

**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 A PLAN OF COMPROMISE OR
ARRANGEMENT OF SKLAR-PEPPLER FURNITURE CORPORATION**

MOTION RECORD

GOWLING LAFLEUR HENDERSON LLP
Barristers and Solicitors
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, Ontario M5X 1G5

E. Patrick Shea (LSUC#39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for the Sklar-Peppler Furniture
Corporation

TO: THE SERVICE LIST

SERVICE LIST

WEIRFOULDS LLP

Barristers and Solicitors
The Exchange Tower, Suite 1600
P.O. Box 480, 130 King Street West
Toronto, Ontario
M5X 1J5

Krista R. Chaytor

Tel: (416) 365-1110
Fax: (416) 365-1876
E-mail: kchaytor@weirfoulds.com

Solicitors for Lebovic Enterprises Inc.

TORKIN MANES COHEN ARBUS LLP

Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto Ontario
M5C 2W7

S. Fay Sulley

Tel: (416) 863 1188
Fax: (416) 863 0305
E-mail: fsulley@torkinmanes.com

Solicitors for Weyerhaeuser

MINDEN GROSS GRAFSTEIN & GREENSTEIN LLP

Barristers and Solicitors
Suite 700, 111 Richmond St. W.
Toronto, ON M5H 2H5

Raymond M. Slattery

Tel: (416) 369-4149
Fax: (416) 864-9223
E-mail: rslattery@mindengross.com

Solicitors for the Monitor

THORNTON GROUT FINNIGAN LLP

Royal Trust Tower, TD Centre
77 King St. W., Suite 2200
Toronto, ON M5K 1K7

Grant B. Moffat

Tel: (416) 304-0599
Fax: (416) 304-1313
E-mail: gmoffat@tgf.ca

Solicitors for National Bank of Canada

SUPERINTENDENT OF FINANCIAL SERVICES

Financial Services Commission of Ontario
Pension Plans Branch
5160 Yonge Street, 4th Floor
P.O. Box 85
North York, ON M2N 6L9

John Graham

Tel: (416) 226-7774
Fax: (416) 226-7777
E-mail: jgraham@fsco.gov.on.ca

MINISTRY OF THE ATTORNEY GENERAL

Legal Services Branch
Financial Services Commission of Ontario
7th Floor - Box 85, 5160 Yonge Street
Toronto, ON M2N 6L9

Mark Bailey

Tel: (416) 590-7555
Fax: (416) 590-7070
E-mail: mbailey@fsco.gov.on.ca

Solicitors for the Superintendent of Financial Services

UNITED STEEL WORKERS

J. O'Conner

E-mail: joconner@uswa.ca

**UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION
(UNITED STEELWORKERS)**

234 Eglinton Ave E, 8th Floor,
Toronto ON M4P 1K5

Paula Turtle, Canadian Counsel

Tel: (416) 544-5980

Fax: (416) 487-8826

Email: PTurtle@usw.ca

CANADA REVENUE AGENCY

Toronto-East Tax Services Office
200 Town Centre Court, Room 1030
Scarborough, Ontario
M1P 4Y3

G.M. Gotter CD., Complex Case/Resource Officer

Tel: (416) 954-0103

Fax: (416) 954-8263

Email: Gary.Gotter@ccra-ardc.gc.ca

CANADA CUSTOMS & REVENUE AGENCY

Department of Justice
Ontario Regional Office, Exchange Tower,
130 King Street West, Suite 3400, Box 36
Toronto, Ontario
M5X 1K6

Ms. Diane Winters

Tel: (416) 973-3172

Fax: (416) 973-0810

INDEX

TAB

Notice of Motion 1
Affidavit of Fiorella Sasso sworn October 27, 2006..... 2

**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 A PLAN OF COMPROMISE OR ARRANGEMENT OF SKLAR-PEPLER FURNITURE CORPORATION

NOTICE OF MOTION

SKLAR-PEPLER FURNITURE CORPORATION (“SPFC”) will make a motion to the court on Monday, October 30, 2006 at 9:00 a.m. or as soon after that time as the motion can be heard, at 393 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING the Motion will be heard orally.

THE MOTION IS FOR:

1. An order terminating the stay of proceedings imposed by an order (the “**Initial Order**”) made in respect of the SPFC on August 8, 2005 pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and terminating these CCAA proceedings by SPFC on the earlier of: (a) the filing of a proposal by SPFC under Part III of the *Bankruptcy and Insolvency Act* (the “**BIA**”); or (b) November 6, 2006.
2. An order discharging BDO Dunwoody Limited as monitor of the Application the earlier of: (a) the filing of a proposal by SPFC under Part III of the BIA; or (b) November 6, 2006.

3. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. On August 8, 2006 SPFC sought and obtained the Initial Order. The Initial Order imposed a stay of proceedings in respect of SPFC which was extended by various orders and will now expire on November 30, 2006.
2. SPFC has not submitted a plan of compromise or arrangement under the CCAA and has determined that it will not do so.
2. SPFC has determined that it will file a proposal to its creditors pursuant to the BIA.
3. Subsection 66(2) of the BIA.
4. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. Affidavit of Fiorella Sasso sworn October 27, 2006.
2. Such further and other evidence as this Honourable Court may permit.

GOWLING LAFLEUR HENDERSON LLP

Barristers and Solicitors
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, Ontario M5X 1G5

E. Patrick Shea (LSUC#39655K)

Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for the Sklar-Pepler Furniture Corporation

TO: THE SERVICE LIST

TOR_LAW\ 6433348\1

SERVICE LIST

WEIRFOULDS LLP

Barristers and Solicitors
The Exchange Tower, Suite 1600
P.O. Box 480, 130 King Street West
Toronto, Ontario
M5X 1J5

Krista R. Chaytor

Tel: (416) 365-1110
Fax: (416) 365-1876
E-mail: kchaytor@weirfoulds.com

Solicitors for Lebovic Enterprises Inc.

TORKIN MANES COHEN ARBUS LLP

Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto Ontario
M5C 2W7

S. Fay Sulley

Tel: (416) 863 1188
Fax: (416) 863 0305
E-mail: fsulley@torkinmanes.com

Solicitors for Weyerhaeuser

MINDEN GROSS GRAFSTEIN & GREENSTEIN LLP

Barristers and Solicitors
Suite 700, 111 Richmond St. W.
Toronto, ON M5H 2H5

Raymond M. Slattery

Tel: (416) 369-4149
Fax: (416) 864-9223
E-mail: rslattery@mindengross.com

Solicitors for the Monitor

THORNTON GROUT FINNIGAN LLP

Royal Trust Tower, TD Centre
77 King St. W., Suite 2200
Toronto, ON M5K 1K7

Grant B. Moffat

Tel: (416) 304-0599
Fax: (416) 304-1313
E-mail: gmoffat@tgf.ca

Solicitors for National Bank of Canada

SUPERINTENDENT OF FINANCIAL SERVICES

Financial Services Commission of Ontario
Pension Plans Branch
5160 Yonge Street, 4th Floor
P.O. Box 85
North York, ON M2N 6L9

John Graham

Tel: (416) 226-7774
Fax: (416) 226-7777
E-mail: jgraham@fsco.gov.on.ca

MINISTRY OF THE ATTORNEY GENERAL

Legal Services Branch
Financial Services Commission of Ontario
7th Floor - Box 85, 5160 Yonge Street
Toronto, ON M2N 6L9

Mark Bailey

Tel: (416) 590-7555
Fax: (416) 590-7070
E-mail: mbailey@fsco.gov.on.ca

Solicitors for the Superintendent of Financial Services

UNITED STEEL WORKERS

J. O'Conner

E-mail: joconner@uswa.ca

**UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION
(UNITED STEELWORKERS)**

234 Eglinton Ave E, 8th Floor,
Toronto ON M4P 1K5

Paula Turtle, Canadian Counsel

Tel: (416) 544-5980

Fax: (416) 487-8826

Email: PTurtle@usw.ca

CANADA REVENUE AGENCY

Toronto-East Tax Services Office
200 Town Centre Court, Room 1030
Scarborough, Ontario
M1P 4Y3

G.M. Gotter CD., Complex Case/Resource Officer

Tel: (416) 954-0103

Fax: (416) 954-8263

Email: Gary.Gotter@ccra-ardc.gc.ca

CANADA CUSTOMS & REVENUE AGENCY

Department of Justice
Ontario Regional Office, Exchange Tower,
130 King Street West, Suite 3400, Box 36
Toronto, Ontario
M5X 1K6

Ms. Diane Winters

Tel: (416) 973-3172

Fax: (416) 973-0810

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. c-36, AS AMENDED
IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SKLAR-PEPPLER FURNITURE CORPORATION

ONTARIO
SUPERIOR COURT OF JUSTICE
(PROCEEDING COMMENCED AT TORONTO)

NOTICE OF MOTION

GOWLING LAFLEUR HENDERSON LLP
Barristers and Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, Ontario M5X 1G5

E. PATRICK SHEA (LSUC No.: 39655K)
Telephone: (416) 369-7399
Facsimile: (416) 862-7661

Solicitors for the Applicant,
Sklar-Peppler Furniture Corporation

**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 A PLAN OF COMPROMISE OR ARRANGEMENT OF SKLAR-PEPLER FURNITURE CORPORATION

**AFFIDAVIT OF FIORELLA SASSO
(sworn October 27, 2006)**

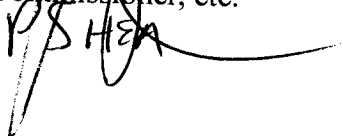
I, FIORELLA SASSO, of the City of Maple, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a legal assistant employed by the firm of Gowling Lafleur Henderson LLP, counsel for Sklar-Pepler Furniture Corporation (“**SPFC**”). As such, I have knowledge of the matters to which I hereinafter depose.
2. I am advised by Patrick Shea, and verily believe, that SPFC has prepared a proposal (the “**Proposal**”) to its creditors under Part III of the *Bankruptcy and Insolvency Act* (the “**BIA**”) naming A. Farber & Partners Inc. (“**Farber**”) as trustee under the Proposal.
3. Attached hereto and marked as **Exhibit “A”** is a true copy of a resolution passed by SPFC's sole directors, inter alia, approving the filing of the Proposal.
4. SPFC is in the process working with Farber to prepare the materials that must be filed with the Proposal.

5. Attached hereto and marked as **Exhibit "B"** is a true copy of the Order of the Honourable Madam Justice Pepall dated October 25, 2006, inter alia, discharging BDO Dunwoody Limited as monitor of SPFC upon the filing of a proposal by SPFC.
6. Attached hereto and marked as **Exhibit "C"** is a true copy of the Endorsement of the Honourable Madam Justice Pepall dated October 25, 2006 scheduling an appointment at 10:00 a.m. on October 30, 2006 to deal with the filing of the Proposal.

SWORN BEFORE ME at the City of Toronto
in the Province of Ontario
this 27 day of October, 2006

A Commissioner, etc.

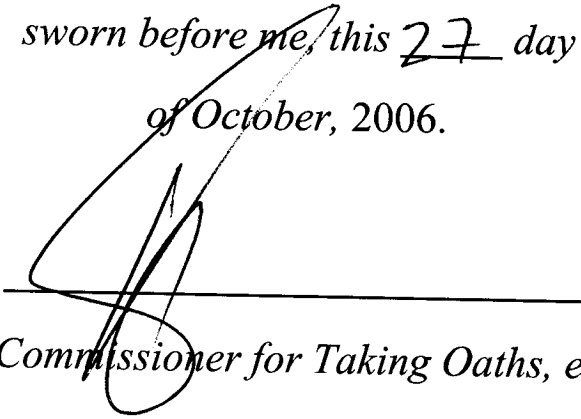


)
)
)
)
)



Fiorella Sasso

*This is Exhibit " A" referred to in the
Affidavit of — FIORELLA SASSO —
sworn before me, this 27 day
of October, 2006.*



A Commissioner for Taking Oaths, etc.

**RESOLUTION OF THE SOLE DIRECTOR OF
SKLAR-PEPPLER FURNITURE CORPORATION**

(the "Company")


AND WHEREAS the sole director of the Company, having given due consideration to the matter, is of the view that it is in the best interests of the Company's various stakeholders that the insolvency proceeding commenced by the Company under the *Companies' Creditors Arrangement Act* (the "CCAA") on August 8, 2006 be terminated and a proposal filed by the Company pursuant to Part III of the *Bankruptcy and Insolvency Act* (the "BIA");

NOW THEREFORE BE IT RESOLVED THAT:

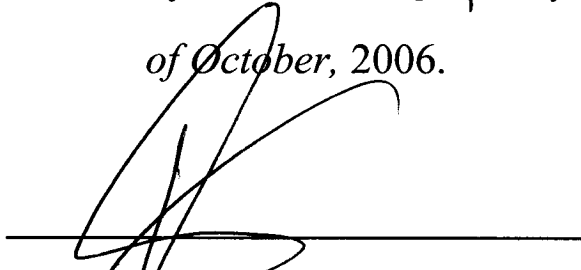
1. The Company take such steps as are necessary to terminate the CCAA proceedings commenced in respect of the Company.
2. The filing by the Company of a proposal pursuant to Part III of the BIA substantially in the form of the draft proposal (or in such other form as may be agreed to by the director of the Company) (the "**Proposal**") be and is hereby authorized, ratified and approved.
3. The engagement of A. Farber & Partners Inc. as trustee under the Proposal be and is hereby authorized, ratified and approved.
4. Any one officer or any one director of the Company be and is hereby authorized and empowered, acting for, in the name of and on behalf of the Company, to:
 - (a) Execute or to cause to be executed (under the seal of the Company or otherwise) and to deliver or to cause to be delivered, all agreements and documents as may be considered necessary or desirable in connection with the Proposal and the other matters provided for in this resolution (including any amended form of Proposal) all in such form and containing such terms and conditions as the person executing the agreement or document may approve; and
 - (b) Do or to cause to be done all such acts and things as may be necessary or desirable in connection with the matters provided for in this resolution or in order to give effect to the intent of this Resolution.

THE FOREGOING RESOLUTION is hereby approved by all of the directors of the Company entitled to vote thereon as evidenced by their respective signatures.

DATED at Toronto this 26 day of October, 2006.


ROBERT J. TWEEDY

*This is Exhibit " B" referred to in the
Affidavit of — FIORELLA SASSO —
sworn before me, this 27 day
of October, 2006.*



A Commissioner for Taking Oaths, etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List**

THE HONOURABLE) WEDNESDAY, THE 25th
JUSTICE PEPALL) DAY OF OCTOBER, 2006



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

AND IN THE MATTER OF A PLAN OF COMPROMISE AND
ARRANGEMENT OF SKLAR-PEPPLER FURNITURE CORPORATION

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT
ACT*, R.S.C. 1985, c. C-36, AS AMENDED

ORDER

THIS MOTION made by BDO Dunwoody Limited ("BDO") in its capacity as court-appointed Monitor (the "Monitor") of Sklar-Peppler Furniture Corporation (the "Applicant") in these CCAA proceedings pursuant to the Order of the Honourable Justice Campbell dated August 8, 2006 (the "Initial Order") for the relief set out in the Monitor's Notice of Motion, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record filed by the Monitor and the Monitor's Third Report to Court and the exhibits and schedules attached thereto (collectively, the "Report"), and after hearing the submissions of counsel for the Monitor, National Bank of Canada and the Applicant,

no one else appearing although duly served,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged, that this motion is properly returnable on October 25, 2006 and that the service of the Notice of Motion, the Motion Record and the Report is hereby validated.
2. **THIS COURT ORDERS** that the conduct of the Monitor as set out in the Report be and the same is hereby approved.
3. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel as set out in the Report are hereby found to be reasonable and the same are hereby approved. The Applicant shall pay to the Monitor forthwith \$21,702.18 in respect of the fees of the Monitor and \$17,350.01 in respect of the fees of the Monitor's counsel, which payment shall constitute full satisfaction of the Applicant's obligation to pay these accounts in accordance with the settlement reached between the Monitor and the Applicant as described in the Report.
4. **THIS COURT ORDERS** that upon the earlier of i) the Applicant filing a proposal (the "Proposal") under the *Bankruptcy and Insolvency Act*, (the "BIA") or ii) a further order of this Court, BDO shall be discharged as Monitor of the Applicant.
5. **THIS COURT ORDERS** that the Applicant shall send a copy of this Order to those parties who were served with copies of the Initial Order pursuant to paragraph 38 of the Initial Order as soon as possible, and in any event, no later than the date of the mailing of its Proposal to creditors pursuant to the BIA. The

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF SKLAR-PEPPLER FURNITURE
CORPORATION

Court File No. 06-CL-6585

<p>ONTARIO SUPERIOR COURT OF JUSTICE</p> <p>Proceeding commenced at Toronto</p>	<p>ORDER</p> <p>MINDEN GROSS LLP 145 King Street West Suite 2200 Toronto ON M5H 4G2</p> <p>RAYMOND M. SLATTERY (LSUC#: 20479L) 416-369-4149 416-864-9223 fax</p> <p>Solicitors for the Monitor</p>
---	---

*This is Exhibit " C" referred to in the
Affidavit of — FIORELLA SASSO —
sworn before me, this 27 day
of October, 2006.*



A Commissioner for Taking Oaths, etc.

**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 A PLAN OF COMPROMISE AND
ARRANGEMENT OF SKLAR-PEPPLER FURNITURE CORPORATION

APPLICATION UNDER THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

**ENDORSEMENT OF JUSTICE PEPALL
DATED OCTOBER 25, 2006**

The Applicant, Sklar-Pepplar, intends to file a proposal under the BIA but has not yet done so. The Monitor wishes, amongst other things, to be discharged. I am satisfied that the wording contained in the draft proposed order that is consented to by the Applicant, the Monitor and National Bank should be granted. I am scheduling October 30/06 for a further court hearing in this matter. 30 minutes is required. The order I have executed is to issue.

“Pepall, J.”

02-05-06
ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

MOTION RECORD OF
BDO DUNWOODY LIMITED, IN ITS
CAPACITY AS MONITOR FOR SKLAR-
PEPLER FURNITURE CORPORATION
(Motion returnable October 25, 2006)

Minden Gross LLP
145 King St. W.
Suite 2200
Toronto, ON M5H 4G2

RAYMOND M. SLATTERY
LSUC#: 20479L
Tel: (416) 369-4149
Fax: (416) 864-9223

Solicitors for the Monitor

Oct 27 106
The Appellant, Sklar-Pepler, intends
to file a proposed order for the RIF but
has not yet got their things to be discharged.
I am satisfied that the wording
outlined - the draft proposed order
that is contained to say the Appellant
the Monitor & National Board should
be notified. I am scheduling Oct 30/06
for a court hearing in this matter
30 minutes "referred". The
order I have exercised "to reserve"
(S. 70(1))



IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. c-36, AS AMENDED
IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SKLAR-PEPPLER FURNITURE CORPORATION

ONTARIO
SUPERIOR COURT OF JUSTICE
(PROCEEDING COMMENCED AT TORONTO)

AFFIDAVIT OF FIORELLA SASSO
(SWORN OCTOBER 27, 2006)

GOWLING LAFLEUR HENDERSON LLP
Barristers and Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, Ontario M5X 1G5

E. PATRICK SHEA (LSUC No.: 39655K)
Telephone: (416) 369-7399
Facsimile: (416) 862-7661

Solicitors for the Applicant,
Sklar-Peppler Furniture Corporation

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. c-36, AS AMENDED
IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SKLAR-PEPPLER FURNITURE CORPORATION

ONTARIO
SUPERIOR COURT OF JUSTICE
(PROCEEDING COMMENCED AT TORONTO)

MOTION RECORD

GOWLING LAFLEUR HENDERSON LLP
Barristers and Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, Ontario M5X 1G5

E. PATRICK SHEA (LSUC No.: 39655K)
Telephone: (416) 369-7399
Facsimile: (416) 862-7661

Solicitors for the Applicant,
Sklar-Peppler Furniture Corporation