



Tel: 519 570 4000
Fax: 519 576 5227
www.bdo.ca

BDO Canada Limited
305 King Street W, Suite 501
Kitchener ON N2G 1B9 Canada

June 10, 2010

**To Whom It May Concern
Von Weise of Canada Company
Hourly Employees**

On January 7, 2010, Von Weise Company of Canada ("Von Weise") made a proposal to its creditors under The Bankruptcy and Insolvency Act ("the Act"). On February 3, 2010, the proposal was approved by the creditors and subsequently on April 20, 2010 approved by the Court.

In general terms, the proposal calls for the Trustee to distribute to creditors the proceeds from the sale of real estate and the proceeds from a significant promissory note receivable. This process is to take place between 2010 and 2013.

Section 6 of the proposal calls for the Trustee, under Section 60(1.3) of the Act to firstly pay the claims of employees for unpaid wages. This is similar to wages being a preferred claim in a bankruptcy by section 136 (1)(d) of the Act.

The Trustee has now received funds from the surplus on the sale of the real estate at 505 Conestoga Boulevard, as described in Section 9 of the proposal, and has funds from which to make this distribution.

There are several things to be aware of with regard to the sections of the Act that deal with unpaid wages:

1. Unpaid wages include claims for vacation pay.
2. The preferred status for unpaid wages is limited to \$2,000.
3. The wages must be earned in the 6 month period prior to the company making a filing under the Act, which in this case was the October 26, 2010 filing of the Notice of Intention to Make a Proposal.

In determining the amount to be paid to you in this first distribution, we have taken the following approach.

- We have relied on Von Weise records to determine the total of vacation pay earned in the preceding 6 months of employment.
- The amount includes vacation pay that would have been earned on termination pay, regardless if the termination amount was paid.
- As your representative, the CAW submitted a claim on behalf of all its members that was also based on these records.
- If the total vacation pay described above exceeds \$2,000 for an employee, the preferred claim for that employee would be limited to \$2,000. Otherwise, the actual amount owing is used.

The amount for all hourly employees will be paid to the CAW less the mandatory government levy of 5% that is paid to the federal Superintendent of Bankruptcy. On June 10, 2010 the Trustee issued a cheque for this amount payable to the CAW. The CAW will distribute each member's share of these funds.

The claims of hourly employees for the balance of any wages and vacation pay exceeding \$2,000, the termination and the severance pay are considered ordinary unsecured claims without preferred status. The Trustee is reviewing the termination and severance claims of employees, claims of trade creditors and claim of the company's pension plan to finalize these claims prior to making a dividend payment to ordinary unsecured creditors.

The Trustee anticipates this dividend payment will be made no later than June 25, 2010.

BDO Canada Limited
Trustee of the Proposal of
Von Weise Company of Canada