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Von Weise of Canada Company - Proposal to Creditors

NOTICE REGARDING 2012 DISTRIBUTION October 2012

Background

This is to provide information on the status of the proposal of Von Weise of Canada Company ("Von Weise"). In January 2010, a proposal to creditors was filed. The proposal called for distributions to creditors in the fall of each of 2010 to 2013. Funds have been received to date from Von Weise totaling approximately \$2 million as required in the proposal. Three distributions to creditors have been processed by BDO totaling almost 19 cents per dollar.

In the notice that accompanied the December 2010 distribution to creditors, the Trustee advised that the total distribution to creditors may be in the range of 20 to 30 cents per dollar. The original estimate at the date of the proposal was 39 cents per dollar. The change was due primarily to the actual claim for the pension shortfall being \$4.2 million instead of the \$2.0 million estimated at the time of the proposal.

2012 Distribution

The Cash Flow Forecast prepared with the original proposal included receipts of \$2,164,000 from a promissory note receivable from VWER Holdings LLC ("VWER"), which would mature in September 2013. In February 2011, VWER defaulted on the promissory note. No monthly payments were received after January 2011 and no lump sum payments were received. Approximately \$1.5 million for the proposal is still due from VWER or the real estate of VWER for the promissory note.

There is approximately \$250,000 available to pay creditors at this time. Some of these funds will be required by Von Weise for maintenance of the building prior to a sale. It would be risky to use these funds to pay Von Weise creditors given operating needs. Also, the amount would generate relatively small amounts for creditors as claims total approximately \$9 million dollars.

Thus, we propose that the creditors will not receive funds on their accounts in 2012.

Future Funds

Von Weise has taken steps to sell the remaining commercial property that secured the note. The property, located in Eaton Rapids, Michigan, is listed for sale and has been for some time. There have been no offers and limited interest. In the interim, Von Weise has been able to earn rental income from the property to offset costs for building maintenance and property taxes.

Next Steps

The remaining distribution to creditors will depend on the sale of the property. The proposal requires final payout to be by October 2013 and Von Weise hopes to conclude realizations by that time.

It continues to be most cost effective to allow Von Weise to attempt to sell the asset rather than terminating the proposal. A bankruptcy would occur if the proposal failed. This would likely increase professional costs and perhaps not expedite any property values or realization. Thus, BDO can continue to monitor the asset sale efforts and allow Von Weise's proposal to continue.

The next and final scheduled distribution would be October 2013 or as soon as the final funds are received by BDO.

Conclusion

There are 5 creditor representatives in the Inspector group. We will continue to review the proposal terms and changes as outlined above as required with this group.

Yours very truly

BDO Canada Limited

A handwritten signature in black ink, appearing to read "S. Taves", written over a horizontal line.

Trustee in the Proposal of
Von Weise of Canada Company
Susan E. Taves, CA•CIRP
Senior Vice President

SET/mh