure of any of the Participants during the Chapter 11 Cases would likely result in disruption to the ongoing operations thereby interfering with the Chapter 11 Debtors' restructuring process. As a result, the Chapter 11 Debtors brought the KERP Motion on the basis that implementation of the Retention Plans is necessary and appropriate and in the best interests of the Chapter 11 Debtors and their stakeholders. At the August 1, 2019 hearing, the U.S. Court approved the KERP Order in substance, subject to certain minor modifications requested to be made to the proposed KERP Order. As of the time of the swearing of this Affidavit, the KERP Order has not been entered by the U.S. Court, however this is expected to occur prior to the hearing of the present motion. Accordingly, a copy of the draft KERP Order submitted to the U.S. Court for entry is attached to the Third Barz Affidavit as Exhibit "D". I understand that Canadian counsel to the Chapter 11 Debtors will bring a copy of the entered KERP Order to the Ontario Court at the hearing of this Motion, provided that it is entered by the U.S. Court before August 6, 2019. If the KERP Order has not been entered by

August 6, 2019, the Foreign Representative will return to this Court at a later date to seek recognition of the entered KERP Order.

C. Disclosure Statement Order

12. As described in the Pfefferle Affidavits, the Plan provides for two potential outcomes. The first is a reorganization, which will equitize \$166.5 million of the Chapter 11 Debtors prepetition funded debt obligations through a debt-for-equity transaction with certain of the Term Loan Lenders. The second is a sale (or combination of sales), effected through a “toggle” feature built into the Plan, of the Chapter 11 Debtors’ assets to a third party (or third parties) identified in the sale process presently being carried out by Houlihan Lokey, which sale would be accomplished through the Plan. The Chapter 11 Debtors’ believe that concurrently pursuing both options will allow the Chapter 11 Debtors to maximize the value of their assets, provide certainty for stakeholders that their business operations will continue as a going concern, and expeditiously distribute value to their stakeholders.

13. The Chapter 11 Debtors filed an initial version of the Plan with the U.S. Court on May 19, 2019.

14. On June 19, 2019, the Chapter 11 Debtors filed an initial version of the Disclosure Statement for the Plan with the U.S. Court. The purpose of the Disclosure Statement is to provide holders of claims and interests in the Chapter 11 Debtors to be impaired by the Plan (“**Claimholders**”) with adequate information in order to make an informed judgment when voting to accept or reject the Plan.

15. On June 19, 2019, the Chapter 11 Debtors also filed a motion seeking approval of the Disclosure Statement Order, a copy of which is attached to the Third Barz Affidavit as Exhibit “A”.

16. On July 25, 2019, the U.S. Court entered the Disclosure Statement Order, a copy of which is attached to the Third Barz Affidavit as Exhibit “B”. Revised solicitation versions of the Plan and the Disclosure Statement, which reflect the terms of the Plan Settlement, were filed with the U.S. Court on July 25, 2019, copies of which are attached to this affidavit as Exhibit “H” and “I” respectively.

17. Key elements of the Disclosure Statement Order are as follows:

- (a) The Plan contemplates classifying Claimholders into certain Classes of Claims and Interests (both as defined in the Plan) for all purposes, including with respect to voting on the Plan. The following chart represents the Classes of Claims and Interests under the Plan:

Class	Claim/Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	Secured Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
4	Term Loan Claims	Impaired	Entitled to Vote
5	General Unsecured Claims	Impaired	Entitled to Vote
6	Intercompany Claims	Impaired or Unimpaired	Not Entitled to Vote (Deemed to Reject)
7	Intercompany Interests	Impaired or Unimpaired	Not Entitled to Vote (Deemed to Accept or Reject)
8	Interests in Dream II	Impaired	Not Entitled to Vote (Deemed to Reject)
9	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

The Disclosure Statement Order approves the process whereby the Chapter 11 Debtors will solicit votes to accept or reject the Plan from Claimholders in Classes 4 and 5 (collectively, the “**Voting Classes**”) and further approves the Chapter 11 Debtors not soliciting votes from Claimholders in Classes 1, 2, 3, 6, 7, 8, 9 and 10 (collectively, the “**Non-Voting Classes**”).

- (b) The Disclosure Statement Order approves the information contained within the Disclosure Statement as providing “adequate information” to allow Claimholders in the Voting Classes to make an informed decision about whether to vote to accept or reject the Plan. Specifically, the Disclosure Statement contains a number of categories of information, including:
- (i) *The Chapter 11 Debtors’ Corporate History, Structure, and Business Overview.* A detailed overview of the Chapter 11 Debtors’ corporate history, business operations and capital structure, including with respect to Hollander Canada.
 - (ii) *Events Leading to the Chapter 11 Filings.* A detailed overview of the Chapter 11 Debtors’ restructuring efforts and the negotiations with respect to the Plan and the Amended RSA.
 - (iii) *Projected Financial Information and Liquidation Analysis.* Certain projected financial information and a liquidation analysis.
 - (iv) *Risk Factors.* Certain risks associated with the Chapter 11 Debtors’ businesses, as well as certain risks associated with forward-looking statements and an overall disclaimer as to the information provided by and set forth in the Disclosure Statement.

- (v) ***Solicitation and Voting Procedures.*** A description of the Solicitation and Voting Procedures to accept or reject the Plan and voting on the Plan. The Solicitation and Voting Procedures set forth specific criteria with respect to the general tabulation of customized ballots for each Voting Class (collectively, the “**Ballots**”), voting procedures applicable to Claimholders, and tabulation of such votes.
 - (vi) ***Confirmation of the Plan.*** Confirmation and statutory requirements for confirmation and consummation of the Plan.
 - (vii) ***Certain United States and Canadian Federal Income Tax Consequences of the Plan.*** A description of certain U.S. and Canadian federal income tax law consequences of the Plan.
 - (viii) ***Recommendation.*** A recommendation by the Chapter 11 Debtors that Claimholders in the Voting Classes vote to accept the Plan. The Disclosure Statement also includes a support letter from the UCC, which recommends that Claimholders in the Voting Classes vote to accept the Plan.
- (c) The Disclosure Statement Order approves the detailed description contained in the Disclosure Statement of the entities subject to an injunction under the Plan and the acts that they are enjoined from pursuing, including language related to the Debtor Release, the Third-Party Release (both as defined in the Plan), exculpation and injunction under the Plan.
- (d) In addition to those dates previously approved by the U.S. Court through the Bid Procedures Order, the Disclosure Statement Order establishes the following

milestones and deadlines to govern the process for soliciting, receiving and tabulating votes on the Plan (the “**Solicitation Timeline**”):

Item	Date
“ Voting Record Date ” – date for determining (a) Claimholders that are entitled to vote on the Plan and (b) whether Claims have been properly transferred, such that the assignee may vote on the Plan.	July 29, 2019
“ Solicitation Deadline ” – deadline for distributing Solicitation Packages (as defined below), including Ballots, to Claimholders entitled to vote to accept or reject the Plan.	July 31, 2019
“ Voting Deadline ” – deadline by which all Ballots must be properly executed, completed and delivered so that they are actually received by the Chapter 11 Debtors solicitation agent (the “ Solicitation Agent ”).	August 28, 2019 at 4:00 p.m., prevailing Eastern Time
“ Confirmation Brief and Reply Deadline ” – deadline to file a brief in support of confirmation of the Plan and/or a reply to any objections to confirmation of the Plan.	September 3, 2019, at 9:00 a.m., prevailing Eastern Time
“ Deadline to File Voting Report ” – the date by which the “ Voting Report ” must be filed. The Voting Report is a certification of votes, which, among other things, certifies in writing the amount and number of Allowed Claims or Allowed Interests (as defined in the Plan) of each Class accepting or rejecting the Plan, and delineates every Ballot that does not conform to the voting instructions or that contains any form of irregularity.	September 3, 2019, at 9:00 a.m., prevailing Eastern Time
“ Confirmation Hearing ” – the date for the U.S. Court to consider confirmation of the Plan.	September 4, 2019, at 11:00 a.m., prevailing Eastern Time

The Solicitation Timeline will afford the Chapter 11 Debtors and all parties in interest reasonable time to review and consider the Plan and the Disclosure Statement prior to the Confirmation Hearing.

- (e) The Disclosure Statement Order approves the form of the Ballots (copies of which are attached as Exhibit 2A-2B to the Disclosure Statement Order).
- (f) The Disclosure Statement Order approves the form and manner of notice of the hearing to consider confirmation of the Plan (the “**Confirmation Hearing Notice**”) (a copy of which is attached as Exhibit 7 to the Disclosure Statement Order). The Confirmation Hearing Notice was published in *The Globe and Mail* (national edition) on August 1, 2019, and a copy of such published notice is attached to this affidavit as Exhibit “J”.
- (g) The Disclosure Statement Order approves the materials to be distributed to holders of allowed claims and/or equity interests (the “**Solicitation Package**”). The Solicitation Package includes:
 - (i) a copy of the Solicitation and Voting Procedures;
 - (ii) a Ballot, together with detailed voting instructions and a pre-addressed, postage pre-paid return envelope;
 - (iii) a cover letter from the Chapter 11 Debtors, (a) describing the contents of the Solicitation package and (b) recommending that Claimholders in each of the Voting Classes vote to accept the Plan;
 - (iv) the Disclosure Statement (and exhibits thereto, including the Plan);
 - (v) the Disclosure Statement Order (without exhibits);
 - (vi) the Confirmation Hearing Notice; and

- (vii) The Committee Support Letter, which provides the basis for the UCC's recommendation to vote to accept the Plan.
- (h) Non-Voting Classes are not entitled to vote on the Plan. As a result, they will not receive Solicitation Packages. Instead, the Disclosure Statement Order approves the Chapter 11 Debtors providing Non-Voting Status Notices (as defined below) to certain Non-Voting Classes. Specifically, the Chapter 11 Debtors will provide the following notices to Claimholders in Non-Voting Classes (each, a “**Non-Voting Status Notice**” and, collectively, the “**Non-Voting Status Notices**”):
- (i) *Unimpaired Claims—Conclusively Presumed to Accept.* Claimholders in Classes 1, 2 and 3 are not impaired under the Plan and, therefore, are conclusively presumed to have accepted the Plan. As such, such Claimholders will receive a notice, substantially in the form attached as Exhibit 3 to the Disclosure Statement Order, in lieu of a Solicitation Package.
- (ii) *Other Interests and Claims—Deemed to Reject.* Claimholders in Classes 8 and 9 will not receive any distributions under the Plan and, therefore, are deemed to reject the Plan and will receive a notice, substantially in the form attached as Exhibit 4 to the Disclosure Statement Order, in lieu of a Solicitation Package.
- (iii) *Disputed Claims.* Claimholders that are subject to a pending objection by the Chapter 11 Debtors are not entitled to vote the disputed portion of their claim. As such, such Claimholders will receive a notice, substantially in the form attached as Exhibit 5 to the Disclosure Statement Order.

Each of the Non-Voting Status Notices will include, among other things: (a) instructions as to how to view or obtain copies of the Disclosure Statement (including the Plan and the other exhibits thereto), the Disclosure Statement Order, and all other materials in the Solicitation Package (excluding Ballots); (b) notice of the Plan Objection Deadline; and (c) notice of the Confirmation Hearing and information related thereto. Pursuant to the Disclosure Statement Order, the Chapter 11 Debtors are not required to send Solicitation Packages or other solicitation materials to Claimholders in Class 6 (Intercompany Claims) and Class 7 (Intercompany Interests).

18. In granting the Disclosure Statement Order, the U.S. Court found, among other things, that:
 - (a) The Disclosure Statement provides Claimholders entitled to vote on the Plan with adequate information to make an informed decision as to whether to vote to accept or reject the Plan; and
 - (b) The Chapter 11 Debtors provided adequate and sufficient notice of the hearing to consider approval of the Disclosure Statement, the manner in which a copy of the Disclosure Statement (and exhibits thereto, including the Plan) could be obtained, and the time fixed for filing objections thereto.

19. The DIP ABL Credit Agreement requires that the Chapter 11 Debtors obtain approval from the Ontario Court of the Disclosure Statement Order within three (3) business days of the entry of the Disclosure Statement Order by the U.S. Court. However, in light of the fact that the RSA Motion and KERP Motion were scheduled to be heard by the U.S. Court on August 1, 2019 and the corresponding order approving the Amended RSA and the KERP Order would also need to be recognized by the Ontario Court, the DIP ABL Lenders agreed on July 25, 2019 to extend the

timeline for recognition of the Disclosure Statement Order by the Ontario Court until August 6, 2019. Therefore, it is critical that the Foreign Representative obtain recognition of the Disclosure Statement Order by August 6, 2019 in order to satisfy this milestone and avoid a default under the DIP ABL Credit Agreement. As indicated in the Second Pfefferle Affidavit, the Foreign Representative intends to return to the Ontario Court at a later date to recognize any Order of the U.S. Court confirming the Plan. As referenced above, the Foreign Representative also intends to return to the Ontario Court following approval by the U.S. Court of the Amended RSA.

SWORN BEFORE ME at the Town of Westport in the State of Connecticut on August 2, 2019.





MARC PFEFFERLE



TAB D

**THIS IS EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



A handwritten signature in black ink, appearing to be 'DM', is written above a horizontal line.

David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

Court File No. CV-19-620484-00CL

**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 HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICANT

AFFIDAVIT OF MARC PFEFFERLE

(Sworn September 6, 2019)

I, Marc Pfefferle, of the Town of Westport, Connecticut, United States of America, **MAKE**

OATH AND SAY:

1. I am the Chief Executive Officer (“**CEO**”) of Hollander Sleep Products, LLC (“**Hollander Sleep Products**”) or the “**Foreign Representative**”) and the six (6)¹ other debtors in possession

¹ In addition to Hollander Sleep Products, the other six (6) Chapter 11 Debtors are: Dream II Holdings, LLC; Hollander Home Fashions Holdings, LLC; Pacific Coast Feather, LLC; Hollander Sleep Products Kentucky, LLC; Pacific Coast Feather Cushion, LLC; and Hollander Sleep Products Canada Limited (“**Hollander Canada**”).

that recently filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code (the “**Chapter 11 Debtors**”). I am also a Partner at Carl Marks Advisors (“**Carl Marks**”), an investment bank that provides financial and operational services, where I have worked since 1992. I have served as CEO of Hollander Sleep Products since March 28, 2019 when I was retained by the Chapter 11 Debtors and their non-debtor affiliates. Before joining Carl Marks, I was a Partner with Marigold Associates, a strategic management consulting firm serving Fortune 100 companies, and before that I worked for Price Waterhouse LLP. I have over thirty years of experience providing restructuring and reorganization services for companies, creditors, and other stakeholders across a variety of industries, including consumer products, retail, manufacturing, and distribution related businesses.

2. As such, I have personal knowledge of the matters to which I depose in this Affidavit, save and except where I refer to matters based on information and belief, in which case I have stated the source of my information and, in all such cases, I believe that information to be true. In preparing this Affidavit, I have consulted with the Chapter 11 Debtors’ management team and advisors (including the Carl Marks team working under my supervision) and reviewed relevant documents and information concerning the Chapter 11 Debtors’ operations, financial affairs and restructuring initiatives.

3. I swear this Affidavit in support of a motion by Hollander Sleep Products in its capacity as foreign representative of the Chapter 11 Debtors for an Order recognizing and enforcing three (3) orders recently entered by the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Court**”): (i) the RSA Order; (ii) the Confirmation Order; and (iii) DIP Term Loan Amendment Order (each as defined below).

4. The Confirmed Plan (defined below) contemplates, among other things, the sale of substantially all of the Chapter 11 Debtors' assets to Bedding Acquisition, LLC (including its successors and permitted assigns, the "**Purchaser**"), pursuant to an asset purchase agreement dated as of August 15, 2019 (as may be amended, modified, or supplemented, the "**Asset Purchase Agreement**"). The Confirmed Plan and the Asset Purchase Agreement are the culmination of months of diligent efforts by the Chapter 11 Debtors to effect a going concern outcome to the Chapter 11 Cases and represents the best available result for the parties in interest.

5. Through this motion the Foreign Representative is also seeking the approval from the Ontario Court (as defined below), of the Asset Purchase Agreement, the vesting of the Acquired Assets (as defined in the Asset Purchase Agreement) of the Chapter 11 Debtors over which the Ontario Court has jurisdiction (the "**Canadian Assets**") in and to the Purchaser and authorization to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the sale of the Canadian Assets to the Purchaser and to implement the Confirmed Plan.

6. I am aware that copies of the RSA Order, the Confirmation Order and the DIP Term Loan Amendment Order will be attached to the Affidavit of Evan Barz (the "**Fourth Barz Affidavit**"), an associate lawyer with the law firm Osler, Hoskin & Harcourt LLP, Canadian counsel to the Chapter 11 Debtors, and will be filed with the Ontario Court (as defined below) at or before the hearing of this motion.

7. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the *Debtors Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* (as approved, confirmed and modified by the Confirmation Order, the "**Confirmed Plan**"), or the meanings given to them in my affidavits sworn May 23, 2019 (the "**Initial Affidavit**"), July

3, 2019 (the “**Second Pfefferle Affidavit**”), and August 2, 2019 (the “**Third Pfefferle Affidavit**” and, together with the Initial Affidavit and the Second Pfefferle Affidavit, the “**Pfefferle Affidavits**”), copies of which are attached hereto without exhibits as Exhibit “A”, Exhibit “B”, and Exhibit “C”, respectively. All dollar references in this Affidavit are in U.S. dollars unless otherwise specified.

A. Background

8. On May 19, 2019 (the “**Petition Date**”), each of the Chapter 11 Debtors filed voluntary petitions for relief (the “**Petitions**”) pursuant to Chapter 11 of the U.S. Bankruptcy Code with the U.S. Court (the “**Chapter 11 Cases**”).

9. Concurrent with or shortly after the filing of the Petitions, the Chapter 11 Debtors also filed several “first day” motions (the “**First Day Motions**”) with the U.S. Court, as well as the initial version of the *Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*. On May 22 and 23, 2019, the U.S. Court entered nine (9) interim and/or final orders (the “**First Day Orders**”) in respect of the First Day Motions heard on May 21, 2019.

10. By Order dated May 23, 2019, the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”) recognized the Chapter 11 Cases as “foreign main proceedings” (the “**CCAA Recognition Proceedings**”), recognized the appointment of the Foreign Representative, and granted related stays of proceedings in favour of the Chapter 11 Debtors (the “**Initial Recognition Order**”). Attached as Exhibit “D” hereto is a copy of the Initial Recognition Order (without schedules) and attached as Exhibit “E” hereto is a copy of Justice Hainey’s May 30, 2019 Endorsement.

11. Also by Order dated May 23, 2019, Justice Hainey recognized seven (7) First Day Orders that were entered by the U.S. Court on May 22 and 23, 2019 (the “**Supplemental Order**”).² The Supplemental Order also appointed KSV Kofman Inc. as Information Officer in respect of the CCAA Recognition Proceedings, granted a charge in favour of the DIP ABL Agent and the DIP ABL Lenders in respect of the DIP ABL Facility, and an administration charge in the amount of \$200,000 in favour of the Information Officer and its counsel. Attached as Exhibit “F” hereto is a copy of the Supplemental Order (without schedules).

12. By Order dated July 5, 2019, the Ontario Court recognized sixteen (16) Second Day Orders that had been entered by the U.S. Court on June 21, July 2 and July 3, 2019 (the “**Second Recognition Order**”), including the Bar Date Order, the Bid Procedures Order and the Final DIP ABL Order.³ A copy of the Second Recognition Order is attached hereto as Exhibit “G” (without schedules).

13. By Order dated August 6, 2019, the Ontario Court recognized five additional Orders, including the Disclosure Statement Order, KERP Order and the Final DIP Term Order (the “**Third Recognition Order**”), which Orders had been entered by the U.S. Court on July 10, July 19, July 25, August 1 and August 2, 2019, respectively. A copy of the Third Recognition Order is attached hereto as Exhibit “H” (without schedules).

² The Supplemental Order recognized the following seven (7) First Day Orders: (a) Joint Administration Order; (ii) Foreign Representative Order; (iii) Interim Employee Wages Order; (iv) Interim Cash Management Order; (v) Interim DIP Order; (vi) Interim Critical Vendors and Shippers Order; and (vii) Interim Customer Programs Order. The remaining two First Day Orders entered by the U.S. Court on May 22 and 23, 2019 did not need to be recognized by the Ontario Court.

³ The Second Recognition Order recognized the following sixteen (16) Second Day Orders: (i) the Insurance Order; (ii) the Surety Bond Order; (iii) the Bid Procedures Order; (iv) the Final Critical Vendors Order; (v) the Final Wages Order; (vi) the Carl Marks Order; (vii) the Final Cash Management Order; (viii) the Final Customer Programs Order; (ix) the Final DIP ABL Order; (x) the Final Tax Order; (xi) the Utilities Order; (xii) the Professionals Order; (xiii) the OMNI Order; (xiv) the Case Management Order; (xv) the Second Interim DIP Term Order; and (xvi) the Bar Date Order.

B. RSA Order

14. The Chapter 11 Debtors commenced the Chapter 11 Cases to facilitate a restructuring of their balance sheet and to stabilize business operations. In this regard, before the Petition Date, the Chapter 11 Debtors' negotiated a comprehensive restructuring transaction with holders of 100% in principal amount of loans under the Term Loan Facility and Sentinel, the terms of which were embodied in the RSA.

15. Pursuant to the terms of the RSA, certain of the Term Loan Lenders committed to finance the Chapter 11 Cases and the Chapter 11 Debtors' emergence from Chapter 11 through a \$28 million new-money DIP Term Loan Facility, which would roll into a \$58 million exit term loan facility on emergence that would include \$30 million of fresh capital. The Term Loan Lenders further agreed to equitize approximately \$166.5 million in prepetition term loan claims as part of the restructuring. Additionally, Sentinel agreed to roll up its \$15 million "last out loans" under the prepetition ABL Facility into the Chapter 11 Debtors' DIP ABL Credit Facility and any proposed ABL exit facility. These commitments were all subject to a sale "toggle" feature included in the solicitation version of the *Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* filed with the U.S. Court on July 25, 2019 (including all exhibits thereto, and as may be amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms, the "**Plan**") allowing for a potential "value maximizing" sale to a third party or parties that may be identified by the sale process being carried out by Houlihan Lokey, Inc. ("**Houlihan**").

16. As described in the Initial Affidavit, the RSA ensured that the Hollander business would continue to operate uninterrupted through, and after, the Chapter 11 Cases, subject to certain plant closures announced and/or implemented over the course of the Chapter 11 Proceedings, including

the production facility in Toronto, which is discussed below. The RSA was negotiated prior to the filing of the Petitions and was designed to provide a degree of certainty to stakeholders (i.e. employees, customers, suppliers and landlords) and to create a framework for moving forward expeditiously through the Chapter 11 Cases.

17. Following the appointment of the Official Committee of Unsecured Creditors (“UCC”) in the Chapter 11 Cases, the Chapter 11 Debtors, the Consenting Term Loan Lenders (as defined in the RSA Motion), Sentinel and the UCC engaged in numerous good faith settlement discussions in an effort to reach a global resolution that would facilitate a consensual transaction and provide the Chapter 11 Debtors with an expeditious and orderly exit from the Chapter 11 Cases. Three of the five members of the UCC, being Roind Hometex Co., Ltd, Hangzhou Chuangyuan Feather Co., Ltd and Nap Industries, Inc., are also creditors and vendors of Hollander Canada and, as a result, the interests of Hollander Canada’s unsecured creditors were taken into account in these discussions.

18. Ultimately, the Chapter 11 Debtors, the Consenting Term Loan Lenders, the UCC, and Sentinel entered into an Amended and Restated Restructuring Support and Settlement Agreement dated as of July 21, 2019 (the “**Amended RSA**”).

19. On August 15, 2019, the U.S. Court entered an Order (i) authorizing the Chapter 11 Debtors to assume the Amended RSA, (ii) approving the settlements and compromises contained therein, and (iii) granting related relief (the “**RSA Order**”). The Chapter 11 Debtors are seeking recognition of the RSA Order by the Ontario Court, a copy of which is attached to the Fourth Barz Affidavit as Exhibit “A”.

20. The global settlement that was reached (and which is embodied in the Amended RSA) contemplates three possible guaranteed recovery scenarios for general unsecured creditors (including unsecured creditors of Hollander Canada):

- (a) In a reorganization, the Chapter 11 Debtors would fund a reorganization recovery pool for the benefit of holders of general unsecured claims with cash in the amount of \$600,000. Further, if the Reorganized Debtors⁴ are sold within 24 months of the effective date of the Plan and the Consenting Term Loan Lenders receive more than a 30% recovery on account of their claims derived from or based upon the Term Loan Facility (the “**Term Loan Claims**”) (based on the full amount of each such holder’s Term Loan Claims), the Future Sale Consideration (as defined in the Plan) would be funded with 5% of each dollar in excess of such 30% recovery.⁵
- (b) In a sale transaction, the Chapter 11 Debtors would fund a sale transaction recovery pool for the benefit of the holders of general unsecured claims with (a) cash in the amount of \$600,000, *plus* (b) if the Term Loan Lenders receive more than a 30% recovery on account of their Term Loan Claims, 5% of each dollar in excess thereof, *plus* (c) if the Term Loan Lenders received more than 50% recovery on account of their Term Loan Claims, 7.5% of each dollar in excess thereof.

⁴ The Amended RSA defines the “Reorganized Debtors” to mean the Chapter 11 Debtors, as reorganized pursuant to and under the Confirmed Plan, or any successor or assign thereto, by merger, amalgamation, consolidation, or otherwise, on or after the effective date of the Confirmed Plan, including the reorganized Dream II Holdings, LLC.

⁵ In lieu of the right to recover from the reorganization recovery pool, certain vendors may elect to become “Supporting Vendors”, which will allow such vendors to receive either (a) a 1% recovery on their prepetition claim and a premium for providing the reorganized Chapter 11 Debtors with favourable trade credit, or (b) go-forward protection through a letter of credit to be provided by the reorganized Chapter 11 Debtors to ensure payment of obligations.

- (c) In a liquidation, a liquidation recovery pool will with cash in the amount of \$250,000 will be funded and, in the case of a conversion to a chapter 7 proceeding or, solely with respect to Hollander Canada, a proceeding under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), the applicable amounts will be distributed to the chapter 7 trustee or, to the extent applicable, the trustee under the BIA, to be distributed in accordance with applicable bankruptcy law. In the event that the Chapter 11 Cases are converted into a liquidation, the Consenting Term Loan Lenders would not object to the funding of this liquidation recovery pool.
- (d) In all scenarios (a reorganization, sale transaction, or liquidation), Sentinel would cause to be funded up to \$650,000 in the aggregate for the benefit of general unsecured claims, which amount will be paid from (i) the first \$200,000 of any proceeds distributed to holders of any DIP Last Out Loan Claims (as defined in the RSA Motion) on account of such claims, *plus* (ii) 50% of each dollar received in excess of the first \$200,000 of any such proceeds distributed to holders of DIP Last Out Loan Claims up to a total maximum amount of \$650,000 (inclusive of the first \$200,000 of proceeds paid).

21. In total, holders of general unsecured claims are estimated to receive a recovery of at least 1% of their unsecured claims before considering any value that may be generated from potential tort claims.

22. In addition, under the Amended RSA, the Chapter 11 Debtors (and any successors thereto) agreed not to initiate, prosecute, transfer or otherwise attempt to collect upon any and all avoidance, recovery or subordination actions or remedies that may be brought by or on behalf of the Chapter 11 Debtors or their estates under the Bankruptcy Code, CCAA, BIA, or applicable

non-bankruptcy law and will cause any commercial tort claims or causes of action owned by the Chapter 11 Debtors arising on or before the Petition Date that remained outstanding as of the Petition Date (“**Commercial Tort Claims**”) and all cash proceeds, if any, of any Commercial Tort Claims belonging to the Chapter 11 Debtors to be assigned and transferred for the benefit of the holders of the general unsecured claims.

23. The UCC agreed to support confirmation of the Plan on these terms, including the releases and exculpation provisions contained therein, and to recommend that holders of general unsecured claims vote in favour of such plan.

24. The Amended RSA represented a significant step forward in the Chapter 11 Debtors restructuring proceedings. The settlement guaranteed a recovery for unsecured creditors in all circumstances that is projected to exceed their recovery in a liquidation. This is significant for the unsecured creditors of Hollander Canada given that the liquidation analysis filed by the Chapter 11 Debtors included as Exhibit E to the Disclosure Statement and the liquidation analysis prepared by the Information Officer and filed with the Ontario Court on a confidential basis both reflect, among other things, no recoveries for Hollander Canada’s unsecured creditors. The compromises and settlements also enable the parties to avoid costly and potentially value-destructive litigation.

C. Sale Process

25. In parallel with the settlement negotiations which culminated in the Amended RSA, the Chapter 11 Debtors, with the assistance of Houlihan, contacted more than 150 prospective buyers to gauge their interest in acquiring part or all of the Chapter 11 Debtors’ businesses, all pursuant to the Bidding Procedures, which were approved by the U.S. Court on July 3, 2019 through the entry of the Bid Procedures Order (and which was subsequently recognized by the Ontario Court on July 5, 2019). The Bidding Procedures were designed to encourage all interested parties to

expeditiously put their best bids forward. The Bidding Procedures did not preclude prospective purchasers from submitting bids for Hollander Canada's business on a stand-alone basis. Houlihan engaged both financial investors and strategic investors/industry participants. As a result of these efforts, more than fifty parties executed nondisclosure agreements with the Chapter 11 Debtors. All parties subject to nondisclosure agreements were given access to a virtual data room containing detailed information regarding the assets in which each party expressed interest.

26. As a result of these efforts, the Chapter 11 Debtors' received 10 preliminary, non-binding indications of interests for part or all of the Chapter 11 Debtors' businesses and assets. Thereafter, the Chapter 11 Debtors, Houlihan and the Chapter 11 Debtors' other advisors worked extensively with the various interested parties to progress diligence, management meetings, site visits, and provide other relevant information with the goal of receiving qualified bids in advance of, or on, the final bid deadline. No preliminary, non-binding indications of interest and/or final bids were submitted for Hollander Canada's business and assets on a standalone basis.

27. On August 7, 2019, the Chapter 11 Debtors, in consultation with the Consultation Parties, modified the Bidding Procedures to extend by one week the final bid deadline through and including August 15, 2019 (and the Auction, if any, to August 19, 2019), to further the goal of attaining the highest or otherwise best offer for their assets and to permit continued negotiations with potential bidders.

28. Following the final bid deadline, on August 15, 2019, after productive negotiations, the Chapter 11 Debtors, in consultation with their advisors and the Consultation Parties, deemed Bedding Acquisition's proposed agreement to be a Qualified Bid and agreed to provide the Purchaser with Bid Protections pursuant to the Bid Procedures. The Debtors did not receive any

other bids at or after the final bid deadline A copy of the Asset Purchase Agreement is attached hereto as Exhibit “I”.

29. Because the Purchaser submitted the only Qualified Bid, the Auction scheduled for August 19, 2019 was cancelled, and the Chapter 11 Debtors declared the Purchaser to be the Winning Bidder. A Notice of Winning Bidder and Cancellation of Auction, a copy of which is attached hereto as Exhibit “J”, was filed with the U.S. Court on August 16, 2019.

D. The Asset Purchase Agreement

30. Pursuant to the Asset Purchase Agreement, the Purchaser has agreed to purchase substantially all of the assets of the Chapter 11 Debtors and operate as a going concern for \$102 million in cash and certain other consideration, including warrants that could be distributed to the Chapter 11 Debtors’ creditors, subject to certain adjustments for net working capital and similar transaction costs.

31. On August 21, 2019, the Chapter 11 Debtors filed the Asset Purchase Agreement as part of the *Plan Supplement for the Debtors’ First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as modified, supplemented, or otherwise amended from time to time, the “**Plan Supplement**”).

32. Key provisions of the Asset Purchase Agreement, among others, including the following:⁶

- (a) At the Closing, the Chapter 11 Debtors shall sell, transfer, assign, convey, and deliver to the Purchaser, and the Purchaser shall purchase, acquire, and accept from the Chapter 11 Debtors, all of the Chapter 11 Debtors’ right, title and interest in and

⁶ All defined terms in this paragraph 32 shall have the meaning given to them in the Asset Purchase Agreement.

to the Acquired Assets, free and clear of all Encumbrances other than Permitted Encumbrances.

- (b) Notwithstanding anything to the contrary in the Asset Purchase Agreement, the Chapter 11 Debtors shall not, and in no event shall the Chapter 11 Debtors be deemed to, sell, transfer, assign, or convey, and the Chapter 11 Debtors shall retain all right, title and interest to, in and under the Excluded Assets.
- (c) On the terms and subject to the conditions of the Asset Purchase Agreement and subject to the entry of, and the terms of, the Confirmation Order and the consummation of the Confirmed Plan, effective as of the Closing, the Purchaser shall assume from the Chapter 11 Debtors (and from after the Closing pay, perform, discharge or otherwise satisfy) and the Chapter 11 Debtors shall irrevocably convey, transfer, and assign to the Purchaser the Assumed Liabilities.
- (d) Notwithstanding any provision in the Asset Purchase Agreement to the contrary, the Purchaser shall not assume, be obligated to pay, perform or otherwise discharge or in any other manner be liable or responsible for any Excluded Liabilities.
- (e) The Purchaser shall extend to all employees of the Chapter 11 Debtors (the “**Employees**”), and may extend to any employee of the Chapter 11 Debtors hired with the consent of the Purchaser to replace any Employee terminated following August 15, 2019, an offer of employment that, if accepted, shall become effective immediately after Closing, *provided, however*, that to the extent any Employees are on leave as of the Closing Date, their employment with the Purchaser shall become

effective, if at all, only upon their presenting themselves to the Purchaser to commence active employment within 60 days of the Closing Date.⁷

33. Additionally, as a condition of closing the Asset Purchase Agreement, the Ontario Court is required to have entered an Order recognizing the Confirmation Order in form and substance satisfactory to the Purchaser.

34. The Asset Purchase Agreement is the product of arm's-length negotiations and was entered into in consultation with the Consultation Parties (which include the UCC). I believe, based on discussions with Houlihan, that the consideration to be provided by the Purchaser under the Asset Purchase Agreement is fair and reasonable for the purchased assets. Additionally, the Chapter 11 Debtors, in consultation with the Consultation Parties, determined that the Sale Transaction provided the most efficient and appropriate means to maximize value. The Purchaser is not affiliated with the Chapter 11 Debtors in any way and has proceeded in good faith during the entirety of the negotiation process. Thus, I believe that proceeding with the Sale Transaction under the Asset Purchase Agreement is in the best interest of the Chapter 11 Debtors and their estates. Accordingly, I submit that the Chapter 11 Debtors' sale of the Assets under the Sale Transaction represents a sound exercise of the Chapter 11 Debtors' business judgment.

E. Confirmed Plan

35. As a result of the events described above, the Chapter 11 Debtors modified the Plan to incorporate the key terms of the Amended RSA, including the provisions outlining creditor

⁷ However, the Purchaser shall not be required by the Asset Purchase Agreement to extend such offers of employment to any person who is employed by the Chapter 11 Debtors at the facility located at 3301 Stagecoach Road NE, Thomson, Georgia 30824.

recoveries under each potential outcome and to provide for the sale of the purchased assets to the Purchaser pursuant to the Asset Purchase Agreement (the “**Sale Transaction**”).

36. The Confirmed Plan provides for the global compromise reached with the Chapter 11 Debtors’ major stakeholders and embodied in the Amended RSA, the principal terms with respect to the treatment of the Chapter 11 Debtors’ unsecured creditors are described above. A copy of the Confirmed Plan is attached hereto as Exhibit “K”.

37. The Sale Transaction is also an essential component of the Confirmed Plan and will provide sufficient liquidity to fund the Chapter 11 Debtors’ performance and distributions under the Confirmed Plan.

38. The following are other key aspect of the Confirmed Plan:

- (a) The Chapter 11 Debtors will distribute the warrants received as additional consideration from the Purchaser to the Holders of DIP Term Loan Claims. The warrants will grant the holders of such warrants the right to purchase 7.5% of the fully diluted common equity in the Purchaser on the terms set forth in the warrant agreement.
- (b) The claims of the DIP ABL Lenders will be fully repaid on the Effective Date.
- (c) The Confirmed Plan provides that, on the Effective Date, the term of the current members of the board of managers or directors (as applicable) and officers of the Chapter 11 Debtors and non-Chapter 11 Debtor affiliates shall expire and Drivetrain, LLC will be appointed plan administrator (the “**Plan Administrator**”). The Plan Administrator has been selected by the UCC, in consultation with the Chapter 11 Debtors and the DIP Term Loan Agent and will act in the same fiduciary

capacity as applicable to a board of managers or directors and officers, subject to the provisions of the Confirmed Plan. As it relates to Hollander Canada, the Plan Administrator has certain obligations to ensure that the Information Officer is able to carry out its mandate as contemplated pursuant to the orders of the Ontario Court made in these proceedings. The *Second Amended Plan Supplement for the Debtors' Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code*, a copy of which is attached hereto as Exhibit "L", designates the Plan Administrator at Exhibit "F" thereto.

- (d) The Chapter 11 Debtors will fund a \$1 million reserve to fund the Plan Administrator to: (i) wind down the Chapter 11 Debtors' businesses and affairs as expeditiously as reasonably possible and liquidating assets held by the Post-Effective Date Chapter 11 Debtors after the Effective Date and after the consummation of the Sale Transaction; (ii) resolve any Disputed Claims; (iii) pay Allowed Claims; (iv) litigate any causes of action; (v) file tax returns; and (vi) administer the Confirmed Plan, and the Plan Administrator is required to consult with the Information Officer in respect of any matters relating to the foregoing as such matters also relate to Canada. With regard to the Confirmed Plan in particular, on and after the Effective Date, the Plan Administrator shall cause the Chapter 11 Debtors to comply with, and abide by, the terms of the Asset Purchase Agreement and take such other actions as the Plan Administrator may determine to be necessary or desirable to carry out the purposes of the Confirmed Plan.
- (e) The Post-Effective Date Chapter 11 Debtors shall be deemed to be substituted as party-in-lieu of the Chapter 11 Debtors in all matters, including (a) motions,

contested matters, and adversary proceedings pending in the U.S. Court, and (b) all matters pending in any courts (including the Ontario Court), tribunals, forums, or administrative proceedings outside of the U.S. Court, in each case without the need or requirement for the Plan Administrator to file motions or substitutions of parties or counsel in each such matter. Further, the Plan Administrator shall represent the Post-Effective Date Debtors and shall have the right to retain the services of attorneys, accountants, and other professionals that the Plan Administrator determines, in its sole discretion to assist the Plan Administrator in performing its duties. The Post-Effective Date Chapter 11 Debtors shall pay the reasonable fees and expenses of such professionals upon the monthly submission of statements to the Plan Administrator. The payment of the reasonable fees and expenses of the Plan Administrator's retained professionals shall be made in the ordinary course of business and shall not be subject to approval of the U.S. Court.

- (f) Upon a certification to be filed with the U.S. Court by the Plan Administrator (the “**Plan Administrator’s Certificate**”) of all distributions having been made and completion of all its duties under the Confirmed Plan and entry of a final decree closing the last of the Chapter 11 Cases, the Post-Effective Date Chapter 11 Debtors shall be deemed to be dissolved without any further action by the Post-Effective Date Chapter 11 Debtors. The Plan Administrator, however, shall have the authority to take all necessary actions to dissolve the Post-Effective Date Chapter 11 Debtors and withdraw the Post-Effective Date Chapter 11 Debtors from applicable jurisdictions.

- (g) Lastly, the Confirmed Plan also provides that, prior to the Information Officer seeking an order from the Ontario Court that would, among other things, terminate these CCAA Recognition Proceedings and discharge the Information Officer, the Plan Administrator shall deliver a certified copy of each of the following to the Information Officer: (i) the Plan Administrator's Certificate, which shall be delivered by the Plan Administrator to the Information Officer forthwith upon the filing thereof by the Plan Administrator with the U.S. Court; and (ii) the final decree of the U.S. Court closing the last of the Chapter 11 Cases, which shall be delivered by the Plan Administrator to the Information Officer forthwith upon the entry thereof by the U.S. Court.

39. As the DIP Term Loan Lenders will consent to a recovery that does not repay the DIP Term Loan Claims in full and allow Claims senior to the Term Loan Claim (other than the DIP Term Loan Claims) to recover ahead of the DIP Term Loan Lenders, on September 6, 2019, the U.S. Court entered an Order Authorizing the Debtors to Enter into an Amendment to the DIP Term Loan Credit Facility (the "**DIP Term Loan Amendment Order**") to reflect the DIP Term Loan Lenders consent to this reduced recovery, a copy of which is attached to Fourth Barz Affidavit as Exhibit "C". Notwithstanding that Hollander Canada is not a borrower under the DIP Term Loan Facility, nor is it a guarantor, the Foreign Representative is seeking to recognize the DIP Term Loan Amendment Order through this Motion as a matter of completeness. In this regard, all U.S. Court orders approving previous amendments to the DIP Term Loan Facility have been recognized by the Ontario Court.

40. The Confirmed Plan also provides for certain releases, exculpations and injunctions that will take effect on the Effective Date. More specifically:

- (a) Article VIII.C of the Confirmed Plan provides for releases by the Chapter 11 Debtors (the “**Debtor Release**”) of claims and causes of action against the Released Parties, including among others, those claims and causes of action against the Purchaser and the parties to the Amended RSA.⁸ The Debtor Release is the product of arm’s length negotiations, was critical to obtaining support for the Confirmed Plan from various constituencies, and is in the best interest of the Chapter 11 Debtors’ estates. The Debtor Release was heavily negotiated in connection with other terms of the Confirmed Plan and is an indispensable component to achieving a final resolution of potentially extensive litigation that would otherwise negatively affect these cases. In light of the contributions of the Released Parties, the Chapter 11 Debtors believe that granting the Debtor Release is a valid exercise of their business judgment because it was a key aspect of the global settlement and is not a significant concession by the Chapter 11 Debtors. Further, the Debtor Release reflects the Chapter 11 Debtors’ evaluation of the potential claims and causes of action against the Released Parties. The Chapter 11 Debtors do not believe they

⁸ “**Released Party**” means collectively, and in each case in its capacity as such: (a) the Chapter 11 Debtors; (v) the Post-Effective Date Debtors; (v) the Prepetition Secured Lenders; (d) the Prepetition Agents; (e) the DIP Lenders; (f) the Put Purchasers; (g) the DIP Agents; (h) the Plan Administrator; (i) the Purchaser (the Winning Bidder); (j) Sentinel; (k) the parties to the Amended RSA; (l) the UCC; (m) with respect to each of the foregoing in clauses (a) through (l), such entity and its current and former Affiliates, and such Entities and their current Affiliates directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, participants, successors, and assigns, subsidiaries, affiliates, managed accounts or funds, and each of their respective current and former equity holders, officers, directors, managers, principals, shareholders, members (other than members of the UCC), management companies, fund advisors, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; *provided* that any of the foregoing that does not consent to the releases shall not be a “Released Party”.

have any material causes of action against the Released Parties and that the contributions by the Released Parties more than compensate the Chapter 11 Debtors' estates for the release.

- (b) Article VIII.D of the Confirmed Plan includes a provision that releases certain non-debtor, third-party claims against other non-debtor, third parties (the “**Third-Party Release**”). The Third-Party Release applies only to parties who have played a significant role in the Chapter 11 Cases. As with the Debtor Release, the Third-Party Release was a material inducement for the support of the Confirmed Plan and the concessions it contains. Prior to and throughout the pendency of the Chapter 11 Cases, the Released Parties worked constructively with the Chapter 11 Debtors to negotiate and implement a value-maximizing transaction that would enable the Chapter 11 Debtors to confirm a Chapter 11 Plan. The Released Parties have been instrumental in supporting the Chapter 11 Cases and have made significant concessions in consideration for the releases provided under the Confirmed Plan, without which confirmation would not be possible.
- (c) Article VIII.E of the Confirmed Plan includes a customary exculpation provision (the “**Exculpation**”). I am advised that exculpation provisions do not affect the liability of third parties *per se*, but rather set a standard of care of actual fraud, gross negligence, or willful misconduct in future litigation by a non-releasing party against an “Exculpated Party” for acts arising out of a debtor’s restructuring. Here, the Exculpation provision is appropriately tailored to the facts and circumstances of the Chapter 11 Cases and is the product of good-faith, arm’s length negotiations, is in exchange for substantial consideration, and was critical and indispensable to

obtaining the support of the various constituencies for the Confirmed Plan. The Exculpated Parties have participated in good faith in negotiations around the Confirmed Plan and should be entitled to protection from exposure to lawsuits filed by unsatisfied parties. Moreover, the Exculpation has been tailored only to provide such protections for acts or omissions in connection with the negotiation, execution, and implementation of any transactions approved by the U.S. Court.

- (d) Article VIII.F of the Confirmed Plan, among other things, precludes and permanently enjoins on and after the Effective Date all persons or entities who have held, hold, or may hold Claims or Interests that are fully satisfied pursuant to the Confirmed Plan or any Claim that is subject to the releases and exculpations set forth in Article VIII.D and Article VIII.E of the Confirmed Plan from enforcing, pursuing, or seeking any setoff or relief with respect to such Claims, except for the receipt of the payments or distributions that are contemplated by the Confirmed Plan (the “**Injunction**”). I understand that the Injunction is necessary to enforce the releases contained in the Confirmed Plan and to protect the released and exculpated parties from any potential litigation for issues covered by the Debtor Release, the Third-Party Release, or the Exculpation after the Effective Date. I further understand that, without the Injunction, the Confirmed Plan’s release and exculpation provisions would be substantially weakened. In addition, pursuant to the Disclosure Statement Order, each Claimholder was provided with a notice containing, in bold font, the express language of the Debtor Release, the Third-Party Release, the Exculpation, and the Injunction.

41. In light of the foregoing, the Chapter 11 Debtors are of the view that the Debtor Release, the Third Party Release, the Exculpation and the Injunction are appropriate in the circumstances and are a valid exercise of the Chapter 11 Debtors' business judgment.

F. Voting on the Plan

42. As described in the Third Pfefferle Affidavit, on July 25, 2019, the U.S. Court entered the Disclosure Statement Order (which Order was recognized by the Ontario Court on August 6, 2019). The Disclosure Statement Order approved, among other things, the proposed procedures for solicitation of the Plan and related notices, forms and ballots.

43. More specifically, the Disclosure Statement Order approved the process by which the Chapter 11 Debtors would solicit votes to accept or reject the Plan from Claimholders in Classes 4 and 5 (collectively, the "**Voting Classes**") and further approved the Chapter 11 Debtors not soliciting votes from Claimholders in Classes 1, 2, 3, 6, 7, 8, 9 and 10 (collectively, the "**Non-Voting Classes**"). The Non-Voting Classes (i) are not impaired under the Plan and, therefore are conclusively presumed to have accepted the Plan, (ii) will not receive any distributions under the Plan and, therefore are deemed to reject the Plan, or (iii) are subject to a pending objection by the Chapter 11 Debtors and are, therefore, not entitled to vote the disputed portion of their claim.

44. The Voting Deadline for all Voting Classes to cast their ballots on the Plan was August 28, 2019 at 4:00 p.m., prevailing Eastern Time. The deadline to file objections to the Plan was also August 28, 2019 at 4:00 p.m., prevailing Eastern Time.

45. The Chapter 11 Debtors completed their final tabulation of the ballots after the Voting Deadline, following a complete review and audit of the ballots received. On September 3, 2019, the Chapter 11 Debtors filed a sworn declaration of Paul Deutch, Senior Vice President at Omni

Management Group, regarding analysis of ballots for accepting or rejecting the Plan (the “**Deutch Declaration**”). A copy of the Deutch Declaration is attached hereto as Exhibit “M”.

46. As set out below, and as further described in the Deutch Declaration, the final voting results were overwhelmingly in favour of the Plan:

TOTAL BALLOTS RECEIVED				
ACCEPT			REJECT	
Class	Amount Voted to Accept	Number voted to Accept	Amount Voted to Reject	Number Voted to Reject
Class 4: Term Loan Claims	\$173,920,002.61 (100%)	24 (100%)	0 (0%)	0 (0%)
Class 5: General Unsecured Claims	\$38,496,885.01 (95.74%)	66 (85.71%)	\$1,712,936.54 (4.26%)	11 (14.29%)

47. The Chapter 11 Debtors received eight (8) limited objections to confirmation of the Plan, primarily related to the reconciliation of outstanding cure amounts for executory contracts and unexpired leases. To date, each objection has been resolved or relates to cure amounts that will be addressed independently.

G. Confirmation of Plan by the U.S. Court

48. On September 4, 2019, the Plan Confirmation Hearing occurred and on September 5, 2019 the U.S. Court entered the *Findings of Fact, Conclusions of Law, and Order Confirming Debtors’ Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* (the “**Confirmation Order**”), a copy of which is attached to the Fourth Barz Affidavit as Exhibit “B”.

As noted above, the Foreign Representative is seeking recognition of the Confirmation Order through this Motion.⁹

49. The key elements of the Confirmation Order are as follows:

- (a) All requirements for the confirmation of the Confirmed Plan had been satisfied, and the Confirmed Plan, including (i) all modifications to the Confirmed Plan filed with the U.S. Court prior to or during the Confirmation Hearing and (ii) all documents incorporated into the Confirmed Plan through the Plan Supplement, was confirmed in its entirety pursuant to section 1129 of the Bankruptcy Code.
- (b) The Chapter 11 Debtors provided due, adequate, and sufficient notice of the Confirmed Plan, the Sale Transaction, the Plan Supplement, and the Confirmation Hearing, to known and unknown Claimholders and other Entities with an interest in the Chapter 11 Debtors' property and otherwise complied with the notice requirements of the Bankruptcy Code, the Bankruptcy Rules, and the procedures set forth in the Disclosure Statement Order.
- (c) The Confirmed Plan and the various documents and agreements set forth in the Plan Supplement provide adequate means for the Confirmed Plan's implementation, including (a) the consummation of the Sale Transaction in accordance with the Asset Purchase Agreement; (b) the distribution of Sale Proceeds and any cash on hand in accordance with the Confirmed Plan; and (c) the appointment of the Plan

⁹ In support of confirmation of the Confirmed Plan, on September 3, 2019, the Chapter 11 Debtors' filed the Declaration of Marc Pfefferle, sworn September 3, 2019 (the "**Second Pfefferle Declaration**"), and the Declaration of David Salemi, a Director in the Financial Restructuring Group at Houlihan, sworn September 3, 2019 (the "**Salemi Declaration**"). Copies of the Second Pfefferle Declaration and Salemi Declaration (without Exhibits) are attached hereto as Exhibits "N" and "O", respectively.

Administrator to take any action necessary to wind down and dissolve the Chapter 11 Debtors estates, among others.

- (d) The Debtor Release, the Third-Party Release, the Exculpation, and the Injunction (a) were given in exchange for good, valuable, and adequate consideration after due notice and opportunity for hearing, (b) are appropriately tailored under the facts and circumstances of the Chapter 11 Cases; (c) were integral to the agreements among the various parties in interest and are essential to the formulation and implementation of the Confirmed Plan; (d) confer substantial benefits on the Chapter 11 Debtors' estates; (e) are fair, equitable, and reasonable; and (f) are in the best interests of the Chapter 11 Debtors, the Chapter 11 Debtors' estates, and parties in interest. Further, the failure to implement the Debtor Release, Third-Party Release, Exculpation and Injunction would impair the Chapter 11 Debtors' ability to confirm and implement the Confirmed Plan.
- (e) The liquidation analysis attached to the Disclosure Statement as Exhibit "E" and the other evidence related thereto in support of the Confirmed Plan that was proffered or adduced at the Confirmation Hearing: (a) is reasonable, persuasive, credible, and accurate as of the dates such analysis or evidence was prepared, presented, or proffered; (b) utilizes reasonable and appropriate methodologies and assumptions; (c) has not been controverted by other evidence; and (d) establishes that each Claimholder in each Class will recover at least as much under the Confirmed Plan, as of the Effective Date, as such Claimholder would receive if the Chapter 11 Debtors were liquidated, on the Effective Date, under Chapter 7 of the Bankruptcy Code.

- (f) All documents necessary to implement the Confirmed Plan and all other relevant and necessary documents have been negotiated in good faith and at arm's length and shall, upon completion of documentation and execution, be valid, binding, and enforceable agreements.
- (g) The Asset Purchase Agreement was negotiated, proposed, and entered into by the Chapter 11 Debtors and the Purchaser without collusion, in good faith, and from arm's-length bargaining positions.
- (h) The Chapter 11 Debtors' marketing process with respect to the Sale Transaction afforded a full, fair, and reasonable opportunity for any person or entity to make a higher or otherwise better offer. No other person or entity or group of entities has offered to purchase the assets for greater overall value to the Chapter 11 Debtors' estates than the Purchaser. The Asset Purchase Agreement constitutes the highest and best offer, and will provide a greater recovery for the Chapter 11 Debtors' estates than would be provided by any other available alternative. The Chapter 11 Debtors' determination that the Asset Purchase Agreement constitutes the highest and best offer constitutes a valid and sound exercise of the Chapter 11 Debtors' business judgment.
- (i) The Chapter 11 Debtors, the Released Parties, and the Releasing Parties have acted in good faith in negotiating and proposing the Confirmed Plan. The Chapter 11 Debtors, the Released Parties, and the Releasing Parties will continue to be acting in good faith if they proceed to consummate the Confirmed Plan and the agreements, transaction, and transfers contemplated thereby and take the actions authorized and directed by the Confirmation Order.

- (j) On the Effective Date, the Chapter 11 Debtors are authorized and empowered to take any and all actions necessary or appropriate to (a) consummate the Sale Transaction pursuant to and in accordance with the terms and conditions of the Asset Purchase Agreement and the Confirmed Plan; (b) close the Sale Transaction as contemplated in the Asset Purchase Agreement and the Confirmed Plan; (c) execute and deliver, perform under, consummate, implement and fully close the Asset Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Asset Purchase Agreement and Sale Transaction.
- (k) On the Effective Date, subject to closing of the Sale Transaction, and except as expressly provided for in the Asset Purchase Agreement, all Acquired Assets shall be sold and transferred to and vested in the Purchaser free and clear of any and all liens, claims, encumbrances and other interests to the fullest extent permitted by section 363(f) or section 141(c) of the Bankruptcy Code, and all such liens and encumbrances, or other interests shall attach to the net proceeds of the Sale Transaction ultimately attributable to the property against or in which such liens, claims, encumbrances, or other interests are asserted, subject to the terms thereof, with the same validity, force, and effect, and in the same order of priority, which such liens, claims, encumbrances, or other interests now have, subject to any rights, claims, and defences the Chapter 11 Debtors or their estates, as applicable, may possess with respect thereto, and with such claims, liens, encumbrances, or other interests being treated in accordance with the Confirmed Plan.

- (l) The Chapter 11 Debtors and the Plan Administrator are authorized to take all actions necessary to effectuate the relief granted in the Confirmation Order in accordance with the Confirmed Plan.
- (m) The Chapter 11 Debtors will publish notice of the occurrence of the Effective Date in the *New York Times* (national edition in the United States), *USA Today* (national edition in the United States), and *The Globe and Mail* (national edition in Canada) within seven business days after the Effective Date.

50. The Foreign Representative is seeking an Order from the Ontario Court recognizing and enforcing the terms of the Confirmation Order. The Foreign Representative is of the view that it is appropriate for this Court to recognize the Confirmation Order, and that such recognition is necessary to effect the Sale Transaction and to protect the interests of the Chapter 11 Debtors' creditors. The Chapter 11 Debtors negotiated and proposed the Confirmed Plan in good faith, the requisite majority of each of the Voting Classes voted in favour of the Confirmed Plan, and the Confirmed Plan has been confirmed by the U.S. Court.

51. The Confirmed Plan also reflects the results of extensive arm's length negotiation among the Chapter 11 Debtors and all of their major stakeholders, including the UCC, the ABL Lenders, the DIP ABL Lenders, the Term Loan Lenders, the DIP Term Loan Lenders, and Sentinel, to resolve the issues central to the Chapter 11 Cases and maximize the value of the Chapter 11 Debtors' estates for the benefit of all stakeholders. As noted above, as a result of these negotiations, the Confirmed Plan incorporates a global compromise with the UCC and provides recoveries that were extensively negotiated by sophisticated parties, all of whom were represented by counsel. Importantly, to reach a global deal, many of the Chapter 11 Debtors' senior stakeholders made concessions and forfeited recoveries for the benefit of other junior creditor constituencies.

52. I understand that the Information Officer will be filing a report with the Ontario Court which, among other things, recommends that the Ontario Court recognize the Confirmation Order.

53. Accordingly, the Foreign Representative is requesting that the Ontario Court recognize and enforce the Confirmation Order pursuant to Section 49 and Section 50 of the CCAA.

H. Subsequent Event: Closure of Toronto Facility

54. On September 4, 2019, Hollander Canada announced its intention to close the manufacturing facility located at 724 Caledonia Rd, Toronto, Ontario (the “**Toronto Facility**”) on or about January 31, 2020, in order to assist with the orderly restructuring of the businesses by reducing its go-forward operating costs and consolidating its Canadian manufacturing operations into its facility in Montreal.

55. At present, there are approximately 90 active employees at the Toronto Facility, primarily involved in the manufacturing of Hollander’s bedding products, including fillers, sewers, baggers, box makers, mechanics, machine operators and loaders. In addition, there are a small number of individuals employed in either an administrative or managerial capacity.

56. As part of the closure, all of the employees of the Toronto Facility will be separated from their employment. In order to assist with employee transition to alternative employment, significant working notice was provided to affected active employees. In addition, Hollander Canada has offered separation arrangements that meet or exceed the notice of termination and statutory severance, as prescribed by the *Employment Standards Act, 2000*, with a view to retaining those employees through the wind-down of the Toronto Facility’s operation and to providing both the employees and the business with certainty relating to the separation arrangements in order to

mitigate future disputes. Employees who do not continue employment with the Purchaser will be eligible to participate in the claims process being carried out in the Chapter 11 Cases.

57. Hollander Canada and the Purchaser intend to continue to communicate with the affected employees regarding the closure of the Toronto Facility in a transparent and timely manner, as well as to engage applicable governmental and other resources, in an effort to maximize employee retention throughout the duration of the Toronto Facility's operation and to assist with employee transition to alternative employment.

58. I swear this affidavit in support of the motion of the Foreign Representative returnable on September 11, 2019 and for no other or improper purpose.

SWORN BEFORE ME at the Town of Westport in the State of Connecticut on September 6, 2019.

[Handwritten signature]

[Handwritten signature]

MARC PFEFFERLE



TAB E

**THIS IS EXHIBIT "E" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**

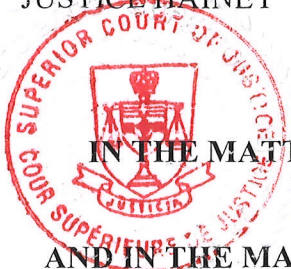


David Mack NOTARY PUBLIC, STATE OF NEW YORK Registration No. 02MA6387444 Qualified in Kings County Commission Expires February 11, 2023

Court File No. CV-19-620484-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) THURSDAY, THE 23RD
)
JUSTICE HAINES) DAY OF MAY, 2019
)



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

AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER
SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER
HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC,
HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST
FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED

INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Hollander Sleep Products, LLC (“HSP”) in its capacity as the foreign representative (the “**Foreign Representative**”) of HSP, Hollander Sleep Products Canada Limited, Dream II Holdings, LLC, Hollander Home Fashions Holdings, LLC, Pacific Coast Feather, LLC, Hollander Sleep Products Kentucky, LLC and Pacific Coast Feather Cushion, LLC (collectively, the “**Chapter 11 Debtors**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Marc Pfefferle sworn May 23, 2019 (the “**Pfefferle Affidavit**”), filed, the pre-filing report of KSV Kofman Inc., in its capacity

as proposed information officer (the “**Information Officer**”) dated May 23, 2019, and upon being provided with copies of the documents required by section 46 of the CCAA,

AND UPON BEING ADVISED by counsel for the Foreign Representative that in addition to this Initial Recognition Order, a Supplemental Order (Foreign Main Proceeding) (the “**Supplemental Order**”) is being sought,

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the proposed Information Officer, counsel for the ABL Agent and the DIP ABL Agent (each as defined in the Pfefferle Affidavit) and counsel for the Term Loan Agent and the DIP Term Loan Agent (each as defined in the Pfefferle Affidavit), and those other parties present, no one else appearing although duly served as appears from the affidavit of service of Evan Barz sworn May 23, 2019:

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.

FOREIGN REPRESENTATIVE

2. **THIS COURT ORDERS AND DECLARES** that the Foreign Representative is the “foreign representative” as defined in section 45 of the CCAA of the Chapter 11 Debtors in respect of the cases commenced in the United States Bankruptcy Court for the Southern District of New York by the Chapter 11 Debtors pursuant to Chapter 11 of the United States Bankruptcy Code (collectively, the “**Foreign Proceeding**”).

CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDING

3. **THIS COURT DECLARES** that the centre of its main interests for each of the Chapter 11 Debtors is the United States of America and that the Foreign Proceeding is hereby recognized as a “foreign main proceeding” as defined in section 45 of the CCAA.

STAY OF PROCEEDINGS

4. **THIS COURT ORDERS** that until otherwise ordered by this Court:
- (a) all proceedings taken or that might be taken against the Chapter 11 Debtors under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act* are stayed;
 - (b) further proceedings in any action, suit or proceeding against the Chapter 11 Debtors are restrained; and
 - (c) the commencement of any action, suit or proceeding against the Chapter 11 Debtors is prohibited.

NO SALE OF PROPERTY

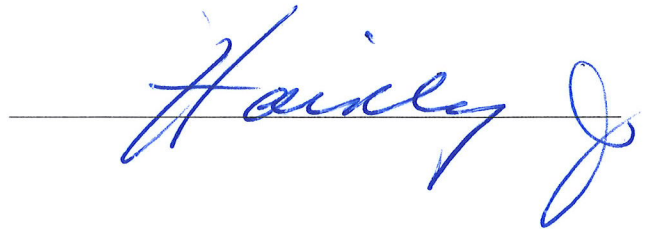
5. **THIS COURT ORDERS** that, except with leave of this Court, each of the Chapter 11 Debtors is prohibited from selling or otherwise disposing of:
- (a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and
 - (b) any of its other property in Canada.

GENERAL

6. **THIS COURT ORDERS** that within five (5) business days from the date of this Order, or as soon as practicable thereafter, the Information Officer shall cause to be published a notice once a week for two consecutive weeks, in the *Globe and Mail* (National Edition) regarding the issuance of this Order and the Supplemental Order.
7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada and the United States of America, to give effect to this Order and to assist the Chapter 11 Debtors and the Foreign Representative and their respective counsel and agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS AND DECLARES** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

9. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Chapter 11 Debtors and the Foreign Representative and their respective counsel, and 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.



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

MAY 23 2019

PER / PAR:



AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
Proceeding commenced at Toronto

**INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)**

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Fax: 416.862.6666

Lawyers for the Applicant

TAB F

**THIS IS EXHIBIT "F" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

CITATION: Hollander Sleep Products, LLC et al., Re, 2019 ONSC 3238
COURT FILE NO.: CV-19-620484-00CL
DATE: 2019/05/30

SUPERIOR COURT OF JUSTICE – ONTARIO

- COMMERCIAL LIST

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

AND:

AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC,
HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II
HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC,
PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS
KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER
SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

BEFORE: HAINEY J.

COUNSEL: *Shawn Irving and Marc Wasserman*, for the Applicant

Virginie Gauthier, for KSV Kofman Inc.

L. Joseph Latham, for Wells Fargo

Milly Chow and Kelly Bourassa, for Barings Finance LLC

HEARD: May 23, 2019

ENDORSEMENT

BACKGROUND

[1] On May 23, 2019 I granted the application brought by Hollander Sleep Products, LLC (“Hollander Sleep Products”), for orders pursuant to Section 46 through 49 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (“CCAA”). I made the following orders:

- a) Recognition of the Chapter 11 Cases as foreign main proceedings pursuant to *Part IV of the CCAA*;

- c) Appointment of KSV Kofman Inc. (“KSV”) as Information Officer;
- d) Granting of the DIP ABL Charge; and
- e) Granting of the Administration Charge.

[2] I indicated in my endorsement that written reasons would follow. These are my written reasons.

[3] Hollander Sleep Products brings this application in its capacity as the foreign representative (the “Foreign Representative”) of itself and Hollander Sleep Products Canada Limited (“Hollander Canada”), Dream II Holdings, LLC, Hollander Home Fashions Holdings, LLC, Pacific Coast Feather, LLC, Hollander Sleep Products Kentucky, LLC, and Pacific Coast Feather Cushion, LLC (collectively, the “Chapter 11 Debtors”, and with their other non-debtor affiliates, “Hollander”).

FACTS

[4] Hollander is an industry leader in the bedding products market. Hollander manufactures bedding products including pillows, comforters and mattress pads for well-known licensed brands. Hollander also owns and manufactures bedding products under several of its own proprietary brands and also partners with major retailers and hotel chains.

[5] Hollander’s corporate headquarters is in Boca Raton, Florida. Hollander has 13 manufacturing facilities located across North America – 11 in the United States and 2 in Canada - - and a primary show room in New York City. Most of Hollander’s sales come from wholesale distribution.

Chapter 11 Cases

[6] On May 19, 2019 (the “Petition Date”) each of the Chapter 11 Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the *U.S. Bankruptcy Code* (the “Chapter 11 Cases”) with the United States Bankruptcy Court for the Southern District of New York (the “U.S. Court”). Certain first day motions (the “First Day Motions”) were also filed on May 19, 2019. On May 21, 2019, the U.S. Court heard several of the First Day Motions, and on May 22 and 23, 2019 the court entered various interim or final orders in respect of these motions (the “First Day Orders”).

Chapter 11 Debtors

[7] The Chapter 11 Debtors operate on an integrated basis and are incorporated or established under the laws of the United States except for Hollander Canada, which is incorporated under the laws of British Columbia. Each of the Chapter 11 Debtors, including Hollander Canada, is a direct or indirect wholly-owned subsidiary of Dream II Holdings, LLC.

Hollander Canada

[8] Hollander Canada is a fully integrated subsidiary of Hollander. Hollander Canada operates one manufacturing facility in Toronto, one manufacturing facility in Montreal, and maintains a sales office in Toronto.

[9] Hollander Canada employs approximately 240 employees, all of whom are located in Canada. Hollander Canada's workforce is not unionized and it does not maintain any registered pension plans. Its primary stakeholders include employees, lenders, customers, landlords, creditors, and trade-suppliers.

[10] On a standalone basis, Hollander Canada is not profitable. Its 2018 financial statement reflects a net loss of approximately \$2.6 million after allocation of selling, general and administrative expenses, including royalties and procurement fees, incurred by the U.S. Chapter 11 Debtors and allocated across the manufacturing facilities for which it provides these and other shared services (the "U.S. Shared Services"). Losses have continued for the four-month period ended April 30, 2019. Currently, approximately \$7.2 million of Hollander Canada's \$9 million of accounts payable is past due. If the amount owing to Hollander Canada from the U.S. Chapter 11 Debtors was written down to its realizable value and Hollander Canada's allocation of U.S. Shared Services was recorded for the four months ended April 30, 2019, Hollander Canada's shareholder equity would be entirely eroded.

[11] Hollander Canada is entirely dependent on Hollander's U.S. head office for managerial, administrative, IT, strategic services and decisions, and it uses intellectual property almost wholly owned by U.S. Hollander entities. Hollander Canada is also entirely reliant on supply arrangements and relationships of the Hollander enterprise.

Principal Indebtedness

[12] The Chapter 11 Debtors' principal pre-petition indebtedness consists of the following:

- a) **Prepetition ABL Facility** – a \$125 million senior revolving asset-based credit facility (the "ABL Facility") under which all the Chapter 11 Debtors, including Hollander Canada, are obligors. Hollander Canada may borrow a maximum of \$40 million from this facility. Hollander Canada is not jointly or severally liable for the obligations of the U.S. Chapter 11 Debtors under the ABL Facility; however, the U.S. Chapter 11 Debtors are liable for Hollander Canada's borrowings under the ABL Facility. As of the Petition Date, approximately \$61 million remains outstanding against the ABL Facility, not including approximately \$5 million in letters of credit (the "Prepetition ABL Obligations"). The Prepetition ABL Obligations include approximately \$6 million of borrowings by Hollander Canada.
- b) **Prepetition Term Loan** – a \$190 million senior secured term loan facility (the "Term Loan Facility"). Each Chapter 11 Debtor except Hollander Canada is an obligor under this facility. Hollander Canada is not a borrower or a guarantor of the Term Loan Facility. As of the Petition Date, approximately \$166.5 million remains outstanding against the Term Loan Facility.

Recent Events and Proposed Restructuring

[13] Recent substantial price increases on materials have significantly reduced Hollander's already low profit margins for many products. In addition, Hollander acquired one of its major competitors in June 2017. This necessitated the expenditure of additional capital. With

approximately \$233 million of outstanding indebtedness and limited access to credit, Hollander is facing severe liquidity constraints.

[14] These circumstances necessitated comprehensive restructuring negotiations with the Chapter 11 Debtors' primary constituency groups. The Chapter 11 Debtors recently agreed with their secured lenders and their majority equity-holder, Sentinel, on a comprehensive restructuring process to ensure the viability of the business. The Chapter 11 Debtors, 100% of the Term Loan Lenders, and Sentinel entered into a restructuring support agreement dated May 19, 2019 (the "RSA"). The RSA contemplates, and the Chapter 11 Debtors have filed, a comprehensive Chapter 11 restructuring plan (the "Plan").

[15] In connection with the RSA, Hollander's asset-based secured lenders have agreed to provide a \$90 million debtor-in-possession asset-based loan facility (the "DIP ABL Facility") and certain Term Loan Lenders have agreed to provide an additional \$28 million term loan facility (the "DIP Term Loan Facility" and together with the DIP ABL Facility, the "DIP Facilities") to fund the administration of the Chapter 11 Cases.

[16] I am not, at this time, being asked to approve or grant any relief in connection with the Plan. However, the Chapter 11 Debtors have negotiated and incorporated certain protections into the Plan to mitigate against any prejudice to current creditors of Hollander Canada that might result incidentally from a global restructuring. I am satisfied that the Plan represents the Chapter 11 Debtors' best prospect of reorganizing their business operations and emerging as a healthy going-concern enterprise, maximizing recoveries for all stakeholders.

[17] If the Chapter 11 Debtors do not obtain the relief requested on this application, including post-petition financing, they will be unable to restructure pursuant to the Plan. In such a case, a liquidation of the business and assets of the Chapter 11 Debtors, including Hollander Canada, will be the likely result. In a liquidation scenario, there will be a nominal recovery, if any, available for Hollander Canada's unsecured creditors.

Proposed Postpetition Financing

[18] On May 21, 2019, the U.S. Court heard certain of the First Day Motions, including the DIP Motion. At the hearing, the U.S. Court requested certain changes to the DIP Order, which were subsequently made by the Chapter 11 Debtors in consultation with the DIP Lenders. Access to the DIP Facilities is vital to the preservation and maintenance of the going-concern value of Hollander and the Chapter 11 Debtors' successful reorganization.

[19] The \$90 million DIP ABL Facility is the critical facility from the perspective of Hollander Canada. Hollander Canada is neither a borrower nor a guarantor of the DIP Term Loan Facility. The DIP ABL Facility is a senior secured credit facility for which all the Chapter 11 Debtors, including Hollander Canada, are borrowers. The DIP ABL Facility provides for an initial "creeping (or gradual) roll-up" whereby the Chapter 11 Debtors will use receipts from the Chapter 11 Debtors' operations to pay down pre-filing obligations pending the issuance of the Final DIP Order, whereupon there will be a deemed draw on the DIP ABL Facility to satisfy the then outstanding prepetition debt, if any, under the ABL Facility. Hollander Canada is entitled to

borrow up to \$20 million under the DIP ABL Facility, less the amount of Hollander Canada's prepetition obligations under the ABL Facility that are to be rolled-up into the DIP ABL Facility.

[20] With respect to prepetition debt under the ABL Facility, Hollander Canada is not jointly or severally liable for amounts drawn down by the U.S. Chapter 11 Debtors. However, Hollander Canada will be jointly and severally liable with the other Chapter 11 Debtors in respect of borrowings under the DIP ABL Facility, including borrowings to repay amounts drawn down under the prepetition ABL Facility by the U.S. Chapter 11 Debtors. The DIP ABL Lenders have indicated they are unwilling to enter into the DIP ABL Facility unless Hollander Canada is jointly and severally liable for all obligations under the DIP ABL Facility, including those incurred by the U.S. borrowers.

[21] It is a condition of the DIP Facilities that the Chapter 11 Debtors obtain an order from this Court recognizing the DIP Order within three business days of when the DIP Order was issued by the U.S. Court. The DIP ABL Facility requires that the DIP Order be recognized by this Court before any borrowing by Hollander Canada will be permitted under the DIP ABL Facility.

[22] I have concluded that the ability of the Chapter 11 Debtors, including Hollander Canada, to maintain business relationships with their vendors, suppliers and customers, to pay their employees and otherwise finance their operations requires the availability of working capital from the DIP Facilities. The Chapter 11 Debtors, including Hollander Canada on a standalone basis, do not have sufficient available sources of working capital and financing to operate their businesses without immediate access to the DIP Facilities.

ISSUES

[23] I must decide the following issues:

- a) Are the Chapter 11 Cases "foreign main proceedings" pursuant to Part IV of the CCAA?
- b) If so, are the Chapter 11 Debtors entitled to the relief sought in the Initial Recognition Order and Supplemental Order, including,
 - (i) Granting the Stay of Proceedings;
 - (ii) Recognition of the First Day Orders;
 - (iii) Granting the DIP ABL Charge;
 - (iv) Appointing KSV as Information Officer; and
 - (v) Granting the Administration Charge?

ANALYSIS

Are the Chapter 11 Cases Foreign Main Proceedings?

Are the Chapter 11 Cases Foreign Proceedings?

[24] I must first determine if the Chapter 11 Cases are foreign proceedings. It is important to note that the purpose of Part IV of the CCAA is to facilitate the administration of cross-border insolvencies and create a system under which foreign insolvency proceedings can be recognized in Canada. Section 44 of the CCAA provides as follows:

44. The purpose of this Part is to provide mechanisms for dealing with cases of cross-border insolvencies and to promote

- (a) cooperation between the courts and other competent authorities in Canada with those of foreign jurisdictions in cases of cross-border insolvencies;
- (b) greater legal certainty for trade and investment;
- (c) the fair and efficient administration of cross-border insolvencies that protects the interests of creditors and other interested persons, and those of debtor companies;
- (d) the protection and the maximization of the value of debtor company's property; and
- (e) the rescue of financially troubled businesses to protect investment and preserve employment.

[25] Pursuant to S. 46(1) of the CCAA, a person who is a foreign representative may apply to the court for recognition of a foreign proceeding in respect of which that person is a foreign representative. Pursuant to S. 47 of the CCAA, the two following requirements must be met for an order recognizing a foreign proceeding:

- a) the proceeding is a "foreign proceeding"; and
- b) the applicant is a "foreign representative" in respect of that foreign proceeding.

[26] In the Chapter 11 Cases, an order was made appointing Hollander Sleep Products as foreign representative by the U.S. Court on May 23, 2019. (the "Foreign Representative Order").

[27] Section 45(1) of the CCAA defines a "foreign proceeding" as any judicial proceeding in a jurisdiction outside of Canada dealing with creditors' collective interests generally under any law relating to bankruptcy or insolvency in which a debtor company's business and financial affairs are subject to control or supervision by a foreign court for the purpose of reorganization. Courts have consistently recognized proceedings under Chapter 11 of the United States Bankruptcy Code to be foreign proceedings for the purposes of the CCAA.

[28] Because Hollander Sleep Products has been appointed a "foreign representative" by the U.S. Court in the Chapter 11 Cases, I am satisfied that the Chapter 11 cases should be recognized as a "foreign proceeding" pursuant to S. 47(1) of the CCAA.

Are the Chapter 11 Cases Foreign Main Proceedings?

[29] Once I have determined that a proceeding is a “foreign proceeding”, I am required, pursuant to Section 47(2) of the CCAA, to specify in my order whether the foreign proceeding is a “foreign main proceeding” or a “foreign non-main proceeding.” A “foreign main proceeding” is defined as a “foreign proceeding in a jurisdiction where the debtor company has the centre of its main interests” (“COMI”).

[30] The CCAA does not provide a definition of COMI. Section 45(2) of the CCAA establishes a rebuttable presumption that, in the absence of proof to the contrary, the location of a debtor company’s registered office is deemed to be its COMI. Evidence regarding the debtor company’s operations can rebut this presumption. Part IV of the CCAA does not specifically consider the circumstances facing corporate groups. It is therefore necessary to conduct the COMI analysis on an entity-by-entity basis.

[31] In this case the registered offices of all of the Chapter 11 Debtors except for Hollander Canada, are situated in the United States. Therefore, the presumption in s. 45(2) of the CCAA deems the COMI of each of those entities to be in the United States.

[32] Hollander Canada’s registered head office is in Vancouver. Where a Canadian entity is operating as part of a larger corporate group, several Canadian authorities have considered how COMI should be determined. In *Angiotech*¹, the Court considered the following factors:

- a) the location where corporate decisions are made;
- b) the location of employee administrations, including human resource functions;
- c) the location of the company's marketing and communication functions;
- d) whether the enterprise is managed on a consolidated basis;
- e) the extent of integration of an enterprise's international operations;
- f) the centre of an enterprise's corporate, banking, strategic and management functions;
- g) the existence of shared management within entities and in an organization;
- h) the location where cash management and accounting functions are overseen;
- i) the location where pricing decisions and new business development initiatives are created; and
- j) the seat of an enterprise's treasury management functions, including management of accounts receivable and accounts payable.

¹ *Angiotech Pharmaceuticals Inc. (Re)*, 2011 BCSC 115 at para 7.

[33] In *Elephant & Castle*², Morawetz J. (as he then was) recognized the *Angiotech* factors listed above and identified what he considered to be the most significant factors as follows:

However, it seems to me, in interpreting COMI, the following factors are usually significant:

- (a) the location of the debtor's headquarters or head office functions or nerve centre;
- (b) the location of the debtor's management; and
- (c) the location which significant creditors recognize as being the centre of the company's operations.

[34] The jurisprudence is clear that where a Canadian debtor company is the only Canadian entity among a number of other Chapter 11 debtors that are all incorporated in the United States, the COMI for the Canadian debtor company is the United States.

[35] I have concluded for the following reasons that Hollander Canada's COMI is in the United States:

- a) Hollander Canada's business is closely integrated into Hollander's business in the U.S. and its registered office is listed in Canada only for corporate purposes;
- b) Managerial functions for Hollander Canada, including finance, buying, logistics, marketing, and strategic decisions, are provided from Hollander's U.S. head office by Hollander Sleep Products;
- c) Hollander Canada is almost wholly dependent on Hollander's U.S. office for administrative functions such as overhead services, accounting, and IT, which are provided by Hollander Sleep Products in the U.S.;
- d) Data for Hollander Canada's operations is housed within IT systems, located and operated out of the U.S.;
- e) Hollander Canada is reliant on the purchasing power and supplier relationships of the Hollander enterprise, and on its own could not replicate the supply arrangements necessary for its continued functioning;
- f) Hollander Canada's books and records are maintained at Hollander's head office in Boca Raton, Florida;
- g) All of Hollander Canada's directors reside in the United States;
- h) Canadian revenues make up only 10.7% of Hollander's revenues;

² *Massachusetts Elephant & Castle Group Inc., (Re)*, 2011 ONSC 4201 (S.C.J. [Commercial List]).

- i) Hollander Canada is entirely dependent on the U.S. Chapter 11 Debtors for the majority of licensing agreements, design partnerships, and company-owned brands;
- j) Substantially all of the trademarks and intellectual property relied on by Hollander Canada are owned by the U.S. Chapter 11 Debtors;
- k) The Chapter 11 Debtors, including Hollander Canada, operate an integrated, centralized cash management system; and
- l) Hollander Canada is dependent on the U.S. Chapter 11 Debtors for the establishment, maintenance, and administration of certain customer promotional programs involving Hollander Canada's key customers.

[36] Since all the Chapter 11 Debtors except Hollander Canada have registered offices in the United States, and since a review of Hollander Canada's business indicates that its COMI is in the United States, The COMI of all the Chapter 11 Debtors is in the United States and therefore the Chapter 11 Cases should be recognized as "foreign main proceedings".

SHOULD THE INITIAL RECOGNITION ORDER AND SUPPLEMENTAL ORDER BE GRANTED?

Is a Stay of Proceedings Required and Appropriate?

[37] Section 48(1) of the CCAA provides that once the Court has found that a foreign proceeding is a "foreign main proceeding", it is required to grant certain mandatory relief, including a stay of proceedings:

[38] In addition to the automatic relief provided for in s. 48, s.49 of the CCAA grants me the broad discretion to make any appropriate order if I am satisfied that it is necessary for the protection of the debtor company's property or the interests of creditors.

[39] Section 52(1) of the CCAA requires that if an order recognizing a foreign proceeding is made, the Court "shall cooperate, to the maximum extent possible, with the foreign representative and the foreign court involved in the foreign proceeding."

[40] Because of the circumstances facing Hollander, Hollander Canada and the other Chapter 11 Debtors, I am satisfied that a stay of proceedings is necessary in order to implement the proposed restructuring.

Should the First Day Orders be Recognized?

[41] The central principle governing Part IV of the CCAA is comity, which mandates that Canadian courts should recognize and enforce the judicial acts of other jurisdictions, provided that those other jurisdictions have assumed jurisdiction on a basis consistent with principles of order, predictability and fairness.

[42] Canadian courts have emphasized the importance of comity and cooperation in cross-border insolvency proceedings to avoid multiple proceedings, inconsistent judgments and general

uncertainty. Coordination of international insolvency proceedings is particularly critical in ensuring the equal and fair treatment of creditors regardless of their location.

[43] I am satisfied that the First Day Orders should be recognized for the following reasons:

- a) The U.S. Court has appropriately taken jurisdiction over the Chapter 11 Cases, so comity will be furthered by this Court's recognition of and support for the Chapter 11 Cases already under way in the United States;
- b) Coordination of proceedings in the two jurisdictions will ensure equal and fair treatment of all stakeholders, whether they are in the United States or Canada;
- c) Given the close connection between Hollander and the United States, it is reasonable and sensible for the U.S. Court to have principal control over the insolvency process. This will produce the most efficient restructuring for the benefit of all stakeholders;
- d) The Chapter 11 Debtors must act quickly because of the expeditious timetable established under the Plan for their restructuring. It is imperative that there be a centralized and co-ordinated process for these insolvency proceedings to maximize the prospect of a successful restructuring and preserve value for stakeholders; and
- e) The Canadian and U.S. operations of Hollander are highly integrated.

Should the DIP ABL Charge be Granted?

[44] The Chapter 11 Debtors are facing a liquidity crisis and require DIP financing to fund their operations while they pursue a restructuring pursuant to the Plan or a sale in accordance with the marketing process to be conducted as part of the Chapter 11 proceeding. The ability of the Chapter 11 Debtors, including Hollander Canada, to maintain and finance their operations requires working capital from the DIP Facilities. If interim financing through the DIP Facilities is not obtained, neither the Chapter 11 Debtors as a whole, nor Hollander Canada on a standalone basis, have the funds to finance going-concern operations.

[45] The DIP ABL Facility includes an initial creeping roll-up provision pursuant to which the Chapter 11 Debtors will use receipts from their operations to pay down pre-filing obligations pending the issuance of the Final DIP Order. The amount borrowed under the DIP ABL Facility is proposed to be secured by, among other things, a court-ordered charge on Hollander Canada's property and the property of the other Chapter 11 Debtors in Canada (the "DIP ABL Charge").

[46] This court has concluded in previous proceedings that there is no impediment to granting approval of interim DIP financing including a full roll-up provision in foreign recognition proceedings under Part IV of the CCAA³.

³ *Hartford Computer Hardware Inc., (Re)*, 2012 ONSC 964 at paras. 18-19.

[47] In *Hartford*, an application under Part IV of the CCAA, this court recognized a DIP facility authorized by the U.S. Court that included a full roll-up, and emphasized the importance of comity in foreign recognition proceeding as follows:

The Information Officer and Chapter 11 Debtors recognize that in CCAA proceedings, a partial "roll up" provision would not be permissible as a result of s.11.2 of the CCAA, which expressly provides that a DIP charge may not secure an obligation that exists before the Initial Order is made.

Section 49 of the CCAA provides that, in recognizing an order of a foreign court, the court may make any order that it considers appropriate, provided the court is satisfied that it is necessary for the protection of the debtor company's property or the interests of the creditor or creditors.

It is necessary, in my view, to emphasize that this is a motion to recognize an order made in the "foreign main proceeding"....

A significant factor to take into account is that the Final DIP Facility Order was granted by the U.S. Court. In these circumstances, I see no basis for this court to second guess the decision of the U.S. Court.

[48] For the same reasons I am satisfied that the DIP Order should be approved. The U.S. Court granted the DIP Order because it is necessary for the protection of Hollander's property and for the interests of creditors in Canada and the U.S.

[49] The DIP ABL Facility provides that Hollander Canada is jointly and severally liable for the borrowings of other Chapter 11 Debtors under the DIP ABL Facility.

[50] I have concluded that the following factors support recognizing Hollander Canada's joint and several liability under the DIP Order and the DIP ABL Charge:

- a) The DIP ABL Charge furthers the objectives of the CCAA and is commercially reasonable as it allows the Chapter 11 Debtors to continue operations and pursue a restructuring or going-concern sale as outlined in the proposed Plan;
- b) An estimated cash flow forecast extracted from the DIP budget reveals that Hollander Canada is projected to generate negative cash flow until at least July 1, 2019;
- c) The Chapter 11 Debtors, including Hollander Canada, need immediate access to the DIP ABL Facility to ensure their continued operations during these proceedings;
- d) The DIP ABL Lenders are unwilling to provide funding to the Chapter 11 Debtors without Hollander Canada's joint and several liability under the DIP ABL Facility;
- e) The proposed DIP Facilities and Plan are supported by all secured creditors with an economic interest in Hollander Canada; and

- f) If the DIP ABL Charge is not granted, the restructuring contemplated by the Plan will not be implemented, likely resulting in liquidation. In a liquidation scenario, Hollander Canada's creditors will likely obtain only nominal recoveries, if any.

[51] To protect the interests of Hollander Canada and its creditors, the Chapter 11 Debtors negotiated certain protections to mitigate any prejudice to Hollander Canada's creditors. Specifically, the DIP Order includes a quasi-marshalling construct whereby the DIP ABL Agent is obligated to first look to proceeds of the Chapter 11 Debtors' U.S. collateral to satisfy any outstanding obligations of the U.S. Chapter 11 Debtors under the DIP ABL Facility, and to the proceeds of the Chapter 11 Debtors' Canadian collateral to satisfy any outstanding obligations of Hollander Canada under the DIP ABL Facility. Only once collateral in the U.S. has been exhausted can the DIP ABL Lenders look to the Canadian assets to satisfy any outstanding U.S. obligation.

[52] The absence of prejudice to creditors of Hollander Canada, and the DIP ABL Lenders' consent to the quasi-marshalling construct, are key factors distinguishing this case from *Payless Holdings Inc. LLC, (Re)*. In *Payless*, also a proceeding under Part IV of the CCAA, this court declined to approve a DIP order and lenders' charge that would have required the solvent Canadian applicants to guarantee borrowings from the DIP facility even though they would not receive advances from it. The DIP facility was opposed by the Canadian landlords who were uniquely prejudiced by its terms. The DIP facility in that case specifically precluded marshalling.

[53] I have concluded that the Court's decision in *Payless* is distinguishable from this case for the following reasons as set out in the applicant's factum:

- a) In *Payless*, the Canadian Applicants were not insolvent, were not prepetition borrowers, had never granted security and were not borrowers under the DIP facility. In this case, Hollander Canada is insolvent, its assets are encumbered, and it is incapable of maintaining going concern operations without urgent funding support from the DIP ABL Facility. For instance, \$7.2 million of Hollander Canada's accounts payable are currently past due; without support from the DIP ABL Facility, Hollander does not have sufficient liquidity to satisfy these obligations.
- b) In *Payless*, there was evidence of material prejudice to Canadian creditors and certain Canadian creditor groups opposed the DIP order because they were disadvantaged. In this case, no such material prejudice or unequal treatment exists with respect to the creditors of Hollander Canada or the other Chapter 11 Debtors.
- c) In *Payless*, the Court intimated that if marshalling had been permitted, the inequitable treatment of Canadian creditors would have been resolved. In this case, the DIP ABL Lenders have specifically agreed to a quasi marshalling concept to ensure that Canadian assets are used first to satisfy Canadian DIP ABL indebtedness, and not applied to satisfy U.S. DIP ABL indebtedness until all U.S. assets are first exhausted.

[54] I have concluded that the DIP ABL Charge should be granted for these reasons.

SHOULD KSV BE APPOINTED INFORMATION OFFICER?

[55] I am satisfied that an information officer should be appointed to assist with the cooperation between the Canadian foreign recognition proceeding and the foreign representative and the U.S. Court. Further, KSV, a licensed insolvency trustee, is appropriate to act in this capacity.

SHOULD AN ADMINISTRATIVE CHARGE BE APPROVED?

[56] Finally, I am satisfied that an administration charge in the maximum amount of \$200,000 is reasonable and appropriate.

CONCLUSION

[57] For these reasons I have granted the Initial Recognition Order and the Supplemental Order.

[58] I am grateful to the applicant's counsel for their helpful submission.



HAINEY

Date: May 30, 2019

TAB G

**THIS IS EXHIBIT "G" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

Court File No. CV-19-620484-00CL

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

THE HONOURABLE MR.)	THURSDAY, THE 23 RD
)	
JUSTICE HAINEY)	DAY OF MAY, 2019



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

**AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER
SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER
HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC,
HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST
FEATHER CUSHION, LLC**

**APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED**

**SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)**

THIS APPLICATION, made by Hollander Sleep Products, LLC (“**HSP**”) in its capacity as the foreign representative (the “**Foreign Representative**”) of HSP, Hollander Sleep Products Canada Limited (“**Hollander Canada**”), Dream II Holdings, LLC, Hollander Home Fashions Holdings, LLC, Pacific Coast Feather, LLC, Hollander Sleep Products Kentucky, LLC and Pacific Coast Feather Cushion, LLC (collectively, the “**Chapter 11 Debtors**” and each, a “**Chapter 11 Debtor**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Marc Pfefferle sworn May 23, 2019 (the “**Pfefferle Affidavit**”), filed, the pre-filing report of KSV Kofman Inc., in its capacity as proposed Information Officer (as defined herein) dated May 23, 2019 (the “**Pre-Filing**

Report”), and upon being provided with copies of the documents required by section 46 of the CCAA,

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the proposed Information Officer, counsel for the ABL Agent and the DIP ABL Agent (each as defined in the Pfefferle Affidavit) and counsel for the Term Loan Agent and the DIP Term Loan Agent (each as defined in the Pfefferle Affidavit), and those other parties present, no one else appearing although duly served as appears from the affidavit of service of Evan Barz sworn May 23, 2019:

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.

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meaning given to them in the Pfefferle Affidavit.

INITIAL RECOGNITION ORDER

3. **THIS COURT ORDERS** that the provisions of this Order shall be interpreted in a manner complementary and supplementary to the provisions of the Initial Recognition Order (Foreign Main Proceeding) dated as of May 23, 2019 (the “**Recognition Order**”), provided that in the event of a conflict between the provisions of this Order and the provisions of the Recognition Order, the provisions of the Recognition Order shall govern.

RECOGNITION OF FOREIGN ORDERS

4. **THIS COURT ORDERS** that the following orders (collectively, the “**Foreign Orders**”) of the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Bankruptcy Court**”) made in the Foreign Proceeding (as defined in the Recognition Order) are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:

- (a) *Order (A) Authorizing Hollander Sleep Products, LLC to Act as Foreign Representative and (B) Granting Related Relief* (the “**Foreign Representative Order**”);
- (b) *Order (A) Directing Joint Administration of Chapter 11 Cases and (B) Granting Related Relief* (the “**Joint Administration Order**”);
- (c) *Interim Order (I) Authorizing the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* (the “**Interim Employee Wages Order**”);
- (d) *Interim Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief* (the “**Interim Cash Management Order**”);
- (e) *Interim Order (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection to the Prepetition Lenders, (E) Modifying the Automatic Stay, (F) Scheduling a Final Hearing, and (G) Granting Related Relief* (the “**Interim DIP Order**”);
- (f) *Interim Order (I) Authorizing the Debtors to Pay Prepetition Claims of (A) Lien Claimants, (B) Import Claimant, (C) 503(B)(9) Claimants, (D) Foreign Vendors, and (E) Critical Vendors, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief* (the “**Interim Critical Vendors and Shippers Order**”); and

- (g) *Interim Order (A) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto and (B) Granting Related Relief* (the “**Interim Customer Programs Order**”)

(copies of each such Foreign Orders are attached as Schedules “A” to “G” hereto);

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as defined below) in Canada.

APPOINTMENT OF INFORMATION OFFICER

5. **THIS COURT ORDERS** that KSV Kofman Inc. (the “**Information Officer**”) is hereby appointed as an officer of this Court, with the powers and duties set out herein.

NO PROCEEDINGS AGAINST THE CHAPTER 11 DEBTORS OR THE PROPERTY

6. **THIS COURT ORDERS** that from the date of the Recognition Order until such date as this Court may order (the “**Stay Period**”) no proceeding or enforcement process in any court or tribunal in Canada (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Chapter 11 Debtors or affecting their business (the “**Business**”) or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”), except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Chapter 11 Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

7. **THIS COURT ORDERS** that, without limiting the stay of proceedings provided for in the Recognition Order, 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 Chapter 11 Debtors, or

affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (a) prevent the assertion of or the exercise of rights and remedies outside of Canada, (b) empower any of the Chapter 11 Debtors to carry on any business in Canada which that Chapter 11 Debtor is not lawfully entitled to carry on, (c) affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (d) prevent the filing of any registration to preserve or perfect a security interest, or (e) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

8. **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, licence or permit in favour of or held by any of the Chapter 11 Debtors and affecting the Business in Canada, except with leave of this Court.

ADDITIONAL PROTECTIONS

9. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Chapter 11 Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of the Chapter 11 Debtors, 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 Chapter 11 Debtors, and that the Chapter 11 Debtors shall be entitled to the continued use in Canada of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names.

10. **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 of the Chapter 11 Debtors with respect to any claim against the directors or officers that arose before the date of the Recognition Order and that relates to any obligations of the Chapter 11 Debtors whereby the directors or officers are alleged

under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

11. **THIS COURT ORDERS** that no Proceeding shall be commenced or continued against or in respect of the Information Officer, except with leave of this Court. In addition to the rights and protections afforded the Information Officer herein, or as an officer of this Court, the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, and 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.

OTHER PROVISIONS RELATING TO INFORMATION OFFICER

12. **THIS COURT ORDERS** that the Information Officer:

- (a) is hereby authorized to provide such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
- (b) shall report to this Court periodically with respect to the status of these proceedings and the status of the Foreign Proceeding, which reports may include information relating to the Property, the Business, or such other matters as may be relevant to the proceedings herein;
- (c) in addition to the periodic reports referred to in paragraph 12(b) above, the Information Officer may report to this Court at such other times and intervals as the Information Officer may deem appropriate with respect to any of the matters referred to in paragraph 12(b) above;
- (d) shall 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 Chapter 11 Debtors, to the extent that is necessary to perform its duties arising under this Order; and

- (e) shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order.

13. **THIS COURT ORDERS** that the Chapter 11 Debtors and the Foreign Representative shall (a) advise the Information Officer of all material steps taken by the Chapter 11 Debtors or the Foreign Representative in these proceedings or in the Foreign Proceeding, (b) co-operate fully with the Information Officer in the exercise of its powers and discharge of its obligations, and (c) provide the Information Officer with the assistance that is necessary to enable the Information Officer to adequately carry out its functions.

14. **THIS COURT ORDERS** that the Information Officer 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.

15. **THIS COURT ORDERS** that the Information Officer (a) shall post on its website all Orders of this Court made in these proceedings, all reports of the Information Officer filed herein, and such other materials as this Court may order from time to time, and (b) may post on its website any other materials that the Information Officer deems appropriate.

16. **THIS COURT ORDERS** that the Information Officer may provide any creditor of a Chapter 11 Debtor with information provided by the Chapter 11 Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Information Officer. The Information Officer 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 Information Officer has been advised by the Chapter 11 Debtors is privileged or confidential, the Information Officer shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Information Officer, the Foreign Representative and the relevant Chapter 11 Debtors may agree.

17. **THIS COURT ORDERS** that the Information Officer and counsel to the Information Officer shall be paid by the Chapter 11 Debtors their reasonable fees and disbursements incurred

in respect of these proceedings, both before and after the making of this Order, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts. The Chapter 11 Debtors are hereby authorized and directed to pay the accounts of the Information Officer and counsel for the Information Officer.

18. **THIS COURT ORDERS** that the Information Officer and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Information Officer and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice, and the accounts of the Information Officer and its counsel shall not be subject to approval in the Foreign Proceeding.

19. **THIS COURT ORDERS** that the Information Officer and counsel to the Information Officer shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property in Canada, which charge shall not exceed an aggregate amount of US\$200,000 as security for their professional fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs 21 through 26 hereof.

INTERIM FINANCING

20. **THIS COURT ORDERS** that the DIP ABL Agent, for and on behalf of itself and the DIP ABL Lenders, shall be entitled to the benefit of and is hereby granted a charge (the “**DIP ABL Charge**”) on the Property in Canada, which DIP ABL Charge shall be consistent with the liens and charges created by the Interim DIP Order with respect to the Property in Canada, shall have the priority set out in paragraphs 21 through 26 hereof, and further provided that the DIP ABL Charge shall not be enforced except with leave of this Court on notice to the Information Officer and those parties on the service list established for these proceedings.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

21. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP ABL Charge, as among them, shall be as follows:

- (a) First – Administration Charge (to the maximum amount of US\$200,000); and
- (b) Second – DIP ABL Charge.

22. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the DIP ABL 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 the Charges.

23. **THIS COURT ORDERS** that the Charges (as constituted and defined herein) shall constitute a charge on the Property in Canada 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.

24. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Chapter 11 Debtors shall not grant any Encumbrances over any Property in Canada that rank in priority to, or *pari passu* with, the Charges, unless the Chapter 11 Debtors also obtain the prior written consent of the Information Officer, the DIP ABL Agent and the DIP Term Loan Agent.

25. **THIS COURT ORDERS** that the Administration Charge and the DIP ABL 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 the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**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 Chapter 11 Debtor, and notwithstanding any provision to the contrary in any Agreement:

- (i) the creation of the Charges shall not create or be deemed to constitute a breach by a Chapter 11 Debtor of any Agreement to which it is a party;
- (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (iii) the payments made by the Chapter 11 Debtors to the Chargees pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

26. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Chapter 11 Debtors’ interest in such real property leases.

ASSET SALES

27. **THIS COURT ORDERS** that, notwithstanding paragraph 5 of the Recognition Order, Hollander Canada shall be permitted, with the prior consent of the Information Officer, to sell or otherwise dispose of its fixed assets located in Toronto, Ontario, solely to the extent permitted by the DIP ABL Credit Agreement in an amount not to exceed US\$250,000 in the aggregate, without seeking leave of this Court.

SERVICE AND NOTICE

28. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute

an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.ksvadvisory.com/insolvency-cases/case/hollander-sleep-products-canada-limited>.

29. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Chapter 11 Debtors, the Foreign Representative and the Information Officer are at liberty to serve or distribute 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 facsimile transmission to the Chapter 11 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the applicable Chapter 11 Debtor and that any such service or distribution by courier, personal delivery or facsimile 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.

SEALING

30. **THIS COURT ORDERS** that Confidential Appendix "1" to the Pre-Filing Report shall be and is hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

GENERAL

31. **THIS COURT ORDERS** that the Information Officer may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

32. **THIS COURT ORDERS** that nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy of any Chapter 11 Debtor, the Business or the Property.

33. **THIS COURT ORDERS** that within five (5) business days from the date of this Order, or as soon as practicable thereafter, the Information Officer shall cause to be published a notice once a week for two consecutive weeks, in the Globe and Mail (National Edition) regarding the issuance of this Order and the Recognition Order.

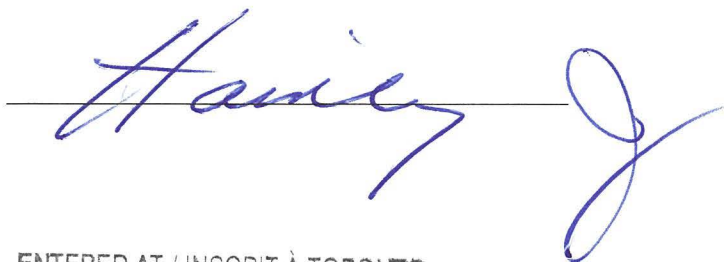
34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and 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 Chapter 11 Debtors, the Foreign Representative and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and agents in carrying out the terms of this Order.

35. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the Foreign Representative and the Information Officer 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.

36. **THIS COURT ORDERS** that the Guidelines for Communication and Cooperation between Courts in Cross-Border Insolvency Matters issued by the Judicial Insolvency Network and adopted by this Court and the U.S. Bankruptcy Court and attached as Schedule “H” hereto (the “**JIN Guidelines**”), are hereby adopted by this Court for the purposes of these recognition proceedings.

37. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days’ notice to the Chapter 11 Debtors, the Foreign Representative, the Information Officer, the DIP ABL Agent, the DIP Term Loan Agent and their respective counsel, and 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.

38. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

A handwritten signature in blue ink, appearing to read "Hamley", is written over a horizontal line. The signature is stylized and extends to the right of the line.

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

MAY 24 2019

PER / PAR: 

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

Court File No: CV-19-620484-00CL

AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC,
HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC
COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-
36, AS AMENDED

Applicant

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
Proceeding commenced at Toronto

**SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)**

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P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Marc Wasserman LSO# 44066M
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mwasserman@osler.com

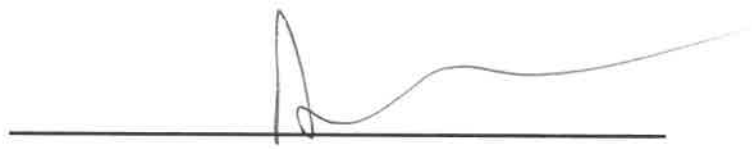
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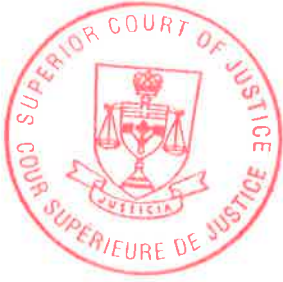
Lawyers for the Applicant

TAB H

**THIS IS EXHIBIT "H" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**

A handwritten signature in black ink, appearing to be 'David Mack', is written over a horizontal line. The signature is fluid and cursive.

David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023



Court File No. CV-19-620484-00CL

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

THE HONOURABLE MR.)	FRIDAY, THE 5 TH
)	
JUSTICE HAINEY)	DAY OF JULY, 2019

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

**AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER
SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER
HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC,
HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST
FEATHER CUSHION, LLC**

**APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED**

RECOGNITION ORDER

THIS MOTION, made by Hollander Sleep Products, LLC (“**HSP**”) in its capacity as the foreign representative (the “**Foreign Representative**”) of HSP, Hollander Sleep Products Canada Limited (“**Hollander Canada**”), Dream II Holdings, LLC, Hollander Home Fashions Holdings, LLC, Pacific Coast Feather, LLC, Hollander Sleep Products Kentucky, LLC and Pacific Coast Feather Cushion, LLC (collectively, the “**Chapter 11 Debtors**” and each, a “**Chapter 11 Debtor**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an Order, among other things, recognizing certain orders granted by the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Bankruptcy Court**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Marc Pfefferle sworn July 3, 2019 (the “**Second Pfefferle Affidavit**”), the report of KSV Kofman Inc., in its capacity as Information Officer, dated July 3, 2019 (the “**First Report**”), each filed.

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the Information Officer, and those other parties present, no one else appearing although duly served as appears from the affidavits of service of Evan Barz and Shanaz Vellani sworn July 3 and 4, 2019, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meaning given to them in the Second Pfefferle Affidavit.

RECOGNITION OF FOREIGN ORDERS

3. **THIS COURT ORDERS** that the following orders (collectively, the “**Foreign Orders**”) of the U.S. Bankruptcy Court made in the cases commenced by the Chapter 11 Debtors pursuant to Chapter 11 of the United States Bankruptcy Code are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:

- (a) *Order (I) Authorizing the Debtors to (A) Continue Insurance Coverage Entered into Prepetition and Satisfy Prepetition Obligations Related Thereto and (B) Renew, Supplement, Modify, or Purchase Insurance Coverage, (C) Continue to Pay Brokerage Fees, and (II) Granting Related Relief (the “**Insurance Order**”);*
- (b) *Order (I) Authorizing the Debtors to Continue and Renew the Surety Bond Program, and (II) Granting Related Relief (the “**Surety Bond Order**”);*
- (c) *Order (I) Approving the Bidding Procedures, (II) Scheduling the Bid Deadlines and the Auction, (III) Approving the Form and Manner of Notice Thereof, (IV) Scheduling Hearings and Objection Deadlines with Respect to the Sale, and (V) Granting Related Relief (the “**Bid Procedures Order**”);*

- (d) *Final Order (I) Authorizing the Debtors to Pay Prepetition Claims of (A) Lien Claimants, (b) Import Claims, (C) 503(B)(9) Claimants, (D) Foreign Vendors, and (E) Critical Vendors, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief (the “**Final Critical Vendors Order**”);*
- (e) *Final Order (I) Authorizing the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief (the “**Final Wages Order**”);*
- (f) *Order Authorizing the Debtors to (A) Retain Carl Marks Advisory Group LLC to Provide the Debtors a Chief Executive Officer, a Chief Financial Officer, and Additional Personnel and (B) Appoint the Chief Executive Officer and Chief Financial Officer Nunc Pro Tunc to the Petition Date (the “**Carl Marks Order**”);*
- (g) *Final Order (I) Authorizing the Debtors to (A) Continue to Operate their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief (the “**Final Cash Management Order**”);*
- (h) *Final Order (A) Authorizing the Debtors to Maintain and Administer their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto and (B) Granting Related Relief (the “**Final Customer Programs Order**”);*
- (i) *Final Order With Respect to Prepetition ABL Secured Parties and DIP ABL Secured Parties (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection to the Prepetition ABL Secured Parties, (E) Modifying the Automatic Stay, and (F) Granting Related Relief (the “**Final DIP ABL Order**”);*

- (j) *Final Order (A) Authorizing the Payment of Certain Prepetition Taxes and Fees and (B) Granting Related Relief (the “**Final Tax Order**”);*
- (k) *Order (A) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Services, (B) Determining Adequate Assurance of Payment for Future Utility Services, (C) Establishing Procedures for Determining Adequate Assurance of Payment, and (D) Granting Related Relief (the “**Utilities Order**”);*
- (l) *Order (A) Authorizing the Retention and Compensation of Professionals Utilized in the Ordinary Course of Business and (B) Granting Related Relief (the “**Professionals Order**”);*
- (m) *Order Authorizing and Approving the Employment and Retention of OMNI Management Group as Administrative Advisor for the Debtors and Debtors in Possession Nunc Pro Tunc to the Petition Date (the “**OMNI Order**”);*
- (n) *Order (A) Establishing Certain Notice, Case Management, and Administrative Procedures and (B) Granting Related Relief (the “**Case Management Order**”);*
- (o) *Second Interim Order (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection to the Prepetition Term Loan Lenders, (E) Modifying the Automatic Stay, (F) Scheduling a Final Hearing, and (G) Granting Related Relief (the “**Second Interim DIP Term Order**”); and*
- (p) *Order (A) Setting Bar Dates for Submitting Proofs of Claim, (B) Approving Procedures for Submitting Proofs of Claim, (C) Approving Notice Thereof, and (D) Granting Related Relief (the “**Bar Date Order**”).*

(copies of each such Foreign Orders are attached hereto as Schedules “A” to “P”, respectively);

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to the Property (as defined in the Supplemental Order).

AMENDMENT TO SUPPLEMENTAL ORDER

4. **THIS COURT ORDERS** that paragraph 20 of the Supplemental Order is hereby amended as follows:

20. **THIS COURT ORDERS** that the DIP ABL Agent, for and on behalf of itself and the DIP ABL Lenders, shall be entitled to the benefit of and is hereby granted a charge (the “**DIP ABL Charge**”) on the Property in Canada, which DIP ABL Charge shall be consistent with the liens and charges created by the Interim DIP Order and the Final ABL DIP Order (as defined in the Recognition Order made on July 5, 2019 in these proceedings) with respect to the Property in Canada, shall have the priority set out in paragraphs 21 through 26 hereof, and further provided that the DIP ABL Charge shall not be enforced except with leave of this Court on notice to the Information Officer and those parties on the service list established for these proceedings.

INFORMATION OFFICER’S REPORTS

5. **THIS COURT ORDERS** that the pre-filing report of KSV Kofman Inc. (“**KSV**”), in its capacity as proposed Information Officer, dated May 23, 2019 (the “**Pre-Filing Report**”) and the First Report of the Information Officer and the actions, conduct, and activities of KSV as described in the Pre-Filing Report and the Information Officer as described in the First Report be and are hereby approved.

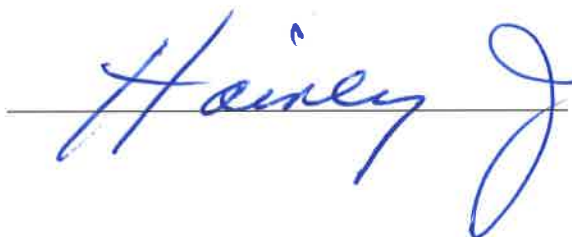
GENERAL

6. **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 of America, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign

Representative, the Information Officer, and their respective counsel and 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 Chapter 11 Debtors, the Foreign Representative and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the Foreign Representative and the Information Officer 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.

8. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.



SUPERIOR COURT OF JUSTICE
ENTERED
JUL 05 2019
COUR SUPÉRIEURE DE JUSTICE
ENTRÉ

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

Court File No: CV-19-620484-00CL

AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

RECOGNITION ORDER

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Martino Calvaruso LSO# 57359Q
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Fax: 416.862.6666

Lawyers for the Applicant

TAB I

**THIS IS EXHIBIT "I" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

Court File No. CV-19-620484-00CL

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

THE HONOURABLE MR.)

TUESDAY DAY, THE 6TH

JUSTICE HANEY)

DAY OF AUGUST, 2019



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

**AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER
SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER
HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC,
HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST
FEATHER CUSHION, LLC**

**APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED**

RECOGNITION ORDER

THIS MOTION, made by Hollander Sleep Products, LLC (“**HSP**”) in its capacity as the foreign representative (the “**Foreign Representative**”) of HSP, Hollander Sleep Products Canada Limited, Dream II Holdings, LLC, Hollander Home Fashions Holdings, LLC, Pacific Coast Feather, LLC, Hollander Sleep Products Kentucky, LLC and Pacific Coast Feather Cushion, LLC (collectively, the “**Chapter 11 Debtors**” and each, a “**Chapter 11 Debtor**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an Order, among other things, recognizing certain orders granted by the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Bankruptcy Court**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Marc Pfefferle sworn August 2, 2019 (the “**Third Pfefferle Affidavit**”), the report of KSV Kofman Inc., in its capacity as Information Officer, dated August 2, 2019 (the “**Second Report**”), each filed.

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the Information Officer, and those other parties present, no one else appearing although duly served as appears from the affidavits of service of Evan Barz and Shanaz Vellani sworn August 2 and 6, 2019, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meaning given to them in the Third Pfefferle Affidavit.

RECOGNITION OF FOREIGN ORDERS

3. **THIS COURT ORDERS** that the following orders (collectively, the “**Foreign Orders**”) of the U.S. Bankruptcy Court made in the cases commenced by the Chapter 11 Debtors pursuant to Chapter 11 of the United States Bankruptcy Code are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:

- (a) *Order (I) Approving (A) the Adequacy of Information in the Disclosure Statement, (B) Solicitation and Notice Procedures, and (C) Certain Dates with Respect to Plan Confirmation, and (II) Granting Related Relief* (the “**Disclosure Statement Order**”);
- (b) *Order (A) Approving the Debtors’ Key Employee Retention Plans and (B) Granting Related Relief* (the “**KERP Order**”);
- (c) *Order (A) Authorizing the Employment and Retention of Houlihan Lokey Capital, Inc., as Financial Advisor and Investment Banker to the Debtors Nunc Pro Tunc to the Petition Date, (B) Approving the Terms of the Engagement Agreement, (C) Waiving Certain Time-Keeping Requirements, and (D) Granting Related Relief* (the “**Houlihan Lokey Retention Order**”);

- (d) *Order Authorizing Additional Services of Houlihan Lokey Capital Inc. Pursuant to Order (A) Authorizing the Employment and Retention of Houlihan Lokey Capital, Inc., as Financial Advisor and Investment Banker to the Debtors Nunc Pro Tunc to the Petition Date, (B) Approving the Terms of the Engagement Agreement, (C) Waiving Certain Time-Keeping Requirements, and (D) Granting Related Relief (the “**Houlihan Lokey Additional Services Order**”); and*

- (e) *Final Order with Respect to DIP Term Loan Secured Parties and Prepetition Term Loan Secured Parties (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Authorizing the Debtors to Use Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection to the Prepetition Term Loan Secured Parties, (E) Modifying the Automatic Stay, And (F) Granting Related Relief (the “**Final DIP Term Order**”),*

(copies of each such Foreign Orders are attached hereto as Schedules “A” to “E”, respectively);

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to the Property (as defined in the Supplemental Order).

INFORMATION OFFICER’S REPORT

4. **THIS COURT ORDERS** that the Second Report and the actions, conduct and activities of the Information Officer as described therein be and are hereby approved.

GENERAL

5. **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 of America, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and 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 Chapter 11 Debtors, the Foreign Representative and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the Foreign Representative and the Information Officer 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.

7. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

A handwritten signature in cursive script, appearing to read "Haisley", written over a horizontal line.

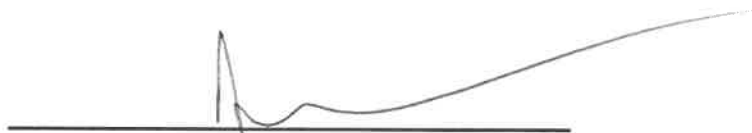
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LE / DANS LE REGISTRE NO:

AUG 06 2019

PER / PAR: 

TAB J

**THIS IS EXHIBIT "J" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**

A handwritten signature in black ink, appearing to be 'David Mack', is written over a horizontal line. The signature starts with a vertical stroke, followed by a small loop, and then a long, sweeping line that curves upwards to the right.

David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

Court File No. CV-19-620484-00CL

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

THE HONOURABLE MR.) WEDNESDAY, THE 11TH
)
JUSTICE HAINEY) DAY OF SEPTEMBER, 2019



**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS, LLC, HOLLANDER
SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER
HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC,
HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC AND PACIFIC COAST
FEATHER CUSHION, LLC**

**APPLICATION OF HOLLANDER SLEEP PRODUCTS, LLC UNDER SECTION 46 OF
THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED**

RECOGNITION, APPROVAL AND VESTING ORDER

THIS MOTION, made by Hollander Sleep Products, LLC (“HSP”) in its capacity as the foreign representative (the “**Foreign Representative**”) of HSP, Hollander Sleep Products Canada Limited (“**Hollander Canada**”), Dream II Holdings, LLC, Hollander Home Fashions Holdings, LLC, Pacific Coast Feather, LLC, Hollander Sleep Products Kentucky, LLC and Pacific Coast Feather Cushion, LLC (collectively, the “**Chapter 11 Debtors**” and each, a “**Chapter 11 Debtor**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an Order, among other things, (i) recognizing and giving effect to certain orders granted by the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Bankruptcy Court**”), including the Confirmation Order (as defined below), made in the cases commenced by the Chapter 11 Debtors pursuant to Chapter 11 of the United States Bankruptcy Code (the “**Chapter 11 Cases**”), (ii) vesting in and to Bedding Acquisition, LLC (including its successors and permitted assigns, the “**Purchaser**”) the Chapter

11 Debtors' right, title and interest in and to the Canadian Acquired Assets (as defined in the Asset Purchase Agreement (as defined herein)) and such other Acquired Assets (as defined in the Asset Purchase Agreement) over which this Court has jurisdiction (the "**Canadian Assets**"), and (iii) approving the fees and disbursements of the Information Officer and its counsel, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Marc Pfefferle sworn September 6, 2019, the report of KSV Kofman Inc., in its capacity as Information Officer, dated September 6, 2019 (the "**Third Report**"), the affidavits of the Information Officer and its counsel, Norton Rose Fulbright Canada LLP ("**Norton Rose**"), as to their respective fees and disbursements for the period ended August 31, 2019 (the "**Fee Affidavits**"), each filed.

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the Information Officer, counsel for the DIP ABL Agent, counsel for the DIP Term Loan Agent (each as defined in the Confirmed Plan (as defined below)), and those other parties present, no one else appearing although duly served as appears from the affidavits of service of Evan Barz and Shanaz Vellani sworn September 9, 2019, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meaning given to them in the *Debtors' Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* (as amended, supplemented and otherwise modified, the "**Confirmed Plan**").

RECOGNITION OF FOREIGN ORDERS

3. **THIS COURT ORDERS** that the following orders (collectively, the "**Foreign Orders**") of the U.S. Bankruptcy Court made in the Chapter 11 Cases are hereby recognized and, subject

to applicable law, given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:

- (a) *Order (I) Authorizing the Debtors to Assume the Restructuring Support and Settlement Agreement, (II) Approving the Settlements and Compromises Contained Therein, and (III) Granting Related Relief* (the “**Restructuring Support and Settlement Order**”);
- (b) *Findings of Fact, Conclusions of Law, and Order Confirming Debtors’ Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* (the “**Confirmation Order**”); and
- (c) *Order Authorizing the Debtors to Enter into an Amendment to the DIP Term Loan Credit Facility* (the “**DIP Term Loan Amendment Order**”),

(copies of each such Foreign Orders are attached hereto as Schedules “A” to “C”, respectively);

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to the Property (as defined in the Supplemental Order (Foreign Main Proceeding) made in these proceedings on May 23, 2019) in Canada.

IMPLEMENTATION OF THE CONFIRMED PLAN

4. **THIS COURT ORDERS** that the Foreign Representative and the Chapter 11 Debtors are authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the Confirmed Plan in accordance with its terms, and enter into, implement and consummate all of the steps, transfers, transactions and agreements contemplated pursuant to the Confirmed Plan.

5. **THIS COURT ORDERS** that, as of the Effective Date, the Confirmed Plan, including (a) the treatment of Claims as provided for in the Confirmed Plan, and (b) all compromises, arrangements, transfers, transactions, releases, discharges and injunctions provided for in the Confirmed Plan and as approved in the Confirmation Order, as applicable, shall inure to the

benefit of and be binding and effective upon the Chapter 11 Debtors, the Canadian creditors of the Chapter 11 Debtors, and all other persons affected thereby, and on their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

6. **THIS COURT ORDERS** that, subject to the terms of the Confirmed Plan and the Confirmation Order, and effective on the Effective Date, no party to any contract that is (i) listed on the Schedule of Assumed Executory Contracts and Unexpired Leases, and (ii) assigned to the Purchaser in accordance with the Asset Purchase Agreement, may accelerate, terminate, rescind, refuse to perform or otherwise repudiate their obligations under, 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 Executory Contract or Unexpired Lease, by reason of:

- (a) any event that occurred on or prior to the Effective Date that would have entitled any person thereto to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Chapter 11 Debtors);
- (b) the fact that the Chapter 11 Debtors have: (i) sought or obtained relief under the CCAA or pursuant to the Chapter 11 Cases, or (ii) commenced or completed these proceedings or the Chapter 11 Cases;
- (c) the implementation of the Confirmed Plan, or the completion of any of the steps, transactions or things contemplated by the Confirmed Plan; or
- (d) any compromises, arrangements, transactions, releases or discharges effected pursuant to the Confirmed Plan.

RELEASES AND INJUNCTIONS

7. **THIS COURT ORDERS AND DECLARES** that the compromises, arrangements, releases, discharges and injunctions contained and referenced in the Confirmed Plan and as approved by the Confirmation Order, are valid and that, effective on the Effective Date, all such releases, discharges and injunctions are hereby sanctioned, approved, recognized and given full force and effect in all provinces and territories of Canada in accordance with and subject to the terms of this Order, the Confirmation Order and the Confirmed Plan.

APPROVAL OF SALE OF CANADIAN ASSETS

8. **THIS COURT ORDERS AND DECLARES** that the sale of the Canadian Assets to the Purchaser pursuant to the Asset Purchase Agreement is hereby approved and the Chapter 11 Debtors are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the sale of the Canadian Assets to the Purchaser and for the conveyance of the Canadian Assets to the Purchaser.

VESTING OF CANADIAN ASSETS

9. **THIS COURT ORDERS AND DECLARES** that, upon the delivery to the Purchaser by the Information Officer of a certificate substantially in the form of Schedule “D” hereto (the “**Information Officer’s Certificate**”), all of the right, title, and interest of the Chapter 11 Debtors (including their respective Estates) in and to the Canadian Assets shall vest absolutely, without further transfer or instrument, in and to the Purchaser (or any permitted assignee or delegee of the Purchaser’s right to purchase and acquire the Canadian Assets (“**Assignee**”) in accordance with the Asset Purchase Agreement, which Assignee shall be identified in the Information Officer’s Certificate), free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by any Order of this Court in these proceedings, including the Order of the Honourable Justice Hainey dated May 23, 2019;
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and

- (c) those Claims listed on Schedule “E” hereto (all of which are collectively referred to herein as the “**Encumbrances**”), and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Canadian Assets are hereby expunged and discharged as against the Canadian Assets.

10. **THIS COURT ORDERS AND DIRECTS** the Information Officer to file with the Court a copy of the Information Officer’s Certificate forthwith after delivery thereof to the Purchaser.

11. **THIS COURT ORDERS** that the Information Officer shall rely on written notice from the Foreign Representative (or its counsel) and the Purchaser (or its counsel) for the purpose of providing the certifications included in the Information Officer’s Certificate, and shall incur no liability with respect to the delivery of the Information Officer’s Certificate.

12. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims and Encumbrances, the net proceeds from the sale of the Canadian Assets shall stand in the place and stead of the Canadian Assets, and that from and after Effective Date all Claims and Encumbrances shall attach to the net proceeds from the sale of the Canadian Assets with the same priority as they had with respect to the Canadian Assets immediately prior to the sale, as if the Canadian Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. The net proceeds of such sale shall be distributed in accordance with the Confirmed Plan.

13. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Chapter 11 Debtors are authorized and directed to disclose and transfer to the Purchaser all human resources and payroll information in the Chapter 11 Debtors’ records pertaining to the Transferred Employees (as defined in the Asset Purchase Agreement). The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Chapter 11 Debtors.

14. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings or the Chapter 11 Cases;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) in respect of any of the Chapter 11 Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment into bankruptcy made in respect of any of the Chapter 11 Debtors;

the vesting of the Canadian Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Chapter 11 Debtors and shall not be void or voidable by creditors of any of the Chapter 11 Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation

INFORMATION OFFICER’S REPORT; FEE APPROVAL

15. **THIS COURT ORDERS** that the Third Report and the actions, conduct and activities of the Information Officer as described therein be and are hereby approved.

16. **THIS COURT ORDERS** that the fees and disbursements for the period ended August 31, 2019 of the Information Officer and Norton Rose, as set out in the Fee Affidavits, be and are hereby approved.

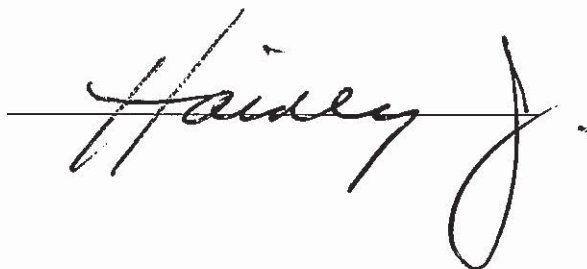
GENERAL

17. **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 of America, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and 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 Chapter 11 Debtors, the Foreign Representative and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, and their respective counsel and agents in carrying out the terms of this Order.

18. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the Foreign Representative and the Information Officer 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.

19. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

A handwritten signature in black ink, appearing to read "Haidey J.", is written over a horizontal line. The signature is cursive and extends below the line.

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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SEP 11 2019

PER / PAR:

A small, handwritten mark or signature in black ink, possibly initials, is written above the "PER / PAR:" label.

TAB K

**THIS IS EXHIBIT "K" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**

A handwritten signature in black ink, appearing to be "David Mack", written over a horizontal line. The signature is stylized and extends to the right.

David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC, et al.,¹	:	Case No. 19-11608 (MEW)
	:	
	:	Jointly Administered
Debtors.	:	
-----X		

PROCEDURES FOR FILING OMNIBUS CLAIMS OBJECTIONS

On November 5, 2019, Drivetrain, LLC, in its capacity as Plan Administrator (the “Plan Administrator”) acting on behalf of Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors” and before the Effective Date of the Plan, the “Debtors”),² filed the *Plan Administrator’s Motion for Entry of an Order (I) Approving (A) Omnibus Claims Objection Procedures and (B) Omnibus Claims Satisfaction Procedures and (II) Authorizing the Plan Administrator to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007(c) and (d)* [Docket No. 429] (the “Motion”) with the United States Bankruptcy Court for the Southern District of New York (the “Court”). On _____, 2019, the Court entered an order [Docket No. ____] (the “Order”) approving the Motion, including these omnibus objection procedures.

Omnibus Objections

1. **Grounds for Omnibus Objections.** In addition to those grounds expressly set forth in Bankruptcy Rule 3007(d), the Plan Administrator may file omnibus objections (each, an “Omnibus Objection”) to Claims on the grounds that such Claims, in part or in whole:

- a. are inconsistent with the Debtors’ books and records, so long as the Plan Administrator certifies that it has made reasonable inquiry and is not aware of any reasonable basis for the claim;
- b. fail to specify the asserted Claim amount (or only list the Claim amount as “unliquidated”);

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the *Debtors’ Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 356, Exhibit 1] (the “Plan”).

- c. are satisfied by payment in full on account of such Claim from a party that is not a Debtor or Post-Effective Date Debtor;
- d. are to be satisfied by one or more of the Debtors' insurers;
- e. are incorrectly or improperly classified;
- f. are Claims filed against multiple Debtors that were deemed eliminated pursuant to Article VI.B of the Plan.³

2. Form of Omnibus Objections. Each Omnibus Objection will be numbered consecutively, regardless of basis.

3. Supporting Documentation. To the extent appropriate, Omnibus Objections may be accompanied by an affidavit or declaration from someone with personal knowledge of the Post-Effective Date Debtors' books and records and the manner in which they are maintained that states that the affiant or the declarant has reviewed the Claims included therein and applicable supporting information and documentation provided therewith, made reasonable efforts to research the Claim on the Debtors' books and records, and determined that the books and records do not reflect the debt or the amount of debt that is alleged in the Claim.

4. Claims Exhibits. An exhibit listing the Claims that are subject to the particular Omnibus Objection will be attached thereto. Each exhibit will include only the Claims to which there is a common basis for the Omnibus Objection. Claims for which there is more than one basis for an Omnibus Objection will be referenced on each exhibit applicable thereto. The exhibits will include, without limitation, the following information, alphabetized by claimant:

- a. the Claims that are the subject of the Omnibus Objection and, if applicable, the Proof of Claim number(s) related thereto from the Claims Register;
- b. the asserted amount of the Claim;
- c. the grounds for the Omnibus Objection;
- d. a cross-reference to the section of the Omnibus Objection discussing such Claim; and

³ Article VI.B. provides as follows: "For all purposes associated with distributions under the Plan, all guarantees by any Debtor of the obligations of any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be deemed eliminated so that any obligation that could otherwise be asserted against more than one Debtor shall result in a single distribution under the Plan, provided that Claims held by a single entity at different Debtors that are not based on guarantees or joint and several liability shall be entitled to the applicable distribution for such Claim at each applicable Debtor. Any such Claims shall be released pursuant to Article VIII of the Plan and shall be subject to all potential objections, defenses, and counterclaims, and to estimation pursuant to section 502(c) of the Bankruptcy Code. For the avoidance of doubt, this shall not affect the obligation of each and every Debtor to pay fees payable pursuant to section 1930(a) of the Judicial Code until such time as a particular Chapter 11 Case is closed, dismissed, or converted, whichever occurs first."

- e. other information, as applicable, including: (i) the proposed classification of Claims the Plan Administrator seeks to reclassify; (ii) the reduced Claim amounts, of Claims the Plan Administrator seeks to reduce; or (iii) the surviving Claims, if any, of groups of Claims the Plan Administrator seeks to expunge.

5. Objection Notice. Each Omnibus Objection will be accompanied by an objection notice, substantially in the form annexed to the Order as **Exhibit B**, (the “Objection Notice”), tailored, as appropriate, to address a particular creditor, Claim, or objection, which will:

- a. describe the basic nature of the Omnibus Objection;
- b. inform creditors that their rights may be affected by the Omnibus Objection;
- c. describe the procedures for filing a written response (each, a “Response”) to the objection, including all relevant dates and deadlines related thereto;
- d. identify the hearing date, if applicable, and related information; and
- e. describe how copies of Proofs of Claim, the Omnibus Objection, and other pleadings filed in the chapter 11 cases may be obtained.

6. Notice and Service. Each Omnibus Objection will be filed with the Court and served upon (a) the affected claimant party set forth on the Proof of Claim and their respective attorney of record (if any), (b) the U.S. Trustee; and (c) parties that have filed a request for service of papers under Bankruptcy Rule 2002.

7. Omnibus Hearings. Each Omnibus Objection shall be set for hearing no less than 30 days after service of the Omnibus Objection (the “Hearing”). In the Plan Administrator’s sole discretion, and after notice to the affected claimant, the Plan Administrator may adjourn the Hearing on the Omnibus Objection to a subsequent hearing date. For Claims subject to an Omnibus Objection and with respect to which either (a) no Response is filed in accordance with the proposed response procedures or (b) a Response is filed in accordance with the proposed response procedures but such Response is resolved prior to the Hearing, the Plan Administrator may request at the Hearing that the Court enter an order granting the Omnibus Objection with respect to such Claim. If such Claims cannot be resolved and a hearing is determined to be necessary, the Plan Administrator shall file with the Court and serve on the affected claimants a notice of the hearing, to the extent the Plan Administrator did not file a notice of hearing previously.

8. Claims Paid or Payable by Third Parties. The Plan Administrator shall provide twenty-one (21) days’ notice to the affected claimant party set forth on the Proof of Claim and their respective attorney of record (if any) prior to any disallowance of such Claim on the grounds that such Claims either (a) received payment in full on account of such Claim from a party that is not the Debtors or the Post-Effective Date Debtors or (b) are to be satisfied, in part or in whole, by one or more of the Debtors’ insurers. During this period, the affected claimant

may object to such disallowance, and if the parties cannot reach an agreed resolution, the matter shall be decided by the Court.

9. Contested Matter. Each Claim subject to an Omnibus Objection, along with any Responses thereto, shall constitute a separate contested matter as contemplated by Bankruptcy Rule 9014, and any order entered by the Court will be deemed a separate order with respect to such Claim. The Plan Administrator may, in its discretion and in accordance with other orders of the Court, the Plan, or the provisions of the Bankruptcy Code and the Bankruptcy Rules, settle the priority, amount, extent, and validity of such contested Claims without any further notice to or action, order, or approval of the Court.

Responses to Omnibus Objections

10. Parties Required to File a Response. Any party who disagrees with an Omnibus Objection is required to file a Response in accordance with the procedures set forth herein. If a claimant whose Claim is subject to an Omnibus Objection does not file and serve a Response in compliance with the procedures below, the Court may grant the Omnibus Objection with respect to such Claim without further notice to the claimants.

11. Response Contents. Each Response must contain the following (at a minimum):

- a. a caption stating the name of the Court, the name of the Debtors, the case number, the title of the Omnibus Objection to which the Response is directed, and, if applicable, the Proof of Claim number(s) related thereto from the Claims Register;
- b. a concise statement setting forth the reasons why the Court should not grant the Omnibus Objection with respect to such Claim, including the factual and legal bases upon which the claimant will rely in opposing the Omnibus Objection;
- c. a copy of any other documentation or other evidence of the Claim, to the extent not already included with the Claim, upon which the claimant will rely in opposing the Omnibus Objection; *provided, however*, that the claimant need not disclose confidential, proprietary, or otherwise protected information in the Response; *provided further, however*, that the claimant shall disclose to the Plan Administrator all information and provide copies of all documents that the claimant believes to be confidential, proprietary, or otherwise protected and upon which the claimant intends to rely in support of its Claim, subject to appropriate confidentiality constraints; and
- d. the following contact information for the responding party:
 - i. the name, address, telephone number, and email address of the responding claimant or the name, address, telephone number, and email address of the claimant's attorney or designated representative to whom the attorneys for the Plan Administrator should serve a reply to the Response, if any; or

- ii. the name, address, telephone number, and email address of the party with authority to reconcile, settle, or otherwise resolve the Omnibus Objection on the claimant’s behalf.

12. Filing and Service of the Response. A Response will be deemed timely only if it is filed with the Court and *actually received* by 4:00 p.m. (prevailing Eastern Time) on the day that is twenty (20) calendar days from the date the Omnibus Objection is served (the “Response Date”) by the following parties:

Plan Administrator	Counsel to the Plan Administrator	United States Trustee
Drivetrain, LLC 410 Park Avenue, Suite 900 New York, NY 10022 Attn: Marc D. Rosenberg	Pachulski Stang Ziehl & Jones LLP 780 Third Avenue, 34 th Floor New York, NY 10017 Attn: Beth E. Levine -and- Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13 th Floor Los Angeles, CA 90067 Attn: Shirley S. Cho	Office of the United States Trustee for the Southern District of New York 201 Varick Street, Suite 1006 New York, NY 10014 Attn: Shannon Scott, Esq.

13. Discovery. If the Plan Administrator determines that discovery is necessary in advance of a hearing on an Omnibus Objection, the Plan Administrator will serve notice on the affected claimant and its counsel of record that the scheduled hearing will be treated as a status conference during which the parties will request that the Court issue a scheduling order to facilitate dismissal or resolution of the litigation. Such notice may be incorporated into the initial agenda letter for the hearing, or may be provided by separate notice. In accordance with Local Bankruptcy Rule 9014-2, the first hearing on any Omnibus Objection contested with respect to a particular Claim will not be an evidentiary hearing and there is no need for any witnesses to appear at such a hearing unless otherwise ordered by the Court in accordance with Local Bankruptcy Rule 9014-2.

14. Failure to Respond. A Response that is not filed and served by the Response Deadline in accordance with the procedures set forth herein may not be considered by the Court at the Hearing. **Absent reaching an agreement with the Plan Administrator resolving the Omnibus Objection to a Claim (as described in the Objection Notice), failure to timely file and serve a Response as set forth herein may result in the Court granting the Omnibus Objection without further notice or hearing.** Upon entry of an order sustaining an Omnibus Objection, affected creditors will be served with such order.

15. Reply to a Response. The Plan Administrator shall be permitted to file a reply to any Response no later than two (2) business days before the hearing with respect to the relevant Omnibus Objection.

Miscellaneous

16. Additional Information. Copies of these procedures, the Motion, or Order or any other pleadings (the “Pleadings”) filed in the chapter 11 cases are available for free online at the website of Omnis Agent Solutions at <http://www.omniagentsolutions.com/hollander>. You may also obtain copies of any of the Pleadings filed in the chapter 11 cases for a fee via PACER at <http://www.nysb.uscourts.gov>.

17. Reservation of Rights. NOTHING IN ANY OMNIBUS OBJECTION OR OBJECTION NOTICE IS OR SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS OF THE DEBTORS, POST-EFFECTIVE DATE DEBTORS, OR PLAN ADMINSTRATOR, AS APPLICABLE, TO DISPUTE ANY CLAIMS, ASSERT COUNTERCLAIMS, RIGHTS OF OFFSET OR RECOUPMENT, DEFENSES, OBJECT TO CLAIMS (OR OTHER CLAIMS OR CAUSES OF ACTION OF A CLAIMANT) ON ANY GROUNDS NOT PREVIOUSLY RAISED IN AN OBJECTION, UNLESS THE COURT HAS ALLOWED A CLAIM OR ORDERED OTHERWISE, OR SEEK TO ESTIMATE ANY CLAIM AT A LATER DATE. AFFECTED PARTIES WILL BE PROVIDED APPROPRIATE NOTICE THEREOF AT SUCH TIME.

TAB L

**THIS IS EXHIBIT "L" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

Bradford J. Sandler, Esq.
Shirley S. Cho, Esq.
Beth E. Levine, Esq.
PACHULSKI STANG ZIEHL & JONES LLP
780 Third Avenue, 34th Floor
New York, NY 10017
Telephone: (212) 561-7700
Facsimile: (212) 561-7777
Email: bsandler@pszjlaw.com
scho@pszjlaw.cocm
blevine@pszjlaw.com

Counsel to the Plan Administrator

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC, et al.,¹	:	Case No. 19-11608 (MEW)
	:	
Debtors.	:	Jointly Administered
	:	
-----X		

**NOTICE OF OBJECTION TO FILED PROOFS OF CLAIM AND DEADLINE
BY WHICH A RESPONSE MUST BE FILED WITH THE BANKRUPTCY COURT**

PLEASE TAKE NOTICE THAT Drivetrain, LLC, in its capacity as Plan Administrator (the “Plan Administrator”) acting on behalf of Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors” and before the Effective Date of the Plan, the “Debtors”),² is objecting to your Claim(s) by the attached objection (the “Objection”).

YOU SHOULD LOCATE YOUR NAME AND YOUR CLAIM(S) ON THE SCHEDULES ATTACHED HERETO. PLEASE TAKE NOTICE THAT, AS A RESULT OF THE OBJECTION, YOUR CLAIM(S) MAY BE DISALLOWED, EXPUNGED, RECLASSIFIED, REDUCED, OR OTHERWISE AFFECTED. THEREFORE, PLEASE READ THIS NOTICE AND THE ACCOMPANYING OBJECTION VERY CAREFULLY AND DISCUSS THEM WITH YOUR

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSFC Liquidation Limited (3477).

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Objection.

ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.

Important Information Regarding the Objection

Grounds for the Objection. By the Objection, the Plan Administrator is seeking to [disallow/expunge/reclassify/reduce] your Claim(s) listed in the schedules attached to the Objection, a copy of which has been provided with this notice.

Objection Procedures. On _____, 2019, the United States Bankruptcy Court for the Southern District of New York (the “Court”) entered an order [Docket No. ____] approving procedures for filing and resolving objection to Claims asserted against the Debtors in the chapter 11 cases (the “Objection Procedures”). *Please review the Objection Procedures to ensure your response to the Objection, if any, is timely and correctly filed and served.*

Resolving the Objection

Resolving the Objections. To facilitate the consensual resolution of the Objection, certain of the Plan Administrator’s personnel and advisors will be available to discuss and potentially resolve the Objection to disputed Claims without the need for filing a formal response or attending a hearing. To facilitate such a discussion, please contact Shirley S. Cho of Pachulski Stang Ziehl & Jones LLP, counsel to the Plan Administrator, by (i) emailing scho@pszjlaw.com or (ii) calling (310) 277-6910 within twenty (20) calendar days after the date of this notice. Please have your Proof(s) of Claim and any related material available for such discussions.

Parties Required to File a Response. If you are not able to consensually resolve the Objection filed with respect to your Claim as set forth above, you must file a response (each, a “Response”) with the Court in accordance with the procedures described below.

Response Contents. Each Response must contain the following (at a minimum):

- a. a caption stating the name of the Court, the name of the Debtors, the case number, the title of the Omnibus Objection to which the Response is directed, and, if applicable, the Proof of Claim number(s) related thereto from the Claims Register;
- b. a concise statement setting forth the reasons why the Court should not grant the Omnibus Objection with respect to such Claim, including the factual and legal bases upon which the claimant will rely in opposing the Omnibus Objection;
- c. a copy of any other documentation or other evidence of the Claim, to the extent not already included with the Claim, upon which the claimant will rely in opposing the Omnibus Objection; *provided, however*, that the claimant need not disclose confidential, proprietary, or otherwise protected information in the Response; *provided further, however*, that the claimant shall disclose to the Plan Administrator all information and provide copies

of all documents that the claimant believes to be confidential, proprietary, or otherwise protected and upon which the claimant intends to rely in support of its Claim, subject to appropriate confidentiality constraints; and

- d. the following contact information for the responding party:
 - i. the name, address, telephone number, and email address of the responding claimant or the name, address, telephone number, and email address of the claimant’s attorney or designated representative to whom the attorneys for the Plan Administrator should serve a reply to the Response, if any; or
 - ii. the name, address, telephone number, and email address of the party with authority to reconcile, settle, or otherwise resolve the Omnibus Objection on the claimant’s behalf.

Notice and Service. Your Response must be filed with the Court and served so as to be *actually received by 4:00 p.m. (prevailing Eastern Time) on [___], 2020* (the “Response Deadline”) by the following parties (the “Notice Parties”):

Plan Administrator	Counsel to the Plan Administrator	United States Trustee
Drivetrain, LLC 410 Park Avenue, Suite 900 New York, NY 10022 Attn: Marc D. Rosenberg	Pachulski Stang Ziehl & Jones LLP 780 Third Avenue, 34 th Floor New York, NY 10017 Attn: Beth E. Levine -and- Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13 th Floor Los Angeles, CA 90067 Attn: Shirley S. Cho	Office of the United States Trustee for the Southern District of New York 201 Varick Street, Suite 1006 New York, NY 10014 Attn: Shannon Scott, Esq.

Failure to Respond. A Response that is not filed a served by the Response Deadline in accordance with the procedures set forth herein may not be considered by the Court at the Hearing. **Absent reaching an agreement with the Plan Administrator resolving the Objection to a Claim, failure to timely file and serve a Response as set forth herein may result in the Court granting the Objection without further notice or hearing.** Upon entry of an order, affected creditors will be served with a notice of entry, and a copy, of the order.

Hearing on the Objection

Date, Time, and Location. A hearing (the “Hearing”) on the Objection will be held on _____, 2020 [___] prevailing Eastern Time, before the Honorable Michael E. Wiles,

United States Bankruptcy Judge for the Southern District of New York, in Courtroom 617 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10014. The hearing may be adjourned to a subsequent date in these cases in the Court's or Plan Administrator's discretion. **You must attend the Hearing if you disagree with the Objection and have filed a Response.** If such Claims cannot be resolved and a hearing is determined to be necessary, the Plan Administrator shall file with the Court and serve on the affected claimants a notice of the hearing, to the extent the Plan Administrator did not file a notice of hearing previously.

Discovery. If the Plan Administrator determines that discovery is necessary in advance of a hearing on an Omnibus Objection, the Plan Administrator will serve notice on the affected claimant and its counsel of record that the scheduled hearing will be treated as a status conference during which the parties will request that the Court issue a scheduling order to facilitate dismissal or resolution of the litigation. Such notice may be incorporated into the initial agenda letter for the hearing, or may be provided by separate notice. In accordance with Local Bankruptcy Rule 9014-2, the first hearing on any Omnibus Objection contested with respect to a particular Claim will not be an evidentiary hearing and there is no need for any witnesses to appear at such a hearing unless otherwise ordered by the Court in accordance with Local Bankruptcy Rule 9014-2.

Additional Information

Additional Information. Copies of these procedures, the Motion, or Order or any other pleadings (the "Pleadings") filed in the chapter 11 cases are available for free online at the website of Omni Agent Solutions at <http://www.omniagentsolutions.com/hollander>. You may also obtain copies of any of the Pleadings filed in the chapter 11 cases for a fee via PACER at <http://www.nysb.uscourts.gov>.

Reservation of Rights

NOTHING IN ANY OMNIBUS OBJECTION OR OBJECTION NOTICE IS OR SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS OF THE DEBTORS, POST-EFFECTIVE DATE DEBTORS, OR PLAN ADMINISTRATOR, AS APPLICABLE, TO DISPUTE ANY CLAIMS, ASSERT COUNTERCLAIMS, RIGHTS OF OFFSET OR RECOUPMENT, DEFENSES, OBJECT TO CLAIMS (OR OTHER CLAIMS OR CAUSES OF ACTION OF A CLAIMANT) ON ANY GROUNDS NOT PREVIOUSLY RAISED IN AN OBJECTION, UNLESS THE COURT HAS ALLOWED A CLAIM OR ORDERED OTHERWISE, OR SEEK TO ESTIMATE ANY CLAIM AT A LATER DATE. AFFECTED PARTIES WILL BE PROVIDED APPROPRIATE NOTICE THEREOF AT SUCH TIME.

Dated:

Bradford J. Sandler, Esq.
Shirley S. Cho, Esq.
Beth E. Levine, Esq.
PACHULSKI STANG ZIEHL & JONES LLP
780 Third Avenue, 34th Floor
New York, NY 10017
Telephone: (212) 561-7700
Facsimile: (212) 561-7777

Counsel to the Plan Administrator

TAB M

**THIS IS EXHIBIT "M" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC, et al.,¹	:	Case No. 19-11608 (MEW)
	:	
	:	Jointly Administered
	:	
Debtors.	:	
-----X		

PROCEDURES FOR SERVING NOTICES OF SATISFACTION

On November 5, 2019, Drivetrain, LLC, in its capacity as Plan Administrator (the “Plan Administrator”) acting on behalf of Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors” and before the Effective Date of the Plan, the “Debtors”),² filed the *Plan Administrator’s Motion for Entry of an Order (I) Approving (A) Omnibus Claims Objection Procedures and (B) Omnibus Claims Satisfaction Procedures and (II) Authorizing the Plan Administrator to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007(c) and (d)* [Docket No. 429] (the “Motion”) with the United States Bankruptcy Court for the Southern District of New York (the “Court”). On _____, 2019, the Court entered an order [Docket No. ___] (the “Order”) approving the Motion, including these procedures for serving notices of satisfaction (the “Satisfaction Procedures”).

Satisfaction Procedures

1. **Grounds for Satisfaction Procedures.** The Plan Administrator may serve omnibus notices of satisfaction (each, a “Notice of Satisfaction”) with respect to Claims (including administrative expense requests and assumed contracts) on the grounds that such Claims, according to the Post-Effective Date Debtors’ books and records, have been satisfied in full pursuant to the Plan or an order of the Court.

Responses to Notices of Satisfaction

2. **Parties Required to File a Response.** Any party who disagrees with a Notice of Satisfaction is required to file a response (each, a “Response”) in accordance with the procedures set forth herein, provided, however, that such party may not object to the Cure Amount or any other amount previously approved by an order of the Court. If a claimant whose Claim is subject to a Notice of Satisfaction does not file and serve a Response in compliance with the procedures

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the *Debtors’ Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 356, Exhibit 1] (the “Plan”).

below, the Plan Administrator is authorized to instruct the Notice and Claims Agent to expunge such Claim from the Claims Register without further notice to the claimant.

3. Response Contents. Each Response to a Notice of Satisfaction must contain the following (at a minimum):

- a. a caption stating the name of the Court, the name of the Debtors, the case number, the title of the Notice of Satisfaction to which the Response is directed, and, if applicable, the Proof of Claim number(s) related thereto from the Claims Register;
- b. a concise statement setting forth the reasons why the Court should not grant the Notice of Satisfaction with respect to such Claim, including the factual and legal bases upon which the claimant will rely in opposing the Notice of Satisfaction;
- c. a copy of any other documentation or other evidence of the Claim, to the extent not already included with the Claim, upon which the claimant will rely in opposing the Notice of Satisfaction; *provided, however*, that the claimant need not disclose confidential, proprietary, or otherwise protected information in the Response; *provided further, however*, that the claimant shall disclose to the Plan Administrator all information and provide copies of all documents that the claimant believes to be confidential, proprietary, or otherwise protected and upon which the claimant intends to rely in support of its Claim, subject to appropriate confidentiality constraints; and
- d. the following contact information for the responding party:
 - iii. the name, address, telephone number, and email address of the responding claimant or the name, address, telephone number, and email address of the claimant's attorney or designated representative to whom the attorneys for the Plan Administrator should serve a reply to the Response, if any; or
 - iv. the name, address, telephone number, and email address of the party with authority to reconcile, settle, or otherwise resolve the Notice of Satisfaction on the claimant's behalf.

4. Filing and Service of the Response. A Response will be deemed timely only if it is filed with the Court and actually received on or before the Response Deadline (as defined in the Notice of Satisfaction) by the following parties (the “Notice Parties”):

Plan Administrator	Counsel to the Plan Administrator	United States Trustee
Drivetrain, LLC 410 Park Avenue, Suite 900 New York, NY 10022 Attn: Marc D. Rosenberg	Pachulski Stang Ziehl & Jones LLP 780 Third Avenue, 34 th Floor New York, NY 10017 Attn: Beth E. Levine -and- Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13 th Floor Los Angeles, CA 90067 Attn: Shirley S. Cho	Office of the United States Trustee for the Southern District of New York 201 Varick Street, Suite 1006 New York, NY 10014 Attn: Shannon Scott, Esq.

5. Failure to Respond. A Response that is not filed and served by the Response Deadline in accordance with the procedures set forth herein may not be considered by the Court at the Hearing. Absent reaching an agreement with the Plan Administrator resolving the Response to the Notice of Satisfaction, failure to timely file and serve a Response as set forth herein may result in the Plan Administrator causing its Notice and Claims Agent to expunge such Claims from the Claims Register and such claimant shall not be treated as a creditor with respect to the Claim for purposes of distribution. Upon entry of an order sustaining a Notice of Satisfaction, affected creditors will be served with such order.


Miscellaneous

6. Additional Information. Copies of these procedures, the Motion, or Order or any other pleadings (the “Pleadings”) filed in the chapter 11 cases are available for free online at the website of Omni Agent Solutions at <http://www.omniagentsolutions.com/hollander>. You may also obtain copies of any of the Pleadings filed in the chapter 11 cases for a fee via PACER at <http://www.nysb.uscourts.gov>.

7. Reservation of Rights. NOTHING IN ANY NOTICE OF SATISFACTION IS OR SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS OF THE DEBTORS, POST-EFFECTIVE DATE DEBTORS, OR PLAN ADMINISTRATOR, AS APPLICABLE, TO DISPUTE ANY CLAIMS, ASSERT COUNTERCLAIMS, RIGHTS OF OFFSET OR RECOUPMENT, DEFENSES, OBJECT TO CLAIMS (OR OTHER CLAIMS OR CAUSES OF ACTION OF A CLAIMANT) ON ANY GROUNDS NOT PREVIOUSLY RAISED IN AN OBJECTION, UNLESS THE COURT HAS ALLOWED A CLAIM OR ORDERED OTHERWISE, OR SEEK TO ESTIMATE ANY CLAIM AT A LATER DATE. AFFECTED PARTIES WILL BE PROVIDED APPROPRIATE NOTICE THEREOF AT SUCH TIME.

TAB N

**THIS IS EXHIBIT "N" REFERRED TO IN
THE AFFIDAVIT OF MARC ROSENBERG
SWORN ON DECEMBER 17, 2019.**



David Mack
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02MA6387444
Qualified in Kings County
Commission Expires February 11, 2023

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
 :
In re : **Chapter 11**
 :
HSP LIQUIDATION, LLC, et al.,¹ : **Case No. 19-11608 (MEW)**
 :
 : **Jointly Administered**
Debtors. :
 -----X

NOTICE OF SATISFACTION

PLEASE TAKE NOTICE THAT Drivetrain, LLC, in its capacity as Plan Administrator (the “Plan Administrator”) acting on behalf of Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors” and before the Effective Date of the Plan, the “Debtors”),² has identified you as holding the below Claim(s) against the Debtors, which according to the Debtors’ books and records, have been satisfied in full as follows:

Claimant Name	Claim/Schedule No.	Total Claim Value

PLEASE TAKE FURTHER NOTICE THAT pursuant to the payments under the Plan and during the Debtors’ chapter 11 cases, the Plan Administrator believes you are not owed any amounts that relate to periods before May 19, 2019.

PLEASE TAKE FURTHER NOTICE THAT if you wish to contest the Plan Administrator’s position that your Claim(s) has/have been fully satisfied pursuant to the Plan or an order of the Court you must file a response in writing (each, a “Response”) and file it with the Clerk of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York, 10022-1408, Attn: Vito Genna, and served upon the undersigned and the Notice Parties:

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Objection.

Plan Administrator	Counsel to the Plan Administrator	United States Trustee
Drivetrain, LLC 410 Park Avenue, Suite 900 New York, NY 10022 Attn: Marc D. Rosenberg	Pachulski Stang Ziehl & Jones LLP 780 Third Avenue, 34 th Floor New York, NY 10017 Attn: Beth E. Levine -and- Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13 th Floor Los Angeles, CA 90067 Attn: Shirley S. Cho	Office of the United States Trustee for the Southern District of New York 201 Varick Street, Suite 1006 New York, NY 10014 Attn: Shannon Scott, Esq.

Responses, if any, must be served so as to be **actually received** on or before **4:00 p.m. prevailing Eastern Time on _____, 2020**, or such shorter time as the Court may hereafter order and of which you may receive subsequent notice (the “Response Deadline”). You may not object to a Cure Amount or any other amount previously approved by an order of the Court.

PLEASE TAKE FURTHER NOTICE THAT unless a Response is timely filed, served and received by the Response Deadline, the Plan Administrator will cause its Notice and Claims Agent to expunge such Claim from the Claims Register and such claimant shall not be treated as a creditor with respect to the Claim for purposes of distribution.

PLEASE TAKE FURTHER NOTICE THAT copies of these procedures, the Motion, or Order or any other pleadings (the “Pleadings”) filed in the chapter 11 cases are available for free online at the website of Omni Agent Solutions at <http://www.omniagentsolutions.com/hollander>. You may also obtain copies of any of the Pleadings filed in the chapter 11 cases for a fee via PACER at <http://www.nysb.uscourts.gov>. **Please do not contact the Court to discuss the merits of any Claim or any Objection filed with respect thereto.**

Dated:

Bradford J. Sandler, Esq.
Shirley S. Cho, Esq.
Beth E. Levine, Esq.
PACHULSKI STANG ZIEHL & JONES LLP
780 Third Avenue, 34th Floor
New York, NY 10017
Telephone: (212) 561-7700
Facsimile: (212) 561-7777

Counsel to the Plan Administrator

TAB 3

Court File No. CV-19-620484-00CL

**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 HOLLANDER SLEEP PRODUCTS LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED.

APPLICANT

AFFIDAVIT OF EVAN BARZ

(Sworn December 17, 2019)

I, Evan Barz, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am an associate lawyer with the law firm of Osler, Hoskin & Harcourt LLP, counsel to HSP Liquidation, LLC (formerly Hollander Sleep Products, LLC) (the “**Foreign Representative**”) in its capacity as foreign representative of Dream II Holdings, LLC, HSPC Liquidation Limited (formerly Hollander Sleep Products Canada Limited), HHFH Liquidation, LLC (formerly Hollander Home Fashions Holdings, LLC), PCF Liquidation, LLC (formerly

Pacific Coast Feather, LLC), HSPK Liquidation, LLC (formerly Hollander Sleep Products Kentucky, LLC) and PCFC Liquidation, LLC (formerly Pacific Coast Feather Cushion, LLC) that have filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Court**”). As such I have personal knowledge of the matters deposed to in this affidavit, except where indicated otherwise.

2. I swear this Affidavit in support of a motion by the Foreign Representative for an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”) recognizing and enforcing the Case Names Order, the Claims Procedure Amending Order and the Administrative Claims Bar Date Extension Order (each as defined below).

A. The U.S. Orders

3. On November 19, December 12 and December 16, 2019, the U.S. Court entered the following Orders, which the Foreign Representative is seeking to have recognized through this motion by the Ontario Court:


- (a) *Order Authorizing Change of Case Names and for Related Relief* (the “**Case Names Order**”). A copy of the Case Names Order is attached hereto as Exhibit “A”.
- (b) *Order (I) Approving (A) Omnibus Claims Objection Procedures and (B) Omnibus Claims Satisfaction Procedures, and (II) Authorizing the Plan Administrator to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007(c) and (d)* (the “**Claims Procedure Amending Order**”). A copy of the Claims Procedure Amending Order is attached hereto as Exhibit “B”.

- 3 -

(c) *Order Extending the Period to File Objections to Administrative Claims* (the “**Administrative Claims Bar Date Extension Order**”). A copy of the Administrative Claims Bar Date Extension Order is attached hereto as Exhibit “C”.

4. I make this affidavit in support of the within Motion and for no other improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on December 17, 2019.



Commissioner for Taking Affidavits

CARY FIDLER



EVAN BARZ

TAB A

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF EVAN BARZ
SWORN ON DECEMBER 17, 2019.



Commissioner for Taking Affidavits

Carly Fidler

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	:	
	:	
In re	:	Chapter 11
	:	
HOLLANDER SLEEP	:	Case No. 19-11608 (MEW)
PRODUCTS, LLC, et al.,¹	:	
	:	(Jointly Administered)
Debtors.	:	
-----X		

**ORDER AUTHORIZING CHANGE
OF CASE NAMES AND FOR RELATED RELIEF**

Upon the motion (the “Motion”)² of the Plan Administrator, acting on behalf of the Post-Effective Date Debtors, for entry of an order (this “Order”), pursuant to section 105(a) of title 11 of the United States Code, Rule 1005 of the Federal Rules of Bankruptcy Procedure, and Rule 9004-2 of the Local Bankruptcy Rules, to change certain of the Post-Effective Date Debtors’ case names, related case captions and for related relief, all as more fully set forth in the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012; and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that the venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Plan Administrator’s notice of the Motion and opportunity for a hearing thereon were appropriate under the circumstances and no other notice need be provided; and this Court having determined that the legal and factual bases set forth in

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Dream II Holdings, LLC (7915); Hollander Home Fashions Holdings, LLC (2063); Hollander Sleep Products, LLC (2143); Pacific Coast Feather, LLC (1445); Hollander Sleep Products Kentucky, LLC (4119); Pacific Coast Feather Cushion, LLC (3119); and Hollander Sleep Products Canada Limited (3477). The location of the Debtors’ service address is: 901 Yamato Road, Suite 250, Boca Raton, Florida 33431.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is

HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Plan Administrator is authorized and directed to change the corporate names

of the below Post-Effective Date Debtors as set forth in the chart below, consistent with applicable law:

<u>Current Name</u>	<u>New Name</u>	<u>Case No.</u>
Hollander Sleep Products, LLC	HSP Liquidation, LLC	19-11608
Hollander Home Fashions Holdings, LLC	HHFH Liquidation, LLC	19-11609
Hollander Sleep Products Kentucky, LLC	HSPK Liquidation, LLC	19-11610
Pacific Coast Feather, LLC	PCF Liquidation, LLC	19-11611
Pacific Coast Feather Cushion, LLC	PCFC Liquidation, LLC	19-11612
Hollander Sleep Products Canada Limited	HSPC Liquidation Limited	19-11613

3. The caption for each of the affected Post-Effective Date Debtors' chapter 11 cases shall be changed to reflect the "New Name" listed in the chart above and the jointly administered case caption for these chapter 11 cases shall hereafter read as follows:

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC , et al.,¹	:	Case No. 19-11608 (MEW)
	:	
	:	Jointly Administered
Debtors.	:	
-----X		

4. The Clerk of the United States Bankruptcy Court for the Southern District of New York and other relevant parties are authorized to take whatever actions are necessary to update the ECF filing system and their respective records to reflect the above name changes, including the docketing of this Order in each of the affected Post-Effective Date Debtors' chapter 11 cases.

5. The Plan Administrator is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

6. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: November 19, 2019

s/Michael E. Wiles

**HONORABLE MICHAEL E. WILES
UNITED STATES BANKRUPTCY JUDGE**

¹ A list of the Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor's federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); Sleep Liquidation, LLC (1445); HSP-KY Liquidation, LLC (4119); Sleep Liquidation II, LLC (3119); and HSP Liquidation Canada Limited (3477).

TAB B

THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF EVAN BARZ
SWORN ON DECEMBER 17, 2019.



Commissioner for Taking Affidavits

Carly Fidler

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC, et al.,¹	:	Case No. 19-11608 (MEW)
	:	
	:	Jointly Administered
Debtors.	:	
-----X		

ORDER (I) APPROVING (A) OMNIBUS CLAIMS OBJECTION PROCEDURES AND (B) OMNIBUS CLAIMS SATISFACTION PROCEDURES AND (II) AUTHORIZING THE PLAN ADMINISTRATOR TO FILE SUBSTANTIVE OMNIBUS OBJECTIONS TO CLAIMS PURSUANT TO BANKRUPTCY RULE 3007(c) AND (d)

Upon the motion (the “Motion”)² of the Plan Administrator, on behalf of the Post-Effective Date Debtors, for entry of an order (this “Order”), (I) approving (a) the Objection Procedures attached hereto, (b) the Satisfaction Procedures attached hereto, and (II) authorizing the Plan Administrator to assert substantive objections to Claims (including administrative expense requests) in an omnibus format pursuant to Bankruptcy Rule 3007(c) and (d), all as more fully described in the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012; and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that the venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Plan Administrator’s notice of the Motion and opportunity for a hearing thereon were appropriate

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).
² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

under the circumstances and no other notice need be provided; and this Court having reviewed the Motion; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. Notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, or the Local Bankruptcy Rules, and pursuant to Bankruptcy Rule 3007(c), the Plan Administrator may file Omnibus Objections that include objections to Claims (including administrative expense requests) on any basis provided for in Bankruptcy Rule 3007(d) and/or the following additional grounds (the “Additional Grounds”), including that such claims, in whole or in part:
 - a. are inconsistent with the Debtors’ books and records, so long as the Plan Administrator certifies that it has made reasonable inquiry and is not aware of any reasonable basis for the claim;
 - b. fail to specify the asserted Claim amount (or only list the Claim amount as “unliquidated”);
 - c. are satisfied by payment in full on account of such Claim from a party that is not a Debtor or Post-Effective Date Debtor;
 - d. are to be satisfied by one or more of the Debtors’ insurers;
 - e. are incorrectly or improperly classified; or
 - f. are Claims filed against multiple Debtors that were deemed eliminated pursuant to Article VI.B of the Plan.³

³ Article VI.B. provides as follows: “For all purposes associated with distributions under the Plan, all guarantees by any Debtor of the obligations of any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be deemed eliminated so that any obligation that could otherwise be asserted against more than one Debtor shall result in a single distribution under the Plan, provided that Claims held by a single entity at different Debtors that are not based on guarantees or joint and several liability shall be entitled to the applicable distribution for such Claim at each applicable Debtor. Any such Claims shall be released pursuant to Article VIII of the Plan and shall be subject to all potential objections, defenses, and counterclaims, and to estimation pursuant to section 502(c) of the Bankruptcy Code. For the avoidance of doubt, this shall not affect the obligation of each and every Debtor to pay fees payable pursuant to section 1930(a) of the Judicial Code until such time as a particular Chapter 11 Case is closed, dismissed, or converted, whichever occurs first.”

3. The Plan Administrator may file and prosecute any Omnibus Objections in accordance with the Objection Procedures attached hereto as **Exhibit A**, which are approved, and the other procedural safeguards set forth in Bankruptcy Rule 3007(e).

4. The form of Objection Notice attached hereto as **Exhibit B** is approved.

5. The Plan Administrator may mail Notices of Satisfaction in accordance with the Satisfaction Procedures attached hereto as **Exhibit C**, which are approved, that notify certain claimants of the Plan Administrator's belief that those Claims have been satisfied in full and will, therefore, be expunged from the Claims Register absent a response from the Claim holder.

6. The form of Notice of Satisfaction attached hereto as **Exhibit D** is approved. To the extent no response is received from a recipient of a Notice of Satisfaction, such Claim shall be expunged from the Claims Register and such recipient shall not be treated as a creditor with respect to the Claim for purposes of distribution.

7. Nothing in this Order or in the Motion is, or shall be deemed to constitute, any admission as to the validity, nature, amount, extent, or priority of any Claim asserted against the Debtors and/or Post-Effective Date Debtors, as applicable, in the chapter 11 cases, or as a waiver of any right of the Debtors, Post-Effective Date Debtors, and/or the Plan Administrator, as applicable, to dispute the validity, nature, amount, extent, or priority of, or otherwise object to, either in the same or subsequent objections, on any grounds to any such Claims.

8. The Plan Administrator is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

9. The terms, conditions, and provisions of this Order shall be immediately effective and enforceable upon entry hereof.

10. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: December 16, 2019

s/Michael E. Wiles

HONORABLE MICHAEL E. WILES
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

(Objection Procedures)

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC, et al.,¹	:	Case No. 19-11608 (MEW)
	:	
	:	Jointly Administered
Debtors.	:	
-----X		

PROCEDURES FOR FILING OMNIBUS CLAIMS OBJECTIONS

On November 5, 2019, Drivetrain, LLC, in its capacity as Plan Administrator (the “Plan Administrator”) acting on behalf of Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors” and before the Effective Date of the Plan, the “Debtors”),² filed the *Plan Administrator’s Motion for Entry of an Order (I) Approving (A) Omnibus Claims Objection Procedures and (B) Omnibus Claims Satisfaction Procedures and (II) Authorizing the Plan Administrator to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007(c) and (d)* [Docket No. 429] (the “Motion”) with the United States Bankruptcy Court for the Southern District of New York (the “Court”). On _____, 2019, the Court entered an order [Docket No. ____] (the “Order”) approving the Motion, including these omnibus objection procedures.

Omnibus Objections

1. **Grounds for Omnibus Objections.** In addition to those grounds expressly set forth in Bankruptcy Rule 3007(d), the Plan Administrator may file omnibus objections (each, an “Omnibus Objection”) to Claims on the grounds that such Claims, in part or in whole:

- a. are inconsistent with the Debtors’ books and records, so long as the Plan Administrator certifies that it has made reasonable inquiry and is not aware of any reasonable basis for the claim;
- b. fail to specify the asserted Claim amount (or only list the Claim amount as “unliquidated”);

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the *Debtors’ Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 356, Exhibit 1] (the “Plan”).

- c. are satisfied by payment in full on account of such Claim from a party that is not a Debtor or Post-Effective Date Debtor;
- d. are to be satisfied by one or more of the Debtors' insurers;
- e. are incorrectly or improperly classified;
- f. are Claims filed against multiple Debtors that were deemed eliminated pursuant to Article VI.B of the Plan.³

2. Form of Omnibus Objections. Each Omnibus Objection will be numbered consecutively, regardless of basis.

3. Supporting Documentation. To the extent appropriate, Omnibus Objections may be accompanied by an affidavit or declaration from someone with personal knowledge of the Post-Effective Date Debtors' books and records and the manner in which they are maintained that states that the affiant or the declarant has reviewed the Claims included therein and applicable supporting information and documentation provided therewith, made reasonable efforts to research the Claim on the Debtors' books and records, and determined that the books and records do not reflect the debt or the amount of debt that is alleged in the Claim.

4. Claims Exhibits. An exhibit listing the Claims that are subject to the particular Omnibus Objection will be attached thereto. Each exhibit will include only the Claims to which there is a common basis for the Omnibus Objection. Claims for which there is more than one basis for an Omnibus Objection will be referenced on each exhibit applicable thereto. The exhibits will include, without limitation, the following information, alphabetized by claimant:

- a. the Claims that are the subject of the Omnibus Objection and, if applicable, the Proof of Claim number(s) related thereto from the Claims Register;
- b. the asserted amount of the Claim;
- c. the grounds for the Omnibus Objection;
- d. a cross-reference to the section of the Omnibus Objection discussing such Claim; and

³ Article VI.B. provides as follows: "For all purposes associated with distributions under the Plan, all guarantees by any Debtor of the obligations of any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be deemed eliminated so that any obligation that could otherwise be asserted against more than one Debtor shall result in a single distribution under the Plan, provided that Claims held by a single entity at different Debtors that are not based on guarantees or joint and several liability shall be entitled to the applicable distribution for such Claim at each applicable Debtor. Any such Claims shall be released pursuant to Article VIII of the Plan and shall be subject to all potential objections, defenses, and counterclaims, and to estimation pursuant to section 502(c) of the Bankruptcy Code. For the avoidance of doubt, this shall not affect the obligation of each and every Debtor to pay fees payable pursuant to section 1930(a) of the Judicial Code until such time as a particular Chapter 11 Case is closed, dismissed, or converted, whichever occurs first."

- e. other information, as applicable, including: (i) the proposed classification of Claims the Plan Administrator seeks to reclassify; (ii) the reduced Claim amounts, of Claims the Plan Administrator seeks to reduce; or (iii) the surviving Claims, if any, of groups of Claims the Plan Administrator seeks to expunge.

5. Objection Notice. Each Omnibus Objection will be accompanied by an objection notice, substantially in the form annexed to the Order as **Exhibit B**, (the “Objection Notice”), tailored, as appropriate, to address a particular creditor, Claim, or objection, which will:

- a. describe the basic nature of the Omnibus Objection;
- b. inform creditors that their rights may be affected by the Omnibus Objection;
- c. describe the procedures for filing a written response (each, a “Response”) to the objection, including all relevant dates and deadlines related thereto;
- d. identify the hearing date, if applicable, and related information; and
- e. describe how copies of Proofs of Claim, the Omnibus Objection, and other pleadings filed in the chapter 11 cases may be obtained.

6. Notice and Service. Each Omnibus Objection will be filed with the Court and served upon (a) the affected claimant party set forth on the Proof of Claim and their respective attorney of record (if any), (b) the U.S. Trustee; and (c) parties that have filed a request for service of papers under Bankruptcy Rule 2002.

7. Omnibus Hearings. Each Omnibus Objection shall be set for hearing no less than 30 days after service of the Omnibus Objection (the “Hearing”). In the Plan Administrator’s sole discretion, and after notice to the affected claimant, the Plan Administrator may adjourn the Hearing on the Omnibus Objection to a subsequent hearing date. For Claims subject to an Omnibus Objection and with respect to which either (a) no Response is filed in accordance with the proposed response procedures or (b) a Response is filed in accordance with the proposed response procedures but such Response is resolved prior to the Hearing, the Plan Administrator may request at the Hearing that the Court enter an order granting the Omnibus Objection with respect to such Claim. If such Claims cannot be resolved and a hearing is determined to be necessary, the Plan Administrator shall file with the Court and serve on the affected claimants a notice of the hearing, to the extent the Plan Administrator did not file a notice of hearing previously.

8. Claims Paid or Payable by Third Parties. The Plan Administrator shall provide twenty-one (21) days’ notice to the affected claimant party set forth on the Proof of Claim and their respective attorney of record (if any) prior to any disallowance of such Claim on the grounds that such Claims either (a) received payment in full on account of such Claim from a party that is not the Debtors or the Post-Effective Date Debtors or (b) are to be satisfied, in part or in whole, by one or more of the Debtors’ insurers. During this period, the affected claimant

may object to such disallowance, and if the parties cannot reach an agreed resolution, the matter shall be decided by the Court.

9. Contested Matter. Each Claim subject to an Omnibus Objection, along with any Responses thereto, shall constitute a separate contested matter as contemplated by Bankruptcy Rule 9014, and any order entered by the Court will be deemed a separate order with respect to such Claim. The Plan Administrator may, in its discretion and in accordance with other orders of the Court, the Plan, or the provisions of the Bankruptcy Code and the Bankruptcy Rules, settle the priority, amount, extent, and validity of such contested Claims without any further notice to or action, order, or approval of the Court.

Responses to Omnibus Objections

10. Parties Required to File a Response. Any party who disagrees with an Omnibus Objection is required to file a Response in accordance with the procedures set forth herein. If a claimant whose Claim is subject to an Omnibus Objection does not file and serve a Response in compliance with the procedures below, the Court may grant the Omnibus Objection with respect to such Claim without further notice to the claimants.

11. Response Contents. Each Response must contain the following (at a minimum):

- a. a caption stating the name of the Court, the name of the Debtors, the case number, the title of the Omnibus Objection to which the Response is directed, and, if applicable, the Proof of Claim number(s) related thereto from the Claims Register;
- b. a concise statement setting forth the reasons why the Court should not grant the Omnibus Objection with respect to such Claim, including the factual and legal bases upon which the claimant will rely in opposing the Omnibus Objection;
- c. a copy of any other documentation or other evidence of the Claim, to the extent not already included with the Claim, upon which the claimant will rely in opposing the Omnibus Objection; *provided, however*, that the claimant need not disclose confidential, proprietary, or otherwise protected information in the Response; *provided further, however*, that the claimant shall disclose to the Plan Administrator all information and provide copies of all documents that the claimant believes to be confidential, proprietary, or otherwise protected and upon which the claimant intends to rely in support of its Claim, subject to appropriate confidentiality constraints; and
- d. the following contact information for the responding party:
 - i. the name, address, telephone number, and email address of the responding claimant or the name, address, telephone number, and email address of the claimant's attorney or designated representative to whom the attorneys for the Plan Administrator should serve a reply to the Response, if any; or

- ii. the name, address, telephone number, and email address of the party with authority to reconcile, settle, or otherwise resolve the Omnibus Objection on the claimant’s behalf.

12. Filing and Service of the Response. A Response will be deemed timely only if it is filed with the Court and *actually received* by 4:00 p.m. (prevailing Eastern Time) on the day that is twenty (20) calendar days from the date the Omnibus Objection is served (the “Response Date”) by the following parties:

Plan Administrator	Counsel to the Plan Administrator	United States Trustee
Drivetrain, LLC 410 Park Avenue, Suite 900 New York, NY 10022 Attn: Marc D. Rosenberg	Pachulski Stang Ziehl & Jones LLP 780 Third Avenue, 34 th Floor New York, NY 10017 Attn: Beth E. Levine -and- Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13 th Floor Los Angeles, CA 90067 Attn: Shirley S. Cho	Office of the United States Trustee for the Southern District of New York 201 Varick Street, Suite 1006 New York, NY 10014 Attn: Shannon Scott, Esq.

13. Discovery. If the Plan Administrator determines that discovery is necessary in advance of a hearing on an Omnibus Objection, the Plan Administrator will serve notice on the affected claimant and its counsel of record that the scheduled hearing will be treated as a status conference during which the parties will request that the Court issue a scheduling order to facilitate dismissal or resolution of the litigation. Such notice may be incorporated into the initial agenda letter for the hearing, or may be provided by separate notice. In accordance with Local Bankruptcy Rule 9014-2, the first hearing on any Omnibus Objection contested with respect to a particular Claim will not be an evidentiary hearing and there is no need for any witnesses to appear at such a hearing unless otherwise ordered by the Court in accordance with Local Bankruptcy Rule 9014-2.

14. Failure to Respond. A Response that is not filed and served by the Response Deadline in accordance with the procedures set forth herein may not be considered by the Court at the Hearing. **Absent reaching an agreement with the Plan Administrator resolving the Omnibus Objection to a Claim (as described in the Objection Notice), failure to timely file and serve a Response as set forth herein may result in the Court granting the Omnibus Objection without further notice or hearing.** Upon entry of an order sustaining an Omnibus Objection, affected creditors will be served with such order.

15. Reply to a Response. The Plan Administrator shall be permitted to file a reply to any Response no later than two (2) business days before the hearing with respect to the relevant Omnibus Objection.

Miscellaneous

16. Additional Information. Copies of these procedures, the Motion, or Order or any other pleadings (the “Pleadings”) filed in the chapter 11 cases are available for free online at the website of Omnis Agent Solutions at <http://www.omniagentsolutions.com/hollander>. You may also obtain copies of any of the Pleadings filed in the chapter 11 cases for a fee via PACER at <http://www.nysb.uscourts.gov>.

17. Reservation of Rights. NOTHING IN ANY OMNIBUS OBJECTION OR OBJECTION NOTICE IS OR SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS OF THE DEBTORS, POST-EFFECTIVE DATE DEBTORS, OR PLAN ADMINISTRATOR, AS APPLICABLE, TO DISPUTE ANY CLAIMS, ASSERT COUNTERCLAIMS, RIGHTS OF OFFSET OR RECOUPMENT, DEFENSES, OBJECT TO CLAIMS (OR OTHER CLAIMS OR CAUSES OF ACTION OF A CLAIMANT) ON ANY GROUNDS NOT PREVIOUSLY RAISED IN AN OBJECTION, UNLESS THE COURT HAS ALLOWED A CLAIM OR ORDERED OTHERWISE, OR SEEK TO ESTIMATE ANY CLAIM AT A LATER DATE. AFFECTED PARTIES WILL BE PROVIDED APPROPRIATE NOTICE THEREOF AT SUCH TIME.

Exhibit B

(Objection Notice)

Bradford J. Sandler, Esq.
Shirley S. Cho, Esq.
Beth E. Levine, Esq.
PACHULSKI STANG ZIEHL & JONES LLP
780 Third Avenue, 34th Floor
New York, NY 10017
Telephone: (212) 561-7700
Facsimile: (212) 561-7777
Email: bsandler@pszjlaw.com
scho@pszjlaw.cocm
blevine@pszjlaw.com

Counsel to the Plan Administrator

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC, et al.,¹	:	Case No. 19-11608 (MEW)
	:	
Debtors.	:	Jointly Administered
-----X		

**NOTICE OF OBJECTION TO FILED PROOFS OF CLAIM AND DEADLINE
BY WHICH A RESPONSE MUST BE FILED WITH THE BANKRUPTCY COURT**

PLEASE TAKE NOTICE THAT Drivetrain, LLC, in its capacity as Plan Administrator (the “Plan Administrator”) acting on behalf of Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors” and before the Effective Date of the Plan, the “Debtors”),² is objecting to your Claim(s) by the attached objection (the “Objection”).

YOU SHOULD LOCATE YOUR NAME AND YOUR CLAIM(S) ON THE SCHEDULES ATTACHED HERETO. PLEASE TAKE NOTICE THAT, AS A RESULT OF THE OBJECTION, YOUR CLAIM(S) MAY BE DISALLOWED, EXPUNGED, RECLASSIFIED, REDUCED, OR OTHERWISE AFFECTED. THEREFORE, PLEASE READ THIS NOTICE AND THE ACCOMPANYING OBJECTION VERY CAREFULLY AND DISCUSS THEM WITH YOUR

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Objection.

ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.

Important Information Regarding the Objection

Grounds for the Objection. By the Objection, the Plan Administrator is seeking to [disallow/expunge/reclassify/reduce] your Claim(s) listed in the schedules attached to the Objection, a copy of which has been provided with this notice.

Objection Procedures. On _____, 2019, the United States Bankruptcy Court for the Southern District of New York (the “Court”) entered an order [Docket No. ____] approving procedures for filing and resolving objection to Claims asserted against the Debtors in the chapter 11 cases (the “Objection Procedures”). *Please review the Objection Procedures to ensure your response to the Objection, if any, is timely and correctly filed and served.*

Resolving the Objection

Resolving the Objections. To facilitate the consensual resolution of the Objection, certain of the Plan Administrator’s personnel and advisors will be available to discuss and potentially resolve the Objection to disputed Claims without the need for filing a formal response or attending a hearing. To facilitate such a discussion, please contact Shirley S. Cho of Pachulski Stang Ziehl & Jones LLP, counsel to the Plan Administrator, by (i) emailing scho@pszjlaw.com or (ii) calling (310) 277-6910 within twenty (20) calendar days after the date of this notice. Please have your Proof(s) of Claim and any related material available for such discussions.

Parties Required to File a Response. If you are not able to consensually resolve the Objection filed with respect to your Claim as set forth above, you must file a response (each, a “Response”) with the Court in accordance with the procedures described below.

Response Contents. Each Response must contain the following (at a minimum):

- a. a caption stating the name of the Court, the name of the Debtors, the case number, the title of the Omnibus Objection to which the Response is directed, and, if applicable, the Proof of Claim number(s) related thereto from the Claims Register;
- b. a concise statement setting forth the reasons why the Court should not grant the Omnibus Objection with respect to such Claim, including the factual and legal bases upon which the claimant will rely in opposing the Omnibus Objection;
- c. a copy of any other documentation or other evidence of the Claim, to the extent not already included with the Claim, upon which the claimant will rely in opposing the Omnibus Objection; *provided, however*, that the claimant need not disclose confidential, proprietary, or otherwise protected information in the Response; *provided further, however*, that the claimant shall disclose to the Plan Administrator all information and provide copies

of all documents that the claimant believes to be confidential, proprietary, or otherwise protected and upon which the claimant intends to rely in support of its Claim, subject to appropriate confidentiality constraints; and

- d. the following contact information for the responding party:
 - i. the name, address, telephone number, and email address of the responding claimant or the name, address, telephone number, and email address of the claimant’s attorney or designated representative to whom the attorneys for the Plan Administrator should serve a reply to the Response, if any; or
 - ii. the name, address, telephone number, and email address of the party with authority to reconcile, settle, or otherwise resolve the Omnibus Objection on the claimant’s behalf.

Notice and Service. Your Response must be filed with the Court and served so as to be *actually received by 4:00 p.m. (prevailing Eastern Time) on [___], 2020* (the “Response Deadline”) by the following parties (the “Notice Parties”):

Plan Administrator	Counsel to the Plan Administrator	United States Trustee
Drivetrain, LLC 410 Park Avenue, Suite 900 New York, NY 10022 Attn: Marc D. Rosenberg	Pachulski Stang Ziehl & Jones LLP 780 Third Avenue, 34 th Floor New York, NY 10017 Attn: Beth E. Levine -and- Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13 th Floor Los Angeles, CA 90067 Attn: Shirley S. Cho	Office of the United States Trustee for the Southern District of New York 201 Varick Street, Suite 1006 New York, NY 10014 Attn: Shannon Scott, Esq.

Failure to Respond. A Response that is not filed a served by the Response Deadline in accordance with the procedures set forth herein may not be considered by the Court at the Hearing. **Absent reaching an agreement with the Plan Administrator resolving the Objection to a Claim, failure to timely file and serve a Response as set forth herein may result in the Court granting the Objection without further notice or hearing.** Upon entry of an order, affected creditors will be served with a notice of entry, and a copy, of the order.

Hearing on the Objection

Date, Time, and Location. A hearing (the “Hearing”) on the Objection will be held on _____, 2020 [___] prevailing Eastern Time, before the Honorable Michael E. Wiles,

United States Bankruptcy Judge for the Southern District of New York, in Courtroom 617 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10014. The hearing may be adjourned to a subsequent date in these cases in the Court's or Plan Administrator's discretion. **You must attend the Hearing if you disagree with the Objection and have filed a Response.** If such Claims cannot be resolved and a hearing is determined to be necessary, the Plan Administrator shall file with the Court and serve on the affected claimants a notice of the hearing, to the extent the Plan Administrator did not file a notice of hearing previously.

Discovery. If the Plan Administrator determines that discovery is necessary in advance of a hearing on an Omnibus Objection, the Plan Administrator will serve notice on the affected claimant and its counsel of record that the scheduled hearing will be treated as a status conference during which the parties will request that the Court issue a scheduling order to facilitate dismissal or resolution of the litigation. Such notice may be incorporated into the initial agenda letter for the hearing, or may be provided by separate notice. In accordance with Local Bankruptcy Rule 9014-2, the first hearing on any Omnibus Objection contested with respect to a particular Claim will not be an evidentiary hearing and there is no need for any witnesses to appear at such a hearing unless otherwise ordered by the Court in accordance with Local Bankruptcy Rule 9014-2.

Additional Information

Additional Information. Copies of these procedures, the Motion, or Order or any other pleadings (the "Pleadings") filed in the chapter 11 cases are available for free online at the website of Omni Agent Solutions at <http://www.omniagentsolutions.com/hollander>. You may also obtain copies of any of the Pleadings filed in the chapter 11 cases for a fee via PACER at <http://www.nysb.uscourts.gov>.

Reservation of Rights

NOTHING IN ANY OMNIBUS OBJECTION OR OBJECTION NOTICE IS OR SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS OF THE DEBTORS, POST-EFFECTIVE DATE DEBTORS, OR PLAN ADMINISTRATOR, AS APPLICABLE, TO DISPUTE ANY CLAIMS, ASSERT COUNTERCLAIMS, RIGHTS OF OFFSET OR RECOUPMENT, DEFENSES, OBJECT TO CLAIMS (OR OTHER CLAIMS OR CAUSES OF ACTION OF A CLAIMANT) ON ANY GROUNDS NOT PREVIOUSLY RAISED IN AN OBJECTION, UNLESS THE COURT HAS ALLOWED A CLAIM OR ORDERED OTHERWISE, OR SEEK TO ESTIMATE ANY CLAIM AT A LATER DATE. AFFECTED PARTIES WILL BE PROVIDED APPROPRIATE NOTICE THEREOF AT SUCH TIME.

Dated:

Bradford J. Sandler, Esq.
Shirley S. Cho, Esq.
Beth E. Levine, Esq.
PACHULSKI STANG ZIEHL & JONES LLP
780 Third Avenue, 34th Floor
New York, NY 10017
Telephone: (212) 561-7700
Facsimile: (212) 561-7777

Counsel to the Plan Administrator

EXHIBIT C

(Satisfaction Procedures)

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC, et al.,¹	:	Case No. 19-11608 (MEW)
	:	
	:	Jointly Administered
	:	
Debtors.	:	
-----X		

PROCEDURES FOR SERVING NOTICES OF SATISFACTION

On November 5, 2019, Drivetrain, LLC, in its capacity as Plan Administrator (the “Plan Administrator”) acting on behalf of Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors” and before the Effective Date of the Plan, the “Debtors”),² filed the *Plan Administrator’s Motion for Entry of an Order (I) Approving (A) Omnibus Claims Objection Procedures and (B) Omnibus Claims Satisfaction Procedures and (II) Authorizing the Plan Administrator to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007(c) and (d)* [Docket No. 429] (the “Motion”) with the United States Bankruptcy Court for the Southern District of New York (the “Court”). On _____, 2019, the Court entered an order [Docket No. ___] (the “Order”) approving the Motion, including these procedures for serving notices of satisfaction (the “Satisfaction Procedures”).

Satisfaction Procedures

1. **Grounds for Satisfaction Procedures.** The Plan Administrator may serve omnibus notices of satisfaction (each, a “Notice of Satisfaction”) with respect to Claims (including administrative expense requests and assumed contracts) on the grounds that such Claims, according to the Post-Effective Date Debtors’ books and records, have been satisfied in full pursuant to the Plan or an order of the Court.

Responses to Notices of Satisfaction

2. **Parties Required to File a Response.** Any party who disagrees with a Notice of Satisfaction is required to file a response (each, a “Response”) in accordance with the procedures set forth herein, provided, however, that such party may not object to the Cure Amount or any other amount previously approved by an order of the Court. If a claimant whose Claim is subject to a Notice of Satisfaction does not file and serve a Response in compliance with the procedures

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the *Debtors’ Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 356, Exhibit 1] (the “Plan”).

below, the Plan Administrator is authorized to instruct the Notice and Claims Agent to expunge such Claim from the Claims Register without further notice to the claimant.

3. Response Contents. Each Response to a Notice of Satisfaction must contain the following (at a minimum):

- a. a caption stating the name of the Court, the name of the Debtors, the case number, the title of the Notice of Satisfaction to which the Response is directed, and, if applicable, the Proof of Claim number(s) related thereto from the Claims Register;
- b. a concise statement setting forth the reasons why the Court should not grant the Notice of Satisfaction with respect to such Claim, including the factual and legal bases upon which the claimant will rely in opposing the Notice of Satisfaction;
- c. a copy of any other documentation or other evidence of the Claim, to the extent not already included with the Claim, upon which the claimant will rely in opposing the Notice of Satisfaction; *provided, however*, that the claimant need not disclose confidential, proprietary, or otherwise protected information in the Response; *provided further, however*, that the claimant shall disclose to the Plan Administrator all information and provide copies of all documents that the claimant believes to be confidential, proprietary, or otherwise protected and upon which the claimant intends to rely in support of its Claim, subject to appropriate confidentiality constraints; and
- d. the following contact information for the responding party:
 - iii. the name, address, telephone number, and email address of the responding claimant or the name, address, telephone number, and email address of the claimant's attorney or designated representative to whom the attorneys for the Plan Administrator should serve a reply to the Response, if any; or
 - iv. the name, address, telephone number, and email address of the party with authority to reconcile, settle, or otherwise resolve the Notice of Satisfaction on the claimant's behalf.

4. Filing and Service of the Response. A Response will be deemed timely only if it is filed with the Court and actually received on or before the Response Deadline (as defined in the Notice of Satisfaction) by the following parties (the “Notice Parties”):

Plan Administrator	Counsel to the Plan Administrator	United States Trustee
Drivetrain, LLC 410 Park Avenue, Suite 900 New York, NY 10022 Attn: Marc D. Rosenberg	Pachulski Stang Ziehl & Jones LLP 780 Third Avenue, 34 th Floor New York, NY 10017 Attn: Beth E. Levine -and- Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13 th Floor Los Angeles, CA 90067 Attn: Shirley S. Cho	Office of the United States Trustee for the Southern District of New York 201 Varick Street, Suite 1006 New York, NY 10014 Attn: Shannon Scott, Esq.

5. Failure to Respond. A Response that is not filed and served by the Response Deadline in accordance with the procedures set forth herein may not be considered by the Court at the Hearing. Absent reaching an agreement with the Plan Administrator resolving the Response to the Notice of Satisfaction, failure to timely file and serve a Response as set forth herein may result in the Plan Administrator causing its Notice and Claims Agent to expunge such Claims from the Claims Register and such claimant shall not be treated as a creditor with respect to the Claim for purposes of distribution. Upon entry of an order sustaining a Notice of Satisfaction, affected creditors will be served with such order.

Miscellaneous

6. Additional Information. Copies of these procedures, the Motion, or Order or any other pleadings (the “Pleadings”) filed in the chapter 11 cases are available for free online at the website of Omni Agent Solutions at <http://www.omniagentsolutions.com/hollander>. You may also obtain copies of any of the Pleadings filed in the chapter 11 cases for a fee via PACER at <http://www.nysb.uscourts.gov>.

7. Reservation of Rights. NOTHING IN ANY NOTICE OF SATISFACTION IS OR SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS OF THE DEBTORS, POST-EFFECTIVE DATE DEBTORS, OR PLAN ADMINISTRATOR, AS APPLICABLE, TO DISPUTE ANY CLAIMS, ASSERT COUNTERCLAIMS, RIGHTS OF OFFSET OR RECOUPMENT, DEFENSES, OBJECT TO CLAIMS (OR OTHER CLAIMS OR CAUSES OF ACTION OF A CLAIMANT) ON ANY GROUNDS NOT PREVIOUSLY RAISED IN AN OBJECTION, UNLESS THE COURT HAS ALLOWED A CLAIM OR ORDERED OTHERWISE, OR SEEK TO ESTIMATE ANY CLAIM AT A LATER DATE. AFFECTED PARTIES WILL BE PROVIDED APPROPRIATE NOTICE THEREOF AT SUCH TIME.

EXHIBIT D

(Notice of Satisfaction)

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
 :
In re : **Chapter 11**
 :
HSP LIQUIDATION, LLC, et al.,¹ : **Case No. 19-11608 (MEW)**
 :
 : **Jointly Administered**
Debtors. :
 -----X

NOTICE OF SATISFACTION

PLEASE TAKE NOTICE THAT Drivetrain, LLC, in its capacity as Plan Administrator (the “Plan Administrator”) acting on behalf of Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors” and before the Effective Date of the Plan, the “Debtors”),² has identified you as holding the below Claim(s) against the Debtors, which according to the Debtors’ books and records, have been satisfied in full as follows:

Claimant Name	Claim/Schedule No.	Total Claim Value

PLEASE TAKE FURTHER NOTICE THAT pursuant to the payments under the Plan and during the Debtors’ chapter 11 cases, the Plan Administrator believes you are not owed any amounts that relate to periods before May 19, 2019.

PLEASE TAKE FURTHER NOTICE THAT if you wish to contest the Plan Administrator’s position that your Claim(s) has/have been fully satisfied pursuant to the Plan or an order of the Court you must file a response in writing (each, a “Response”) and file it with the Clerk of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York, 10022-1408, Attn: Vito Genna, and served upon the undersigned and the Notice Parties:

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

² All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Objection.

Plan Administrator	Counsel to the Plan Administrator	United States Trustee
Drivetrain, LLC 410 Park Avenue, Suite 900 New York, NY 10022 Attn: Marc D. Rosenberg	Pachulski Stang Ziehl & Jones LLP 780 Third Avenue, 34 th Floor New York, NY 10017 Attn: Beth E. Levine -and- Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13 th Floor Los Angeles, CA 90067 Attn: Shirley S. Cho	Office of the United States Trustee for the Southern District of New York 201 Varick Street, Suite 1006 New York, NY 10014 Attn: Shannon Scott, Esq.

Responses, if any, must be served so as to be **actually received** on or before **4:00 p.m. prevailing Eastern Time on _____, 2020**, or such shorter time as the Court may hereafter order and of which you may receive subsequent notice (the “Response Deadline”). You may not object to a Cure Amount or any other amount previously approved by an order of the Court.

PLEASE TAKE FURTHER NOTICE THAT unless a Response is timely filed, served and received by the Response Deadline, the Plan Administrator will cause its Notice and Claims Agent to expunge such Claim from the Claims Register and such claimant shall not be treated as a creditor with respect to the Claim for purposes of distribution.

PLEASE TAKE FURTHER NOTICE THAT copies of these procedures, the Motion, or Order or any other pleadings (the “Pleadings”) filed in the chapter 11 cases are available for free online at the website of Omni Agent Solutions at <http://www.omniagentsolutions.com/hollander>. You may also obtain copies of any of the Pleadings filed in the chapter 11 cases for a fee via PACER at <http://www.nysb.uscourts.gov>. **Please do not contact the Court to discuss the merits of any Claim or any Objection filed with respect thereto.**

Dated:

Bradford J. Sandler, Esq.
Shirley S. Cho, Esq.
Beth E. Levine, Esq.
PACHULSKI STANG ZIEHL & JONES LLP
780 Third Avenue, 34th Floor
New York, NY 10017
Telephone: (212) 561-7700
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Counsel to the Plan Administrator

TAB C

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF EVAN BARZ
SWORN ON DECEMBER 17, 2019.



Commissioner for Taking Affidavits

CARLY FIDLER

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	:	
	:	
In re	:	Chapter 11
	:	
HSP LIQUIDATION, LLC, et al.,¹	:	Case No. 19-11608 (MEW)
	:	
	:	Jointly Administered
Debtors.	:	
-----X		

**ORDER EXTENDING THE PERIOD
TO FILE OBJECTIONS TO ADMINISTRATIVE CLAIMS**

Upon the motion (the “Motion”)² of the Plan Administrator, acting on behalf of the Post-Effective Date Debtors, for entry of an order (this “Order”), pursuant to sections 105(a) and 1142(b) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 9006(b) of the Federal Rules of Bankruptcy Procedure to extend the Administrative Claims Objection Bar Date, as more fully described in the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012; and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that the venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Plan Administrator’s notice of the Motion and opportunity for a hearing thereon were appropriate under the circumstances and no other notice need be provided; and this Court having

¹ The Post-Effective Date Debtors in these chapter 11 cases, along with the last four digits of each Post-Effective Date Debtor’s federal tax identification number are: Dream II Holdings, LLC (7915); HHFH Liquidation, LLC (2063); HSP Liquidation, LLC (2143); PCF Liquidation, LLC (1445); HSPK Liquidation, LLC (4119); PCFC Liquidation, LLC (3119); and HSPC Liquidation Limited (3477).

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

reviewed the Motion; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is

HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Administrative Claims Objection Bar Date is extended to and including January 30, 2020.
3. This Order is without prejudice to the Plan Administrator's right to request further extension(s) of the Administrative Claims Objection Bar Date.
4. The Plan Administrator is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.
5. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: December 12, 2019

/s/Michael E. Wiles
THE HONORABLE MICHAEL E. WILES
UNITED STATES BANKRUPTCY JUDGE

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

Court File No: CV-19-620484-00CL

AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

AFFIDAVIT OF EVAN BARZ

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Lawyers for the Applicant

Matter No: 1200852

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

Court File No: CV-19-620484-00CL

AND IN THE MATTER OF HOLLANDER SLEEP PRODUCTS LLC, HOLLANDER SLEEP PRODUCTS CANADA LIMITED, DREAM II HOLDINGS, LLC, HOLLANDER HOME FASHIONS HOLDINGS, LLC, PACIFIC COAST FEATHER, LLC, HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, AND PACIFIC COAST FEATHER CUSHION, LLC

APPLICATION OF HOLLANDER SLEEP PRODUCTS LLC UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

MOTION RECORD

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