

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re

Kraus Carpet Inc., et al.,<sup>1</sup>

Debtors in a Foreign Proceeding.

Chapter 15

Case No. 18-12057 (KG)

Jointly Administered

**Hearing Date:**

**October 3, 2018 at 9:00 a.m. (ET)**

**Objection Deadline:**

**September 26, 2018 at 4:00 p.m. (ET)**

**NOTICE OF FILING AND HEARING ON VERIFIED PETITION OF  
FOREIGN MAIN PROCEEDING AND RELATED RELIEF**

**PLEASE TAKE NOTICE** that on September 11, 2018, Kraus Carpet Inc. (the “Foreign Representative”), in its capacity as the authorized foreign representative of the above captioned debtors (“Debtors”) in a Canadian Proceeding (the “CCAA Proceeding”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended, the “CCAA”) pending before the Ontario Superior Court of Justice (the “Canadian Court”), commenced chapter 15 cases ancillary to the CCAA Proceeding by filing a verified voluntary *Chapter 15 Petition for Recognition of a Foreign Proceeding* for each Debtor and a *Motion for Provisional and Final Orders Granting Recognition of Foreign Main Proceeding and Certain Related Relief* (collectively, the “Petition for Recognition”) seeking (i) recognition of such foreign proceeding as a “**foreign main proceeding**” and (ii) relief in aid of the CCAA Proceeding in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) with respect to the Debtors, including certain additional relief pursuant to sections 105, 362, 363, 365, 1507, and

---

<sup>1</sup> The Debtors in these chapter 15 cases and the last four digits of each Debtor’s U.S. tax identification number or Canadian Business Number, as applicable, are as follows: Kraus USA Inc. (USA) (1024); Strudex Inc. (0906); Kraus Carpet Inc. (8687); Kraus Properties Inc. (1102); Kraus Canada Ltd. (1300); and Kraus Brands Inc. (8885). The Debtors’ mailing address for purposes of these chapter 15 cases is 65 Northfield Drive West, Waterloo, Ontario, Canada.

1521 of the Bankruptcy Code. An Initial Order (the “CCAA Order”) of the Canadian Court appointing the Foreign Representative and granting other relief under the CCAA to the Debtors and certain affiliates is attached to the Petition for Recognition.

**PLEASE TAKE FURTHER NOTICE** that, on September 12, 2018, the Bankruptcy Court entered the *Provisional Order Granting Recognition of Foreign Main Proceeding and Certain Related Relief* (Docket No. 17) (the “Provisional Order”). The Provisional Order enjoins certain actions against the Debtors and their property consistent with sections 362 and 365(e) of the Bankruptcy Code. You may obtain a copy of the Provisional Order through the means set out in the last paragraph of this Notice.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the *Order Scheduling Hearing on Verified Chapter 15 Petition under Chapter 15 of the Bankruptcy Code for Recognition of a Foreign Main Proceeding and for Additional Relief and Assistance under 11 U.S.C. §§ 105(A), 1507, and 1521 and Specifying Form and Manner of Notice of Hearing* (Docket No. 16) (the “Scheduling Order”) the Bankruptcy Court has scheduled a hearing on **October 3, 2018 at 9:00 a.m. (prevailing Eastern Time)** (the “Hearing”) before the Honorable Kevin Gross, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 6th Floor, Wilmington, Delaware 19801, U.S.A.

**PLEASE TAKE FURTHER NOTICE** that any response or objection to the relief requested in the Petition for Recognition must be (i) in writing describing the basis therefor; (ii) filed with the Clerk of the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801, U.S.A, **on or before September 26, 2018 at 4:00 p.m. (prevailing Eastern Time)** (the “Objection Deadline”); and (iii) served upon (a) Honigman Miller Schwartz and Cohn LLP, 2290 First National Building, 660 Woodward Avenue, Detroit, Michigan 48226-

3506 (Attention: Joseph Sgroi) and (b) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, Delaware 19899-1347 (Attn: Derek C. Abbott), United States counsel to the Foreign Representative United States counsel to the Foreign Representative, so as to be received on or before the Objection Deadline.

**PLEASE TAKE FURTHER NOTICE** that all parties in interest opposed to the Petition for Recognition or the Foreign Representative's request for relief must appear at the Hearing at the time and place set forth above. Further, the Hearing may be adjourned from time to time without further notice other than an announcement in open court at the Hearing of the adjourned date or dates or any further adjourned hearing.

**PLEASE TAKE FURTHER NOTICE** that the Foreign Representative intends to raise issues pertaining to foreign law, specifically Canadian insolvency law, in connection with the Petition for Recognition and is seeking the following relief: (i) recognition of the CCAA Proceeding as a foreign main proceeding pursuant to chapter 15 of the Bankruptcy Code and the Foreign Representative as the Debtors' "foreign representative" under Bankruptcy Code sections 1509 and 1517; (ii) providing that the CCAA Order, including, without limitation, any stay of proceedings to the extent set forth in the CCAA Order (or subsequent orders of the Canadian Court), be given full force and effect in United States, (iii) granting relief pursuant to Bankruptcy Code section 1520, including a stay of all actions against the Debtors as provided under section 362 of the Bankruptcy Code; and (iv) granting other and additional relief pursuant to Bankruptcy Code sections 1507 and 1521(a) and (b), including the application of section 365(e) of the Bankruptcy Code.

**PLEASE TAKE FURTHER NOTICE** that if no response or objection is timely filed and served as provided above, the Bankruptcy Court may grant the recognition and relief requested by the Foreign Representative without further notice.

**PLEASE TAKE FURHTER NOTICE** that copies of the Petition for Recognition and all other documents filed in these cases are available at no charge (i) at [www.donlinrecano.com/kraus](http://www.donlinrecano.com/kraus) or (ii) by contacting Donlin, Recano & Company Inc., 6201 15th Avenue, Brooklyn, NY 11219, Tel: 212-771-1128, [krausinfo@donlinrecano.com](mailto:krausinfo@donlinrecano.com).

Dated: September 12, 2018  
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Matthew B. Harvey

Derek C. Abbott (No. 3376)  
Matthew B. Harvey (No. 5186)  
1201 N. Market St., 16<sup>th</sup> Floor  
Wilmington, DE 19801  
Telephone: (302) 658-9200  
Facsimile: (302) 658-3989  
[dabbott@mnat.com](mailto:dabbott@mnat.com)  
[mharvey@mnat.com](mailto:mharvey@mnat.com)

-and-

HONIGMAN MILLER SCHWARTZ AND COHN  
LLP

Joseph R. Sgroi  
Scott B. Kitei  
Glenn S. Walter  
2290 First National Building  
660 Woodward Avenue  
Detroit, Michigan 48226-3506  
Telephone: (313) 465-7000  
Facsimile: (313) 465-7713  
[jsgroi@honigman.com](mailto:jsgroi@honigman.com)  
[skitei@honigman.com](mailto:skitei@honigman.com)  
[gwalter@honigman.com](mailto:gwalter@honigman.com)

*Counsel to the Foreign Representative*