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

## Von Weise of Canada Company - Proposal to Creditors

### NOTICE OF FIRST DISTRIBUTION TO ALL UNSECURED CREDITORS July 27, 2010

#### Introduction

A proposal to creditors pursuant to the Bankruptcy and Insolvency Act was filed effective January 8, 2010. The plan was accepted by the Creditors and approved by the Court on February 3, 2010 and April 20, 2010, respectively.

The proposal included the following:

- Payment of preferred creditors claim's for vacation pay and wage arrears if any. Completed June 7, 2010.
- Interim Payment of general creditor claims following the sale of the real estate no later than August 15, 2010.
- Further distributions to be in October of 2011, 2012 and the fall of 2013.

#### Current Information being provided

The following are enclosed for each creditor:

- Statement of receipts and disbursements at June 30, 2010.
- Dividend sheet identifying amounts for each creditor claim and dividend.
- Cheque for amount calculated for each creditor.

#### Further Distributions

This distribution was intended to be issued by the end of June. However, there were significant issues related to a number of creditor claims that needed to be resolved (see Creditor Claims below).

You will note that approximately one half of the available funds have been held back. This is to allow for additional claims being filed. We will be working on these matters in the coming months. A further distribution is planned before December 31<sup>st</sup> 2010.

#### Creditor Claims

Trade creditor claims totaling \$642,600 have been filed with BDO and accepted. This represents 52 of a total of approximately 185 creditors. Claims from the remaining creditors may still be filed. These claimants would be entitled to funds from future distributions.

In addition, some of the 52 claims for \$642,600 were for amounts larger than the VW records indicated. This was due in part to contract terms providing for additional amounts due as well as some additional invoices that were included in the claims.

The employee claims were all filed by either the individual or CAW on behalf of the union employees. There were some questions regarding amounts specifically for severance claims. For purposes of this first distribution, you will note that the VW amounts have been entered as the claim amounts.

The employees and creditors who have claimed an amount different than the attached schedule will be contacted separately by BDO/VW to resolve the amounts. This is the work noted above to conclude amounts for the distribution later this year.

(SEE OVER)

### Proposal Terms versus Actual Funds

The estimated creditor claims in January 2010, resulting proposal payment and current status are as follows:

	Proposal Estimate	July 2010 Actual
Total Proposal Funds (mid point)	2,870,000	
July 2010 Funds to distribute	900,000-1,250,000	1,200,000
Preferred wage claims paid June 7, 2010	90,000	115,621
Trade Creditors	1,180,000	642,597
Employee Hourly	2,100,000	2,318,609
Employee Salary	1,500,000	1,513,410
Employee Benefits	10,234	Incl above
Pension Deficit	2,000,000	4,127,440

The payout to creditors will be less than the proposal estimated due primarily to the pension claim. The pension administrator completed an updated actuarial report as at October 2009. Many pension plan values have declined in the past few years. This includes the VW plan. The estimated deficit is \$4 million versus \$2 million as per a 2008 report.

### Proposal Status/Direction

The estimated payout to creditors of 39 cents at the date of proposal will not occur. VW and/or BDO as the proposal Trustee have an obligation to notify creditors of a significant variation from the proposals terms. The actual distribution may be 20 to 30 cents per dollar rather than 39.

Creditors should review this information and contact BDO should they have concerns regarding the change of payout rate. In our view, the proposal will still result in maximum funds to creditors as VW will continue account receivable collection to maximize these amounts. Should the creditors want to terminate the proposal, a bankruptcy would occur. We believe that this may compromise creditor benefit even further from the 20-30 cents.

### Conclusion

BDO will continue to work with VW for payments to creditors pursuant to the proposal.

BDO Canada Limited

Susan E Taves, CA-CIRP  
Senior Vice President

David Flett, CA-CIRP  
Vice President

Thomas Seegmiller, CA  
Senior Estate Administrator

**Interim Statement of Receipts and Disbursements**

In the matter of the Proposal of  
 Von Weise of Canada Company  
 of the City of Cambridge, in the Regional Municipality of Waterloo  
 in the province of Ontario

**Receipts**

Opening bank balance	\$ 72,974.40
Equipment - Auction proceeds	70,225.08
Surplus property proceeds - 505 Conestoga Blvd.	<u>1,250,000.00</u>
Total Receipts	<u>1,393,199.48</u>

**Disbursements**

Bank Charges	50.00
Prof. Service/Acctg	550.41
Other Expenses	
Proposal Monitor	18,328.86
Proposal Counsel	<u>2,445.31</u>
Total Disbursements	<u>21,374.58</u>

**Priority Creditors**

Levy - Vacation Pay - June 2010	5,781.06
Vacation Pay - June 2010	<u>109,840.00</u>
Total Priority Creditor Payments	<u>115,621.06</u>

Amount Available for distribution \$ 1,256,203.84

Levy Payable under s. 147 of the Act \$ 30,000.00

Preferred Creditors:

Dividend	932.80	less levy	46.64	886.16
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Unsecured creditors:

Dividend	599,067.20	less levy	29,953.36	569,113.84
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Total First distribution 600,000.00

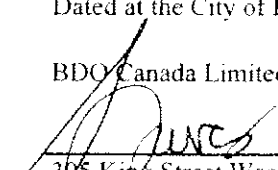
Amount retained in Trust account for future distribution in December 2010 \$ 656,203.84

**Note**

The Company filed a Notice of Intention to Make a Proposal on October 26, 2009. The proposal was filed and accepted by creditors on February 3, 2010 and subsequently approved by the Court. The retained funds will be distributed at a later date upon conclusion of all creditor claims.

Dated at the City of Kitchener this 28th day of July 2010

BDO Canada Limited - Trustee

  
 305 King Street West, Suite 501  
 Kitchener, ON N2G 1B9

## Dividend Sheet

In the matter of the Proposal of  
Von Weise of Canada Company  
of the City of Cambridge, in the Regional Municipality of Waterloo  
in the province of Ontario

## First distribution to all unsecured creditors

July 22, 2010

(Note: Distribution to preferred creditors was made on June 7, 2010)

	Claim	Dividend	Levy	Payment
<b>Preferred Distribution</b>				
(s. 60(1.3) claim for Vacation Pay)				
Hilborn, Jeff	932.80	932.80	46.64	886.16
Total	932.80	932.80	46.64	886.16
<b>Trade Creditors</b>				
A Bender Tools Ltd.	1,624.88	113.16	5.66	107.50
A&A Mechanical Solutions Inc.	1,470.00	102.37	5.12	97.26
Altagas / ECNG	60,279.33	4,197.99	209.90	3,988.09
America II Electronics	14,286.80	994.97	49.75	945.22
American Hoffman Corp.	589.89	41.08	2.05	39.03
BCL Magnetics	68,510.41	4,771.22	238.56	4,532.66
Centerline Windsor Limited	259.34	18.06	0.90	17.16
Channer Corporation	165.39	11.52	0.58	10.94
Con-Way Freight	8,836.41	615.39	30.77	584.62
Diamond Controls Inc.	7,379.40	513.92	25.70	488.22
Dynamis Inc.	2,364.26	164.65	8.23	156.42
EFD Inc.	136.26	9.49	0.47	9.01
Electro Sonic Inc.	126.40	8.80	0.44	8.36
Electronic Systems of Wisconsin	5,564.80	387.55	19.38	368.17
Endries International Inc.	114,492.94	7,973.55	398.68	7,574.88
Fabri Hermann Machines Inc.	11,015.76	767.16	38.36	728.81
G.R. Precision Development Group	2,753.10	191.73	9.59	182.15
Gardtec	6,675.00	464.86	23.24	441.62
GE Canada Equipment Financing GP	10,236.69	712.91	35.65	677.26
Golder Associates Ltd.	28,026.30	1,951.82	97.59	1,854.23
Henkel Canada Corp.	3,549.09	247.17	12.36	234.81
Hicks Morley LLP	2,731.13	190.20	9.51	180.69
Huntington Electric Inc.	1,929.08	134.35	6.72	127.63
Industrial Dielectric Inc.	-	-	-	-
Injectech Industries Inc.	5,389.46	375.33	18.77	356.57
Inno-Tech	12,660.00	881.67	44.08	837.59
Insight Canada	1,140.00	79.39	3.97	75.42
Insulfab Plastics Inc.	1,500.00	104.46	5.22	99.24
Kissner Group	1,130.46	78.73	3.94	74.79
Magma Magnets FMG	71,405.04	4,972.81	248.64	4,724.17

**Dividend Sheet**

In the matter of the Proposal of  
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in the province of Ontario

**First distribution to all unsecured creditors****July 22, 2010**

(Note: Distribution to preferred creditors was made on June 7, 2010)

	<b>Claim</b>	<b>Dividend</b>	<b>Levy</b>	<b>Payment</b>
Matrix Technology Ltd.	518.61	36.12	1.81	34.31
Meyers Norris Penny LLP	17,773.84	1,237.81	61.89	1,175.92
Motion Industries Inc.	431.35	30.04	1.50	28.54
Nedco Division of Rexel Canada	254.85	17.75	0.89	16.86
Portage Electric Products Inc.	8,686.20	604.93	30.25	574.68
Praxair Distribution	396.46	27.61	1.38	26.23
Precimac Tool Ltd.	8,498.54	591.86	29.59	562.27
Reimer Experss Lines Ltd.	19,537.71	1,360.65	68.03	1,292.62
Rubberline Products Limited	897.20	62.48	3.12	59.36
Select Daily	1,081.97	75.35	3.77	71.58
Sinomag Technology co. Ltd.	32,847.78	2,287.60	114.38	2,173.22
Sutherland Schultz Inc.	367.50	25.59	1.28	24.31
Toledo Commutator Company	50,428.30	3,511.94	175.60	3,336.35
Tooltronic Inc.	543.03	37.82	1.89	35.93
Tory Tape Ltd.	832.49	57.98	2.90	55.08
Trow Associates Inc.	1,981.35	137.99	6.90	131.09
TST Overland Express	153.54	10.69	0.53	10.16
Union Gas	-	-	-	-
Vickers Warnick Ltd.	1,345.30	93.69	4.68	89.01
Weber Supply Company Inc.	2,675.68	186.34	9.32	177.02
WSIB	5,019.77	349.59	17.48	332.11
Zanett Commercial Solutions Inc.	42,097.86	2,931.79	146.59	2,785.20
<b>Total</b>	642,596.95	44,751.95	2,237.60	42,514.35
<b>Salaried Employees</b>				
Unsecured Vacation Pay	110,907.97	7,723.89	386.19	7,337.70
Termination and Severance	1,402,190.20	97,651.79	4,882.59	92,769.20
Health Benefits	312.11	21.74	1.09	20.65
<b>Total</b>	1,513,410.29	105,397.42	5,269.87	100,127.55

**Dividend Sheet**

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**First distribution to all unsecured creditors July 22, 2010**

(Note: Distribution to preferred creditors was made on June 7, 2010)

	<b>Claim</b>	<b>Dividend</b>	<b>Levy</b>	<b>Payment</b>
<b>Hourly Employees</b>				
Unsecured Vacation Pay				
CAW - Canada	159,066.98	11,077.79	553.89	10,523.91
Termination and Severance				
CAW - Canada	2,149,307.19	149,682.76	7,484.14	142,198.62
Health Benefits				
CAW - Canada	10,234.42	712.75	35.64	677.11
Total	<u>2,318,608.59</u>	<u>161,473.30</u>	<u>8,073.67</u>	<u>153,399.64</u>
<b>Pension Plan</b>				
PricewaterhouseCoopers Inc. Administrator of Non-Contributory Pension Plan, Registration # 0985952	4,127,440.00	287,444.53	14,372.23	273,072.31
Total	<u>\$ 8,602,988.63</u>	<u>\$ 600,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 570,000.00</u>