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Court File No.

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
COPPLEY APPAREL GROUP LIMITED**

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a judge presiding over the Commercial List on June 10, at 10:00 a.m. at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of

service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: June 10, 2009

Local Registrar
Address of court office:
330 University Avenue
Toronto, Ontario

TO: **THIS HONOURABLE COURT**

APPLICATION

1. The applicant, Copley Apparel Group Limited ("**Copley**"), makes application for:
 - (a) an order pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") substantially in the form attached hereto as **Schedule "A"**:
 - (i) abridging the time for, or dispensing with, service or further service of this notice of application;
 - (ii) abridging the time for filing this notice of application;
 - (iii) declaring that Copley is a company to which the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") applies;
 - (iv) staying all proceedings against Copley;
 - (v) authorizing a debtor-in-possession financing arrangement; and
 - (vi) authorizing Copley to implement and conduct, with the assistance of BDO Dunwoody Limited ("**BDO**"), in its capacity as monitor, a bidding process in respect of the business and assets, properties and undertakings of Copley; and
 - (b) such further and other relief as counsel may advise and this Honourable Court may deem just.
2. The grounds for the application are:
 - (a) Copley's main place of business is in the Province of Ontario;

- (b) Copley owes its creditors in excess of \$5 million;
- (c) Copley is insolvent in that it cannot pay all of its obligations that are due or coming due;
- (d) Copley is a wholly owned but independent subsidiary of Hartmarx Corporation (the "**Parent**") which is a corporation incorporated pursuant to the laws of the State of Delaware. The only part of Copley's business that is integrated with the Parent is Copley's operating facility, which is part of the overall U.S. lending arrangement;
- (e) the Parent has filed a voluntary petition for relief under Chapter 11 in the United States and has commenced a Court-approved bid process to enable the Parent and its subsidiaries to be sold on a going-concern basis (the "**US Bid Process**");
- (f) there is a stalking horse bid in the US Bid Process;
- (g) Copley cannot presently generate sufficient cash flow in its business to fund all of its current and future obligations beyond 3 to 4 weeks and has exhausted its availability under a secured lending facility with Wachovia Capital Finance Corporation (Central) ("**Wachovia**") ;
- (h) Copley and Wachovia have entered into a forbearance agreement wherein Wachovia has agreed to extend funding to Copley over the next 6 weeks;
- (i) under the terms of an Asset Purchase Agreement (the "**Canadian APA**"), Copley has agreed to commence CCAA proceedings and seek an order establishing a Canadian bid procedure on or before June 10, 2009;

- (j) the Canadian APA is commercially reasonable and in the best interests of Copley and its stakeholders;
 - (k) Copley requires a stay of proceedings and the other relief requested in order to implement and conduct, with the assistance of BDO, in its capacity as monitor, a bid process in respect of the business and assets, properties and undertakings of Copley;
 - (l) without CCAA protection Copley will be forced to shut down its operations and terminate all its employees;
 - (m) the provisions of the CCAA;
 - (n) such further and other grounds as counsel may advise and this Honourable Court may permit.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the affidavit of Richard Sexton sworn June 10, 2009 and the exhibits thereto; and
 - (b) such further and other material as counsel may advise and this Honourable Court may permit.

June 10, 2009

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