



**Second Report of
KSV Kofman Inc. as
Information Officer 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**

August 2, 2019

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COURT FILE NO.: CV19-620484-00CL

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

SECOND REPORT OF KSV KOFMAN INC.
AS INFORMATION OFFICER

AUGUST 2, 2019

1.0 Introduction

1. On May 19, 2019, Hollander Sleep Products, LLC (the "Foreign Representative"), Dream II Holdings, LLC, Hollander Home Fashions Holdings, LLC, Pacific Coast Feather, LLC, Hollander Sleep Products Kentucky, LLC, Pacific Coast Feather Cushion, LLC (collectively, the "US Debtors") and Hollander Sleep Products Canada Limited (the "Canadian Debtor" and together with the US Debtors, the "Chapter 11 Debtors") commenced proceedings by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (the "US Court") (the "Chapter 11 Proceedings").
2. On May 21, 2019, the US Court heard the Chapter 11 Debtors' first day motions and granted certain orders on May 22, 2019 and May 23, 2019 (collectively, the "First Day Orders").
3. On May 23, 2019, the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court") issued the following orders pursuant to Part IV of the *Companies' Creditors Arrangement Act* ("CCAA"):
 - a) the Initial Recognition Order (Foreign Main Proceeding), a copy of which is attached as Appendix "A", which, *inter alia*, recognizes the Chapter 11 Proceedings as a "foreign main proceeding" and recognizes the Foreign Representative as the "foreign representative", as defined in section 45 of the CCAA, and stays all proceedings against the Chapter 11 Debtors; and

- b) the Supplemental Order (Foreign Main Proceeding) (the “Supplemental Order”), a copy of which is attached as Appendix “B” (without schedules), which, *inter alia*, appoints KSV Kofman Inc. (“KSV”) as Information Officer in these proceedings (in such capacity, the “Information Officer”), grants certain stays as set out therein, grants the Administration Charge and the DIP ABL Charge (each as defined in the Supplemental Order) and recognizes certain of the First Day Orders.
- 4. On July 21, 2019, the Chapter 11 Debtors filed an amended disclosure statement (the “Disclosure Statement”) with respect to the Chapter 11 Debtors’ Amended Joint Plan of Reorganization (the “Plan”). Solicitation versions of the Plan and the Disclosure Statement were filed with the US Court on July 25, 2019.
- 5. The principal purpose of the Chapter 11 Proceedings is to implement a restructuring transaction for the Chapter 11 Debtors either through a debt-to-equity transaction with the Chapter 11 Debtors’ term lenders contemplated by the Plan and a restructuring support and settlement agreement dated as of May 19, 2019, as amended (the “RSA”), or pursuant to a superior going-concern transaction generated by the court-approved sale process (“Sale Process”)¹ being carried out by Houlihan Lokey Capital, Inc. (“Houlihan”).
- 6. This report (“Report”) has been filed with the Canadian Court in KSV’s capacity as Information Officer.

1.1 Purposes of this Report

- 1. The purposes of this Report are to:
 - a) provide an update on the Chapter 11 Proceedings and a summary of the US Court orders for which Canadian Court recognition is being sought by the Foreign Representative at this time;
 - b) provide the Information Officer’s commentary on the reasonableness of the Foreign Representative’s request that the Canadian Court recognize:
 - i. a US Court order entered on July 25, 2019, pursuant to which, *inter alia*, the adequacy of the information in the Disclosure Statement, the solicitation and voting procedures on the Plan and the Plan confirmation schedule was approved (the “Disclosure Statement Order”);

¹ The Sale Process and bidding procedures were approved by the US Court on July 3, 2019 and recognized by the Canadian Court on July 5, 2019.

- ii. a US Court order pursuant to which, *inter alia*, the Chapter 11 Debtors' key employee retention plans ("KERP") were approved (the "KERP Order")²;
 - iii. certain other US Court orders summarized in this Report; and
- c) recommend that this Court grant the relief sought by the Foreign Representative.

1.2 Currency

1. All currency references in this Report are to US dollars.

1.3 Restrictions

1. In preparing this Report, the Information Officer has relied upon unaudited financial information prepared by the Chapter 11 Debtors' representatives, the Chapter 11 Debtors' books and records and discussions with the Chapter 11 Debtors' Canadian counsel and financial advisor.
2. The Information Officer has not performed an audit or other verification of such information. An examination of the Chapter 11 Debtors' financial forecasts as outlined in the *Chartered Professional Accountants of Canada Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on the Chapter 11 Debtors' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Information Officer expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report or relied upon by the Information Officer in its preparation of this Report.

2.0 Background

1. The Chapter 11 Debtors operate in the bedding products market, manufacturing pillows, comforters, mattress pads and other bedding products. The Chapter 11 Debtors produce bedding items for certain well-known brands, including Ralph Lauren®, Simmons®, Beautyrest®, Nautica® and Waverly®.
2. The Canadian Debtor is the Chapter 11 Debtors' only operating entity in Canada, which operates from leased manufacturing facilities in Toronto and Montreal. There are approximately 240 employees of the Canadian Debtor – its workforce is not unionized and it does not maintain any registered pension plans.
3. The Chapter 11 Debtors' net revenue for their fiscal year ended December 31, 2018 was approximately \$527 million, of which the Canadian Debtor comprised approximately \$51 million.

² As at the time of finalizing this Report, the KERP Order was not yet entered by the US Court as certain minor amendments were being made. The Information Officer understands that the KERP Order is expected to be entered prior to the return of the Foreign Representative's motion, failing which recognition of the KERP Order will be adjourned.

4. Further information concerning the Chapter 11 Debtors' background, their corporate structure, the Chapter 11 Proceedings, the RSA and the Plan is provided in the Report of the Proposed Information Officer dated May 23, 2019, a copy of which (without appendices) is attached as Appendix "C" and the affidavits of Marc Pfefferle sworn May 23, 2019 and July 3, 2019. Accordingly, that information is not repeated in this Report. Copies of all materials filed with the Canadian Court in these proceedings are available on the Information Officer's website at <https://www.ksvadvisory.com/insolvency-cases/case/hollander-sleep-products-canada-limited>.

2.1 Funding of these Proceedings

1. The Chapter 11 Proceedings are being funded by two separate debtor-in-possession ("DIP") loan facilities, being:
 - a) a \$90 million asset-based lending ("ABL") credit facility among the Chapter 11 Debtors and their prepetition ABL lenders, being Wells Fargo Bank, National Association (the "DIP ABL Agent"), as agent for and on behalf of itself and other lenders (the "DIP ABL Facility"). The DIP ABL Facility was approved pursuant to a US Court final order entered on July 3, 2019 (the "Final DIP ABL Order"), which was recognized by the Canadian Court on July 5, 2019; and
 - b) a \$28 million DIP facility with the US Debtors' prepetition term loan lenders (the "DIP Term Loan Facility"). The Canadian Debtor is not a borrower or guarantor under the DIP Term Loan Facility. The DIP Term Loan Facility was approved pursuant to a US Court final order entered on July 19, 2019 and the Foreign Representative seeks recognition of this order by the Canadian Court, as discussed below.
2. As at July 12, 2019, the amounts drawn on the DIP ABL Facility and the DIP Term Loan Facility totalled approximately \$43.9 and \$18.2 million, respectively. Based on the most recent bi-weekly reporting submitted to the DIP ABL Agent on July 19, 2019, the Chapter 11 Debtors are in compliance with the terms and conditions of the DIP ABL Facility.

2.2 Claims Process

1. On June 21, 2019, the US Court granted an order which establishes deadlines for filing proofs of claim, approving procedures for submitting proofs of claim, approving notice thereof and granting related relief (the "Bar Date Order").
2. The Bar Date Order was recognized by the Canadian Court pursuant to an order made on July 5, 2019.

2.3 The Official Committee of Unsecured Creditors

1. On May 30, 2019, the US Trustee appointed an official committee of unsecured creditors in the Chapter 11 Proceedings (the "UCC"). The five members of the UCC are Roind Hometex Co., Ltd. ("Roind"), Hangzhou Chuangyuan Feather Co., Ltd. ("CY Feather"), Hollander NC IA LLC, Nap Industries, Inc. ("Nap") and Packaging Corporation of America.

2. Three of the five members of the UCC, being Roind, CY Feather and Nap, are also creditors and vendors of the Canadian Debtor.
3. Since its appointment, the UCC and its legal and financial advisors have been actively engaged in the Chapter 11 Proceedings, principally to negotiate and settle the terms of the Plan, the RSA and the US Court orders.

3.0 Proposed Recognition of US Court Orders³

1. The Information Officer's summary of the substantive US Court orders for which Canadian Court approval is being sought is provided in the following sections of this Report.

3.1 The Disclosure Statement Order

1. On July 25, 2019, the US Court entered the Disclosure Statement Order. The Disclosure Statement Order, *inter alia*, approves the adequacy of information in the Disclosure Statement, the purpose of which is to provide Holders of Claims entitled to vote on the Plan with information to make an informed decision as to whether to accept or reject the Plan, approves the Solicitation and Voting Procedures and approves the Plan confirmation schedule.
2. The Solicitation Package to be sent to Holders of Claims, which includes General Unsecured Creditors of the Canadian Debtor, includes the Disclosure Statement and exhibits thereto, including a cover letter from the Chapter 11 Debtors, the Plan, a copy of the Solicitation and Voting Procedures, a form of Ballot, the Confirmation Hearing Notice and the Committee Support Letter, which provides the basis for the UCC's support of the Plan.
3. The Disclosure Statement Order provides the following milestones and deadlines with respect to the solicitation of votes and confirmation of the Plan:

Milestone	Deadline
Voting Record Date	July 29, 2019
Distribution of Solicitation Packages to Holders of Claims	July 31, 2019
Filing of all Objections to the Plan	August 28, 2019
Filing Voting Ballots with Omni Management Group ("OMNI") ⁴	August 28, 2019
Confirmation Brief and Reply Deadline	September 3, 2019
Filing Voting Report	September 3, 2019
Plan Confirmation Hearing ⁵	September 4, 2019

4. On August 1, 2019, the Confirmation Hearing Notice was published in the national editions of *The New York Times*, *USA Today* and *The Globe and Mail*. A copy of the Confirmation Hearing Notice is attached as Appendix "D".

³ Capitalized terms not otherwise defined in this section of the Report have the meanings provided to them in the applicable US Court order.

⁴ OMNI is the Chapter 11 Debtors' solicitation agent.

⁵ The Plan is also conditional on Canadian Court recognition of the Plan Confirmation Order, should it be issued by the US Court.

5. The Information Officer believes that recognition of the Disclosure Statement Order is reasonable and appropriate for the following reasons:
 - a) in the Information Officer's view, the Disclosure Statement provides Holders of Claims with adequate information to decide whether to vote to accept or reject the Plan, including the Chapter 11 Debtors' liquidation analysis, financial projections and recommendation letters from both the Chapter 11 Debtors and the UCC;
 - b) the voting deadline will occur one month following the solicitation deadline. As many of the potential claimants of the Chapter 11 Debtors are comprised of overseas suppliers, including the Canadian Debtor's vendor base, this should provide an appropriate amount of time for these creditors to make inquiries and submit Ballots;
 - c) in the Information Officer's experience, the Solicitation and Voting Procedures are consistent with typical voting procedure orders issued and/or recognized by the Canadian Court in the context of cross-border insolvency proceedings;
 - d) the Disclosure Statement Order contemplates one comprehensive process for all creditors of the Chapter 11 Debtors, wherever they may be located. In this regard, the voting procedures with respect to the Canadian Debtor are to be addressed on the same basis as the US Debtors; and
 - e) recognition of the Disclosure Statement Order is contemplated by the DIP ABL Facility, which includes a condition that the Disclosure Statement Order be recognized by the Canadian Court within three business days, as such date may be extended by the DIP ABL Agent. On July 25, 2019, that date was extended by the DIP ABL Agent to August 6, 2019, being the return date of the Foreign Representative's motion. A copy of the July 25th email from US counsel to the DIP ABL Agent is attached as Appendix "E".
6. Based on the foregoing, the Information Officer recommends that the Canadian Court grant an order recognizing the Disclosure Statement Order.

3.2 The KERP Order

1. The KERP contemplates the following two bonus plans for 74 of the Chapter 11 Debtors' 2,370 employees (collectively, the "Participants"):
 - a) "stay bonuses" for 47 employees, three of which are employees of the Canadian Debtor; and
 - b) an incentive plan for 27 employees at the US Debtors' plant in Thomson, Georgia, which is presently in the process of being shut down.

2. The attributes of the KERP are summarized as follows:
 - a) the aggregate cost of the KERP is up to \$554,000, representing an average cost per Participant of approximately \$7,500;
 - b) no single Participant is eligible for an award in excess of \$20,000. The potential awards range from approximately 2.4% to 14.9% of a Participant's base salary; and
 - c) the KERP is to be paid in one installment provided the applicable Participant remains employed with the Chapter 11 Debtors at least three months following the effective date of the Plan or upon the closing of a transaction for all or substantially all of the Chapter 11 Debtors' assets.
3. The Information Officer understands that Participants were selected through consultation with department heads based on the nature and complexity of their role, how likely the Participant was to leave and the ease at which they could be replaced. None of the Participants are officers and/or directors of any of the Chapter 11 Debtors.
4. The Information Officer considered the following in assessing the reasonableness of the KERP:
 - a) the quantum of the KERP on an aggregate and per Participant basis is not unreasonable;
 - b) according to the Chapter 11 Debtors, the departure of any Participant would cause disruption to the ongoing operations during the restructuring process;
 - c) the Georgia plant Participants are required to implement an orderly wind-down of that production facility; and
 - d) the KERP was developed to provide Participants with the motivation to remain with the Chapter 11 Debtors during the restructuring process and to align the interests of the Chapter 11 Debtors, the Participants and the creditors.
5. The Information Officer understands that the KERP Order was approved in substance by the US Court on August 1, 2019, subject to minor amendments required to the order. As at the date of this Report, the KERP Order has not yet been entered. The Information Officer recommends that the Canadian Court grant an order recognizing the KERP Order once it is entered by the US Court.

3.3 Other

1. The other US Court orders for which Canadian Court recognition is being sought are summarized below.
 - a) The Houlihan Orders: On July 10, 2019 and August 1, 2019, the US Court granted orders, which, *inter alia*, authorize the employment and retention of Houlihan as the Chapter 11 Debtors' financial advisor and investment banker *nunc pro tunc* to the petition date and to provide certain analytical services to the Chapter 11 Debtors' disinterested director. The Information Officer has reviewed the terms of Houlihan's retention and believes them to be consistent with market.

- b) The Final DIP Term Order: On July 19, 2019, the US Court granted an order, which, *inter alia*, authorizes the \$28 million DIP Term Loan Facility (the “Final DIP Term Order”). As noted above, the Canadian Debtor is not a borrower or guarantor under the DIP Term Loan Facility. However, on the basis that the first two Interim DIP Term Orders were recognized by the Canadian Court, the Information Officer believes it is reasonable for the Final DIP Term Order to be recognized as well.

4.0 Conclusion and Recommendation

1. Based on the foregoing, the Information Officer recommends that this Court grant the relief being sought by the Foreign Representative.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc".

KSV KOFMAN INC.

**IN ITS CAPACITY AS INFORMATION OFFICER 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
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.

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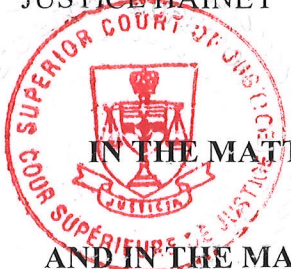
THURSDAY, THE 23RD

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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

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.

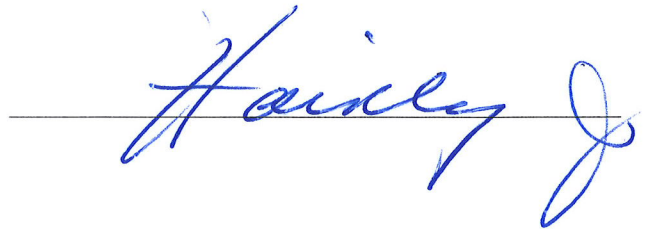
GENERAL

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:



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

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

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Lawyers for the Applicant

Appendix “B”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.

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THURSDAY, THE 23RD

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JUSTICE HAINEY

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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,
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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

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.

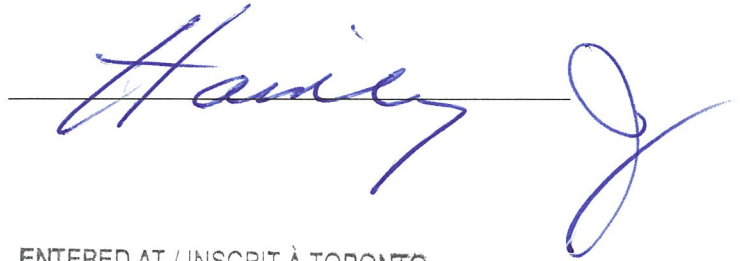
34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer, 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.



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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Lawyers for the Applicant

Appendix “C”



**Report of
KSV Kofman Inc. as
Proposed Information Officer 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**

May 23, 2019

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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**

**REPORT OF KSV KOFMAN INC.
AS PROPOSED INFORMATION OFFICER**

MAY 23, 2019

1.0 Introduction

1. On May 19, 2019, Hollander Sleep Products, LLC (the "Foreign Representative"), Dream II Holdings, LLC, Hollander Home Fashions Holdings, LLC, Pacific Coast Feather, LLC, Hollander Sleep Products Kentucky, LLC, Pacific Coast Feather Cushion, LLC (collectively, the "US Debtors") and Hollander Sleep Products Canada Limited (the "Canadian Debtor" and together with the US Debtors, the "Chapter 11 Debtors"), commenced proceedings by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "US Court") (the "Chapter 11 Proceedings").
2. The purpose of the Chapter 11 Proceedings and the proposed Canadian recognition proceeding is to provide a stabilized environment for the Chapter 11 Debtors to continue to operate in the normal course while they implement their restructuring plan, including a US Court supervised sale process ("Sale Process") carried out by the Chapter 11 Debtors and their investment banker, Houlihan Lokey Capital, Inc. ("Houlihan").
3. On May 21, 2019, the US Court heard the Chapter 11 Debtors' first day motions and granted numerous orders (collectively, the "First Day Orders").

4. At this time, the Foreign Representative is making an application to the Ontario Superior Court of Justice (Commercial List) (the “Ontario Court”) for recognition of the Chapter 11 Proceedings under Part IV of the *Companies’ Creditors Arrangement Act* (“CCAA”) pursuant to two proposed orders (jointly, the “Recognition Orders”):
 - a) the initial recognition order which, *inter alia*, recognizes the Chapter 11 Proceedings as a “foreign main proceeding” and recognizes the Foreign Representative as the “foreign representative”, as defined in section 45 of the CCAA, and stays all proceedings against the Chapter 11 Debtors; and
 - b) the supplemental order which, *inter alia*, appoints KSV Kofman Inc. (“KSV”) as Information Officer, recognizes the First Day Orders issued by the US Court in the Chapter 11 Proceedings, grants certain stays as set out therein and grants the Administration Charge and the DIP ABL Charge (as defined in the Recognition Orders).
5. This report (“Report”) is filed by KSV in its capacity as proposed Information Officer (the “Information Officer”) in the Canadian recognition proceedings.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide KSV’s qualifications to act as Information Officer;
 - b) provide background information about the Chapter 11 Debtors and the Chapter 11 Proceedings, including a summary of the First Day Orders for which Ontario Court recognition is being sought;
 - c) provide the proposed Information Officer’s commentary on the reasonableness of the \$90 million debtor-in-possession asset based lending credit facility among the Chapter 11 Debtors and Wells Fargo Bank, National Association (the “DIP ABL Agent”), as agent for and on behalf of itself and other lenders (collectively, the “DIP ABL Lenders”) (the “DIP ABL Facility”);
 - d) summarize the potential implications of the Chapter 11 Proceedings, particularly the DIP ABL Facility, on the Canadian Debtor’s stakeholders, including by considering the results of a liquidation analysis of the Canadian Debtor’s business assets (the “Liquidation Analysis”);
 - e) provide the basis on which the proposed Information Officer believes the Liquidation Analysis should be sealed pending further order of the Ontario Court;
 - f) summarize the rationale for the proposed Administration Charge and DIP ABL Charge;

- g) provide an overview of the Chapter 11 Debtors' Joint Plan of Reorganization (the "Plan"); and
- h) recommend that the Ontario Court grant the relief being sought by the Foreign Representative.

1.2 Currency

- 1. All currency references in this Report are to US dollars, unless otherwise noted.

1.3 Restrictions

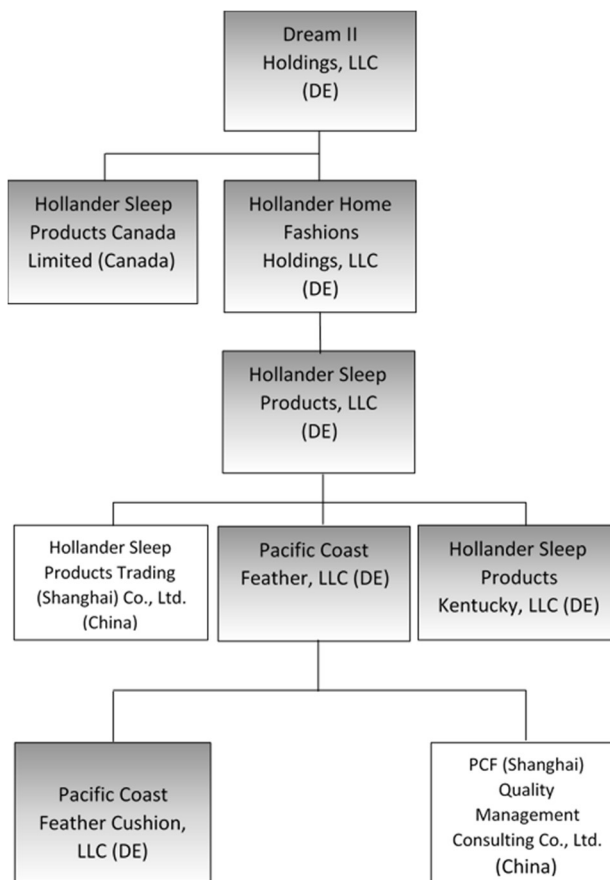
- 1. In preparing this Report, the proposed Information Officer has relied upon unaudited financial information prepared by the Chapter 11 Debtors' financial advisor, the Chapter 11 Debtors' books and records, including those of the Canadian Debtor, and discussions with the Chapter 11 Debtors' Canadian legal counsel and financial advisor.
- 2. The proposed Information Officer has not performed an audit or other verification of such information. An examination of the Chapter 11 Debtors' financial forecasts as outlined in the *Chartered Professional Accountants of Canada Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on the Chapter 11 Debtors' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The proposed Information Officer expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report or relied upon by the proposed Information Officer in its preparation of this Report.

1.4 KSV's Qualifications to Act as Information Officer

- 1. KSV is qualified to act as Information Officer. KSV's qualifications include:
 - a) KSV is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). KSV is not subject to any of the restrictions to act as set out in Section 11.7(2) of the CCAA; and
 - b) KSV has extensive experience acting as Information Officer under Part IV of the CCAA in a wide variety of industries.
- 2. On May 16, 2019, KSV was engaged by the Canadian Debtor to assist to prepare for these proceedings. KSV's engagement letter contemplates that "*in the event the Company files for protection and KSV is appointed as Information Officer, this engagement shall terminate immediately prior to the commencement of those proceedings. In such circumstances, KSV's duties and obligations as Information Officer will be as set out in the order commencing the proceedings, as well as by statute, and KSV would from that date forward be acting as an officer of the court.*"
- 3. KSV has consented to act as Information Officer in these proceedings should the Ontario Court grant the Recognition Orders. A copy of KSV's consent to act as Information Officer is attached as Appendix "A".

2.0 Background

1. Since their inception in 1953, the Chapter 11 Debtors have grown into a leader in the bedding products market, manufacturing pillows, comforters, mattress pads and other bedding products. The Chapter 11 Debtors produce bedding items for well-known brands, including Ralph Lauren®, Simmons®, Beautyrest®, Nautica® and Waverly®.
2. The Chapter 11 Debtors partner with major retailers and hotel chains, including long-standing relationships with, among others, Target, Kohl's, Costco, Walmart, Hudson's Bay and Marriott. The Chapter 11 Debtors' net revenue for their fiscal year ended December 31, 2018 was approximately \$527 million, of which the Canadian Debtor comprised approximately \$51 million.
3. The Chapter 11 Debtors' ultimate shareholder is Sentinel Capital Partners, LLC ("Sentinel"), a US private equity firm which made its acquisition in October, 2014. The corporate organization chart is provided below (the shaded entities represent the Chapter 11 Debtors).



4. The Chapter 11 Debtors operate thirteen manufacturing facilities in North America, including two Canadian manufacturing facilities (in Toronto and Montreal) from which they assemble raw materials sourced primarily from China, India, Pakistan, Indonesia, South Korea, Vietnam, Malaysia and the United Arab Emirates, into finished products.

5. The Chapter 11 Debtors employ approximately 2,370 employees, of which approximately 240 are employees of the Canadian Debtor. All but four of the Canadian Debtor's employees work at its manufacturing facilities in Montreal and Toronto, while the remainder of the employees work from its sales office in Toronto. The Canadian Debtor's workforce is not unionized and the Canadian Debtor does not maintain any registered pension plans (but it does provide a group RRSP plan).
6. The Chapter 11 Proceedings and the Plan are the result of lengthy negotiations among the Chapter 11 Debtors and their principal secured lenders, being:
 - a) the prepetition ABL agent (i.e. the same party as the DIP ABL Agent), for and on behalf of the prepetition ABL lenders (i.e. the same parties as the DIP ABL Lenders) (collectively, the "Prepetition ABL Lenders"), who are owed approximately \$71 million under a \$125 million ABL facility (the "Prepetition ABL Facility");
 - b) Sentinel, which recently injected \$15 million as the "last-out" component of the Prepetition ABL Facility; and
 - c) a group of term loan lenders represented by Barings Finance LLC, as agent (collectively, the "Term Loan Lenders"), who are owed approximately \$167 million under a \$190 million term loan facility (the "Term Loan Facility").
7. Further information concerning the Chapter 11 Debtors' background, financial position, corporate structure and the reasons the Chapter 11 Debtors require creditor protection to implement their restructuring plan are provided in the Declaration of Marc Pfefferle, the Chief Executive Officer of Dream II Holdings, LLC, sworn May 19, 2019 (the "Pfefferle Declaration"), which is appended to Mr. Pfefferle's Affidavit sworn May 23, 2019 in support of the Foreign Representative's application to the Ontario Court (the "Pfefferle Affidavit").

3.0 The Canadian Debtor

1. The Pfefferle Affidavit sets out the Chapter 11 Debtors' connections to Canada, the integrated nature and reliance of the Canadian Debtor on its US affiliates and the overall basis for the centre of main interest ("COMI") of the Canadian Debtor, being the US. Accordingly, the Canadian Debtor's COMI attributes are not repeated herein.

3.1 Financial Overview

1. A summary of the Canadian Debtor's unaudited¹ financial results for its fiscal year ended December 31, 2018 and four-month period ended April 30, 2019 is provided in the table below.

(unaudited; US\$000s;)	Four months ended	
	April 30, 2019	December 31, 2018
Gross revenue	16,242	61,229
Royalties and allowances	(1,805)	(10,394)
Cost of goods sold	(13,709)	(47,874)
Gross profit	728	2,961
Operating expenses	(344)	(4,137)
Interest, taxes, foreign exchange and other	(290)	(1,423)
Net Income / (Loss)	94	(2,599)

2. The above table reflects that, *inter alia*:
 - a) the Canadian Debtor incurred a net loss in its most recent fiscal year ended December 31, 2018 of approximately \$2.6 million after allocation of selling, general and administrative expenses, including royalties and procurement fees, incurred by the US Debtors and allocated across the manufacturing facilities for which they provide these and other shared services (the "US Shared Services");
 - b) the US Debtors allocate approximately \$600,000 per month to the Canadian Debtor, representing approximately 6% of the total costs of US Shared Services incurred by the US Debtors on an annual basis; and
 - c) year-to-date results do not reflect any allocation of US Shared Services given that this allocation is typically performed at year-end. The adjusted year-to-date results would reflect a loss of approximately \$2.3 million after allocation of US Shared Services. Accordingly, the Canadian Debtor's operational losses have increased significantly in fiscal 2019. This increase is partly due to the seasonality of the business as its busy season is in the upcoming "back to school" season.

¹ The Canadian Debtor's standalone financial statements are not audited - they are consolidated with the US Debtors' audited financial statements.

3. The Canadian Debtor's most recent unaudited balance sheet as at April 30, 2019 is provided in the table below.

(unaudited; US\$000s)	April 30, 2019
Accounts receivable	3,642
Inventory	12,955
Prepaid expenses and other	240
Total current assets	16,837
Property and equipment	1,161
Advances to US Debtors	8,300
Total Assets	26,298
Bank indebtedness under Prepetition ABL Facility	5,945
Accounts payable and accrued liabilities	9,928
Total current liabilities	15,873
Shareholder's equity	10,425
Total Liabilities and Equity	26,298

4. The April 30, 2019 balance sheet reflects that, *inter alia*:
- the Canadian Debtor does not have sufficient liquidity to normalize its trade payables, which are significantly aged. (As at May 10, 2019, approximately \$7.2 million of accounts payable is past due as detailed in Section 3.2.3 of this Report); and
 - if the amount owing from the US Debtors (\$8.3 million) was written down to its realizable value and the Canadian Debtor's allocation of US Shared Services was recorded for the four months ended April 30, 2019 (\$2.4 million), the Canadian Debtor's shareholder's equity would be entirely eroded.
5. If appointed, the proposed Information Officer intends to review the transaction(s) that gave rise to the intercompany balance of \$8.3 million owing from the US Debtors to the Canadian Debtor as at April 30, 2019 and the allocation methodology for the US Shared Services. The results of that review will be provided in a subsequent report to be filed with the Ontario Court. As detailed in Section 5 of this Report, any post-filing intercompany advances made by the Canadian Debtor to the US Debtors under the DIP ABL Facility will be made on a secured basis pursuant to a Court-ordered priority administrative expense claim granted in the Chapter 11 Proceedings, for which the Canadian Debtor seeks recognition in Canada.

3.2 Creditor Composition

- Based on the Canadian Debtor's books and records, the indebtedness owing by the Canadian Debtor under the Prepetition ABL Facility (approximately \$6 million as at April 30, 2019) represents the only secured claim against the Canadian Debtor.
- The Canadian Debtor is not a guarantor of the US Debtors' indebtedness under the Prepetition ABL Facility nor is it a borrower or guarantor under the US Debtors' Term Loan Facility.

3. The unsecured creditors of the Canadian Debtor are largely its offshore inventory suppliers, who are presently owed approximately \$9 million. The aging of accounts payable as at May 10, 2019 is reflected in the table below.

(US\$000s; unaudited) Supplier	Current	1 – 30 Days Past Due	31 – 60 Days Past Due	Over 60 Days Past Due	Total
Cixi Jiangnan Chemical Fiber	136	482	316	306	1,240
Funing Jincheng Home Textile Co., Ltd.	174	-	882	11	1,067
Zhejiang Liuqiao Industrial Co., Ltd.	-	529	-	191	720
Donfoam Inc.	315	249	27	-	591
Wuxi Jielong Textile Co., Ltd	97	221	247	-	565
Other (148 creditors)	1,070	1,331	1,601	767	4,766
Total	1,792	2,812	3,073	1,275	8,952
% of total	20.1%	31.4%	34.3%	14.2%	100%

4. All but seven of the Canadian Debtor's inventory suppliers (owed approximately \$513,000 in total) also supply to the US Debtors and, accordingly, substantially all suppliers and creditors of the Canadian Debtor are also suppliers and creditors of the US Debtors.
5. The proposed Information Officer understands that the Canadian Debtor has not paid rent for May, 2019 to the landlords of its Toronto and Montreal manufacturing facilities and its sales office. Monthly rent totals approximately \$129,000. Subject to any extension, the lease for the Toronto manufacturing facility is scheduled to expire on July 21, 2019 and the lease for the Montreal manufacturing facility is scheduled to expire on May 31, 2023.

3.3 Liquidation Analysis

1. Immediately upon its engagement, the proposed Information Officer's focus was on the potential impact of the Chapter 11 Proceedings, particularly the DIP ABL Facility and the proposed Plan, on the unsecured creditors of the Canadian Debtor.
2. The proposed Information Officer prepared the Liquidation Analysis to estimate what recovery may be available to unsecured creditors of the Canadian Debtor if it did not participate in the Chapter 11 Proceedings, in which case the operations of the Canadian Debtor would immediately be discontinued given that it does not have the liquidity nor the infrastructure to operate on a standalone basis at this time.
3. Subject to the assumptions underlying the Liquidation Analysis, as detailed therein, there would be a nominal recovery, if any, available for the Canadian Debtor's unsecured creditors in a liquidation or shutdown scenario. A copy of the Liquidation Analysis is attached as Confidential Appendix "1".

4. The proposed Information Officer recommends that the Liquidation Analysis be filed with the Ontario Court on a confidential basis and remain sealed pending further order of the Ontario Court as the availability of such information may negatively impact the Sale Process that will be undertaken in the context of the Chapter 11 Proceedings, including for the business and assets of the Canadian Debtor. In addition, the proposed Information Officer does not believe that any stakeholder will be prejudiced if the Liquidation Analysis is sealed. Keeping this information sealed pending further order of the Ontario Court is consistent with value maximization and in the best interest of the Canadian Debtor's stakeholders.

4.0 First Day Orders

1. The Foreign Representative is seeking recognition of the following First Day Orders by the Ontario Court:
 - a) Foreign Representative Order;
 - b) Joint Administration Order;
 - c) Employee Wages Order;
 - d) Cash Management Order;
 - e) Interim DIP Order;
 - f) Critical Vendors and Shippers Order; and
 - g) Customer Programs Order.
2. The Pfefferle Declaration and the Pfefferle Affidavit provide further background in support of each First Day Order. The proposed Information Officer has reviewed the First Day Orders and the related motions and discussed the rationale for them, particularly as it relates to the Canadian Debtor, with Canadian counsel to the Foreign Representative.
3. The First Day Orders are consistent with the integrated nature of the Chapter 11 Debtors' operations in the US and Canada, and in particular:
 - a) the Foreign Representative Order authorizes the Foreign Representative to act as the "foreign representative" under the CCAA in order to seek the relief sought in its application;
 - b) the Joint Administration Order authorizes the joint administration of the various Chapter 11 cases filed by the Chapter 11 Debtors and related procedural relief;
 - c) the Employee Wages Order permits the payment of pre-filing wages and employee benefits (if any) in the US and Canada, as well as remittance of payroll deductions and taxes (if any);

- d) the Cash Management Order provides for the ongoing use of an integrated network of bank accounts and cash management system in both the US and Canada and permits intercompany advances;
 - e) the Interim DIP Order authorizes the advances under the DIP ABL Facility and DIP Term Loan Facility (defined below) to be used to finance the integrated operations of the Chapter 11 Debtors for working capital, general corporate purposes and their US and Canadian restructuring proceedings and contemplates that advances under the DIP ABL Facility would be secured by a super-priority charge in both the US and Canada whereas advances under the Term Loan Facility would be secured by a super-priority charge in the US only. The attributes and reasonableness of the DIP ABL Facility (from the perspective of creditors of the Canadian Debtor) are summarized in Section 5 of this Report;
 - f) the Critical Vendors and Shippers Order permits the payment of prepetition amounts to critical third-party vendors; and
 - g) the Customer Programs Order authorizes the continuation, in the discretion of the Chapter 11 Debtors, of various customer programs, including markdown allowances, discounts, returns and cooperative marketing programs. This is required to maintain customer loyalty and goodwill throughout the Chapter 11 Proceedings.
4. The proposed Information Officer notes that the creditors of the Canadian Debtor are proposed to receive the same treatment as creditors of the US Debtors in the First Day Orders, including ascribing “administrative claim” status for post-filing goods or services provided to the Chapter 11 Debtors during the Chapter 11 Proceedings.
 5. The Chapter 11 Debtors anticipate bringing further motions before the US Court in the coming weeks for the approval of additional orders, including an order setting forth the bidding procedures in connection with the Sale Process.

5.0 The DIP ABL Facility²

1. As set out in the Pfefferle Declaration and the Pfefferle Affidavit, the Chapter 11 Debtors, including the Canadian Debtor, require financing during the Chapter 11 Proceedings to provide the necessary liquidity to maintain their business, preserve the value of their assets for all stakeholders and for the Chapter 11 Debtors, with the assistance of Houlihan, to conduct the Sale Process.
2. Based on the Pfefferle Declaration and Pfefferle Affidavit, there are no other viable funding options available to the Chapter 11 Debtors except for the DIP ABL Facility with the existing Prepetition ABL Lenders, and the DIP Term Loan Facility with the existing Term Loan Lenders. The Canadian Debtor is not a borrower or guarantor under the DIP Term Loan Facility and, accordingly, the Recognition Orders do not contemplate any charges or approvals in respect thereof.

² Capitalized terms not otherwise defined in this section of the Report are as defined in the DIP ABL Facility.

3. Included in the First Day Orders is the Interim DIP Order approving, among other things, the DIP ABL Facility. The granting of the DIP ABL Charge and recognition of the Interim DIP Order are conditions precedent to the Canadian Debtor drawing on the DIP ABL Facility.
4. A copy of the DIP ABL Facility is appended to the Foreign Representative's application materials and summarized in the Pfefferle Affidavit. A summary of the key attributes of the DIP ABL Facility is provided in the table below.

US Borrowers	The US Debtors other than Dream II Holdings LLC
Canadian Borrower	Hollander Sleep Products Canada Limited
Guarantor	Dream II Holdings, LLC
Nature of Liability	Canadian Debtor and US Debtors are to be jointly and severally liable for their respective obligations under the DIP ABL Facility
Postpetition Lenders	The DIP ABL Lenders, being the same parties as the Prepetition ABL Lenders
Postpetition Agent	Wells Fargo Bank, National Association
Commitment	up to \$90 million; Canadian Debtor sublimit of \$20 million
Interest Rate	Base Rate plus 2% for certain advances or LIBOR plus 4% on others (the DIP Budget contemplates an effective interest rate of 6.5%)
Expenses and Fees	Closing fee of \$1.35 million (1.5% of committed amount)
Budget	The Chapter 11 Debtors must operate in accordance with the DIP Budget

5. In assessing the reasonableness of the DIP ABL Facility and the proposed recognition of the Interim DIP Order, the proposed Information Officer was cognizant that the DIP ABL Facility potentially increases the liability of the Canadian Debtor relative to the Prepetition ABL Facility. While it is a borrower under the Prepetition ABL Facility, the Canadian Debtor is not a guarantor of, nor is it jointly or severally liable for, the US Debtors' obligations under the Prepetition ABL Facility (approximately \$65 million). The DIP ABL Facility, on the other hand, contemplates that the Canadian Debtor would be liable, on a joint and several basis, for the US Debtors' obligations, which, given the "roll up" nature of the DIP structure upon the issuance of the Final DIP Order, would include the US Debtors' prepetition obligations owing to the Prepetition ABL Lenders.
6. The proposed Information Officer was cognizant of concerns expressed by the Ontario Court in circumstances in which unencumbered Canadian assets are used as collateral for priming DIP obligations to benefit US operations. It is for this reason that the proposed Information Officer and the Chapter 11 Debtors carefully considered the needs of the Canadian Debtor, the alternatives available to it and the commercial terms of the DIP ABL Facility.

7. Immediately following its engagement on May 16, 2019, the proposed Information Officer and its legal counsel supported the Canadian Debtor's efforts to negotiate additional protections into the DIP ABL Facility and the Plan that would mitigate the potential implications of the DIP ABL Facility on the Canadian Debtor and its stakeholders. This was particularly important in this case given the Canadian Debtor's creditor composition, consisting largely of offshore vendors who may be unfamiliar with formal insolvency proceedings, priming charges and the like. There are no large creditor groups (such as unions, pensioners and/or landlords) who are commonly involved in these cases. Accordingly, the protective measures and provisions that were agreed to between the Chapter 11 Debtors and the DIP ABL Agent in the days leading up to the commencement of the Chapter 11 Proceedings include:
- a) a "quasi-marshalling" concept, whereby the DIP ABL Agent is obligated to: (i) first recover on the US assets to satisfy the outstanding obligations of the US Debtors; (ii) similarly, first look to proceeds from the Canadian assets to satisfy the outstanding obligations of the Canadian Debtor; and (iii) with respect to the proceeds of the assets of the Canadian Debtor, only apply such proceeds to reduce the obligations of the US Debtors if the assets of the US Debtors have been exhausted; and
 - b) the Interim DIP Order ascribes priority in the form of a Court ordered administrative expense claim to any advances the Canadian Debtor makes under the DIP ABL Facility to the US Debtors during the Chapter 11 Proceedings. This priority item is referred to in the Interim DIP Order as the "Canadian Intercompany Super-priority Administrative Claim".³
8. In addition to the foregoing, the proposed Information Officer considered the following to assess the reasonableness of the DIP ABL Facility:
- a) the results of the Liquidation Analysis, which not only reflects that there would be nominal recoveries, if any, available for creditors of the Canadian Debtor ranking subordinate to the Prepetition ABL Lenders, but would also result in:
 - i. the loss of employment for approximately 240 Canadian employees;
 - ii. the loss of a major supplier of bedding products to Canadian retailers in the midst of the upcoming "back to school" season;
 - iii. the loss of a customer for its offshore vendor base; and
 - iv. the loss of an opportunity for the Canadian Debtor to be marketed for sale by Houlihan in the Sale Process. In this regard, the proposed Information Officer ensured that the Sale Process does not preclude bids to be submitted and considered for the business and assets of the Canadian Debtor (i.e. as opposed to only soliciting interest from prospective purchasers interested in both US and Canada);

³ Pursuant to the Interim DIP Order, the Canadian Intercompany Super-priority Administrative Claim ranks junior to the DIP ABL Lenders and the Prepetition ABL Lenders but senior to the DIP Term Loan Lenders and the Term Loan Lenders on the ABL Priority Collateral and junior to the DIP Term Loan Lenders, the Term Loan Lenders, the DIP ABL Lenders and the Prepetition ABL Lenders on the Term Priority Collateral (as each such term is defined in the Interim DIP Order).

- b) the DIP Budget was prepared on a consolidated basis and as such, does not reflect on a standalone basis the projected funding requirements of the Canadian Debtor. The proposed Information Officer extracted from the DIP Budget an estimated cash flow forecast for the Canadian Debtor to understand its projected funding requirements during the Chapter 11 Proceedings. This analysis reflects that the Canadian Debtor is projected to generate negative cash flow until at least July 1, 2019. Absent draws being available under the DIP ABL Facility, the Canadian Debtor would not be able to continue to operate in the normal course and its operations would need to be immediately discontinued;
- c) there is no assumption in the DIP Budget or otherwise that further credit would be extended to the Canadian Debtor by its vendors. In this regard, the DIP Budget was premised on cash-on-delivery or cash-in-advance supply terms;
- d) based on the Pfefferle Declaration and the Pfefferle Affidavit, there are no other funding sources available to the Canadian Debtor except from the DIP ABL Lenders pursuant to the DIP ABL Facility;
- e) the extent to which the Canadian Debtor's operations are centrally managed, controlled by and integrated with the US Debtors;
- f) funding from the DIP ABL Facility is required to, among other things, maintain existing operations, pay employees, secure and insure the Chapter 11 Debtors' assets located in the US and Canada and fund these proceedings while Houlihan conducts the Sale Process. It appears that the value of the Canadian Debtor's assets and the success of the Sale Process would be jeopardized absent the DIP ABL Facility;
- g) KSV compared the pricing of the DIP ABL Facility (interest and fees, including the closing fee of \$1.35 million (being 1.5% of the committed amount)) to other DIP facilities approved by Canadian courts in CCAA proceedings in recent years. The comparison is attached as Appendix "B". Based on KSV's analysis, the cost of the proposed DIP ABL Facility is consistent with other recent DIP financings approved by Canadian courts;
- h) the DIP ABL Facility is the result of arm's-length negotiations between the Chapter 11 Debtors, the DIP ABL Agent and the DIP ABL Lenders. The proposed Information Officer understands that the DIP ABL Agent and the DIP ABL Lenders were not willing to provide the interim financing required to fund these cross-border insolvency proceedings other than on the terms and conditions of the DIP ABL Facility; and
- i) the DIP ABL Facility contemplates that the Chapter 11 Debtors' receipts will first be applied against outstanding amounts under the Prepetition ABL Facility and, upon issuance of a final order in respect of the Interim DIP Order, any amount outstanding under the Prepetition DIP Facility will be repaid with the proceeds of the DIP ABL Facility. Given this proposed "roll-up" treatment, the proposed Information Officer determined that an independent opinion on the validity and enforceability of the security held by the Prepetition ABL Lenders was required in the context of its review of the DIP ABL Facility. The results of the security opinion are discussed in Section 5.1 of this Report.

9. Based on the foregoing, the proposed Information Officer does not believe that any creditor with an economic interest in the Canadian Debtor's assets in a liquidation scenario will be materially prejudiced by the recognition of the Interim DIP Order and/or the granting of the DIP ABL Charge.

5.1 Security Opinion

1. In anticipation of these proceedings, KSV retained Norton Rose Fulbright Canada LLP ("Norton Rose") to act as its legal counsel in the event that the Recognition Orders are granted and KSV is appointed as Information Officer. Norton Rose provided an opinion⁴ dated May 22, 2019 which, subject to the standard assumptions and qualifications contained therein, concludes that the security granted by the Canadian Debtor in favour of the Prepetition ABL Agent, as registered under the PPSA and at the Register of Personal and Movable Real Rights, creates a valid and perfected security interest and hypothec in the Canadian Debtor's assets situated in British Columbia, Ontario and Quebec, respectively.

6.0 Court Ordered Charges

1. In addition to the DIP ABL Charge, the proposed Recognition Orders contemplate an Administration Charge.
2. The Foreign Representative is seeking an Administration Charge in an amount not to exceed \$200,000 to secure the fees and expenses of the Information Officer and its counsel.
3. The Administration Charge is a customary provision in recognition orders under Part IV of the CCAA - it is required by certain of the professionals engaged to assist a debtor company and to protect those professionals in the event it is unable to pay their fees and costs during the insolvency process.
4. KSV believes that the quantum of the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the cross-border proceedings and the services to be provided by the professionals involved.

7.0 The Plan

1. The Chapter 11 Debtors entered into a restructuring support agreement dated as of May 19, 2019 with the Term Loan Lenders and Sentinel (the "RSA"). The RSA contemplates the Plan, which the Chapter 11 Debtors have filed in the Chapter 11 Proceedings.

⁴ A copy of the security opinion will be made available to the Ontario Court should it wish to review it.

2. The details of the Plan and RSA are provided in the Pfefferle Declaration and the Pfefferle Affidavit and, accordingly, are not repeated herein. A summary of the key provisions vis-à-vis the Canadian Debtor and its stakeholders is as follows:
 - a) the Chapter 11 Debtors have 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;
 - b) the RSA contemplates that the Term Loan Lenders would convert their existing secured debt into equity pursuant to a credit bid. However, the Plan includes a sale “toggle” feature allowing for a potential sale to a third party which may result from the Sale Process to be carried out by the Chapter 11 Debtors and Houlihan. As noted above, Houlihan’s process will not preclude prospective purchasers from submitting bids for the Canadian Debtor’s business and assets on a standalone basis; and
 - c) given that the Canadian Debtor is not a borrower or guarantor under the Term Loan Facility, the Chapter 11 Debtors, the DIP ABL Agent and the DIP Term Loan Agent negotiated and incorporated certain protections into the Plan to consider the treatment of the Canadian Debtor’s creditors. In this regard, the Plan provides that:
 - i. if there is a sale to a third party, the Information Officer has consultation rights into the value allocation methodology that will be used to allocate the purchase price between the US Debtors and the Canadian Debtor; and
 - ii. if the winning bid is the transaction with the Term Loan Lenders contemplated by the RSA, there may be a “Canadian Acquisition Transaction”, pursuant to which the Term Loan Lenders may acquire the assets, undertakings and properties of the Canadian Debtor. In that scenario, the Canadian Acquisition Transaction shall be acceptable to the Chapter 11 Debtors, the required Term Loan Lenders and the Information Officer. In addition, any Canadian Acquisition Transaction will be subject to the approval of the Ontario Court.
3. At the conclusion of the Sale Process, the proposed Information Officer intends to file a report with the Ontario Court that will, *inter alia*:
 - a) comment on the reasonableness of the value allocation or the Canadian Acquisition Transaction, as the case may be; and
 - b) provide the Ontario Court with a recommendation thereon.

8.0 Conclusion and Recommendation

1. Based on the foregoing, the proposed Information Officer recommends that this Honourable Court grant the Recognition Orders sought by the Foreign Representative.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc." in a cursive, stylized script.

KSV KOFMAN INC.

**IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER 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
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “D”

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TENDERS

OFFERS INVITED

3886727 Canada Inc., carrying on business as Holistic Blend (the "Company")

Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) made on June 12, 2019, KSV Kofman Inc. was appointed the receiver and manager ("Receiver") of the property, assets and undertaking ("Assets") of the Company. The Receiver is inviting offers for the Assets of the Company.

Located in Mississauga, Ontario, the Company has carried on business as a manufacturer and distributor of natural organic pet food and pet health care products for over 25 years. The Company imported, packaged and distributed products under the brands *Holistic Blend* and *My Healthy Pet*.

Details concerning the bidding process and bidding procedures can be obtained by contacting the Receiver or by visiting www.ksvadvisory.com. The deadline for the submission of offers is August 19, 2019, at 4:00 p.m. (EST).

Parties interested in this opportunity should contact Jonathan Joffe of the Receiver's office at (416) 932-6253 or jjoffe@ksvadvisory.com.

KSV KOFMAN INC.
LICENSED INSOLVENCY TRUSTEE
150 King Street West, Suite 2308
Toronto, Ontario M5H 1J9

Report on Business

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LEGALS

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK
 In re: HOLLANDER SLEEP PRODUCTS, LLC, *et al.*,¹ Chapter 11 Case No. 19-11608 (MEW) Debtors. (Jointly Administered)

NOTICE OF HEARING TO CONFIRMATION OF THE CHAPTER 11 PLAN FILED BY THE DEBTORS AND RELATED VOTING AND OBJECTION DEADLINES

PLEASE TAKE NOTICE that on July 25, 2019, the United States Bankruptcy Court for the Southern District of New York (the "Court") entered an order (Docket No. 247) (the "Disclosure Statement Order"), (a) authorizing Hollander Sleep Products, LLC and its affiliated debtors and debtors in possession (collectively, the "Debtors"), to solicit acceptances for the Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 248] (as modified, amended, or supplemented from time to time, the "Plan"); (b) approving the Disclosure Statement for the Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 249] (as modified, amended, or supplemented from time to time, the "Disclosure Statement")² as containing "adequate information" pursuant to section 1125 of the Bankruptcy Code; (c) approving the solicitation materials and documents to be included in the solicitation packages; and (d) approving procedures for soliciting, receiving, and tabulating votes on the Plan and for filing objections to the Plan.

PLEASE TAKE FURTHER NOTICE that the hearing at which the Court will consider Confirmation of the Plan (the "Confirmation Hearing") will commence on **September 4, 2019, at 11:00 a.m., prevailing Eastern Time**, before the Honorable Michael E. Wiles, in the United States Bankruptcy Court for the Southern District of New York, located at One Bowling Green, New York, New York 10004-1408. **Please be advised: The Confirmation Hearing may be continued from time to time by the Court or the Debtors without further notice other than by such adjournment being announced in open court, by agenda filed with the Court, or by a notice of adjournment filed with the Court and served on all parties entitled to notice.**

CRITICAL INFORMATION REGARDING VOTING ON THE PLAN Voting Record Date. The voting record date is **July 29, 2019** (the "Voting Record Date"), which is the date for determining which Holders of Claims in Classes 4 and 5 are entitled to vote on the Plan.

Voting Deadline. The deadline for voting on the Plan is on **August 28, 2019, at 4:00 p.m., prevailing Eastern Time** (the "Voting Deadline"). If you received a Solicitation Package, including a Ballot, and intend to vote on the Plan, you must: (a) follow the instructions carefully; (b) complete all of the required information on the Ballot; and (c) execute and return your completed Ballot according to and as set forth in detail in the voting instructions so that it is actually received by the Debtors' solicitation agent, Omni Management Group (the "Solicitation Agent") on or before the Voting Deadline. **A failure to follow such instructions may disqualify your vote.**

CRITICAL INFORMATION REGARDING OBJECTING TO THE PLAN

Article VIII of the Plan contains Release, Exculpation, and Injunction provisions, and Article VIII.D contains a Third-Party Release. Thus, you are advised to review and consider the Plan carefully because your rights might be affected thereunder.

Plan Objection Deadline. The deadline for filing objections to the Plan is **August 28, 2019, at 4:00 p.m., prevailing Eastern Time** (the "Plan Objection Deadline"). All objections to the relief sought at the Confirmation Hearing must: (a) be in writing; (b) conform to the Bankruptcy Rules, the Local Rules, and any orders of the Court; (c) state, with particularity, the legal and factual basis for the objection and, if practicable, a proposed modification to the Plan (or related materials) that would resolve such objection; (d) be filed with the Court (contemporaneously with a proof of service) and so as to be actually received on or before **August 28, 2019, at 4:00 p.m., prevailing Eastern Time**; and (e) be served so that it is actually received by the Plan Objection Deadline by each of the entities on the Master Service List (as defined in the case management order in these Chapter 11 cases [Docket No. 184] and available on the Debtors' case website at www.omnimgt.com/hollander).

ADDITIONAL INFORMATION
Obtaining Solicitation Materials. The materials in the Solicitation Package are intended to be self-explanatory. If you should have any questions or if you would like to obtain additional solicitation materials (or paper copies of solicitation materials if you received a flash drive or CD-ROM), please feel free to contact the Debtors' Solicitation Agent, by: (a) calling the Debtors' restructuring hotline at (844) 212-9942 within the United States or Canada, or outside of the United States or Canada, by calling +1 (818) 906-8300; (b) visiting the Debtors' restructuring website at: www.omnimgt.com/hollander; and/or (c) writing to Hollander Sleep Products, LLC, Ballot Processing, c/o Omni Management Group, 5955 DeSoto Avenue, Suite #100, Woodland Hills, CA 91367. You may also obtain copies of any pleadings filed in these Chapter 11 Cases for a fee via PACER at: <http://www.nysusdcourts.gov>. Please be advised that the Solicitation Agent is authorized to answer questions about, and provide additional copies of, solicitation materials, but may not advise you as to whether you should vote to accept or reject the Plan.

Filing the Plan Supplement. The Debtors will file the Plan Supplement (as defined in the Plan) 14 days before the first day of the Confirmation Hearing. Once filed, the Plan Supplement may be obtained from the Solicitation Agent for free or for a fee via PACER, each as set forth above.

Binding Nature of the Plan: If confirmed, the Plan shall bind all Holders of Claims and Interests to the maximum extent permitted by applicable law, whether or not such Holder will receive or retain any property or interest in property under the Plan, has filed a Proof of Claim in these Chapter 11 cases, or failed to vote to accept or reject the Plan or voted to reject the Plan.

HOW TO OPT INTO THE RELEASES
 Any Holder of a Claim or Interest that wants to grant the Third-Party Release set forth in Article VIII.D of the Plan must return its Ballot or Non-Voting Status Notice, as applicable, to the Debtors' Solicitation Agent, Omni Management Group, by no later than **August 28, 2019**, by following the instructions for electing to opt into the

Third-Party Release set forth in such Ballot or Non-Voting Status Notice, as applicable.³

RELEASES

Article VIII.C of the Plan contains the following Debtor Release: Effective as of the Effective Date, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, including the service of the Released Parties in facilitating the expeditious reorganization of the Debtor and implementation of the restructuring contemplated by the Plan, the adequacy of which is hereby confirmed, on and after the Effective Date each Released Party is deemed released and discharged by each and all of the Debtors, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates, as applicable, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or their Estates or Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Restructuring Transactions, the Sale Transaction (if applicable), entry into the Exit Facilities, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or consummation of the RSA, the Disclosure Statement, the Prepetition Facilities, the DIP Facilities, the Sale Transaction (if applicable), the Exit Facilities, the Plan, the Plan Supplement, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the Prepetition Facilities, the DIP Facilities, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud, willful misconduct, or gross negligence, each solely to the extent as determined by a Final Order of a court of competent jurisdiction. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (1) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including the Exit Facility Documents and any documents set forth in the Plan Supplement) executed to implement the Plan and (2) any Causes of Action listed on the Schedule of Retained Causes of Action.

Article VIII.D of the Plan contains the following Third-Party Release: Effective as of the Effective Date, in exchange for good and valuable consideration, including the obligations of the Debtors under the Plan and the contributions of the Released Parties in facilitating the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, to the fullest extent permissible under applicable law, as such law may be extended or integrated after the Effective Date, on and after the Effective Date each of the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Claims, interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Restructuring Transactions, the Sale Transaction (if applicable), entry into the Exit Facilities, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or consummation of the RSA, the Disclosure Statement, the DIP Facilities, the Plan, the Plan Supplement, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facilities, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud, willful misconduct, or gross negligence, each solely to

the extent as determined by a Final Order of a court of competent jurisdiction. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including the Exit Facility Documents and any documents set forth in the Plan Supplement) executed to implement the Plan.

Article VIII.E of the Plan provides for the following Exculpation: Effective as of the Effective Date, to the fullest extent permissible under applicable law and without affecting or limiting either the Debtor Release or the Third-Party Release, and except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby exculpated from, any Cause of Action for any Claim related to any act or omission based on the negotiation, execution, and implementation of any transactions approved by the Bankruptcy Court in the Chapter 11 Cases, including the RSA, the Disclosure Statement, the Plan, the Plan Supplement, the Confirmation Order, or any Restructuring Transaction, contract instrument, release, or other agreement or document contemplated by the Plan or the release by any Exculpated Party on the Plan or the Confirmation Order, created or entered into in connection with the RSA, the Disclosure Statement, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of any securities pursuant to the Plan or the distribution of property under the Plan or any other related agreement, and the implementation of the Restructuring Transactions contemplated by the Plan, except for Claims related to any act or omission that is determined by Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes on, and distribution of consideration pursuant to, the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Notwithstanding the foregoing, the exculpation shall not release any obligation or liability of any Entity for any post-Effective Date obligation under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Article VIII.F of the Plan provides for the following Injunction: Effective as of the Effective Date, pursuant to section 524(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, and except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been discharged pursuant to Article VII.A of the Plan, released pursuant to the Debtor Release, the Third-Party Release, or another provision of the Plan (including the release of liens pursuant to Article VIII.B of the Plan), or are subject to exculpation pursuant to Article VIII.E of the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind, against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Holder has filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a Claim or Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

New York, New York, Dated: July 30, 2019
/s/ Joshua A. Sussberg, P.C., Joshua A. Sussberg, P.C., Christopher T. Greco, P.C., KIRKLAND & ELLIS LLP, KIRKLAND & ELLIS INTERNATIONAL LLP 601 Lexington Avenue, New York, New York 10022, Telephone: (212) 446-4800, Facsimile: (212) 446-4900; and Joseph M. Graham (admitted pro hac vice), KIRKLAND & ELLIS LLP, KIRKLAND & ELLIS INTERNATIONAL LLP 300 North LaSalle Street, Chicago, Illinois 60654, Telephone: (312) 862-2000, Facsimile: (312) 862-2200, Counsel to the Debtors and Debtors in Possession

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Dream ID 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 not otherwise defined herein shall have the same meanings set forth in the Plan or Disclosure Statement, as applicable.

³ Voting stakeholders who vote to accept the Plan will be deemed to consent to the Third-Party Release whether such voting stakeholders check the box on their respective Ballot to "opt into" the Third-Party Release or not.

LEGALS

CLASS ACTION REGARDING PHILIP HEEREMA, THE CALGARY EXHIBITION AND STAMPEDE LIMITED, AND THE CALGARY STAMPEDE FOUNDATION

NOTICE OF CERTIFICATION

Any further order of the Court. If you opt-out of the Class Action, you will take full responsibility for initiating your own lawsuit against the Defendants and for taking all legal steps necessary to protect your claim, if you wish to proceed with a claim.

What are the costs to me?

Class Members will not be personally liable to pay any legal fees or disbursements to Class Counsel.

If Class Counsel is successful in establishing that the Defendants are liable to pay money to the Class Members, the Court will then proceed to determine which Class Members may be entitled to that money, and how such amounts should be distributed to those Class Members.

The Representative Plaintiff has retained Class Counsel to represent him and the Class in this lawsuit. Class Counsel will only be paid legal fees if the lawsuit is successful. If the lawsuit is successful, Class Counsel will request that legal fees be set by the Court.

If the Class Action is successful, legal costs will be deducted from the amounts recovered for the Class Members, but only after such costs are approved by the Court.

How do I find out more about this Class Action?

Questions about the matters in this Notice must not be directed to the Court. The Certification Order and other information with respect to this Class Action can be obtained at the following website: www.jssbarristers.ca/pages/class-actions/class-actions.cfm

In addition, questions for Class Counsel should be directed by mail, e-mail, or telephone to:

Kajal Ervin / Cassandra Sutter
 Jensen Shawa Solomon Duguid Hawkes LLP
 #800, 304 – 8 Avenue SW
 Calgary, Alberta T2P 1C2
 (403) 571-1520
classactions@jssbarristers.ca

What is the Class Action about?

A lawsuit has been certified as a Class Action against Philip Heerema, Calgary Exhibition and Stampede Limited, and the Calgary Stampede Foundation.

The lawsuit alleges that the Class Members who were male students, employees, contractors, or volunteers with the Young Canadians organization of the Calgary Stampede Foundation and/or the Calgary Exhibition and Stampede Limited were sexually exploited, sexually lured, and / or sexually assaulted by Philip Heerema, or at risk. The lawsuit also alleges that the Calgary Stampede Foundation and the Calgary Exhibition and Stampede Limited failed to provide a safe and secure environment free of sexual exploitation and sexual abuse. Further, the lawsuit alleges that the Calgary Stampede Foundation and the Calgary Exhibition and Stampede Limited failed to adequately supervise Philip Heerema and failed to establish, implement, or enforce adequate policies, practices, or procedures to protect Class Members against sexual abuse or exploitation from staff and faculty of the Calgary Stampede Foundation and the Calgary Exhibition and Stampede Limited. The lawsuit alleges that the Calgary Stampede Foundation and the Calgary Exhibition and Stampede Limited are vicariously liable for Philip Heerema's actions.

The Representative Plaintiff, who can only be identified by his initials in accordance with a Court Order, is N.B. In this lawsuit the Representative Plaintiff is seeking damages on his own behalf and on behalf of everyone who was a male student, employee, contractor, or volunteer with the Young Canadians organization of the Calgary Stampede Foundation and the Calgary Exhibition and Stampede Limited and who was sexually exploited, sexually lured, and / or sexually assaulted by Philip Heerema, or at risk.

How do I know if I am a member of the Class?

The Class has been defined by the Court as follows:

YOUR EDGE ON THE MARKET.

Get everything you need to know about Canadian real estate at The Globe Real Estate Hub, including: **Housing News and Market Analysis, Insight Into Financing Your Next Move, Done Deals**

Visit the Real Estate Hub today at tgam.ca/realestate



Appendix “E”

From: Zizzo, Joseph D. <joseph.zizzo@goldbergkohn.com>

Sent: Thursday, July 25, 2019 5:11 PM

To: Calvaruso, Martino <MCalvaruso@osler.com>; Irving, Shawn <SIrving@osler.com>; 'Im, Yongjin' <yim@kirkland.com>; Hateley, Emmeline S. <emmeline.hateley@kirkland.com>; Cho, Bradley <bradley.cho@kirkland.com>; McKay, Duncan <duncan.mckay@kirkland.com>; Graham, Joe <joe.graham@kirkland.com>

Cc: Klein, Randall <Randall.Klein@goldbergkohn.com>; Harmes, Andrew <aharmes@goodmans.ca>; 'Latham, Joe' <jlatham@goodmans.ca>; Carrizales, Alison M. <Alison.Carrizales@goldbergkohn.com>; Kim, Prisca <prisca.kim@goldbergkohn.com>; Swartout, Christopher <christopher.swartout@goldbergkohn.com>; Cameron Scott <cameron.scott@wellsfargo.com> <cameron.scott@wellsfargo.com>;

David.Klages@wellsfargo.com; David.S.Rauch@wellsfargo.com; Ernest.Thai@wellsfargo.com

Subject: Hollander - Extension of Deadline for Canadian Court recognition of Disclosure Statement and Plan Solicitation Procedure Order

Reference is made to that certain Debtor-in-Possession Credit Agreement, dated as of May 23, 2019 (as amended or otherwise modified from time to time, the "Credit Agreement"; unless otherwise defined herein capitalized terms used herein shall have the meaning ascribed to such terms in the Credit Agreement), by and among, among others, DREAM II HOLDINGS, LLC, a Delaware limited liability company ("Parent"), HOLLANDER HOME FASHIONS HOLDINGS, LLC, a Delaware limited liability company ("HHFH"), HOLLANDER SLEEP PRODUCTS, LLC (formerly known as Hollander Home Fashions, LLC), a Delaware limited liability company ("HSP"), HOLLANDER SLEEP PRODUCTS KENTUCKY, LLC, a Delaware limited liability company ("Hollander Kentucky"), PACIFIC COAST FEATHER, LLC, a Delaware limited liability company ("PCF"), PACIFIC COAST FEATHER CUSHION, LLC, a Delaware limited liability company ("Cushion"; HHFH, HSP, Hollander Kentucky, PCF and Cushion, are collectively, the "US Borrowers" and individually a "US Borrower"), HOLLANDER SLEEP PRODUCTS CANADA LIMITED (formerly known as Hollander Canada Home Fashions Limited), a British Columbia corporation ("Canadian Borrower;" US Borrowers and Canadian Borrower are collectively, the "Borrowers" and individually a "Borrower"), the Lenders from time to time party thereto and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as agent for the Lenders (in such capacity, "Agent").

Pursuant to paragraph 9 of Schedule 5.21 to the Credit Agreement, Debtors are required to satisfy the following milestone: on or before the date that is 3 Business Days (as such date may be extended by Agent in its sole discretion) following the entry of the Disclosure Statement and Plan Solicitation Procedure Order, the Canadian Court shall have issued an order recognizing the Disclosure Statement and Plan Solicitation Procedure Order in the Recognition Proceedings (such milestone, the "Specified Canadian Milestone").

This email confirms that Wells Fargo Bank, National Association, as Agent, has agreed to extend the date by which Debtors are required to satisfy the Specified Canadian Milestone, to August 6, 2019.

Joseph D. Zizzo | GOLDBERG KOHN LTD. | 55 East Monroe, Suite 3300, Chicago, Illinois 60603 | direct 312.863.7148 | direct fax: 312.863.7448 Visit the Goldberg Kohn website at www.goldbergkohn.com

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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

**SECOND REPORT OF KSV KOFMAN INC.,
IN ITS CAPACITY AS PROPOSED
INFORMATION OFFICER
(Returnable August 6, 2019)**

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Lawyers for KSV Kofman Inc. in its capacity as
Information Officer