

**CANADIAN POLYURETHANE FOAM CLASS ACTIONS
NATIONAL SETTLEMENT AGREEMENT**

Made as of June 16, 2015

Between

**“HI! NEIGHBOR” FLOOR COVERING CO. LIMITED, MAJESTIC MATTRESS MFG.
LTD, TRILLIUM PROJECT MANAGEMENT LTD., and OPTION
CONSOMMATEURS**

and

CARPENTER CO. and CARPENTER CANADA CO.

and

MICHAEL LAJAMBE

TABLE OF CONTENTS

Page

SECTION 1 - DEFINITIONS.....	6
SECTION 2 - SETTLEMENT APPROVAL	15
2.1. Best Efforts	15
2.2. Motions Approving Notice and Seeking Certification or Authorization.....	16
2.3. Motions for Approval of the Settlement	16
2.4. Pre-Motion Confidentiality	17
2.5. Sequence of Motions.....	17
SECTION 3 - SETTLEMENT CONSIDERATION	18
3.1. Payment of Settlement Amount	18
3.2. Taxes and Interest	19
3.3. Cooperation.....	20
SECTION 4 - DISTRIBUTION OF THE SETTLEMENT PROCEEDS	24
4.1. Distribution Protocol.....	24
4.2. No Responsibility for Administration or Fees	24
SECTION 5 - RELEASES AND DISMISSALS	25
5.1. Release of Releasees	25
5.2. Covenant Not To Sue.....	25
5.3. Release of Unknown Claims.....	25
5.4. No Further Claims.....	26
5.5. Dismissal of the Proceedings	26
5.6. Dismissal of the Individual Action	27
5.7. Dismissal of Other Actions against the Releasees	27
5.8. Impact of Discontinuance and Dismissals	27
5.9. Releases and Covenants Not to Sue.....	28
SECTION 6 - BAR ORDER, WAIVER OF SOLIDARITY ORDER AND OTHER CLAIMS.....	28
6.1. British Columbia and Ontario Bar Orders	28
6.2. Quebec Waiver or Renunciation of Solidarity Order	30
6.3. Material Term	31
SECTION 7 - EFFECT OF SETTLEMENT	31
7.1. No Admission of Liability	31
7.2. Agreement Not Evidence.....	32
7.3. No Further Litigation	32

TABLE OF CONTENTS
(continued)

Page

SECTION 8 - CERTIFICATION OR AUTHORIZATION FOR SETTLEMENT ONLY	33
8.1. Settlement Class and Common Issue	33
8.2. Certification or Authorization Without Prejudice in the Event of Termination.....	33
SECTION 9 - NOTICE TO SETTLEMENT CLASS	34
9.1. Notice Required	34
9.2. Form, Publication and Distribution of Notice.....	34
9.3. Notice of Distribution	34
SECTION 10 - ADMINISTRATION AND IMPLEMENTATION.....	35
10.1. Mechanics of Administration.....	35
SECTION 11 - CLASS COUNSEL FEES AND ADMINISTRATION EXPENSES	35
11.1. Class Counsel Fees and Administration Expenses	35
SECTION 12 - TERMINATION OF SETTLEMENT AGREEMENT	36
12.1. Right of Termination.....	36
12.2. If Settlement Agreement is Terminated.....	38
12.3. Allocation of Monies in the Trust Account Following Termination	40
12.4. Survival of Provisions After Termination.....	40
SECTION 13 - MISCELLANEOUS.....	40
13.1. Releasees Have No Liability for Administration.....	40
13.2. Motions for Directions	41
13.3. Headings, etc.....	41
13.4. Computation of Time.....	41
13.5. Ongoing Jurisdiction.....	42
13.6. Governing Law	42
13.7. Entire Agreement	43
13.8. Amendments	43
13.9. Binding Effect.....	43
13.10. Counterparts	43
13.11. Negotiated Agreement	43
13.12. Language.....	44
13.13. Transaction.....	44
13.14. Recitals.....	44
13.15. Schedules	44
13.16. Acknowledgements.....	44
13.17. Authorized Signatures.....	45
13.18. Notice.....	45
13.19. Date of Execution	47

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RECITALS

A. WHEREAS the Plaintiffs have commenced the Proceedings which allege that the Defendants, including the Carpenter Defendants, participated in an unlawful conspiracy to raise, fix, maintain and/or stabilize the price of Foam Products in Canada and/or to allocate territories, markets and customers for the sale of Foam Products in Canada, contrary to Part VI of the *Competition Act*, common law and/or Quebec civil law;

B. AND WHEREAS the Ontario Plaintiff has also named the Lajambe Defendant, an employee of Carpenter Canada Co., one of the Carpenter Defendants, as an individual defendant in the Ontario Proceedings;

C. AND WHEREAS the Settling Defendants enter into this Settlement Agreement without admission of any liability or any facts alleged in the Proceedings, deny all allegations of wrongdoing made in the Proceedings, believe that they are not liable in respect of the claims as alleged in the Proceedings, and believe that they have good and reasonable grounds to oppose certification/authorization of the Proceedings as class proceedings and have good and reasonable defences in respect of the merits of the Proceedings;

D. AND WHEREAS the Settling Defendants assert that they would actively pursue and vindicate their defences in respect of certification/authorization and the merits during the course of the certification/authorization process, during the course of discovery and during the course of trial if the Plaintiffs continued the Proceedings against them in the respective Courts;

E. AND WHEREAS, despite their belief that they have good and reasonable grounds to oppose certification/authorization of the Proceedings as class proceedings, and have good and reasonable defences in respect of the merits, the Settling Defendants have negotiated and entered into this Settlement Agreement to avoid the further expense, inconvenience, and burden of the Proceedings and any other present or future litigation arising out of the facts that gave rise to the Proceedings and to achieve a resolution of all claims asserted or which could have been asserted against them by the Plaintiffs on their own behalf and on behalf of the Settlement Class they seek

to represent, and to avoid the risks inherent in uncertain, complex and protracted litigation, and thereby to put to rest this controversy involving the Settling Defendants;

F. AND WHEREAS as part of this resolution, the Carpenter Defendants have agreed to cooperate with the Plaintiffs and Class Counsel by providing certain information related to the purchase, sale and distribution of Foam Products in Canada;

G. AND WHEREAS counsel for the Parties have engaged in extensive arm's-length settlement discussions and negotiations;

H. AND WHEREAS as a result of these settlement discussions and negotiations, the Parties have entered into this Settlement Agreement, which embodies all of the terms and conditions of the Settlement between the Settling Defendants and the Plaintiffs, both individually and on behalf of the Settlement Class, subject to approval of the Courts;

I. AND WHEREAS the Plaintiffs and Class Counsel have reviewed and fully understand the terms of this Settlement Agreement and, based on their analyses of the facts and law applicable to the Plaintiffs' claims, and having regard to the value of the Settlement Amount to be paid by the Carpenter Defendants, the value of cooperation to be provided by the Carpenter Defendants, the burdens and expense in prosecuting the Proceedings against the Settling Defendants, including the risks and uncertainties associated with trials and appeals and the risks associated with recovery and collectability of any potential judgment, the Plaintiffs and Class Counsel have concluded that this Settlement Agreement is fair, reasonable and in the best interests of the Plaintiffs and the Settlement Class they seek to represent in the Proceedings;

J. AND WHEREAS the Settling Defendants are entering into this Settlement Agreement in order to achieve resolution of all claims asserted in the Proceedings or which could have been asserted by purchasers of Foam Products, directly or indirectly, resident anywhere and everywhere in Canada, as well as claims by them or their various world-wide parents, subsidiaries and affiliated Persons and entities, or Persons claiming by way or through any of them in any capacity whatsoever, relating to the purchase or sale of Foam Products, and to avoid the further expense, inconvenience and the distraction of burdensome and protracted litigation;

K. AND WHEREAS the Parties therefore wish to, and hereby do, finally resolve on a nationwide basis, without any admission of liability, all of the claims and possible claims against the Releasees relating to or arising from allegations that prices for Foam Products were unlawfully or artificially fixed, stabilized or maintained, or that customers, markets or territories for Foam Products were unlawfully divided or allocated, or that the Releasees, alone or in concert with any other Person, otherwise undertook or engaged in unfair, deceptive or anticompetitive acts or practices in the purchase or sale of Foam Products;

L. AND WHEREAS for the purposes of settlement only, and contingent on approvals by the Courts as provided for in this Settlement Agreement, the Parties have consented to certification or authorization of the Proceedings as class proceedings for settlement purposes only, and have consented to the Settlement Class and a Common Issue in each of the Proceedings;

M. AND WHEREAS for the purposes of settlement only, and contingent on approvals by the Courts as provided for in this Settlement Agreement, the B.C. and Ontario Plaintiffs have agreed to consent to a dismissal of the B.C. and Ontario Proceedings, with prejudice, as against the Carpenter Defendants, and the Quebec Petitioner has agreed to the settlement out of court of the Quebec Proceeding with the Carpenter Defendants, subject to the terms of this Settlement Agreement and subject to the Final Orders;

N. AND WHEREAS for the purposes of settlement only, and contingent on the approvals by the Courts as provided for in this Settlement Agreement, the Ontario Plaintiff has agreed to consent to a dismissal of the Ontario Proceedings as against the Lajambe Defendant, with prejudice, in the Ontario Court subject to the terms of this Settlement Agreement and subject to the Final Orders;

O. AND WHEREAS the Plaintiffs assert that they are collectively adequate class representatives for their respective Settlement Class and will seek to be appointed representative plaintiffs of their Settlement Class in the respective Proceedings;

NOW THEREFORE, in consideration of the covenants, agreements and releases set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Plaintiffs, for themselves and on behalf of their

respective Settlement Class, that the B.C. and Ontario Proceedings shall be dismissed with prejudice as to the Carpenter Defendants and the Ontario Proceedings shall be dismissed with prejudice as to the Lajambe Defendant (being the only Proceeding in which Lajambe is named as a Defendant), without costs and that the Quebec Proceeding shall be settled out of court, without costs, subject to the approval of the Courts, on the following terms and conditions:

SECTION 1 - DEFINITIONS

For the purpose of this Settlement Agreement only, including the Recitals and Schedules hereto:

- (1) ***Administration Expenses*** mean all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable by the Plaintiffs, Class Counsel, the Settlement Class or otherwise for the approval, implementation and operation of this Settlement Agreement, including the costs of Notices, and claims administration, but excluding Class Counsel Fees.
- (2) ***B.C. Class Counsel*** means Branch MacMaster LLP and Camp Fiorante Matthews Mogeran.
- (3) ***B.C. Class Proceedings Act*** means the *Class Proceedings Act*, RSBC 1996, c. 50.
- (4) ***B.C. Court*** means the Supreme Court of British Columbia.
- (5) ***B.C. Plaintiffs*** mean Majestic Mattress Mfg. Ltd. and Trillium Project Management Ltd.
- (6) ***B.C. Proceedings*** mean the proceedings commenced by Majestic Mattress Mfg. Ltd. in the form of a Notice of Civil Claim filed in the B.C. Court (Vancouver Registry), Court File No. VLC-S-S-106362, filed on September 24, 2010, and by Trillium Project Management Ltd. in the form of a Notice of Civil Claim filed in the B.C. Court (Vancouver Registry), Court File No. S-106213, filed on September 15, 2010.
- (7) ***B.C. Settlement Class*** means all Persons resident in British Columbia who purchased Foam Products in Canada during the Settlement Class Period, except Excluded Persons.

(8) ***B.C. Settlement Class Member*** means a member of the B.C. Settlement Class who has not validly opted out of the B.C. Proceedings in accordance with the order of the B.C. Court made July 30, 2013 in the B.C. Proceedings.

(9) ***Canadian Polyurethane Foam Class Actions National Settlement*** means the nationwide settlement contemplated by this Settlement Agreement.

(10) ***Carpenter Defendants*** means Carpenter Co. and Carpenter Canada Co.

(11) ***Carpenter Released Parties*** means the Carpenter Defendants, their respective predecessors and successors and their respective past and current, direct and indirect, world-wide parents, subsidiaries, and affiliates, and the respective present and former directors, officers, employees, partners, principals, members, insurers, heirs, executors, administrators, devisees, representatives, agents, lawyers, and assigns of all such persons or entities, as well as any Person or entity acting on behalf of or through any of them in any capacity whatsoever, jointly, severally and solidarily. As used in this paragraph, “affiliates” means entities controlling, controlled by or under common ownership or control, in whole or in part, with any of the Carpenter Released Parties, including but not limited to Carpenter S.A.S., Carpenter GmbH, Carpenter Belgium NV, Carpenter Limited, E. R. Carpenter, L.P. and Carpenter Holdings, Inc.

(12) ***Civil Code of Quebec*** means the *Civil Code of Quebec*, S.Q. 1991, c.64, as amended.

(13) ***Claims Administrator*** means the Person proposed by Class Counsel and appointed by the Courts to administer this Settlement Agreement, including the claims process, in accordance with the provisions of this Settlement Agreement and the Distribution Protocol, and any employees or agents of such Person.

(14) ***Class Counsel*** means B.C. Class Counsel, Quebec Class Counsel and Ontario Class Counsel who act as class counsel in the Proceedings.

(15) ***Class Counsel Fees*** include the fees, disbursements, costs, interest, and/or charges of Class Counsel, and any HST and/or GST, and other applicable taxes or charges thereon, including any amounts payable by Class Counsel or the Settlement Class Members to any other body or person, including the Fonds d’aide aux recours collectifs in Quebec.

- (16) **Common Issue** in each Proceeding means: Did the Settling Defendants conspire to harm the Settlement Class Members during the Settlement Class Period? If so, what damages, if any, are payable by the Settling Defendants to the Settlement Class Members?
- (17) **Competition Act** means the *Competition Act*, RSC 1985, c. C-34, as amended.
- (18) **Confidentiality Order** means any order with respect to confidentiality or the sealing of information that is issued by the Ontario Court, the Quebec Court and/or the B.C. Court, and any amendments thereto, and any other confidentiality order and undertaking relating to the Proceedings.
- (19) **Counsel for the Carpenter Defendants** means Aird & Berlis LLP and Woods LLP.
- (20) **Court or Courts** mean the Ontario Court, the Quebec Court and/or the B.C. Court.
- (21) **Defendants** mean the individuals and entities named as defendants in the Proceedings as set out in Schedule “A”, as well as any named or unnamed co-conspirator who may be added as a defendant in the Proceedings in the future.
- (22) **Distribution Protocol** means the plan developed by Class Counsel for holding or distributing the Settlement Proceeds, in whole or part, for or to the Settlement Class, or any of them, as approved by the Courts.
- (23) **Documents** mean all papers, computer or electronic records, or other materials within the scope of Rule 1.03(1) and Rule 30.01(1) of the Ontario *Rules of Civil Procedure* and any copies, reproductions or summaries of the foregoing, including microfilm copies and computer images.
- (24) **Effective Date** means the date when the Final Orders have been issued and entered.
- (25) **Excluded Person** means each Defendant, the directors and officers of each Defendant, the parents, subsidiaries or other affiliates of each Defendant, and the legal representatives, heirs, successors and assigns of each of the foregoing.
- (26) **Execution Date** means the date that this Settlement Agreement is first fully executed by all Parties as indicated on the cover page of this Settlement Agreement.

(27) **Final Order** means the later of a final order or judgment made by each of the Courts in respect of the approval of this Settlement Agreement once the time to appeal such order or judgment has expired without any appeal being taken, if an appeal lies, or once there has been affirmation of the approval of this Settlement Agreement upon a final disposition of all appeals.

(28) **Foam Products** mean flexible polyurethane foam and any and all products that contain flexible polyurethane foam, including carpet underlay.

(29) **Individual Action** means the proceeding commenced by “Hi! Neighbor” Floor Covering Co. Limited by Notice of Action issued August 1, 2012 in the Ontario Court (Windsor Registry), Court File No. CV-12-18219 and Statement of Claim filed on August 31, 2012.

(30) **Lajambe Defendant** means Michael Lajambe.

(31) **Lajambe Released Parties** means the Lajambe Defendant together with his heirs, beneficiaries, administrators, executors, devisees, representatives, insurers, lawyers, agents and assigns, as well as any Person or entity acting on behalf or through any of them in any capacity whatsoever;

(32) **Non-Settling Defendant or Non-Settling Defendants** mean, as applicable, any Defendant(s) that is not a Settling Defendant or a Settled Defendant, and includes any Settled Defendant that terminates its own settlement agreement in accordance with its terms or whose settlement agreement fails to take effect for any reason, whether or not such settlement agreement is in existence at the Date of Execution, but does not include any of the Settling Defendants, the Carpenter Released Parties or the Lajambe Released Parties.

(33) **Notices** mean the Pre-Approval Notice, any notice required by Section 9 of this Settlement Agreement, and any other notices that may be required by law or ordered by the Courts.

(34) **Ontario Class Counsel** means Sutts, Strosberg LLP and Andrew J. Morganti.

(35) **Ontario Class Proceedings Act** means the *Class Proceedings Act*, S.O. 1992, c. 6.

(36) **Ontario Court** means the Ontario Superior Court of Justice.

(37) **Ontario Plaintiff** means “Hi! Neighbor” Floor Covering Co. Limited.

(38) **Ontario Proceedings** mean the proceeding commenced by “Hi! Neighbor” Floor Covering Co. Limited by Notice of Action issued August 19, 2010 in the Ontario Court (Windsor Registry), Court File No. CV-10-15164 and Statement of Claim filed on September 15, 2010 and the proceeding commenced by “Hi! Neighbor” Floor Covering Co. Limited by Statement of Claim issued on December 30, 2011 in the Ontario Court (Windsor Registry), Court File No. CV-11-17279.

(39) **Ontario Settlement Class** means all Persons resident in Canada who purchased Foam Products in Canada during the Settlement Class Period, except those Persons included in the B.C. Proceedings, the Quebec Proceeding and Excluded Persons. For greater certainty, any legal person established for a private interest, partnership or association, resident in Quebec, which at any time between October 1, 2009 and October 1, 2010 had under its direction or control more than 50 persons bound to it by contract of employment or that is not dealing at arm’s length with Option Consommateurs, is included in the Ontario Settlement Class.

(40) **Ontario Settlement Class Member** means a member of the Ontario Settlement Class who has not validly opted out of the Ontario Proceedings in accordance with the orders of the Ontario Court made July 24, 2013 in the Ontario Proceedings.

(41) **Other Actions** mean actions or proceedings, other than the Proceedings and the Individual Action, relating to the Released Claims commenced by any of the Releasers either before or after the Effective Date.

(42) **Party and Parties** mean the Settling Defendants, the Plaintiffs, for themselves and as representatives of, where necessary, the Settlement Class Members.

(43) **Person** means any individual, corporation, limited liability corporation, professional corporation, limited liability partnership, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, municipality, province, provincial agency, any entity that is a creature of any province, any government or any political subdivision, authority, office, bureau, or agency of any government, and any business or legal

entity and any spouses, heirs, predecessors, successors, representatives or assignees of any of the foregoing.

(44) ***Plaintiff or Plaintiffs*** mean, as applicable, “Hi! Neighbor” Floor Covering Co. Limited, Majestic Mattress Mfg. Ltd, Trillium Project Management Ltd., and Option consommateurs individually and collectively.

(45) ***Pre-Approval Notice*** means the form or forms of notice, reasonably agreed to by the Plaintiffs and the Settling Defendants, as approved by the Courts, which informs the Settlement Class of: (i) the certification or authorization of the Proceedings as class proceedings for settlement purposes and certification or authorization of the Settlement Class; (ii) the principal elements of this Settlement Agreement; (iii) the dates and locations of the hearings for the approval of this Settlement and this Settlement Agreement; and (iv) otherwise complies with all requirements of the *Ontario Class Proceedings Act*, the *B.C. Class Proceedings Act* and the *Quebec Code of Civil Procedure*.

(46) ***Proceeding or Proceedings*** mean, as applicable, the B.C. Proceedings, the Ontario Proceedings and the Quebec Proceeding.

(47) ***Proportionate Liability*** means the proportion of any judgment that, had they not settled, a Court would have apportioned to any of the Releasees and shall also be deemed to include any amount that a Releasee would have been liable to pay a Non-Settling Defendant as contribution or indemnification in the absence of this Settlement and the bar orders contained herein.

(48) ***Quebec Class Counsel*** means Belleau Lapointe LLP.

(49) ***Quebec Code of Civil Procedure*** means the *Code of Civil Procedure of Quebec*, RSQ, c. C-25.

(50) ***Quebec Court*** means the Superior Court of Quebec.

(51) ***Quebec Other Action*** means an action or proceeding, other than the Proceedings and the Individual Action, relating to the Released Claims filed by any Person in Quebec who purchased Foam Products in Canada during the Settlement Class Period (except Excluded Persons and any legal person established for a private interest, partnership or association which at any time

between October 1, 2009 and October 1, 2010 had under its direction or control more than 50 persons bound to it by contract of employment or that is not dealing at arm's length with Option consommateurs) who has validly opted out of the Quebec Proceeding.

(52) **Quebec Petitioner** means Option consommateurs.

(53) **Quebec Proceeding** means the proceeding commenced by Karine Robillard, who was then the petitioner and who is now the designated person, in the form of a motion for authorization to institute a class proceeding (Requete pour autorisation d'exercer un recours collectif) in the Quebec Court, Court File No. 500-06-000524-104, filed on October 1, 2010 and as amended on or about July 10, 2012 and served on or about July 30, 2012, whereby Option consommateurs became the petitioner and Karine Robillard became the designated person.

(54) **Quebec Settlement Class** means all Persons resident in Quebec who purchased Foam Products in Canada during the Settlement Class Period except Excluded Persons and any legal person established for a private interest, partnership or association which at any time between October 1, 2009 and October 1, 2010 had under its direction or control more than 50 persons bound to it by contract of employment or that is not dealing at arm's length with Option consommateurs.

(55) **Quebec Settlement Class Member** means a member of the Quebec Settlement Class who has not validly opted out of the Quebec Proceeding in accordance with the order of the Quebec Court made July 9, 2013 in the Quebec Proceeding.

(56) **Released Claims** means any and all manner of claims, demands, actions, causes of action, suits and proceedings, whether class, individual or otherwise, whether personal or subrogated, and any losses, remedies, liabilities or damages of any kind whenever incurred, including compensatory, punitive or other damages, as well as interest, costs, expenses, class administration expenses (including Administration Expenses), penalties, fines and fees, including experts' and lawyers' fees (including Class Counsel Fees), known or unknown, asserted or non-asserted, direct or indirect, accrued or non-accrued, suspected or unsuspected, foreseen or unforeseen, actual or contingent, liquidated or unliquidated, whether in law, at common law, under statute, or in equity or otherwise, in contract, tort, warranty, strict liability or otherwise,

that the Releasors, or any of them, jointly, severally and/or solidarily, directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have, claim or assert, directly or indirectly, relating to or arising from any conduct or activity occurring anywhere in the world, from the beginning of time to the Effective Date, relating to the purchase, sale, pricing, discounting, marketing, distributing, promotion of or compensation for Foam Products purchased, sold or delivered in Canada, including the conduct alleged (or which could have been alleged) in the Proceedings, the Individual Action or the Other Actions, or any such claims which have been or could have been asserted, directly or indirectly, whether in Canada or elsewhere, arising from or related to any allegation that the Releasees, or any of them, conspired, concerted, agreed or undertook to unlawfully or artificially fix, stabilize or maintain prices of Foam Products purchased, sold or delivered in Canada, or to allocate or divide customers, markets or territories for Foam Products purchased, sold or delivered in Canada or otherwise engaged in unfair, deceptive, unlawful or anticompetitive acts or practices regarding the purchase, sale, pricing, discounting, marketing, distribution, promotion of or compensation for Foam Products purchased, sold or delivered in Canada. However, nothing herein shall be construed to release breach of warranty or product liability claims arising in the normal course of business between the Releasors and the Releasees provided such claims are unrelated to, do not arise from, relate to or involve allegations or claims of the type of conduct and activities alleged, or which could have been alleged, in the Proceedings, the Individual Action or the Other Actions.

(57) **Releasees** mean, jointly, severally and solidarily, individually and collectively, the Carpenter Released Parties and the Lajambe Released Parties, but specifically excluding the Non-Settling Defendants.

(58) **Releasors** mean, jointly, severally and solidarily, collectively and individually, the Plaintiffs, the Settlement Class, including, for greater certainty, each Settlement Class Member, jointly, severally and solidarily, and their respective predecessors and successors, and their respective past and current, direct and indirect, world-wide parents, subsidiaries and affiliates, and the respective present and former directors, officers, employees, partners, principals, members, insurers, heirs, executors, administrators, devisees, representatives, agents, lawyers, and assigns of all such persons or entities, as well as any Person or entity claiming by or through

any of them in any capacity whatsoever, jointly, severally and solidarily. For purposes of this paragraph “affiliates” means entities controlling, controlled by or under common ownership or control, in whole or in part, with any of the Releasers.

(59) **Round 1 Orders** mean the orders certifying or authorizing the Proceedings as class proceedings in accordance with the *Ontario Class Proceedings Act*, the *B.C. Class Proceedings Act* and the *Quebec Code of Civil Procedure*, as applicable, and approving the form of the Pre-Approval Notice to be given to the Settlement Class.

(60) **Round 2 Orders** mean the orders approving the Settlement provided for in this Settlement Agreement in accordance with the *Ontario Class Proceedings Act*, the *B.C. Class Proceedings Act* and the *Quebec Code of Civil Procedure*, as applicable.

(61) **Settled Defendant or Settled Defendants** mean, as applicable, Domfoam International, Inc., Valle Foam Industries (1995) Inc., and A-Z Sponge & Foam Products Ltd.

(62) **Settlement** means the settlement with the Releasees in respect of the Proceedings, the Individual Action or the Other Actions, and any claims made or which could have been made in the Proceedings, the Individual Action or the Other Actions, including any related or similar proceeding filed by or on behalf of any of the Releasers, as well as claims relating to or arising from allegations that the Releasees, or any of them, conspired, concerted, agreed or undertook to fix, stabilize or maintain prices, or allocate or divide customers, markets or territories for Foam Products, or otherwise engaged in unfair, deceptive, unlawful or anticompetitive acts or practices in connection with the purchase, sale, pricing, discounting, marketing, distribution, promotion of or compensation for Foam Products.

(63) **Settlement Agreement or Agreement** means this Agreement, including the recitals and schedules, all of which shall be deemed operative provisions of this Agreement.

(64) **Settlement Amount** means the sum of twenty-three million Canadian dollars (CAD \$23,000,000).

(65) **Settlement Class** means collectively the B.C. Settlement Class and all of its members, the Ontario Settlement Class and all of its members, and the Quebec Settlement Class and all of its members.

(66) **Settlement Class Member** means a B.C. Settlement Class member, a Ontario Settlement Class members or a Quebec Settlement Class member who has not validly opted out of a Proceeding, as applicable, in accordance with the orders of the Courts.

(67) **Settlement Class Period** means the period from January 1, 1999 to January 10, 2012.

(68) **Settlement Proceeds** means the Settlement Amount plus any interest that may accrue and be payable to the Settlement Class pursuant to this Agreement.

(69) **Settling Defendant or Settling Defendants** mean, as applicable, the Carpenter Defendants and/or the Lajambe Defendant.

(70) **Trust Account** means an interest bearing trust account at a Canadian Schedule 1 bank under the control of Camp Fiorante Matthews Mogerman for the benefit of Settlement Class Members.

(71) **U.S. Proceedings** mean the class action proceedings pending before the United States District Court for the Northern District of Ohio under the caption *In re Polyurethane Foam Antitrust Litigation*, Master File No.: 10-MLS-2196 (JZ), MDL No. 2196, and including all class and individual actions transferred by the Judicial Panel for Multidistrict Litigation for coordination, all actions pending such transfer, all actions that may be transferred in the future and any other actions involving similar allegations relating to Foam Products that are pending or that may be commenced before the federal or state courts of the United States.

SECTION 2 - SETTLEMENT APPROVAL

2.1. Best Efforts

(1) The Parties respectively shall take all reasonable steps to expeditiously effectuate this Settlement and secure the prompt, complete and final dismissal with prejudice of the B.C. Proceedings and Ontario Proceedings as against the Settling Defendants, and a prompt, complete

and final declaration of settlement out of Court of the Quebec Proceeding as against the Settling Defendants, and cooperate in the Plaintiffs' efforts to obtain any approvals or orders required from the Courts regarding the approval or implementation of this Settlement Agreement, including orders certifying or authorizing the Proceedings as class proceedings for settlement purposes, and approving the Settlement Class, this Agreement and the form and distribution of the Notices contemplated by Section 9 of this Agreement.

2.2. Motions Approving Notice and Seeking Certification or Authorization

(1) The Plaintiffs shall bring motions before the Courts, as soon as practicable after this Settlement Agreement is executed, for the Round 1 Orders approving the Pre-Approval Notice described in Section 9.1, and certifying or authorizing each of the Proceedings commenced in their respective jurisdictions as a class proceeding as against the Settling Defendants for settlement purposes.

(2) The B.C. Round 1 Order, together with the Pre-Approval Notice, and the plan of dissemination of the Pre-Approval Notice, shall be substantially in the form attached hereto as Schedule "B".

(3) The British Columbia, Quebec and Ontario Round 1 Orders shall be in the form reasonably agreeable to the Plaintiffs and the Carpenter Defendants.

2.3. Motions for Approval of the Settlement

(1) As soon as practicable after the Round 1 Orders are granted, and after the Pre-Approval Notice has been published, the Plaintiffs shall bring motions before the Courts for the Round 2 Orders approving the Settlement and this Settlement Agreement.

(2) The B.C. Round 2 Order shall be substantially in the form attached hereto as Schedule "C".

(3) The Ontario and Quebec Round 2 Orders shall be agreed upon by the Plaintiffs and the Carpenter Defendants and shall mirror the substance and, where possible, the form of the B.C. Round 2 Order.

(4) The failure of any Court to enter Final Orders approving or authorizing this Settlement, this Settlement Agreement, or the Settlement Class, the failure to enter any of the orders or Notices required to implement this Settlement substantially as contemplated herein, or the entry of orders approving or authorizing the Settlement, Settlement Agreement or the Settlement Class in materially modified form, shall give rise to a right of termination by the Parties pursuant to Section 12 of this Settlement Agreement.

2.4. Pre-Motion Confidentiality

Until the Plaintiffs serve and file the materials for the first of the motions required by Section 2.2 of this Settlement Agreement, the Parties shall keep all of the terms of this Settlement Agreement, and any information or Documents related thereto, confidential and shall not disclose them without the prior written consent of Counsel for the Carpenter Defendants and Class Counsel, as the case may be, except as required for the purposes of financial reporting or the preparation of financial records (including tax returns and financial statements) or as otherwise required by law.

2.5. Sequence of Motions

(1) The Plaintiffs in Quebec and Ontario shall not proceed with the respective hearings of the motions for Round 1 Orders unless and until the B.C. Court issues its Round 1 Order. The motions for Round 1 Orders may be filed in Quebec and Ontario, but, if necessary, Quebec Class Counsel and Ontario Class Counsel will seek an adjournment of their hearings to permit the B.C. Court to render its decision in respect of the Round 1 Order. The Carpenter Defendants may agree to waive this provision.

(2) The Plaintiffs in Quebec and Ontario shall not proceed with the respective hearings of motions for Round 2 Orders unless and until the B.C. Court issues its Round 2 Order. The motions for Round 2 Orders may be filed in Quebec and Ontario, but, if necessary, Quebec Class Counsel and Ontario Class Counsel will seek an adjournment of their hearings to permit the B.C. Court to render its decision in respect of the Round 2 Order. The Carpenter Defendants may agree to waive this provision.

(3) Notwithstanding Sections 2.5(1) and 2.5(2) of this Settlement Agreement, in the event that the Plaintiffs and Carpenter Defendants reasonably agree, and the Courts determine that it is appropriate to conduct coordinated or simultaneous hearings in respect of the Proceedings and this Settlement before each of the Courts, the motions for Round 1 Orders and/or the motions for Round 2 Orders may be heard in a coordinated or simultaneous manner by the Courts.

SECTION 3 - SETTLEMENT CONSIDERATION

3.1. Payment of Settlement Amount

(1) The Carpenter Defendants shall pay the Settlement Amount to Camp Fiorante Matthews Mogerman for deposit into the Trust Account as follows:

- (a) Within thirty (30) days after the Execution Date, an amount equal to 50 per cent of the Settlement Amount; and
- (b) within thirty (30) days after the Effective Date an amount equal to the remaining 50 per cent of the Settlement Amount.

(2) The payment referenced in Section 3.1(1) herein constitutes the entire payment due from the Settling Defendants under this Settlement Agreement. Such payment represents all sums payable by the Settling Defendants, including payment of the alleged damages, lawyer or expert fees, interest, notice costs, costs of administration and costs of any kind, in the Proceedings, the Individual Action or the Other Actions. The Parties agree and acknowledge that none of the Settlement Amount paid under this Settlement Agreement shall be deemed to be, in any way, a penalty or a fine of any kind.

(3) The Plaintiffs, Settlement Class and the other Releasors shall be entitled solely to the Settlement Proceeds for full and final settlement and satisfaction against the Releasees for the Released Claims, and shall not be entitled to any other payment or relief from the Releasees.

(4) Except as provided in Sections 11.1(1) and 11.1(5), the Plaintiffs, the Settlement Class, and the other Releasors will be reimbursed and indemnified, if at all, solely out of the Settlement Proceeds, on a pro-rata basis with the proceeds from any other settlements that may be reached with other settling defendants, for all costs and expenses, including, but not limited to, the costs

relating to this Settlement, this Settlement Agreement, Court approval of the Settlement, Notices and any other costs or expenses associated with the Settlement or its implementation. The Releasees shall not be liable for any costs, fees, or expenses of any description, including any costs, fees or expenses of the Plaintiffs, the Settlement Class, and the other Releasors, or the lawyers, experts, advisors, or other representatives of the Plaintiffs, the Settlement Class, or the other Releasors, but all such costs, fees and expenses, as approved by the Courts, shall be paid out of the Settlement Proceeds, pro-rata, as provided herein. If the Final Orders are made, and the Parties' respective rights of rescission or termination as provided for in this Settlement Agreement can no longer be exercised, or such rights have been waived or have never crystallized, Class Counsel may use the Settlement Proceeds as permitted and approved by the Courts in accordance with the terms of this Settlement Agreement.

(5) Camp Fiorante Matthews Mogerman and the Claims Administrator, respectively, shall maintain the Trust Account as provided for in this Settlement Agreement. Camp Fiorante Matthews Mogerman and the Claims Administrator, respectively, shall not pay out all or any part of the monies in the Trust Account except in accordance with this Settlement Agreement, or in accordance with orders of the Courts, obtained on notice to the Parties, and in any event, after all appeals related thereto have been disposed of.

3.2. Taxes and Interest

(1) Interest shall accrue on the Settlement Amount in the Trust Account from the date of deposit. Subject to Section 3.2(2) below or except as hereinafter provided, all interest earned on the Settlement Amount shall accrue to the benefit of the Settlement Class as their respective interests appear and shall become and remain part of the Trust Account.

(2) Notwithstanding Section 3.2(1), if the motion for Round 1 Orders is not filed with the B.C. Court on or before July 31, 2015, the Settlement Class shall forfeit to the Carpenter Defendants any interest that has accrued in relation to the Settlement Amount to June 30, 2015 and shall continue to so forfeit until the date on which such motion is filed.

(3) Subject to Section 3.2(5), all taxes payable on any interest which accrues on the Settlement Amount in the Trust Account or otherwise in relation to the Settlement Amount shall be paid from the Trust Account.

(4) Subject to Section 3.2(5), Camp Fiorante Matthews Mogeran and the Claims Administrator, as appropriate, shall be solely responsible to fulfill all tax reporting and payment requirements arising from the Settlement Amount in the Trust Account, including any obligation to report taxable income and make tax payments. All taxes (including interest and penalties) due with respect to the income earned by the Settlement Amount shall be paid from the Trust Account.

(5) Notwithstanding Section 3.2(1) if this Settlement Agreement is terminated, the interest earned on the Settlement Amount in the Trust Account shall be paid to the Carpenter Defendants who, in such case, shall be responsible for the payment of all taxes on such interest.

3.3. Cooperation

(1) The Carpenter Defendants agree to provide cooperation to Class Counsel in accordance with the requirements of this section of this Settlement Agreement.

(2) No cooperation by the Carpenter Defendants will be required under this section until the appropriate Confidentiality Orders of the Courts have been obtained in form and content satisfactory to the Carpenter Defendants, such Confidentiality Orders to be obtained by Class Counsel at the cost of the Plaintiffs and without any financial contribution from the Carpenter Defendants.

(3) No cooperation by the Carpenter Defendants will be required under this section unless Class Counsel fails to settle the Proceedings with any remaining Non-Settling Defendant on or before September 1, 2015.

(4) All information and Documents provided to Class Counsel by the Carpenter Defendants by way of cooperation under this section may be used by Class Counsel and the Settlement Class in connection only with the prosecution of the Proceedings and the Individual Action against any Non-Settling Defendant and shall not be used directly or indirectly for any other purpose,

including any business purpose or the prosecution of any other claim against the Releasees. Further, all such information or Documents provided to Class Counsel hereunder shall at all times be held in strict confidence in accordance with this Settlement Agreement and any applicable Confidentiality Order, and shall not be disclosed to any Person in any manner, directly or indirectly, by Class Counsel, Plaintiffs' experts, the Settlement Class, or any other Person to whom such information or Documents may be lawfully disclosed, in any manner or for any reason except in accordance with this Settlement Agreement and any applicable Confidentiality Order or with the express prior written approval of the Carpenter Defendants or their legal counsel. Class Counsel, the Plaintiffs, Plaintiffs' experts, the Settlement Class, and any other Person to whom such information or Documents have been disclosed shall take all reasonable steps and precautions to ensure and maintain the confidentiality of the information and Documents and any related work product of Class Counsel and the Plaintiffs' experts.

(5) The cooperation that is to be provided by the Carpenter Defendants under this Settlement Agreement shall be limited to the allegations contained in the Proceedings. The Carpenter Defendants agree to cooperate with the provision of witnesses to Class Counsel on the following terms:

- (a) the Carpenter Defendants deny any and all allegations of wrongdoing and do not represent that any witnesses will provide evidence that will materially assist the Plaintiffs in the prosecution of the Proceedings. As well, the Carpenter Defendants do not vouch for or make any representations as to the veracity, credibility or reliability of any witness or information by any witness;
- (b) Class Counsel has the right to interview a maximum of five (5) witnesses currently or formerly employed by Carpenter Canada Co. (and no witnesses currently or formerly employed by Carpenter Co. or any other of the Carpenter Released Parties as applicable), including Michael Lajambe, Dan Temple and Dale Nelson, at a Canadian location most convenient for the witness;
- (c) each witness' interview will last no longer than six (6) hours in total, and will be completed in one (1) day;

- (d) the Carpenter Defendants' obligation in relation to former employees, including Dale Nelson and Dan Temple, will be limited to making reasonable best efforts to make the witness available. If a former employee witness declines to be interviewed, the Plaintiffs are at liberty to request a substitute current Canadian employee of Carpenter Canada Co., to a limit of one (1) substitute per refusing witness;
 - (e) the Carpenter Defendants' obligation in relation to current employees of Carpenter Canada Co. will be to request the witnesses to make themselves available as part of their employment responsibilities. If an employee declines to make himself or herself available to be interviewed, the Plaintiffs are at liberty to request a substitute current employee of Carpenter Canada Co., to a limit of one (1) substitute per refusing witness;
 - (f) any room rental cost in relation to witness interviews shall be at the Plaintiffs' expense;
 - (g) all witness interviews shall be completed within three (3) months after Class Counsel receives the Documents outlined below;
 - (h) there shall be no audio or video recording of witness interviews and no written transcripts;
 - (i) there shall be no obligation on witnesses to produce Documents;
 - (j) Class Counsel shall pay all reasonable travel expenses of witnesses who are interviewed, except any legal fees;
 - (k) refusal of any witness to attend an interview, or to answer all of the questions at the interview, shall not constitute a breach of this Settlement Agreement and shall not be grounds for termination of this Settlement Agreement.
- (6) The Carpenter Defendants agree to cooperate with the provision of Documents to Class Counsel on the following terms:

- (a) the Carpenter Defendants shall provide to Class Counsel the three (3) custodial files relating to Messrs. Temple, Lajambe and Ten-Pow from the productions of Carpenter Co. in the U.S. Proceedings, together with the OCR text for these files. The Carpenter Defendants, or one of them, will confirm in an affidavit that these were the only Canadian custodians for whom Documents were produced in the U.S. Proceedings.
- (b) for greater clarity, no additional Document production efforts will be required, requested, or allowed in relation to Documents produced by the Carpenter Defendants in the U.S. Proceedings.
- (c) the Carpenter Defendants shall provide to Class Counsel:
 - (A) a set of the Canadian Documents listed on the indices prepared by the Competition Bureau and previously provided to Class Counsel, which documents were seized by the Competition Bureau from Carpenter Canada Co. and Michael Lajambe;
 - (B) the Documents of Carpenter Canada Co. containing point of sales and price change report data provided by Carpenter Canada Co. to the Competition Bureau pursuant to the demand of the Competition Bureau and contained on 2 DVD's;
 - (C) price increase letters pertaining to the sale of Foam Products in Canada that are presently identified and in the possession of the Carpenter Defendants, however, there shall be no obligation to produce price increase letters the Carpenter Defendants may have received from other parties during the discovery process in the U.S. Proceedings; and
 - (D) sufficient information to identify customers of Carpenter Canada Co. during the Settlement Class Period for purposes of providing class notice.
- (7) Carpenter Canada Co. will make a maximum of two (2) Canadian witnesses of its choice available at trial for the purpose solely of authenticating the Carpenter Documents produced

pursuant to this Settlement Agreement. In return for this cooperation, the Plaintiffs agree not to seek any further orders for production of Documents, examination of witnesses or Documents or other discovery of any other kind as part of the discovery or trial process in the Proceedings, the Individual Action or the Other Actions from the Releasees, except that the Plaintiffs reserve their right to issue subpoenas for trial witnesses who are or were employed by the Carpenter Defendants should that become necessary, but only after consulting with Counsel for the Carpenter Defendants and subject to all available objections Counsel for the Carpenter Defendants may have or assert to such subpoenas. The Plaintiffs shall make best efforts to confine any subpoenas to Carpenter Canada Co. employees. Further, the Plaintiffs shall only resort to seeking the attendance at trial of a current or former Carpenter Co. employee if comparable evidence is not available from a current or former Carpenter Canada Co. employee. The Plaintiffs agree that they will not subpoena Mr. Stanley F. Pauley, Chairman of Carpenter Co., for trial.

SECTION 4 - DISTRIBUTION OF THE SETTLEMENT PROCEEDS

4.1. Distribution Protocol

(1) After the Effective Date, at a time wholly within the discretion of Class Counsel, but on notice to the Settling Defendants, Class Counsel will make an application seeking orders from the Courts approving the Distribution Protocol.

(2) The Distribution Protocol shall require any Settlement Class Member seeking compensation to give credit for any compensation received through other proceedings or in private out-of-class settlements, unless by such other proceedings or private out-of-class settlements the Settlement Class Member's claim was released in its entirety, in which case any such Settlement Class Member shall be deemed ineligible for any further compensation.

4.2. No Responsibility for Administration or Fees

Except as otherwise specifically provided in this Settlement Agreement, the Settling Defendants shall have no responsibility, financial obligations or liability whatsoever with respect to the investment, distribution or administration of monies in the Trust Account, including but not limited to Administration Expenses and Class Counsel Fees.

SECTION 5 - RELEASES AND DISMISSALS

5.1. Release of Releasees

Effective immediately upon the later of the date the Settlement Amount has been paid in full and the Effective Date, and in consideration of payment of the Settlement Amount and for other valuable consideration set forth in this Settlement Agreement including, without limitation, the consent to the dismissal of the Ontario Proceedings with prejudice and without costs as against the Lajambe Defendant, the receipt of sufficiency of which is hereby irrevocably acknowledged, the Releasers, jointly, severally and solidarily, release, hold harmless and forever discharge, with prejudice, the Releasees, jointly, severally and solidarily, from the Released Claims that any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have against the Releasees, or any of them.

5.2. Covenant Not To Sue

Notwithstanding Section 5.1, for any Settlement Class Member resident in any province or territory where the release of one tortfeasor is a release of all other tortfeasors, the Releasers do not release the Releasees but instead irrevocably covenant not to sue the Releasees, or any of them, including on a joint, several and/or solidary liability basis, and undertake not to make any claim in any way or to threaten, commence, participate in, or continue any proceeding in any jurisdiction against the Releasees, or any of them for, in respect of, or in relation to the Released Claims, or any of them.

5.3. Release of Unknown Claims

(1) The Plaintiffs and the other Releasers, hereby assume full responsibility for any and all information, claims, causes of action, injuries, damages, losses, liabilities, expenses, costs and fees they may have or incur, but do not know or suspect at the time of this Settlement Agreement relating to the Released Claims. The Plaintiffs, Class Counsel and the other Releasers, acknowledge and understand that certain facts pertinent to this Settlement Agreement and Settlement may hereafter prove to be other than or different from the facts known by them or believed by them to be true. The Plaintiffs, Class Counsel, and the other Releasers, expressly accept and assume the risks of the facts proving to be so different, and agree that all terms and

provisions of this Settlement Agreement shall be effective in all respects and not subject to termination, modification or rescission by any such difference in facts. The Plaintiffs, Class Counsel and the other Releasors, expressly acknowledge and agree that this Settlement Agreement and the Settlement extend to claims, direct or indirect, relating to the purchase, sale, pricing, discounting, marketing, distribution, promotion or compensation for Foam Products that may be unknown as of the Execution Date and which, if known, could have materially affected this Settlement Agreement and Settlement. However, nothing herein shall be construed to release breach of warranty or product liability claims arising in the normal course of business between the Releasors and the Releasees provided such claims are unrelated to, do not arise from, relate to or involve allegations or claims of the type of conduct and activities alleged, or which could have been alleged, in the Proceedings, the Individual Action or the Other Actions.

5.4. No Further Claims

The Releasors shall not now or hereafter institute, continue, maintain, assert, assist or participate in, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other Person, any action, suit, cause of action, claim or demand against any of the Releasees or against any other Person who may claim contribution or indemnity, or relief by other claims over, from any of the Releasees in respect of any Released Claim or any matter related thereto, except for the continuation of the Proceedings and the Individual Action against the Non-Settling Defendants.

5.5. Dismissal of the Proceedings

(1) Upon the Effective Date, the B.C. Proceedings and the Ontario Proceedings shall be dismissed with prejudice and without costs as against the Carpenter Defendants and the Ontario Proceedings shall be dismissed with prejudice and without costs as against the Lajambe Defendant.

(2) Upon the Effective Date, the Quebec Proceeding shall be settled, without costs and without reservation as against the Carpenter Defendants, and the Parties shall sign and file a declaration of settlement out of court with the Quebec Court.

5.6. Dismissal of the Individual Action

Upon the Effective Date, the Releasees shall be deemed to be defendants in the Individual Action for the sole purpose of deeming the Individual Action to be dismissed by the Releasors as against the Releasees with prejudice, without reservation and without costs.

5.7. Dismissal of Other Actions against the Releasees

(1) Upon the Effective Date all Other Actions which were commenced in Ontario, British Columbia or any other jurisdiction in Canada except Quebec by the Plaintiffs or Settlement Class Members shall be deemed dismissed against the Releasees, as the case may be, without costs, without reservation, and with prejudice.

(2) Upon the Effective Date, each Ontario Settlement Class Member and B.C. Settlement Class Member shall be deemed to irrevocably consent to the dismissal of his, her or its Other Actions against the Releasees, as the case may be, without costs, without reservation and with prejudice.

(3) Any Person who is a party to a Quebec Other Action who makes a claim under this Settlement Agreement shall be deemed to irrevocably consent to the dismissal, without costs, without reservation, and with prejudice, of his, her or its Quebec Other Action against the Releasees, as the case may be.

(4) Each Quebec Other Action commenced by a Person who makes a claim under this Settlement Agreement shall be dismissed as against the Releasees, as the case may be, without costs, without reservation, and with prejudice.

5.8. Impact of Discontinuance and Dismissals

The Parties agree that the dismissals, set out in Section 5.7, of this Settlement Agreement shall not alter, negate or otherwise have any impact or effect on the releases of the Released Claims by the Releasors in favour of the Releasees that are set out in Sections 5.1, 5.2 and 5.3 of this Settlement Agreement.

5.9. Releases and Covenants Not to Sue

The form and content of the releases and covenants not to sue contemplated in Sections 5.1, 5.2 and 5.3 of this Settlement Agreement shall be considered a material term of this Settlement Agreement in favor of the Settling Defendants and the failure of any Court to approve this Settlement Agreement, the Settlements, the releases, covenants not to sue, or dismissals with prejudice, or if a Court approves any of them in a materially modified form from that contemplated herein, shall give rise to a right of termination by the Parties pursuant to Section 12 of this Settlement Agreement.

SECTION 6 - BAR ORDER, WAIVER OF SOLIDARITY ORDER AND OTHER CLAIMS

6.1. British Columbia and Ontario Bar Orders

(1) The Plaintiffs, for themselves and for the B.C. Settlement Class Members and the Ontario Settlement Class Members, and the Settling Defendants agree that the British Columbia and Ontario Round 2 Orders approving this Settlement Agreement must include a bar order in respect of the B.C. Proceedings and the Ontario Proceedings. The bar order shall be in a form reasonably agreeable to the Carpenter Defendants and shall include the following:

- (a) all claims for contribution, indemnity or other claims over, whether asserted, unasserted or asserted in a representative capacity, inclusive of interest, taxes and costs, relating to the Released Claims, which were or could have been brought in the Proceedings or the Individual Action, by any Non-Settling Defendant or any other Person, against a Releasee, or by a Releasee against a Non-Settling Defendant, are barred, prohibited and enjoined in accordance with the terms of this section; and
- (b) if the B.C. Court or the Ontario Court, as applicable, ultimately determines that there is a right of contribution and indemnity among the Defendants, the B.C. Plaintiffs or the Ontario Plaintiff and the B.C. or Ontario Settlement Class Members shall not be entitled to claim or recover from the Non-Settling Defendants and/or named or unnamed co-conspirators who are not Releasees that

portion of any damages (including punitive damages, if any), restitutionary award, disgorgement of profits, interest and costs (including investigative costs claimed pursuant to s. 36 of the *Competition Act*) that corresponds to the Proportionate Liability of the Releasees proven at trial or otherwise, in respect of the relevant Proceeding or otherwise, and the relevant Court shall have full authority to determine the Proportionate Liability of the Releasees at trial or other disposition of the relevant Proceeding, whether or not the Releasees appear at trial or other disposition, and the Proportionate Liability of the Releasees shall be determined as if the Releasees are parties to the relevant Proceeding and any determination by the relevant Court in respect of the Proportionate Liability of the Releasees shall only apply in the relevant Proceeding and shall not be binding on the Releasees in any other proceedings.

- (c) a Non-Settling Defendant may, on motion to the relevant Court, and on at least sixty (60) days notice to counsel for a Settling Defendant, and not to be brought unless and until the relevant Proceeding against the Non-Settling Defendants has been certified and all appeals or times to appeal have been exhausted, seek orders for discovery from a Settling Defendant as provided for and in accordance with that Court's rules of procedure, and the Settling Defendant shall retain and reserve all of its rights to oppose any such motion for discovery.
- (d) on any motion brought pursuant to Section 6.1(1)(c), the relevant Court may make such orders as to costs and other terms as it considers appropriate;
- (e) to the extent that such an order is granted and discovery is provided to a Non-Settling Defendant, a copy of all discovery provided, whether oral or documentary in nature, shall promptly be provided by the Settling Defendant to the Plaintiffs and Class Counsel to the extent and on the terms set out in the order;
- (f) the relevant Court will retain an ongoing supervisory role over the discovery process and the Settling Defendant in the relevant Proceeding; and

- (g) a Non-Settling Defendant may effect service of a motion referred to in Section 6.1(1)(c) on a Settling Defendant by service on counsel of record for a Settling Defendant in the relevant Proceeding.

6.2. Quebec Waiver or Renunciation of Solidarity Order

(1) The Plaintiffs, for themselves and for the Quebec Settlement Class, and the Settling Defendants agree that the Quebec order approving this Settlement Agreement must include an order that provides for a waiver or renunciation of solidarity. The waiver or renunciation of solidarity order shall be in a form reasonably agreed to by the Plaintiffs and the Settling Defendants, provided that the Quebec Court must take notice of the following undertaking and the order must include the following terms:

- (a) a provision that the Quebec Petitioner and the Quebec Settlement Class expressly waive and renounce the benefit of solidarity with respect to any share of liability, including without limitation, liability arising from in solidum obligations, that can be attributed in any way to the Releasees in respect of the Quebec Proceeding (if any), in capital, interest and/or costs;
- (b) a provision that the Quebec Petitioner and the Quebec Settlement Class expressly waive and renounce, to the Releasees' exclusive benefit, any right to claim or receive payment from the Non-Settling Defendants or any other Person, any amount representing any share of liability that can be attributed in any way to the Releasees in respect of the Quebec Proceeding (if any), in capital, interest and/or costs, including any amount that a Releasee would have been liable to pay to a Non-Settling Defendant as indemnification in the absence of this settlement;
- (c) a provision that the Quebec Petitioner and the Quebec Settlement Class release the Non-Settling Defendants and any other person in respect of any share of liability that can be attributed in any way to the Releasees in respect of the Quebec Proceeding (if any), including any amount that a Releasee would have been liable to pay to a Non-Settling Defendant as indemnification in the absence of this Settlement in capital, interest and costs;

- (d) a provision that any claim in warranty or other claim or joinder of parties to obtain from the Releasees any contribution, indemnity or any amount representing the share of liability attributed to the Releasees in the Quebec Proceeding (if any) or relating to the Released Claims shall be inadmissible and void in the context of the Quebec Proceeding;
- (e) a provision that the Quebec Petitioner and the Quebec Settlement Class will bear the Releasees' share in the contribution in respect of the Quebec Proceeding (if any) that would result from the insolvency of a Non-Settling Defendants or any other Person.

6.3. Material Term

The form and content of the bar orders and the waiver or renunciation of solidarity order contemplated in Sections 6.1 and 6.2 of this Settlement Agreement shall be considered a material term of this Settlement Agreement in favour of the Settling Defendants and the failure of any Court to approve the bar orders or the waiver or renunciation of solidarity order contemplated herein shall give rise to a right of termination by the Carpenter Defendants as provided for in this Settlement Agreement. For greater certainty, and notwithstanding any other term of this Settlement Agreement, the Plaintiffs, Class Counsel and the Settlement Class shall have no right of termination of this Settlement Agreement in the event that any Court fails to approve the bar order and/or waiver or renunciation of solidarity order contemplated herein, or if any Court approves the bar order and/or waiver or renunciation of solidarity order contemplated herein in a materially modified form.

SECTION 7 - EFFECT OF SETTLEMENT

7.1. No Admission of Liability

The Plaintiffs, Class Counsel, the Settlement Class, and the Releasees expressly reserve all of their rights if this Settlement Agreement is not approved, is terminated or otherwise fails to take effect for any reason. The Plaintiffs, Class Counsel, the Settlement Class, and the Releasees agree, whether or not this Settlement Agreement is finally approved, is terminated, or otherwise fails to take effect for any reason, that this Settlement Agreement and anything contained herein,

and any and all negotiations, Documents, discussions and proceedings associated with this Settlement Agreement, and any action taken to carry out this Settlement Agreement, shall not be deemed, construed or interpreted to be an admission of any violation of any statute or law, or of any wrongdoing or liability by any of the Releasees, or of the truth of any of the claims or allegations contained in the Proceedings, the Individual Action, the Other Actions or any other pleading filed by the Plaintiffs, the Settlement Class, or any class that may be certified or authorized in the Proceedings.

7.2. Agreement Not Evidence

The Plaintiffs, Class Counsel and the Settlement Class agree that, whether or not it is terminated, this Settlement Agreement and anything contained herein, and any and all negotiations, Documents, discussions and proceedings associated with this Settlement Agreement, and any action taken to carry out this Settlement Agreement, shall not be referred to, offered as evidence or received in evidence in any present, pending or future civil, criminal or administrative action or proceeding, except in a proceeding to approve, implement and/or enforce this Settlement Agreement, or as otherwise required by law or as provided in this Settlement Agreement.

7.3. No Further Litigation

(1) No Plaintiff, no Class Counsel and none of the Settlement Class Members, or any of them, may directly or indirectly participate or be involved in or in any way assist with respect to any claim made or action commenced by any Person which relates to or arises from the Released Claims, except in relation to the continued investigation and prosecution of the Proceedings and the Individual Action, or any new proceedings, as against any Non-Settling Defendant or any named or unnamed co-conspirators who are not Releasees. However, this section 7.3(1) shall not be operative to the extent that it is inconsistent with BC Counsel's obligations under s. 3.2-10 of the *BC Code of Professional Conduct*.

(2) For greater certainty, Section 7.3(1) does not apply to the involvement of any Person in the continued investigation and prosecution of the Proceedings or the Individual Action as against any Non-Settling Defendant or any named or unnamed co-conspirators who are not Releasees.

SECTION 8 - CERTIFICATION OR AUTHORIZATION FOR SETTLEMENT ONLY

8.1. Settlement Class and Common Issue

(1) The Parties agree that the Proceedings shall be certified or authorized as class proceedings as against the Settling Defendants with respect only to the Proceedings, solely for purposes of settlement and the approval of this Settlement Agreement by the Courts, and shall be without prejudice with respect to any other position any of the Parties may take with respect to any other issue in the Proceedings or other litigation, including any issue of class certification.

(2) The Plaintiffs agree that, in the motions for certification or authorization of the Proceedings as Class Proceedings and for the approval of this Settlement and Settlement Agreement, the only common issue the Plaintiffs will seek to define is the Common Issue and the only classes they will assert are the B.C. Settlement Class, the Ontario Settlement Class and the Quebec Settlement Class, as applicable. Class Counsel and the Plaintiffs, for themselves and for and on behalf of the Settlement Class, acknowledge that the Settling Defendants agree to the definition of the Common Issue for purposes of settlement only.

8.2. Certification or Authorization Without Prejudice in the Event of Termination

In the event authorization or certification of the Proceedings as class proceedings for settlement purposes or this Settlement Agreement is not finally approved by the Courts, this Settlement Agreement is terminated in accordance with its terms, or this Settlement Agreement or Settlement otherwise fail to take effect for any reason, the Parties agree that any prior certification or authorization of a Proceeding as a class proceeding or any amended certification of a Proceeding as a class proceeding, including the definition of any of the Settlement Class or the statement of the Common Issue, shall be without prejudice to any position that any of the Parties may later take on any issue in the Proceedings or any other litigation, including on issues of class certification.

SECTION 9 - NOTICE TO SETTLEMENT CLASS

9.1. Notice Required

The proposed Settlement Class shall be given the following Notices: (i) notice of the certification or authorization of the Proceedings as class proceedings for settlement purposes; (ii) the hearings at which the Courts will be asked to approve the Settlement and this Settlement Agreement; (iii) if they are brought with the hearings to approve this Settlement Agreement, the requests to approve Class Counsel Fees; (iv) termination of this Settlement Agreement if it is terminated after notice is given as provided for in accordance with (i) above; and (v) as otherwise ordered by the Courts.

9.2. Form, Publication and Distribution of Notice

(1) The form of the Notices referred to in Section 9.1 and the manner of publication and distribution shall be as reasonably agreed to by the Plaintiffs and the Carpenter Defendants or in such form or manner as approved by the Courts.

(2) The Parties shall use reasonable efforts to work with other settling defendants to the Proceedings to coordinate the form, publication and distribution of the Notices pursuant to this Settlement Agreement with the provision of notice for any other settlements that have or may be reached in the Proceedings so that, to the extent possible, the putative Settlement Class receives notice on a timely basis and at a reasonable cost.

9.3. Notice of Distribution

Except to the extent provided for in this Settlement Agreement, the form of notice in respect to the administration of this Settlement Agreement and the Distribution Protocol shall be determined by the Courts on motions brought by Class Counsel.

SECTION 10 - ADMINISTRATION AND IMPLEMENTATION

10.1. Mechanics of Administration

Except to the extent provided for in this Settlement Agreement, the mechanics of the implementation and administration of this Settlement Agreement and the Distribution Protocol shall be determined by the Courts on motions brought by Class Counsel.

SECTION 11 - CLASS COUNSEL FEES AND ADMINISTRATION EXPENSES

11.1. Class Counsel Fees and Administration Expenses

(1) Notwithstanding any other provision of this Settlement Agreement, Camp Fiorante Matthews Mogerman or the Claims Administrator, as appropriate, shall pay from the Trust Account, as they are incurred and irrespective of whether the Effective Date has passed:

- (a) on a pro-rata basis with funds available from other settlements, the reasonable costs of the Notices and the Claims Administrator; and
- (b) the cost of translating this Settlement Agreement in accordance with Section 13.12.

(2) Class Counsel may seek the Courts' approval to pay Class Counsel Fees and Administration Expenses at the time the Round 2 Orders are sought, or at such later time as they shall determine in their sole discretion. The Settling Defendants shall take no position with respect to Class Counsel's motion for payment of Class Counsel Fees.

(3) Except as provided in Section 11.1(1), Class Counsel Fees and Administration Expenses may only be paid out of the Trust Account after all Final Orders have been obtained and the Parties' respective rights of rescission or termination as provided for in this Settlement Agreement can no longer be exercised, or such rights have been waived or have never crystallized.

(4) Except as provided in Section 11.1(1), Class Counsel Fees and Administration Expenses shall not be paid from the Settlement Proceeds in the event this Settlement Agreement is not approved, is terminated or otherwise fails to take effect or Final Orders are not obtained.

(5) The Releasees shall not be liable for any fees, disbursements or taxes, including, but not limited to, Administration Expenses, Class Counsel Fees and any fees, disbursements or taxes of Class Counsel's, the Plaintiffs' or the Settlement Class' respective lawyers, experts, advisors, agents, or representatives. All such expenditures shall be paid from the proceeds of the Settlement and, with the exception of Class Counsel Fees and the costs of translation in accordance with Section 13.12, on a pro-rata basis with any other settlements that may be relevant, and in accordance with the provisions of this Settlement Agreement.

SECTION 12 - TERMINATION OF SETTLEMENT AGREEMENT

12.1. Right of Termination

(1) The Plaintiffs shall have the right to terminate this Settlement Agreement, in the event that the Carpenter Defendants do not pay the Settlement Amount as provided for herein.

(2) The Carpenter Defendants shall have the right to terminate this Settlement Agreement in the event that:

(a) the Plaintiffs, Class Counsel or the Settlement Class materially breach the terms of this Settlement Agreement and the breach is not substantially cured within ten (10) business days of receipt by Class Counsel of notice specifying the breach;

(b) the form and content of any of the Final Orders approved by the B.C. Court, the Ontario Court and the Quebec Court fails to comply with Section 5 and Section 6 of this Settlement Agreement; or

(c) any other basis that may be permitted in this Settlement Agreement.

(3) Any Party shall also have the right to terminate this Settlement Agreement in the event that:

- (a) any Court declines to certify or authorize the Proceedings as class proceedings for settlement purposes, and the Court's order or judgment has become a Final Order;
- (b) any Court declines to approve this Settlement Agreement or any material term or part hereof, and the Court's order or judgment has become a Final Order;
- (c) any Court approves this Settlement Agreement in a materially modified form, and the Court's order or judgment has become a Final Order;
- (d) any orders approving this Settlement Agreement made by the Ontario Court, the B.C. Court or the Quebec Court do not become Final Orders;
- (e) the form and content of any of the Final Orders approved by the B.C. Court, the Ontario Court and the Quebec Court fails to comply with Sections 2.3(2) and 2.3(3) of this Settlement Agreement; or
- (f) any other basis that may be permitted in this Settlement Agreement.

(4) To exercise a right of termination under Section 12.1(1), 12.1(2), or 12.1(3) herein, a terminating party shall deliver a written notice of termination. Upon delivery of such a written notice, except where a "cure" period is specifically provided, this Settlement Agreement shall be terminated and, except as provided for in Section 12.4, it shall be null and void and have no further force or effect, shall not be binding on the Parties, and shall not be used as evidence or otherwise in the Proceedings or any litigation. All Settlement Proceeds shall be returned to the Carpenter Defendants forthwith, as provided in Section 12.3 hereof. In instances where termination is contingent on a failure to cure a noticed breach within a specific time period, this Settlement Agreement shall become null, void and of no further force or effect, unless otherwise expressly provided herein, only upon expiration of the cure period without the noticed breach being substantially cured.

(5) Subject to Section 13.2(3), any Round 2 Order, ruling or determination made by any Court that is not substantially in the form of the Round 2 Order annexed hereto as Schedule "C", shall be deemed to be a material modification of this Settlement Agreement and shall provide a

basis for the termination of this Settlement Agreement, provided however that the Carpenter Defendants may agree to waive this provision in their sole discretion.

(6) Any order, ruling or determination made by any Court with respect to Class Counsel Fees and/or the Distribution Protocol shall not be deemed to be a material modification of all, or a part, of this Settlement Agreement and shall not provide any basis for the termination of this Settlement Agreement provided that it does not increase any amounts due from the Settling Defendants hereunder.

12.2. If Settlement Agreement is Terminated

(1) If this Settlement Agreement is not approved, is terminated in accordance with its terms or otherwise fails to take effect for any reason, the Plaintiffs and Class Counsel, for themselves and for and on behalf of the Settlement Class, and the Settling Defendants agree that:

- (a) no motion to certify or authorize any of the Proceedings as a class proceeding on the basis of this Settlement Agreement or to approve this Settlement Agreement, which has not been decided, shall proceed;
- (b) any order certifying or authorizing any of the Proceedings as a class proceeding on the basis of this Settlement Agreement or approving this Settlement Agreement shall be set aside and declared null and void and of no force or effect, and anyone shall be estopped from asserting otherwise;
- (c) any prior certification or authorization of any Proceedings as a class proceeding that has occurred on the basis of this Settlement Agreement, including the definitions of the Settlement Class and the Common Issue, and any prior procedural or substantive ruling in respect of the ongoing Proceedings that has occurred on the basis of this Settlement Agreement, shall be without prejudice to any position that the Releasees may later take on any procedural or substantive issue in the ongoing Proceedings or any other litigation;
- (d) any appearance, attendance, filing or any other action or step taken by the Releasees pursuant to or relating to this Settlement Agreement shall be without

prejudice to any position that the Releasees may later take in respect of the jurisdiction of the Courts or any other court (with the exception of the jurisdiction of the B.C. Court), including a motion by one or more of the Releasees seeking to quash service *ex juris* or to otherwise challenge the jurisdiction of the Courts or any other court over such defendant in the Proceedings or any other litigation;

- (e) the Parties shall negotiate in good faith to determine a new timetable, if the Proceedings are to continue against any of the Releasees;
- (f) within ten (10) days of such termination or failure having occurred, Class Counsel shall destroy all Documents or other information provided by the Carpenter Defendants as cooperation under this Settlement Agreement, or containing or reflecting information derived from such Documents or other information, and to the extent that Class Counsel has disclosed any Documents or other information provided by the Carpenter Defendants to any other person (including Plaintiffs' experts), shall recover and destroy such Documents and other information. Class Counsel shall provide the Carpenter Defendants with a written certification by Class Counsel of such destruction. Nothing contained in this subsection shall be construed to require Class Counsel to destroy any of their work product but all limits on the use of such information contained in this Settlement Agreement shall survive and continue to limit the use of such information; and
- (g) the terminating party shall forthwith deliver consents in writing to Class Counsel or Counsel for the Carpenter Defendants, as appropriate, authorizing them to bring motions before each of the Courts for orders:
 - (A) directing that the balance of the Settlement Proceeds in the Trust Account shall be paid to the Carpenter Defendants in accordance with Section 12.3 of this Settlement Agreement;
 - (B) declaring this Settlement Agreement to be null and void and of no force or effect;

- (C) setting aside any order certifying or authorizing the Proceedings as class proceedings or certifying or authorizing a Settlement Class on the basis of this Settlement Agreement; and
- (D) setting aside any order approving or declining to approve this Settlement Agreement that has become a Final Order.

12.3. Allocation of Monies in the Trust Account Following Termination

If this Settlement Agreement is not approved, is terminated in accordance with its terms or otherwise fails to take effect for any reason, Camp Fiorante Matthews Mogerma or the Claims Administrator, as appropriate, shall return to the Carpenter Defendants the Settlement Proceeds in the Trust Account, less a pro-rata share of all costs of the Notice incurred in accordance with Section 8 and less the costs of translation in accordance with Section 13.12, within thirty (30) business days of any such event occurring.

12.4. Survival of Provisions After Termination

If this Settlement Agreement is terminated, the provisions of Sections 3.1(5), 3.2(5), 7.1, 7.2, 8.2, 11.1, 12.1(4), 12.2, 12.3, 12.4, 13.2, 13.5, and 13.6 and the definitions and Schedules applicable thereto shall survive the termination and continue in full force and effect. The definitions and Schedules shall survive only for the limited purpose of the interpretation of Sections 3.1(5), 3.2(5), 7.1, 7.2, 8.2, 11.1, 12.1(4), 12.2, 12.3, 12.4, 13.2, 13.5, and 13.6 within the meaning of this Settlement Agreement, but for no other purposes. All other provisions of this Settlement Agreement and all other obligations pursuant to this Settlement Agreement shall cease immediately.

SECTION 13 - MISCELLANEOUS

13.1. Releasees Have No Liability for Administration

The Releasees have no responsibility for and no liability whatsoever with respect to the administration of this Settlement Agreement or the Distribution Protocol.

13.2. Motions for Directions

- (1) Class Counsel, and/or the Settling Defendants may apply to the Courts for directions in respect of this Settlement Agreement.
- (2) Class Counsel may apply to the Courts for directions in respect of the Distribution Protocol.
- (3) All motions contemplated by this Settlement Agreement shall be on notice to the Plaintiffs, the Carpenter Defendants and the Lajambe Defendant, except for those motions concerned solely with the implementation and administration of the Distribution Protocol.

13.3. Headings, etc.

In this Settlement Agreement:

- (a) the division of this Settlement Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Settlement Agreement; and
- (b) the terms “this Settlement Agreement”, “hereof”, “hereunder”, “herein” and similar expressions refer to this Settlement Agreement and not to any particular section or other portion of this Settlement Agreement.

13.4. Computation of Time

In the computation of time in this Settlement Agreement, except where a contrary intention appears,

- (a) where there is a reference to a number of days between two (2) events, the number of days shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including all calendar days; and
- (b) only in the case where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

13.5. Ongoing Jurisdiction

(1) Each of the Courts shall retain exclusive jurisdiction over the Proceedings commenced in its jurisdiction, the Parties thereto and Class Counsel Fees in those Proceedings.

(2) No Party shall ask a Court to make any order or give a direction in respect of any matter of shared jurisdiction unless that order or direction is conditional upon a complementary order or direction being made or given by the other relevant Courts with which it shares jurisdiction over that matter.

(3) Notwithstanding Sections 13.5(1) and 13.5(2), the B.C. Court shall exercise jurisdiction with respect to implementation, administration, interpretation and enforcement of the terms of this Settlement Agreement. Issues related to the administration of this Settlement Agreement, the Trust Account, and other matters not specifically related to the claim of a Quebec Settlement Class Member or an Ontario Settlement Class Member shall be determined by the B.C. Court.

(4) For the purposes of settlement only and contingent on the approvals by the Courts as provided for in this Settlement Agreement, the Settling Defendants, for themselves and the other Releasees, as the case may be, agree to submit to the jurisdiction of the Courts solely for the purpose of implementing, administering and enforcing this Settlement Agreement. The Parties acknowledge and confirm that the Releasees do not attorn to the Courts for any other purpose or proceeding and that the Releasees otherwise reserve all of their other existing jurisdictional rights.

(5) The Plaintiffs and the Settling Defendants may apply to the B.C. Court for direction in respect of the implementation, administration and enforcement of this Settlement Agreement.

13.6. Governing Law

This Settlement Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario.

13.7. Entire Agreement

This Settlement Agreement constitutes the entire agreement among the Parties, and supersedes all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of this Settlement Agreement, unless expressly incorporated herein.

13.8. Amendments

This Settlement Agreement may not be modified or amended except in writing and on consent of all Parties hereto and any such modification or amendment must be approved by the Courts with jurisdiction over the matter to which the amendment relates.

13.9. Binding Effect

This Settlement Agreement shall be binding upon, and enure to the benefit of, the Plaintiffs, the Releasees, the Settlement Class, the Releasers, and all of their successors and assigns. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the Plaintiffs shall be binding upon them and the other Releasers and each and every covenant and agreement made herein by the Settling Defendants, shall be binding on them and the other Releasees.

13.10. Counterparts

This Settlement Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and a facsimile signature shall be deemed an original signature for purposes of executing this Settlement Agreement.

13.11. Negotiated Agreement

This Settlement Agreement has been the subject of negotiations and discussions among the undersigned, each of which has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any

provision to be construed against the drafter of this Settlement Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of this Settlement Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of this Settlement Agreement.

13.12. Language

(1) The Parties acknowledge that they have required and consented that this Settlement Agreement and all related documents be prepared in English; les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais. Nevertheless, if required by law or by the Courts, the Plaintiffs shall prepare a French translation of this Settlement Agreement, including the Schedules, the costs of which shall be paid for from the Settlement Amount. The Parties agree that such translation is for convenience only. In the event of any dispute as to the interpretation or application of this Settlement Agreement, only the English version shall govern.

13.13. Transaction

The Parties agree that this Settlement Agreement constitutes a transaction in accordance with Articles 2631 and following of the *Civil Code of Quebec*, and the Parties are hereby renouncing to any errors of fact, of law and/or of calculation.

13.14. Recitals

The recitals to this Settlement Agreement are true and form part of this Settlement Agreement.

13.15. Schedules

The Schedules annexed hereto form part of this Settlement Agreement.

13.16. Acknowledgements

Each of the Parties hereby affirms and acknowledges that:

- (a) he, she or a representative of the Party with the authority to bind the Party with respect to the matters set forth herein has read and understood this Settlement Agreement;
- (b) the terms of this Settlement Agreement and the effects thereof have been fully explained to him, her or the Party's representative by his, her or its counsel;
- (c) he, she or the Party's representative fully understands each term of this Settlement Agreement and its effect; and
- (d) no Party has relied upon any statement, representation or inducement (whether material, false, negligently made or otherwise) of any other Party, beyond the terms of this Settlement Agreement, with respect to the first Party's decision to execute this Settlement Agreement.

13.17. Authorized Signatures

Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Settlement Agreement.

13.18. Notice

Any and all notices, requests, directives, or communications required by this Settlement Agreement shall be in writing and shall, unless otherwise expressly provided herein, be given personally, by express courier, by postage prepaid mail, by facsimile transmission, or by email .pdf files, and shall be addressed as follows:

For the Plaintiffs and for Class Counsel in the Proceedings:

Heather Rumble Peterson
SUTTS, STROSBURG LLP
600-251 Goyeau Street
Windsor, ON N9A 6V4

Tel: 519-258-9333
Fax: 866-316-5308
Email: hpeterson@strosbergco.com

Ward Branch and Luciana Brasil
BRANCH MACMASTER
1410 – 77 Hornby Street
Vancouver, BC V7G 3E2

Tel: 604-654-2966
Fax: 604-684-3429
Email: wbranch@branmac.com
lbrasil@branmac.com

Daniel Belleau and Maxime Nasr
BELLEAU LAPOINTE
306 Place d'Youville, Suite B-10
Montreal, QC H2Y 2B6

Tel: 514-987-6700
Fax: 514-987-6886
Email: dbelleau@belleaulapointe.com
mnasr@belleaulapointe.com

For the Carpenter Defendants:

Paul McCallen
AIRD & BERLIS LLP
Brookfield Place
181 Bay Street
Suite 1800, Box 754
Toronto, ON M5J 2T9

Tel: 416-865-1500
Fax: 416-863-1515
Email: pmccallen@airdberlis.com

Sarah Woods
Woods LLP
2000, McGill College, bureau 1700,
Montréal, Qc, Canada H3A 3H3

Tel: 514.982.4545
Fax: 514.284.2046
Email: swoods@woods.qc.ca

J.J. Camp, Q.C. and Reidar Mogerman
CAMP FIORANTE MATTHEWS
MOGERMAN
400 – 856 Homer St.
Vancouver, BC V6B 2W1

Tel: 604-689-7555
Fax: 604-689-7554
Email: jjcamp@cfmlawyers.ca
rmogerman@cfmlawyers.ca

For the Lajambe Defendant:

Scott Venton
FOGLER RUBINOFF LLP
77 King Street West
Suite 3000, P.O. Box 95
TD Centre
Toronto, ON M5K 1G8

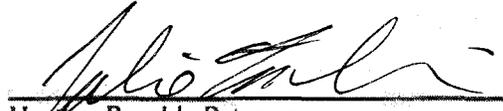
Tel: 416-864-9700
Fax: 416-9418852
Email: sventon@foglers.com

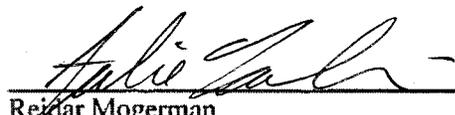
13.19. Date of Execution

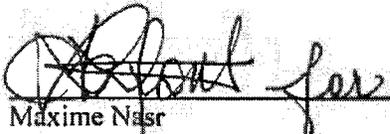
The Parties have executed this Settlement Agreement as of the date on the cover page.

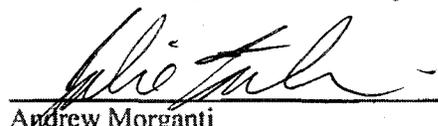
**"HI! NEIGHBOR" FLOOR COVERING CO.
LIMITED, MAJESTIC MATTRESS MFG.
LTD, TRILLIUM PROJECT MANAGEMENT
LTD., OPTION CONSOMMATEURS, by their
counsel**

By: 
for Ward Branch
Branch MacMaster LLP
Counsel in the B.C. Proceedings

By: 
for Heather Rumble Peterson
Sutts, Strosberg LLP
Counsel in the Ontario Proceedings

By: 
for Reidar Mogerman
Camp Fiorante Matthews Mogerman
Counsel in the B.C. Proceedings

By: 
for Maxime Nasr
Belleau Lapointe LLP
Counsel in the Quebec Proceedings

By: 
for Andrew Morganti
Counsel in the Ontario Proceedings

By: _____
Name: Paul McCallen
Title: Counsel for the Carpenter Defendants

13.19. Date of Execution

The Parties have executed this Settlement Agreement as of the date on the cover page.

**“HI! NEIGHBOR” FLOOR COVERING CO.
LIMITED, MAJESTIC MATTRESS MFG.
LTD, TRILLIUM PROJECT MANAGEMENT
LTD., OPTION CONSOMMATEURS, by their
counsel**

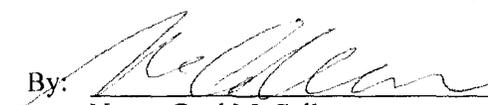
By: _____
Ward Branch
Branch MacMaster LLP
Counsel in the B.C. Proceedings

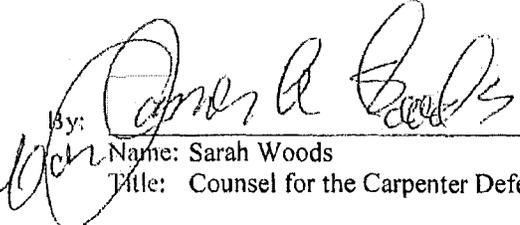
By: _____
Heather Rumble Peterson
Sutts, Strosberg LLP
Counsel in the Ontario Proceedings

By: _____
Reidar Mogerman
Camp Fiorante Matthews Mogerman
Counsel in the B.C. Proceedings

By: _____
Maxime Nasr
Belleau Lapointe LLP
Counsel in the Quebec Proceedings

By: _____
Andrew Morganti
Counsel in the Ontario Proceedings

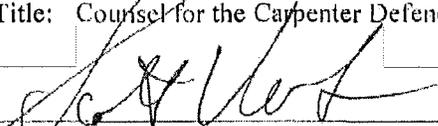
By:  _____
Name: Paul McCallen
Title: Counsel for the Carpenter Defendants

By: 
Name: Sarah Woods
Title: Counsel for the Carpenter Defendants

By: _____
Name: Scott Venton
Title: Counsel for the Lajambe Defendant

22450796.3
23041425.1

By: _____
Name: Sarah Woods
Title: Counsel for the Carpenter Defendants

By:  _____
Name: Scott Venton
Title: Counsel for the Lajambe Defendant

22450796.3
23041425.1

By: _____
Name: Sarah Woods
Title: Counsel for the Carpenter Defendants

By: _____
Name: Scott Venton
Title: Counsel for the Lajambe Defendant

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SCHEDULE “A”

#	Court and File No.	Plaintiffs’ Counsel	Style of Cause	Defendants
1.	Supreme Court of British Columbia (Vancouver Registry) (Court File No. VLC-S-S-106362)	Branch MacMaster LLP	<i>Majestic Mattress Mfg., Ltd. v. Vitafoam Products Canada Limited et al.</i>	Vitafoam Products Canada Limited, Vitafoam Incorporated, Hickory Springs Manufacturing Company, The Carpenter Co., Carpenter Canada Co., Woodbridge Foam Corporation, Flexible Foam Products, Inc., Scottdel Inc., Foamex Innovations, Inc., Foamex Innovations Canada, Inc., Future Foam, Inc., Vincenzo Bonaddio, Michael Calderoni, Donald Phillips and Leggett & Platt Inc.
2.	Supreme Court of British Columbia (Vancouver Registry) (Court File No. S-106213)	Camp Fiorante Matthews Mogerman	<i>Trillium Project Management Ltd. v. Hickory Springs Manufacturing Company et al.</i>	Hickory Springs Manufacturing Company, The Carpenter Co., Carpenter Canada Co., Woodbridge Foam Corporation, Flexible Foam Products, Inc., Scottdel Inc., Foamex Innovations, Inc., Foamex Innovations Canada, Inc., Future Foam, Inc., Vitafoam Products Canada Limited, Vitafoam Incorporated, Vincenzo Bonaddio, Michael Calderoni, Donald Phillips, Leggett & Platt Inc., and Mohawk Industries Inc.

#	Court and File No.	Plaintiffs' Counsel	Style of Cause	Defendants
3.	Ontario Superior Court of Justice (Windsor) (Court File No. CV-10-15164)	Sutts, Strosberg	<i>"Hi! Neighbor" Floor Covering Co. Limited v. Hickory Springs Manufacturing Company</i>	Hickory Springs Manufacturing Company, Valle Foam Industries (1995), Inc., Domfoam International, Inc., The Carpenter Co., Carpenter Canada Co., Woodbridge Foam Corporation, Flexible Foam Products, Inc., Foamex Innovations, Inc., Future Foam, Inc., Leggett & Platt, Inc., Vitafoam Products Canada Limited, Vitafoam, Inc., Dean Brayiannis, Bruce Schneider, Robert Magee and Michael Lajambe
4.	Ontario Superior Court of Justice (Windsor) (Court File No. CV-11-17279)	Sutts Strosberg	<i>"Hi! Neighbor" Floor Covering Co. Limited v. Hickory Springs Manufacturing Company</i>	Hickory Springs Manufacturing Company, Valle Foam Industries (1995), Inc., Domfoam International, Inc., The Carpenter Co., Carpenter Canada Co., Flexible Foam Products, Inc., Foamex Innovations, Inc., Future Foam, Inc., Leggett & Platt, Inc., Mohawk Industries Inc., Vitafoam Products Canada Limited, Vitafoam, Inc., Woodbridge Foam Corporation, David Carson, Louis Carson, Dean Brayiannis, Bruce Schneider, Michael Lajambe and Robert Magee

#	Court and File No.	Plaintiffs' Counsel	Style of Cause	Defendants
5.	Superior Court of Québec (Montreal) (Court File No. 500-06-000524-104)	Belleau Lapointe	<i>Option Consommateurs c. Produits Vitafoam Canada Limitée et al.</i>	Produits Vitafoam Canada Limitée, Vitafoam Inc., Carpenter Canada Co., Carpenter Co., A-Z Sponge & Foam Products Ltd., Domfoam International Inc., Valle Foam Industries (1995) Inc., Future Foam Inc., Flexible Foam Products Inc., Les Industries Foamextra Inc., Leggett & Platt Inc., Mohawk Industries Inc., Hickory Springs Manufacturing Company and Woodbridge Foam Corporation

AND WHEREAS the deadline for opting out of the BC Proceedings has passed, and no BC Settlement Class Member has validly opted out;

AND ON BEING ADVISED that the Plaintiffs and the Settling Defendants consent to this Order;

THIS COURT ORDERS that:

1. Except to the extent they are modified by this Order, the definitions set out in the Settlement Agreement attached as **Schedule "A"** apply to and are incorporated into this Order;

Certification for Settlement

2. The BC Proceedings are certified as class proceedings for settlement purposes only as against the Settling Defendants;

3. The BC Settlement Class in each of the BC Proceedings is defined as:

All Persons resident in British Columbia who purchased Foam Products in Canada during the Settlement Class Period, except Excluded Persons;

4. Majestic Mattress Mfg, Ltd. is appointed as the representative plaintiff for the BC Settlement Class in the Majestic Action and Trillium Project Management Ltd. is appointed as the representative plaintiff for the BC Settlement Class in the Trillium Action;

5. The following issue is common to the BC Settlement Class in each of the BC Proceedings:

Did the Settling Defendants conspire to harm the BC Settlement Class Members during the Settlement Class Period? If so, what damages, if any, are payable by the Settling Defendants to the BC Settlement Class Members?

6. This Order, including the Settlement Agreement, is binding upon each and every BC Settlement Class Member including those persons who are minors or mentally

incapable, and the requirements of Rule 20-2 of the Supreme Court Civil Rules are dispensed with in respect of the BC Proceeding;

Notices of Certification for Settlement and Settlement Approval Hearing

7. The Notice of Certification or Authorization and Settlement Approval Hearings (the “Pre-Approval Notice”) is hereby approved substantially in the form attached hereto as **Schedule “B”**;

8. The plan of dissemination of the Pre-Approval Notice (the “Plan of Dissemination”) is hereby approved in the form attached as **Schedule “C”**;

9. The Pre-Approval Notice shall be disseminated in accordance with the Plan of Dissemination approved as part of this Order;

10. This Order, including without limiting the generality of the foregoing, the certification of the BC Proceedings against the Settling Defendants for settlement purposes pursuant to this Order, and the definitions of the BC Settlement Class, Settlement Class Period and Common Issue, is without prejudice to any position a Non-Settling Defendant may take in this or any other proceeding on any issue, including any issue of appropriate forum or abuse of process, the issue of whether the Settlement Agreement should be approved and the issue of whether the BC Proceedings should be certified as class proceedings as against the Non-Settling Defendants. Except as set out below, no person may rely, cite or refer to all or any part of this Order or any reasons given by the Court in support of this Order as authority against any of the Non-Settling Defendants in this or any other proceeding. For greater certainty, this Order, the Court’s reasons in support of this Order and the certification of the BC Proceedings against the Settling Defendants for settlement purposes only are not binding and shall have no effect on this Court’s ruling in this or any other proceeding as against the Non-Settling Defendants. Notwithstanding the foregoing, the Non-Settling Defendants may not rely, cite or refer to all or any part of this Order or any reasons given by the Court in support of this Order, and may not assert a deficiency in the notice plan set out in this Order and/or the unavailability of a further opt out opportunity as a basis for opposition

to approval of the Settlement Agreement, including without limitation as a basis for opposition of the proposed bar order contained in the Settlement Agreement; and

11. This Order is contingent upon orders being made by the Ontario Court and the Quebec Court in the Proceedings in their jurisdictions that also provide for certification or authorization and notice in relation to the Settlement Agreement and the terms of this Order shall not be effective unless and until such orders are made.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND
CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS
BEING BY CONSENT:

<insert all signatures>

By the Court

Registrar

SCHEDULE “C”

		No. VLC-S-S-106362 Vancouver Registry
	<i>In the Supreme Court of British Columbia</i>	
Between	MAJESTIC MATTRESS MFG, LTD.	Plaintiff
and	VITAFOAM PRODUCTS CANADA LIMITED, VITAFOAM INCORPORATED, HICKORY SPRINGS MANUFACTURING COMPANY, VALLE FOAM INDUSTRIES (1995) INC., DOMFOAM INTERNATIONAL, INC., A-Z SPONGE & FOAM PRODUCTS LTD., THE CARPENTER COMPANY, WOODBRIDGE FOAM CORPORATION, FLEXIBLE FOAM PRODUCTS, INC., SCOTTDEL INC., FOAMEX INNOVATIONS, INC., AND FUTURE FOAM, INC.	
	BROUGHT UNDER THE <i>CLASS PROCEEDINGS ACT</i>	Defendants
		No. S-106213 Vancouver Registry
	<i>In the Supreme Court of British Columbia</i>	
Between	TRILLIUM PROJECT MANAGEMENT LTD.	Plaintiff
and	HICKORY SPRINGS MANUFACTURING COMPANY, VALLE FOAM INDUSTRIES, INC., DOMFOAM INTERNATIONAL, INC., CARPENTER CO., CARPENTER CANADA CO., THE WOODBRIDGE GROUP, FLEXIBLE FOAM PRODUCTS, INC., SCOTTDEL INC., FOAMEX INNOVATIONS, INC., FOAMEX INNOVATIONS CANADA, INC., FUTURE FOAM, INC., VITAFOAM PRODUCTS CANADA LIMITED AND VITAFOAM, INC.	
	BROUGHT UNDER THE <i>CLASS PROCEEDINGS ACT</i>	Defendants

**ORDER MADE AFTER APPLICATION FOR
APPROVAL OF SETTLEMENT AGREEMENT**

BEFORE THE HONOURABLE MR. JUSTICE)
 BOWDEN) dd/mm/yyyy
)

ON THE APPLICATION of the BC Plaintiffs coming on for hearing at the Courthouse at 800 Smithe Street, Vancouver, BC, on dd/mmm/yyyy and on hearing J.J. Camp, Q.C. and Reidar Mogerman, counsel for the BC Plaintiffs, [**Insert Counsel**] for The Carpenter Company, Carpenter Co., and Carpenter Canada Co., counsel for the Settling Defendants;

ON READING the materials filed, including the Settlement Agreement attached to this Order as Schedule “A” (the “Settlement Agreement”);

AND WHEREAS the deadline for opting out of the BC Proceedings has passed, and no BC Settlement Class Member has validly opted out;

AND ON BEING ADVISED that the BC Plaintiffs and the Settling Defendants consent to this Order;

THIS COURT ORDERS that:

1. The definitions set out in the Settlement Agreement attached as **Schedule "A"** apply to and are incorporated into this Order;
2. The Settlement Agreement is fair, reasonable and in the best interests of the BC Settlement Class in each BC Proceeding;
3. The Settlement Agreement is approved pursuant to s. 35 of the *Class Proceedings Act*, RSBC 1996, c. 50 and shall be implemented in accordance with its terms;
4. The Settlement Agreement is incorporated by reference into and forms part of this Order;
5. This Order, including the Settlement Agreement, is binding upon the representative plaintiffs and each and every BC Settlement Class Member in the BC Proceedings, including those persons who are minors or mentally incapable, and the requirements of Rule 20-2 of the Supreme Court Civil Rules are dispensed with in respect of the BC Proceeding;
6. Upon the Effective Date, each BC Settlement Class Member in each BC Proceeding shall consent and shall be deemed to have consented to the dismissal as against the Releasees of any Other Actions he, she or it has commenced, without costs and with prejudice;
7. Upon the Effective Date, any Other Action commenced in British Columbia by any BC Settlement Class Member shall be and is hereby dismissed against the Releasees, without costs and with prejudice;
8. Instead of releasing the claims against the Releasees, upon the Effective Date, in accordance with Section 5.2 of the Settlement Agreement, each Releasor resident in British Columbia covenants not to sue and undertakes not to make any claim in any way nor to threaten, commence, or continue any proceeding in any jurisdiction against the

Releasees in respect of or in relation to the Released Claims, except for the continuation of the BC Proceedings against the Non-Settling Defendants or named or unnamed co-conspirators who are not Releasees. The use of the terms “Releasers”, “Releasees” and “Released Claims” in this Order is a matter of form only for consistency with the Settlement Agreement;

9. Each Releaser shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against any Releasee or any other person who may claim contribution or indemnity, or other claims over for relief, from any Releasee in respect of any Released Claim or any matter related thereto, except for the continuation of the BC Proceedings against the Non-Settling Defendants or named or unnamed co-conspirators who are not Releasees;

10. All claims for contribution, indemnity or other claims over, whether asserted, unasserted or asserted in a representative capacity, inclusive of interest, taxes and costs, relating to the Released Claims, which were or could have been brought in the BC Proceedings, or otherwise, by any Non-Settling Defendant, any named or unnamed co-conspirators who are not Releasees or any other person or party, against a Releasee, or by a Releasee against a Non-Settling Defendant, or any named or unnamed co-conspirators who are not Releasees, are barred, prohibited and enjoined in accordance with the terms of this Order;

11. If, in the absence of paragraph 10 hereof, the Court determines that there is a right of contribution and indemnity or other claim over, whether in equity or in law, by statute or otherwise:

- (a) the BC Plaintiffs and the BC Settlement Class Members shall not be entitled to claim or recover from the Non-Settling Defendants and/or named or unnamed co-conspirators who are not Releasees that portion of any damages (including punitive damages, if any), restitutionary award, disgorgement of profits, interest and costs (including investigative costs

claimed pursuant to s. 36 of the Competition Act) that corresponds to the Proportionate Liability of the Releasees proven at trial or otherwise;

- (b) this Court shall have full authority to determine the Proportionate Liability of the Releasees at the trial or other disposition of the relevant BC Proceeding, whether or not the Releasees remain in the relevant BC Proceeding or appear at the trial or other disposition, and the Proportionate Liability of the Releasees shall be determined as if the Releasees are parties to the relevant BC Proceeding and any determination by this Court in respect of the Proportionate Liability of the Releasees shall only apply in the relevant BC Proceeding and shall not be binding on the Releasees in any other proceedings;

12. If, in the absence of paragraph 10 hereof, the Non-Settling Defendants would have the right to make claims for contribution and indemnity or other claims over, whether in equity or in law, by statute or otherwise, from or against the Releasees, then nothing in this Order is intended to or shall limit, restrict or affect any arguments which the Non-Settling Defendants may make regarding the reduction of any assessment of damages, restitutionary award, disgorgement of profits or judgment against them in the relevant BC Proceeding;

13. A Non-Settling Defendant may, on motion to this Court determined as if the Settling Defendant(s) remained a party to the relevant BC Proceeding and on at least sixty (60) days' notice to counsel for the Settling Defendant(s), and not to be brought unless and until the relevant BC Proceeding against the Non-Settling Defendants has been certified and all appeals or times to appeal have been exhausted, seek orders for discovery from the Settling Defendants as provided for and in accordance with the *Supreme Court Civil Rules*

14. The Settling Defendants retain all rights to oppose such application(s) brought under paragraph 13.

15. Notwithstanding any provision in this Order, on any application brought pursuant to paragraph 13, the Court may make such orders as to costs and other terms as it considers appropriate;

16. To the extent that such an order is granted and discovery is provided to a Non-Settling Defendant, a copy of all discovery provided, whether oral or documentary in nature, shall timely be provided by the Settling Defendants to the Plaintiffs and Class Counsel to the extent and on the terms set out in the order;

17. To the extent that such an order is granted and discovery is provided to a Non-Settling Defendant, the Court will retain an ongoing supervisory role over the discovery process and the Settling Defendants in the BC Proceedings.

18. A Non-Settling Defendant may effect service of the application(s) referred to in paragraph 13 above on the Settling Defendant(s) by service on counsel of record for the Settling Defendant(s) in the relevant BC Proceeding;

19. For purposes of administration of this Order, this Court will retain an ongoing supervisory role and the Settling Defendants acknowledge the jurisdiction of this Court for the purpose of implementing, administering and enforcing the Settlement Agreement, and subject to the terms and conditions set out in the Settlement Agreement;

20. Except as provided herein, this Order does not affect any claims or causes of action that any BC Settlement Class Member has or may have against the Non-Settling Defendants or named or unnamed co-conspirators who are not Releasees in the relevant BC Proceeding;

21. After the Effective Date, the Settling Defendants shall have no responsibility or liability relating to the administration, investment, or distribution of the Trust Account;

22. Camp Fiorante Matthews Mogerman LLP shall hold the Settlement Amount, plus any accrued interest, in trust and make only such payments therefrom as provided for in the Settlement Agreement, pending further orders of the Courts;

23. Approval of the Settlement Agreement is contingent upon approval by the Ontario Court and the Quebec Court in the Proceedings in their jurisdictions, and the terms of this Order shall not be effective unless and until such approval orders are made;

24. This Order shall be declared null and void on subsequent motion made on notice in the event that the Settlement Agreement is terminated in accordance with its terms; and

25. Except as aforesaid, the BC Proceedings are hereby dismissed against the Settling Defendants without costs and with prejudice.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

<insert signatures>

By the Court

Registrar