

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

PROOF OF CLAIM



YOUR CLAIM IS SCHEDULED AS:

Schedule/Claim ID 8613

Amount/Classification
\$117,000.00 Unsecured

In re:

American of Martinsville, Inc.

Case Number:

10-11638 DR
10-11637

NOTE: See Reverse for List of Debtors/Case Numbers/important details. Other than claims under 11 U.S.C. § 503(b)(9), this form should not be used to make a claim for administrative expenses arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503(a).

Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

Check this box if you are the debtor or trustee in this case.

The amounts reflected above constitute your claim as scheduled by the Debtor or pursuant to a filed claim. If you agree with the amounts set forth herein, and have no other claim against the Debtor, you do not need to file this proof of claim EXCEPT as stated below.

If the amounts shown above are listed as Contingent, Unliquidated or Disputed, a proof of claim must be filed.

If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again.

THIS SPACE IS FOR COURT USE ONLY

Check this box to indicate that this claim amends a previously filed claim.

Claim Number (if known):

Filed on:

RECEIVED

JUL 22 2010

BMC GROUP

Name of Creditor and Address: the person or other entity to whom the debtor owes money or property

24838952001790
TOM YOW
2352 DAWSON COVE LN
CLOVIS, CA 93611

Creditor Telephone Number (991) 971-645-8357 / 559-299-2430

Name and address where payment should be sent (if different from above):

Payment Telephone Number (991) 645-8357 or 559-299-2430

1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ 134,430.

If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

2. BASIS FOR CLAIM:

see attached

(See instructions #2 and #3a on reverse side.)

3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: 4459

3a. Debtor may have scheduled account as:

4. SECURED CLAIM (See instruction #4 on reverse side.)

Check the appropriate box if your claim is secured by a lien on property or a right of set off and provide the requested information

Nature of property or right of setoff:

Real Estate Motor Vehicle Other

Value of Property: \$ Annual Interest Rate: % if any: \$ Basis for Perfection:

Secured Claim Amount: \$ 122,705

DO NOT include the priority portion of your claim here.

Unsecured Claim Amount: \$ 11,725

Amount of arrearage and other charges as of time case fi included in secured claim,

5. PRIORITY CLAIM

Unsecured Priority Claim Amount: \$ 11,725

Include ONLY the priority portion of your unsecured claim here.

Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

You MUST specify the priority of the claim:

Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

Wages, salaries, or commissions (up to \$11,725*), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).

Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).

Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).

Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).

Other - Specify applicable paragraph of 11 U.S.C. § 507(a) ().

* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

SECTION 503(b)(9) CLAIM \$

Check this box if your claim is for the value of goods received by the debtor within 20 days before the date of commencement of the case (11 U.S.C. § 503(b)(9)). Include the amount of such claim in the space for "Amount entitled to priority" above.

6. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.

7. SUPPORTING DOCUMENTS: Attach redacted copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of evidence of perfection of a security interest. (See instruction 7 and definition of "redacted" on reverse side.) If the documents are not available, please explain.

DATE-STAMPED COPY To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is actually received on or before 4:00 pm, prevailing Eastern Time on August 6, 2010 for Non-Governmental Claimants OR on or before November 15, 2010 for Governmental Units.

THIS SPACE FOR COURT USE ONLY

BY MAIL TO:
BMC Group, Inc
Attn: Barcalounger Corporation Claims Processing
PO Box 3020
Chanhassen, MN 55317-3020

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc
Attn: Barcalounger Corporation Claims Processing
18750 Lake Drive East
Chanhassen, MN 55317



00123

DATE

July 19, 2010

SIGNATURE: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.

[Signature]

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

ITEMS TO BE COMPLETED IN PROOF OF CLAIM FORM (IF NOT ALREADY PROPERLY FILLED IN)

<p>Court, Name of Debtor, and Case Number: Fill in the name of the federal judicial district where the bankruptcy case was filed (for example Central District of California), the name of the debtor in the bankruptcy case, and the bankruptcy case number. If you received a notice of the case from the Claims Agent, BMC Group, some or all of this information may have been already completed.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Debtor Name</th> <th style="text-align: left;">Case No</th> </tr> </thead> <tbody> <tr> <td>American of Martinsville, Inc.</td> <td>10-11638</td> </tr> <tr> <td>Barcalounger Corporation</td> <td>10-11637</td> </tr> </tbody> </table>	Debtor Name	Case No	American of Martinsville, Inc.	10-11638	Barcalounger Corporation	10-11637	<p>5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a). If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority. Claims entitled to administrative priority under 11 U.S.C. § 503(b)(9) should be asserted by filling in the appropriate information on this Proof of Claim form. All other administrative claims must be asserted by an appropriate "request" under 11 U.S.C. § 503(a) and should not be asserted on this Proof of Claim form.</p> <p>6. Credits: An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.</p> <p>7. Supporting Documents: Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). Do not send original documents, as attachments may be destroyed after scanning.</p> <p>Date and Signature: The person filing this proof of claim <u>must</u> sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.</p> <p>Date-Stamped Copy Return claim form and attachments, if any. If you wish to receive an acknowledgement of your claim, please enclose a self-addressed stamped envelope and a second copy of the proof of claim form with any attachments to the Claims Agent, BMC Group, at the address on the front of this form.</p> <p><i>Please read – important information: upon completion of this claim form, you are certifying that the statements herein are true.</i></p> <p>Be sure all items are answered on the claim form. If not applicable, insert "Not Applicable."</p>
Debtor Name	Case No						
American of Martinsville, Inc.	10-11638						
Barcalounger Corporation	10-11637						
<p>Creditor's Name and Address: Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).</p> <p>1. Amount of Claim as of Date Case Filed: State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete item 4. Check the box if interest or other charges are included in the claim.</p> <p>2. Basis for Claim: State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.</p> <p>3. Last Four Digits of Any Number by Which Creditor Identifies Debtor: State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.</p> <p>3a. Debtor May Have Scheduled Account As: Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.</p> <p>4. Secured Claim: Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.</p>							

DEFINITIONS

INFORMATION

<p>DEBTOR A debtor is the person, corporation, or other entity that has filed a bankruptcy case.</p> <p>CREDITOR A creditor is any person, corporation, or other entity to whom the debtor owed a debt on the date that the bankruptcy case was filed.</p> <p>CLAIM A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.</p> <p>PROOF OF CLAIM A form telling the bankruptcy court how much the debtor owed a creditor at the time the bankruptcy case was filed (the amount of the creditor's claim). This form must be filed with the court-appointed Claims Agent, BMC Group, at the address listed on the reverse side of this page</p> <p>SECURED CLAIM Under 11 U.S.C. §506(a) A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors.</p>	<p>The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).</p> <p>UNSECURED NONPRIORITY CLAIM If a claim is not a secured claim it is an unsecured claim. A claim may be partly secured and partly unsecured if the property on which a creditor has a lien is not worth enough to pay the creditor in full.</p> <p>UNSECURED PRIORITY CLAIM Under 11 U.S.C. §507(a) Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.</p> <p>Evidence of Perfection Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other</p>	<p>document showing that the lien has been filed or recorded.</p> <p>Redacted A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax-identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.</p> <p>Offers to Purchase a Claim Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 et seq.), and any applicable orders of the bankruptcy court.</p>
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ONCE YOUR CLAIM IS FILED YOU CAN OBTAIN OR VERIFY YOUR CLAIM NUMBER BY VISITING www.bmcgroup.com

Tom R Yow
Narrative
July 17, 2010

In May 2009 the decision was made to combine the upholstery operations of American of Martinsville and Barcalounger in Martinsville, VA. At that time I was President of Barcalounger and Chairman of the AOM Board. As noted in the memo dated June 4, 2009, I recommended to Mike Fourticq that my salary be reduced from \$250,000 at Barcalounger) and \$52,000 at AOM (combined of \$302,000) to \$150,000 (copy attached). We made Larry Smith President of Barcalounger and agreed that Noel Chitwood would be over the total operations. After giving them a raise that left an additional \$100,000 to assist in Vendor payables. That began in July 2009 and I became an advisor to Noel and Larry.

After that meeting I had a conversation with Mike Fourticq and we decided that we would begin an accrual that the \$150,000 would be paid to me in the future or be converted to stock when the companies officially merged. This was due to my increased involvement later in 2009 and was confirmed in an email dated November 02, 2009 (attached)>

Last is attached is the verification from John Chapman, Chief restructuring officer, for the companies confirming the aural and his understanding of the events.

Tom Yow

From: Tom Yow
Sent: Friday, October 16, 2009 8:25 AM
To: Tom Yow
Subject: FW:

From: Tom Yow [mailto:tyow@barcalounger.com]
Sent: Thursday, June 04, 2009 7:59 AM
To: 'Mike Fourticq'
Subject:

Mike,
Since Barcalounger shifts to the "shared services agreement" with AOM on the 26th of June, I would like recommend the following:

My salary is now \$250,000 plus a \$52,000 fee (plus expenses) from AOM
~~This is being reduced to \$150,000;~~ \$75,000 from AOM and \$75,000 from Barcalounger and I would give a two year commitment (I think Noel needs me for this much time). This would also include Health Insurance and travel as I intend to spend a lot of time there. Also I would like to buy the Honda in NC at a reduced price at this time (\$5,000 to \$10,000) as AOM does not provide company autos, I've been told. I will be spending a great deal of time there as Carol and I look in the area for a second home. Last, I would like to take this difference of 175,000 (Barcalounger) and give Noel a \$25,000 to \$50,000 salary add from Barcalounger and Larry an increase of \$10,000 to \$20,000 as his new programs take off. ~~This returns over \$100,000 toward fixing our problems.~~

Your thoughts, suggestions, approval on this would be welcome and appreciated.

Tom

Ps. I will be available tomorrow if you wish to discuss this or even possibly after lunch.

From: Mike Fourticq [mailto:mfourticq@hpcap.com]
Sent: Monday, November 02, 2009 6:26 AM
To: Tom Yow
Subject: Re:

Got it. I'm sure we will talk today

----- Original Message -----

From: Tom Yow <tyow@americanofmartinsville.com>
To: Mike Fourticq
Sent: Mon Nov 02 05:46:53 2009
Subject:

Several things

- * Per our conversation I'll stay on up to 24 months, as always with my full support of your direction. Accounting is accruing \$2800 per week (which began in August) for me, per our discussion to be used for stock purchase? I would also like some options whenever you make that decision.
- * I would like to take the lead in the analysis, and move, of our entire supply chain to China, with a recommendation to you by the end of the year. I'd like to travel to China (alone) and meet with Chris and Tony on this matter? You also should stay in close contact with Chris.
- * Noel should be made CEO of AOM and Barcalounger. I'll stay a board member or Chairman whatever you wish.
- * I think I should be put in total charge (approval) of all expenditures not related to manufacturing needs. I'll speak to Noel regarding this.
- * I plan to focus on manufacturing and establishment of accurate costing, while continuing to ferret out issues that prevent us from providing "clean" financial information.
- * I'd suggest Dennis Devito attend the meeting in LA?
- *

Last Mike, Please instruct Noel to work with me to present you a cost reduction (-o- based) plan, and set a date. It should not only include personnel but also other unrelated areas such as trade shows, travel, and other expenses.

Last, last, sorry for the whining last week. I must have had a case of the "Whin Flu."

Please let me know you received this.



P. O. Box 5071
128 East Church Street
Martinsville, Virginia 24115-5071 USA
(276) 632-2061 / Fax (276) 638-8810

A La-Z-Boy® Company

July 15, 2010

Mr. Tom Yow
2352 Dawson Cove Lane
Clovis, CA 93611

RE: Deferred Compensation Arrangement

Dear Tom:

This letter is per your request for a confirmation of my understanding of the deferred compensation arrangement that you had with American of Martinsville and Barcalounger Corporation.

In my discussions with Bobby Mims and Steven Lee, and through my review of other documentation and the payroll records, I have established that you were hired at a total gross compensation rate of \$302,000 per year allocated \$250,000 for American of Martinsville and \$52,000 for Barcalounger.

In June of 2009 you reached an agreement with the Company to reduce your compensation to \$150,000 with the understanding that the deferred balance would be paid to you when the Companies stabilized and returned to profitability.

The deferral commenced with the monthly pay period for July 2009 and continued through the filing date of May 19, 2010. As such the deferred compensation amount due through the filing date is \$134,430.

Sincerely yours,

A handwritten signature in black ink that reads "John W. Chapman". The signature is written in a cursive, flowing style.

John W. Chapman
Chief Restructuring Officer