

Court File No.: 35-123770

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

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

PROPOSAL

BDO Canada Limited – Kitchener
(formerly BDO Dunwoody Limited)
Trustee in the Matter of the Notice of
Intention to File a Proposal of
Von Weise of Canada Company

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PROPOSAL

Von Weise of Canada Company ("Von Weise"), the above debtor, hereby submits the following Proposal to all of its creditors pursuant to the *Bankruptcy & Insolvency Act* (the "Act").

1. Defined Terms

In and for the purposes of this Proposal, various capitalized terms have the meanings set forth in Exhibit "A" appended hereto.

2. General Intent

The purpose of this Proposal is to allow Von Weise to continue the orderly liquidation of its business and affairs. The expectation is that all creditors and stakeholders will derive a greater benefit than a bankruptcy proceeding.

3. Secured Creditor Claims – Section 50.1(1) of the Act

There are no claims of secured creditors affected by this Proposal. The Trustee is aware of the following secured creditor:

- First Source Mortgage Corporation holding security on the property located at 505 Conestoga Boulevard, Cambridge and a general security agreement on the business assets whether tangible or intangible. It is anticipated that the secured creditor will be paid in full from a combination of completed and to be completed equipment sales and from the anticipated sale of Von Weise's real estate. First Source Mortgage Corporation has made certain proceeds available to BDO Canada Limited (formerly BDO Dunwoody Limited) in its capacity as Interim Receiver of Von Weise pursuant to certain Orders of the Superior Court of Justice granted November 24, 2009, to fund certain costs of Von Weise and any surplus proceeds remaining from the sale of equipment and/or real estate will be available for the purposes of distribution hereunder.

4. Preferred Creditors Claims – Section 60(1) of the Act

Payment of all claims directed by the Act in relation to Section 136 and 60(1) to be paid in priority to other claims in the distribution of the Von Weise property is to be made in the following manner:

- The Trustee is not aware of any preferred creditors. Preferred claims, if any arise, will be paid in priority to all claims of ordinary unsecured creditors and are to be paid out of the funds in the possession of the Trustee.

5. Crown Claims – Section 60(1.1) of the Act

Crown claims relating to obligations of Von Weise for amounts due under the *Canada Pension Plan Act* and the *Employment Insurance Act* that were outstanding at the date the notice of intention was filed with the Court shall be paid within six months after Court approval of the Proposal.

The Trustee is not aware of any such obligations owing by Von Weise.

6. **Employee Wage & Vacation Claims Section 60(1.3) of the Act**

Employee wages have been paid in full. An estimated \$90,000 is due for vacation pay and will be paid immediately after Court approval of the Proposal. Should an employee prove any additional claim under Section 136(1)(d) of the Act, the amount will also be paid immediately after Court approval of the Proposal.

7. **Pension Plan Claims – Section 60(1.5) of the Act**

Von Weise had participated in a prescribed pension plan within the meaning of the Act. Remittances due but not paid for the period from March to October 2009 totalled \$171,000 and will be paid from certain proceeds derived from the sale of equipment being held by BDO Canada Limited (formerly BDO Dunwoody Limited) in its capacity as Interim Receiver of Von Weise pursuant to certain Orders of the Superior Court of Justice granted November 24, 2009.

8. **Ordinary Unsecured Creditor Claims – Section 62(2) of the Act**

Ordinary unsecured creditor means a person having a claim provable under the Act other than a claim which is secured or preferred by virtue of priority under section 136 of the Act and will include contingent or unliquidated claims arising out of any transaction entered into prior to the date of the notice of intention to file a Proposal:

- Trade creditors being general suppliers of services and/or product to Von Weise
- Employee claims for severance and termination amounts
- Employee claims for un-reimbursed benefit entitlements
- Claim for actuarial estimate of under funding of pension plan as at or as close as reasonable to the Proposal date

All ordinary unsecured creditors constitute one class of creditors for the purpose of Section 54(2) of the Act.

9. **Proposal Funding**

The Proposal will be funded as follows:

- The balance of Von Weise's equipment is scheduled to be auctioned on January 20, 2010. First Source Mortgage Corporation will, pursuant to its security, receive the net proceeds therefrom to be applied in permanent reduction of amounts owing by Von Weise.
- Von Weise's real estate located at 505 Conestoga Boulevard, Cambridge is listed for sale and efforts to sell same are continuing. For the purposes of this Proposal, Von Weise has projected that an Agreement of Purchase and Sale will be entered into which will be completed in June 2010. The net proceeds will first be utilized to satisfy the balance due First Source Mortgage Corporation. It is anticipated that surplus proceeds of approximately \$900,000 - \$1,250,000 will be available from the sale once the secured creditor is paid in full.
- A promissory note from VWER Holdings LLC will be collected by Von Weise/Trustee pursuant to the terms of the promissory note. The total note outstanding is approximately \$2,164,000 payable in monthly instalments of \$12,500 on account of principal, plus interest, with a lump sum payment due at maturity. Final payment is to be made on

September 30, 2013 to conclude collection of this account and in light of the foregoing, the total estimated. Proposal proceeds, after estimated costs, are estimated to be in the range of \$2,713,400 to \$3,063,400.

10. **Proposal Terms - Creditor Dividend Payments**

From monies held or to be held by the Trustee pursuant to this Proposal after payment of prior claims as set forth above and less the Trustee's administration fees and expenses, as referenced in paragraph 12, the following dividends shall be made:

Ordinary unsecured creditors as set out in paragraph 8 hereof:

- Ordinary unsecured creditors to be paid on a pro-rata basis.

An initial interim dividend shall be paid within one (1) month after surplus funds are received by the Trustee from the real property closing. It is estimated the initial interim dividend will be paid no later than August 15, 2010. Additional distributions will occur in October 2011, October 2012 and as close to September 30, 2013 as possible. Estimated dividend amounts by creditor class are noted in Exhibit "B". Any payments made by the Trustee hereunder shall be made net of any levies payable or due under the Act.

11. **Inspectors**

At a meeting of ordinary unsecured creditors and preferred creditors to consider this Proposal, such creditors may appoint up to five Proposal Inspectors whose powers shall be

- (a) to advise the Trustee from time-to-time on any matter the Trustee may refer to them; and,
- (b) to approve on behalf of the creditors any decision of the Trustee relating to any matter not contained in this Proposal which the Trustee may refer to them from time-to-time, including but not limited to the foregoing, and to approve any requested extension of time of payment by Von Weise to the Trustee or dividend to the creditors as required under this Proposal.

The Trustee shall notify the Proposal Inspectors of any event of default of which the Trustee becomes aware of and the Trustee shall hold a meeting of Proposal Inspectors following such notice for the purpose of obtaining the instructions of the Proposal Inspectors with respect to such event of default. Any decision, direction or act of the Proposal Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act of the Proposal Inspectors and make such other order as it thinks just.

12. **Administration Fees and Expenses**

All expenses and disbursements of the Trustee and reasonable legal and other professional fees in and incidental to the proceedings arising out of the Proposal plus all fees of the Trustee shall be paid in priority to all claims (Preferred Creditors, Post filing Creditors, Ordinary Creditors, Canada Customs and Revenue Agency, any others). The Trustee may draw its fees from time-to-time subject to Proposal Inspector approval or approval by taxation of such fees by the Court. In the event of any default under the terms of this Proposal, all such fees and expenses as described herein shall remain as Trustee's fees and be paid in priority to all claims. The Trustee fees shall be based on the time expended and charged by the Trustee at its normal billing rates as set from time-to-time.

13. **BDO Canada Limited (formerly BDO Dunwoody Limited)**

BDO Canada Limited shall be the Trustee under this Proposal and upon payment of the dividends provided for in this Proposal and completion of the monitoring, the Trustee will be entitled to be discharged from its obligations under the terms of this Proposal. The Trustee is acting in its capacity as Trustee under this Proposal and not in its personal capacity and shall not be responsible or liable for any obligations of Von Weise.

14. **Effect of Proposal**

The ordinary unsecured creditors will accept the distribution provided for in this Proposal in complete satisfaction of all their claims and all executions or any other similar actions or proceedings in respect of such claims will have no effect in law or in equity against Von Weise or its property.

15. **Conditions Precedent**

The performance of this Proposal by Von Weise shall be conditional upon the fulfilment or satisfaction of the following conditions:

- (i) all approvals and consents to the Proposal that may be required have been obtained;
- (ii) a final Order shall have been obtained approving the Proposal and the time for bringing any appeal therefrom has expired, or any appeal therefrom has been dismissed and such dismissal is not subject to any further right of appeal;
- (iii) no Order or decree restraining or enjoining this Proposal has been issued.

16. **Release of Directors**

Upon a final Order being obtained, each and every present and former director of Von Weise shall be released and discharged from claims that arose before the commencement of proceedings under the Act that relate to the obligations of Von Weise where the director is by law liable in their capacity as director for payment of such obligations. This release shall have no force or effect if Von Weise fails to complete the Proposal as contemplated herein and shall be subject to the exception set forth in section 50(14) of the Act.

17. **Further Actions**

Von Weise and the creditors will execute and deliver all such documents and instruments and do all such acts and things as may be reasonably necessary or desirable to carry out the full intent and meaning of the Proposal.

18. **Modification**

Von Weise may propose amendments to the Proposal at any time prior to the conclusion of the creditors' meeting provided that any such amendment does not reduce the rights and benefits

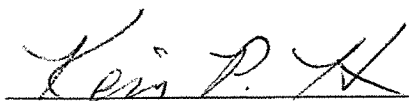
given to the ordinary unsecured creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

DATED at Eaton Rapids, Michigan the 7th day of January, 2010.

Von Weise of Canada Company



Witness *Scott Abright*



Kevin P. Hein

EXHIBIT "A"

1. Defined Terms

In and for the purposes of this Proposal, the various terms have the defined meaning:

- (i) **"Act"** means the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended;
- (ii) **"Administration Fees and Expenses"** means the fees and expenses incurred by or on behalf of the Trustee, as more particularly described in paragraph 12 of this Proposal;
- (iii) **"Debtor"** means Von Weise of Canada Company.
- (iv) **"Court"** means the *Ontario Superior Court of Justice* (In Bankruptcy and Insolvency);
- (v) **"Date of Notice of Intention to Make a Proposal"** means October 26, 2009, being the date on which the Notice of Intention to Make a Proposal was filed with the Official Receiver in accordance with the Act;
- (vi) **"Ordinary Unsecured Creditors"** means those persons with unsecured claims as at the Date of the Notice of Intention to Make a Proposal which are proven in accordance with the Act and which are not secured or preferred under or pursuant to the Act;
- (vii) **"Preferred Creditors"** means those creditors of the Debtor whose claims are entitled to be paid in priority to the claims of Ordinary Creditors as provided in Section 136 of the Act;
- (viii) **"Proposal Inspectors"** means the person appointed or elected as Inspectors pursuant to the Act in respect of this Proposal for the Debtors;
- (ix) **"Secured Creditors"** means those creditors of the Debtor who hold valid and enforceable mortgages, charges, liens, security interests and other encumbrances against any of the property or assets of the Debtors;
- (x) **"Trustee"** means BDO Canada Limited or its duly appointed successor.

Von Weise of Canada Company
Anticipated Dividend Schedule

Exhibit B

Funds Available for distribution:

2,713,400

	Claim Amount	Gross Payment	Levy	Dividend
Priority Creditors				
Vacation Pay	<u>90,000</u>	<u>90,000</u>	<u>2,073</u>	<u>87,927</u>
Total Priority Creditors	<u>90,000</u>	<u>90,000</u>	<u>2,073</u>	<u>87,927</u>
Ordinary Unsecured Creditors				
Trade Creditors	1,180,000	455,892	10,501	445,391
Employee Claims				
Hourly Severance & Termination	2,100,000	811,333	18,688	792,645
Salaried Severance & Termination	1,500,000	579,523	13,349	566,175
Benefits	10,234	3,954	91	3,863
Pension Plan Underfunding (contingent)	2,000,000	772,698	17,798	754,900
Total Unsecured Creditors	<u>6,790,234</u>	<u>2,623,400</u>	<u>60,427</u>	<u>2,562,973</u>
Grand Totals	<u>6,880,234</u>	<u>2,713,400</u>	<u>62,500</u>	<u>2,650,900</u>

Analysis and Recommendation of the Trustee

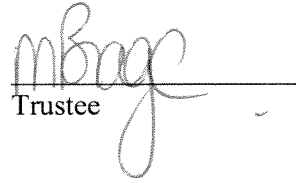
The proposal of Von Weise has been developed to allot the orderly liquidation of its business and affairs.

Anticipated dividends by creditors class is attached to the proposal and marked Exhibit "B". Dividends in the proposal will be better for the creditors than in a bankruptcy.

Dated at Kitchener, this 12th day of January, 2010.

BDO DUNWOODY LIMITED, Trustee

Per:


Trustee

Von Weise of Canada Company
Cash Flow Forecast (Can Funds)

Prepared: January 4, 2010
Pursuant to Section 50(6)(a) of the BIA

Note	Forecast Jan - June 2010	Forecast July - Dec 2010	Forecast Year 2011	Forecast Years 2012 & 2013	Forecast Total
Receipts					
2	75,000	-	-	-	75,000
3	-	75,000	150,000	262,500	487,500
3	-	-	595,000	-	595,000
3	-	-	-	742,500	742,500
3	-	-	-	339,000	339,000
4	900,000	-	-	-	900,000
	975,000	75,000	745,000	1,344,000	3,139,000
Disbursements					
5	14,000	-	-	-	14,000
	144,000	-	-	-	144,000
6	5,000	5,000	5,000	10,000	25,000
7	6,000	6,000	12,000	24,000	48,000
	1,200	1,200	2,400	4,800	9,600
8	-	5,000	5,000	10,000	20,000
	10,000	10,000	10,000	20,000	50,000
	5,000	5,000	5,000	10,000	25,000
	185,200	32,200	39,400	78,800	335,600
Total Disbursements					
9	90,000	-	-	-	90,000
	90,000	-	-	-	90,000
Total Priority Creditor Payments					
10	Nil	-	-	-	-
	699,800	42,800	705,600	1,265,200	2,713,400
Total Net Cash for Proposal					

Dated at Eaton Rapids, Michigan this 5th day of January, 2010


Kevin Hein

Von Weise of Canada Company
Cash Flow Forecast (Can Funds)

Prepared: January 4, 2010
Pursuant to Section 50(6)(a) of the BIA

Assumptions:

- 1 The cash flow forecast commences effective January 1, 2010. BDO as Interim Receiver was appointed November 24, 2009 regarding equipment sales. BDO as Trustee of the Notice to File a Proposal was monitoring operational expenses since October 26, 2009.
- 2 The remaining miscellaneous equipment of Von Weise not concluded with the Interim Receivership is being sold at auction. Net proceeds of \$75,000 are estimated for the proposal to creditors.
- 3 WVER promissory note: The promissory note is being collected as per the contracted terms. Payments from January to June 2010 have been directed to the secured lender. Once the property has closed (see note 4), receivable payments will be forwarded to the Trustee. Monthly principal payments are \$12,500 with the option of a lump sum payment in January 2011 contingent on certain events occurring related to the collateral security held by Von Weise against WVER. Balance of the note plus the interest amount is due on maturity being September 2013.
- 4 The property at 505 Conestoga Blvd. in Cambridge is encumbered to First Source. It is anticipated that the mortgage company will be paid in full and surplus proceeds of \$900,000 to \$1,250,000 are being estimated to be available for the proposal.
- 5 The salary amount indicated is for continued services by employees up to January 31, 2010 and will be paid as due. A bi-weekly amount of \$5,000 was used to calculate wages from January 1, to January 31, 2010.
- 6 Business insurances will remain in effect until the proposal is completed in September 2013.
- 7 An amount for office phone and internet services is being included in the projections. This amount is to offset costs incurred by a related company in assisting during the proposal.
- 8 Professional accounting and legal fees will be paid as required for the ongoing completion of tax returns etc.
- 9 Vacation pay amounts outstanding are priority amounts to be paid upon Court Approval of the Proposal.
- 10 Von Weise had nominal cash by December 2009 considering the Notice of Intention to File a Proposal dated October 26, 2009 and the appointment of the Interim Receiver dated November 24, 2009. Attached is a statement of funds for the Interim Receiver's activity from appointment to January 31, 2010.

Dated at Eaton Rapids, Michigan this 5th day of January, 2010


Kevin Hein

Schedule "A"

VON WEISE OF CANADA COMPANY

OF THE CITY OF CAMBRIDGE, IN THE REGIONAL MUNICIPALITY OF WATERLOO,
IN THE PROVINCE ONTARIO.

ASSUMPTION TO UNAUDITED MONTHLY CASH-FLOW STATEMENT

Note 1

The cash-flow statement has been prepared for the sole purpose of filing a Proposal pursuant to Part III of the Bankruptcy and Insolvency Act.

Note 2

The collection of the VWER account receivable is based on contracted payment terms between Von Weise and VWER. It is anticipated that the full receivable amount is collectable.

Note 3

The property located at 505 Conestoga Boulevard, Cambridge is listed for sale with a projected close date of June, 2010. It is anticipated that surplus proceeds of approximately \$900,000 - \$1,250,000 will be available from the sale once the secured creditor is paid. The \$900,000 estimate amount is being used for the purposes of projections. The Trustee in the Proposal is monitoring the sale process.

Dated at Eaton Rapids Michigan 5th day of January 2010



KEVIN HEIN