



November 1, 2016

TO: Recipients of information package in accordance with the Meeting Order issued by the Ontario Superior Court of Justice (Commercial List), dated October 5, 2016, in the *Companies' Creditors Arrangement Act (Canada)* proceeding of Victorian Order Of Nurses For Canada-Eastern Region("VON East") et al.

Dear Sirs/Mesdames:

We are writing to you in connection with the enclosed materials related to VON East (which are described below). In this package you will find details of VON East's Plan. We recognize that creditors will receive a modest recovery on the amounts due to them but this is the highest achievable recovery available. On behalf of VON East, we would be grateful to you for voting in favour of the Plan described in this letter.

We are writing to you pursuant to the Meeting Order ("**Meeting Order**") issued by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") in connection with the *Companies' Creditors Arrangement Act (Canada)* ("**CCAA**") proceeding of, among others, Victorian Order Of Nurses For Canada-Eastern Region ("**VON East**").

You are receiving this letter and the enclosed information package because you may have a claim against VON East that may be affected by the Plan of Compromise or Arrangement that VON East intends to present to be voted upon at a meeting of creditors on November 16, 2016 (the "**Plan**"), a copy of which is included in the enclosed information package.

The information package contains the following important information and documents for creditors wishing to vote on the Plan:

- the Notice of Meeting and Sanction Hearing;
- the Plan, attached to the Monitor's Report;
- the Creditors Proxy for voting purposes at the Meeting; and
- the Report of Collins Barrow Toronto Limited, in its capacity as court-appointed Monitor, on the Plan (the "**Monitor's Report**").

While this letter sets out certain terms of the Plan, VON East cautions those who read this letter not to rely on the content of this letter as a substitute for reading the Plan. To ensure a full understanding of all of the terms and conditions of the Plan, the Plan must be reviewed in detail. VON East also suggests that readers review the Monitor's Report on the Plan.

Unsecured claims against VON East will be compromised and released under the Plan. If implemented, the Plan provides that an unsecured creditor of VON East will receive the following:

Victorian Order of Nurses for Canada - Eastern Region

- i. a proportionate share (based upon the value of such unsecured creditor's claim relative to the claims of all other unsecured creditors), of all cash and cash equivalents legally and beneficially owned by VON East after deductions for payment of a secured claims and priority claims, including a \$5,000 hold back to satisfy any amounts secured by the charges approved by the Court in the CCAA proceedings. At this time, we estimate that the distribution to creditors would be in the range of approximately \$.047 to \$.056 per dollar of proven claim.

All claims of former employees of VON East will be reduced for the purposes of the Plan by an amount equal to any payments received by such former employees through the Wage Earner Protection Program.

The implementation of the Plan will be subject to creditor and court approval, as well as the satisfaction or waiver of all the conditions stated in the Plan.

Please note to vote on the Plan you must either:

- 1) send in your voting letter by 10 am (Toronto Time) November 15, 2016 to the Monitor by email, fax or email. The Monitor's contact information is as follows:

Collins Barrow Toronto Limited, Court-appointed Monitor of Victorian Order Of Nurses For
Canada – Eastern Region
11 King Street West, Suite 700 Toronto, Ontario M5H 4C7
Attention: Jeffrey Berger Telephone: [\(647\) 726-0496](tel:647-726-0496)
Facsimile: [\(416\) 480-2646](tel:416-480-2646)
E-mail: cbtnmonitor@collinsbarrow.com

OR

- 2) attend the meeting of creditors on November 16, 2016 10:00 am (Toronto time) at Norton Rose's offices at the following address:

Royal Bank Plaza, South Tower,
200 Bay Street, Suite 3800,
Toronto, ON M5J 2Z4

We also wish to point out that Collins Barrow Toronto Limited, as court-appointed Monitor in the CCAA proceedings of VON East, has established a case website at: <http://www.collinsbarrow.com/en/cbn/current-engagements-toronto/v-o-n>, which provides additional information about VON East's proceedings under the CCAA in case you wish to review those materials.

Once again, on behalf of VON East, we would be grateful to you for voting in favour of the Plan.

Yours truly,

VICTORIAN ORDER OF NURSES FOR CANADA – EASTERN REGION

Per:



Jo-Anne Poirier
President and Chief Executive Officer



ONTARIO SUPERIOR COURT OF
JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED

AND IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.
1990, C. C-43, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
VICTORIAN ORDER OF NURSES FOR CANADA, VICTORIAN ORDER OF NURSES FOR
CANADA – EASTERN REGION AND VICTORIAN ORDER OF NURSES FOR CANADA –
WESTERN REGION

NOTICE OF THE MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN that a plan of compromise or arrangement (as amended, supplemented or restated from time to time, the “**Plan**”) under the *Companies' Creditors Arrangement Act* (Canada) (“**CCAA**”) has been filed with the Court in respect of Victorian Order Of Nurses For Canada – Eastern Region (“**VON East**”). A copy of the Plan can be found on the website of Collins Barrow Toronto Limited, in its capacity as Monitor in the CCAA proceedings of Victorian Order of Nurses For Canada – Eastern Region (the “**Monitor**”) at:

<http://www.collinsbarrow.com/en/cbn/current-engagements-toronto/v-o-n> (the “**Monitor's Website**”).

NOTICE IS ALSO HEREBY GIVEN that a meeting of a single class of affected creditors of Victorian Order Of Nurses For Canada – Eastern Region (the “**Meeting**”) will be held at 10:00 a.m. on November 16, 2016 (or such other date as may be set and announced in accordance with the Meeting Order (defined below)) at the offices of Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 for the purpose of considering and voting upon the Plan. The Meeting is being held pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) made on October 5, 2016 (the “**Meeting Order**”) (a copy of which is available on the Monitor's Website). Capitalized terms used but not otherwise defined in this notice have the meaning ascribed to them in the Meeting Order.

VON East will also provide notice to all Creditors with Eligible Voting Claims of a telephone conference number* by which such Creditors may listen to, and present questions at, the Meeting by phone. Creditors may not vote at the Meeting by phone and may only vote by attending in person or by submitting a proxy in accordance with the Meeting Order.

NOTICE IS ALSO GIVEN that, pursuant to the Meeting Order, if the Plan is accepted by the Required Majority, a motion to, among other things, approve the Plan (the “**Sanction Hearing**”) will be heard and has been scheduled for November 23, 2016. Pursuant to the Meeting Order, this notice shall be deemed to be sufficient notice of the Sanction Hearing.

The Monitor's contact details for additional information relating to the Initial Order, the CCAA Proceedings, the claims procedure or the Meeting is:

Collins Barrow Toronto Limited, Court-appointed Monitor of Victorian Order Of Nurses For Canada – Eastern Region

11 King Street West, Suite 700
Toronto, Ontario M5H 4C7
Attention: Jeffrey Berger
Telephone: (647) 726-0496
Facsimile: (416) 480-2646
E-mail: [cctlmonitor@collinsbarrow.com](mailto:cbtlmonitor@collinsbarrow.com)

* See paragraph 57 of the Monitor's Report.

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.
1990, C. C-43, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
VICTORIAN ORDER OF NURSES FOR CANADA, VICTORIAN ORDER OF NURSES FOR
CANADA – EASTERN REGION AND VICTORIAN ORDER OF NURSES FOR CANADA –
WESTERN REGION**

CREDITOR PROXY

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Plan of Compromise or Arrangement of Victorian Order Of Nurses For Canada – Eastern Region (“**VON East**”) dated as of October 5, 2016 (as may be amended, restated or supplemented from time to time, the “**Plan**”) filed pursuant to the *Companies' Creditors Arrangement Act* with the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) in the City of Toronto in the Province of Ontario or in the Meeting Order granted by the Court on October 5, 2016 (the “**Meeting Order**”).

Before completing this proxy, please read carefully the accompanying Instructions For Completion of Proxy.

THIS FORM OF PROXY IS FOR USE BY ALL CREDITORS. In accordance with the Plan and the Meeting Order, this proxy may only be filed by Creditors having Voting Claims or Disputed Claims.

THE UNDERSIGNED CREDITOR hereby revokes all proxies previously given in respect of the Plan and nominates, constitutes, and appoints:

Print name of proxy

or, instead of the foregoing (or if no name is inserted above), Daniel Weisz of Collins Barrow Toronto Limited in its capacity as court-appointed monitor of VON East, or such other Person as he, in his sole discretion, may designate, to attend on behalf of and act for the undersigned Creditor at the Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meeting, and to vote the amount of the Eligible Voting Claim(s) of the undersigned for voting purposes as determined by and accepted for voting purposes in accordance with the Meeting Order and as set out in the Plan as follows:

VOTE
(mark one only):

FOR

APPROVAL OF THE PLAN

AGAINST

The nominee shall vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Creditor with respect to any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Meeting or any adjournment, postponement or other rescheduling of the Meeting.

If no name is inserted in the blank space provided in this proxy, the person named in this proxy who is a representative of the Monitor shall be designated as proxyholder.

In absence of instruction to vote for or against the approval of the resolution to approve the Plan, any duly signed and returned proxy shall be deemed to include instructions to vote for the approval of the resolution to approve the Plan, provided the proxy holder does not otherwise exercise its right to vote at the meeting of creditors.

Dated this _____ day of _____, 2016.

Print Name of Creditor

Print name and title of the authorized signing officer of the corporation, partnership or trust, if applicable signing this form

Signature of Creditor or, if the Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

Telephone number of Creditor or authorized signing officer

Mailing Address of Creditor

E-mail address of Creditor

Print Name of Witness

Signature of Witness

INSTRUCTIONS FOR COMPLETION OF PROXY

1. This proxy should be read in conjunction with the Plan and the Meeting Order.
2. Each Creditor has the right to appoint as his or her proxy a person other than the person named herein, and who need not be a Creditor, by inserting the name of such person in the space provided herein and signing this proxy. If no name is inserted in the blank space provided in this proxy, the person named in this proxy who is a representative of the Monitor shall be designated as proxyholder.
3. A Creditor who has given a proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by delivering written notice to the Monitor prior to the commencement of the Meeting or any adjournment or postponement of the Meeting.
4. If this proxy is not dated in the space provided, it shall be deemed to be dated as of the date on which it is received by the Monitor or the Chair presiding over the Meeting or any adjournment or postponement of the Meeting.
5. A valid proxy from the same Creditor bearing or deemed to bear a later date shall revoke this proxy. If more than one valid proxy from the same Creditor in the same capacity and bearing or deemed to bear the same date are received with conflicting instructions, such proxies shall not be counted for the purposes of the vote.
6. This proxy confers discretionary authority to the individual designated herein with respect to amendments or variations to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting or any adjournment or postponement of the Meeting.
7. The Person named in the proxy shall vote the Voting Claim or Disputed Claim of the Creditor in accordance with the direction of the Creditor appointing him or her on any ballot that may be called for at the Meeting or any adjournment or postponement of the Meeting. **IF A CREDITOR SUBMITS THIS PROXY AND FAILS TO INDICATE ON THIS PROXY A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THIS PROXY SHALL BE VOTED FOR APPROVAL OF THE PLAN, INCLUDING ANY AMENDMENTS, VARIATIONS OR SUPPLEMENTS THERETO.**
8. Where the Creditor is a corporation, this proxy must be executed by an individual duly authorized to represent the corporation and the individual may be required to provide documentation evidencing such power and authority to sign this proxy.
9. A proxy, once duly completed, dated and signed, must be received by the Monitor at:

Collins Barrow Toronto Limited, Court-appointed Monitor of Victorian Order
Of Nurses For Canada – Eastern Region
11 King Street West, Suite 700
Toronto, Ontario M5H 4C7
Attention: Jeffrey Berger
Telephone: (647) 726-0496
Facsimile: (416) 480-2646
E-mail: [cctlmonitor@collinsbarrow.com](mailto:cbtlmonitor@collinsbarrow.com)

THIS PROXY MUST BE RECEIVED BY THE MONITOR PRIOR TO 10:00 AM ON NOVEMBER 15, 2016; IF YOU DO NOT DELIVER THIS PROXY TO THE MONITOR BY 10:00 AM ON NOVEMBER 15, 2016, YOUR VOTE MAY NOT BE COUNTED.

The Monitor is authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed herewith.

Court File No.: CV-15-11192-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT
ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE
ACT*, R.S.O. 1990, c. C-43, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF VICTORIAN ORDER OF NURSES FOR CANADA,
VICTORIAN ORDER OF NURSES FOR CANADA – EASTERN REGION, AND
VICTORIAN ORDER OF NURSES FOR CANADA – WESTERN REGION**

Applicants

**REPORT OF THE MONITOR TO THE CREDITORS
ON THE PLAN OF COMPROMISE OR ARRANGEMENT OF
VICTORIAN ORDER OF NURSES FOR CANADA – EASTERN REGION**

November 1, 2016

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I. **PURPOSE OF THIS REPORT**

1. This report (the "**Report**") has been prepared by Collins Barrow Toronto Limited ("**CBTL**") in its capacity as monitor (the "**Monitor**") of Victorian Order Of Nurses For Canada ("**VON Canada**"), Victorian Order Of Nurses For Canada – Eastern Region ("**VON East**") and Victorian Order Of Nurses For Canada – Western Region ("**VON West**" and, together with VON Canada and VON East, collectively, the "**Applicants**"), appointed pursuant to section 11.7 of the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"). This Report has been prepared pursuant to the Orders of the Court dated October 5, 2016 (the "**Meeting Order**" and the "**Claims Procedure Order**"), copies of which are posted on the Monitor's website at www.collinsbarrow.com/en/cbn/current-engagements-toronto/v-o-n.
2. As part of the Motion Record dated September 29, 2016 filed by VON East and VON West to seek a meeting order and claims procedure order for each of VON East and VON West, VON East filed a plan of compromise or arrangement dated October 5, 2016 (the "**Plan**") with the Court. The purpose of VON East's meeting of creditors currently scheduled for November 16, 2016 (the "**Meeting**") will be to consider and vote on the Plan. A copy of the Plan is attached hereto as Appendix "**A**".
3. The purpose of this Report is to provide to Creditors of VON East:
 - a) a summary description of the Plan;
 - b) information to assist them in making their decision of whether to vote, in person or by proxy, in favour or against the resolution to approve the Plan,

which resolution will be tabled at the Meeting called to consider and vote on the Plan; and

c) the Monitor's comments and recommendations with respect to the Plan.

II. EXECUTIVE SUMMARY

4. The purpose of this Report is to provide Creditors with information on the Plan to assist them in their consideration as to whether to vote for, or against, the approval of the Plan.
5. Creditors are advised to read this Report and the Plan in their entirety.
6. If the Plan is approved by the Creditors eligible to vote on the Plan, and if the Plan is also approved by the Court, the estimated distribution to Unsecured Creditors would be between approximately 4.7 cents and 5.59 cents per dollar of Unsecured Proven Claim, including to former employees in respect of Proven Claims (i) which are not eligible as Employee Priority Claims, and (ii) to the extent not previously paid to the former employees pursuant to the Wage Earner Protection Program (“WEPP”). The amount of the actual distribution may be different from the estimated distribution depending, among other things, on the actual cash available in the Distribution Pool and the quantum of Proven Claims determined in accordance with the Claims Procedure Order.
7. In the event the Plan is not approved by the Eligible Voting Creditors or approved by the Court, and if VON East then becomes bankrupt shortly thereafter, the Monitor estimates that the distribution to VON East’s Unsecured Creditors would be between approximately 1.67 cents and 3.20 cents per dollar of Unsecured Proven Claim to all general Unsecured Creditors and to employees in respect of

Proven Claims (i) which are not eligible as Employee Priority Claims and (ii) to the extent not previously paid to the former employees pursuant to the WEPP. The amount of the actual distribution may be different from the estimated distribution set out herein.

III. INTRODUCTION

8. By Order of Mr. Justice Penny dated November 25, 2015 (the “**Initial Order**”), CBTL was appointed Monitor of the Applicants pursuant to the provisions of the CCAA.
9. Background information on VON East, including VON East’s financial difficulties, are set out in the Application Record dated November 24, 2015, filed by the Applicants in support of their application for the Initial Order under the CCAA. The Application Record, as well as all of the Monitor’s reports filed with the Court to date (which provide details of the CCAA proceeding), are posted on the Monitor’s website at [www.collinsbarrow.com/en/cbn/current-engagements-toronto /v-o-n](http://www.collinsbarrow.com/en/cbn/current-engagements-toronto/v-o-n).
10. This Report is being provided to all Known Creditors of VON East in connection with the Meeting, the purpose of which is to consider and vote on the Plan.
11. In preparing this Report and making the comments herein, the Monitor has relied upon unaudited and other financial information prepared or provided by the Applicants, discussions with management of the Applicants, the Chief Restructuring Officer of VON Canada (the “**Chief Restructuring Officer**”), the Applicants’ counsel and information from other third-party sources (collectively, the “**Information**”). As the Information included in this Report has been provided

by the Applicants or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

12. Some of the information referred to in this Report consists of forecasts and projections. Such forecasts and projections are based on estimates and assumptions regarding future events. Accordingly, actual results achieved will or may vary from the projections and the variations may be significant. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed. Accordingly, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial projections referred to in this Report, or relied upon by the Monitor in preparing this Report.
13. All dollar amounts identified in this Report are expressed in Canadian dollars, unless otherwise specified.
14. Capitalized terms used in this Report and not otherwise defined herein have the meanings given to them in the Initial Order, the Claims Procedure Order, the Meeting Order or the Plan. Creditors can access these documents, and other

publicly available information, at the Monitor's website at [www.collinsbarrow.com/en/cbn/current-engagements-toronto /v-o-n](http://www.collinsbarrow.com/en/cbn/current-engagements-toronto/v-o-n).

IV. SUMMARY OF THE PLAN

15. The following is intended to provide Creditors with a summary of the Plan. **In the event of any inconsistency between this summary and the Plan, the terms of the Plan shall govern.** Creditors are encouraged to read the Plan in its entirety.
16. The purpose of the Plan is to distribute the Distribution Pool to VON East's Creditors with Unsecured Proven Claims and provide for the compromise and settlement of all Claims against VON East and its Directors and Officers.
17. On the Implementation Date of the Plan, all Claims against VON East and its Directors and Officers will be deemed to be compromised and settled and will be fully released and discharged, except only the obligations of VON East to make distributions under the Plan and certain Excluded Claims.
18. For the purposes of voting, the Plan is presented to one class of Creditors ("**Affected Creditors Class**") which includes Creditors with Unsecured Proven Claims and Disputed Claims that have been accepted by the Monitor for the purposes of voting ("**Voting Claim**") at the Meeting. A Creditor who is part of the Affected Creditors Class (an "**Affected Creditor**") will be permitted to vote on the Plan and is entitled to one vote per dollar value of its Voting Claim.
19. For the Plan to be agreed to by the Affected Creditors Class, a majority in number of the Creditors having Voting Claims representing not less than 66 2/3%

in value of the Voting Claims of the Creditors voting in person or by proxy at the Meeting must vote in favour of the Plan (the “**Required Majority**”).

20. Payment from the Distribution Pool is to be made to Creditors having Unsecured Proven Claims based on a pro rata share of their Unsecured Proven Claim as a percentage of all Unsecured Proven Claims.
21. If the Plan is implemented, each Creditor holding a Secured Proven Claim will receive a distribution equal to the full amount of the Creditor’s Secured Proven Claim.
22. In the case of a Claim by a landlord of VON East in connection with a restructuring, termination, repudiation, or disclaimer or breach of any lease of real property, such Claim will be quantified using the Landlord Formula Amount applied to such lease, being an amount equal to the lesser of:
 - the aggregate of: (1) the rent provided for in the lease for the first year of the lease following the date on which the disclaimer or resiliation of the lease became effective; and (2) fifteen percent of the rent for the remainder of the term of the lease after that year; and
 - three years’ rent.
23. Claims of Affected Creditors may include a Claim for wages, salaries, compensation (including vacation pay), commissions or disbursements earned or incurred, as applicable, in the six month period preceding the Filing Date (November 25, 2015) that have not been paid. Such Claims (but not Claims for termination pay and severance) are categorized as Employee Priority Claims up to a maximum of \$2,000 per employee.

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24. At or prior to implementation of the Plan, which is scheduled to occur by no later than January 13, 2017 (the "**Implementation Date**"), VON East will pay in full all Employee Priority Claims owed by VON East, if any. The Monitor points out, however, that any Employee Priority Claims payable to former employees of VON East in respect of amounts they have already received pursuant to the WEPP would be paid to the Government of Canada.
25. Within six (6) months after the date of the Sanction Order, VON East will pay in full all Crown Claims owed by VON East, if any.
26. Certain Creditors of VON East will not be affected by the Plan and will not be permitted to vote on or obtain distributions pursuant to the Plan. Those creditors are creditors with claims that arose after November 25, 2015 (excluding creditors with Restructuring Claims) or creditors with Excluded Claims, which are defined as:
- (i) claims secured by any of the Charges (as defined in the Initial Order);
 - (ii) any claim enumerated in CCAA subsections 5.1(2) (being certain claims against directors) and 19(2) (certain types of liabilities excluded pursuant to the CCAA);
 - (iii) any Employee Priority Claims or Crown Claims; and
 - (iv) any claim by a Director or Officer for indemnification related to a Director and Officer Claim.

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27. Implementation of the Plan is subject to (i) the Plan being approved by the Required Majority; (ii) the Sanction Order being issued and entered by the Court; and (iii) unless waived, all applicable appeal periods having expired.
28. On the Implementation Date, the following claims will be forever released:
- all Claims whether or not filed in accordance with the Claims Procedure Order;
 - all Director and Officer Claims whether or not filed in accordance with the Claims Procedure Order; and
 - all claims against VON East, the Monitor or the Chief Restructuring Officer arising on or prior to the Implementation Date relating to (i) the disclaimer, rescission, etc. of any contract, lease, agreement or other arrangement, (ii) the Plan and (iii) the CCAA Proceedings, excluding any claim that is not permitted to be released pursuant to Section 19(2) or 5.1(2) of the CCAA and excluding (in the case of VON East) any Excluded Claims.
29. The Implementation Date is December 30, 2016 or such other date as VON East may determine in consultation with the Monitor, but will in no event be later than January 13, 2017.
30. The Distribution Pool will be comprised of all cash and cash equivalents legally and beneficially owned by VON East as of the Implementation Date after payment in full of:
- all Secured Proven Claims, Crown Claims and Employee Priority Claims; and
 - claims secured by the Charges (as defined in the Initial Order) as well as a cash reserve of \$5,000 to be held by the Monitor in respect of such claims.

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31. Payment of the Distribution Pool to Affected Creditors is to occur not more than 45 days after the Implementation Date. Amounts paid to Creditors will be net of any (i) required Withholding Obligations and (ii) amounts repayable to the Government of Canada in respect of payments previously made to those Creditors (former employees) under the WEPP.
 32. The Meeting to consider and vote on the Plan is scheduled to take place at 10:00 a.m. on November 16, 2016 at the offices of Norton Rose Fulbright Canada LLP, located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario, M5J 2Z4 with the Monitor acting as Chair of the Meeting.
 33. If the Plan is approved by the Required Majority, VON East proposes to bring a motion to the Court for an order sanctioning the Plan on November 23, 2016 or as soon thereafter as the matter can be heard.
 34. In accordance with the Meeting Order, notice of the Meeting and the posting of the Meeting Order to the Monitor's website constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who may be entitled to receive such service, and no other form of service or notice need be made on such Persons and no other materials need be served on such persons in respect of the Sanction Hearing unless they have served and filed a Notice of Appearance in the VON East CCAA proceedings.

V. VOTING ON THE PLAN

35. Affected Creditors may vote for or against approval of the Plan by (i) attending the Meeting (see **Paragraphs 56 to 61**), in person or (ii) by proxy.

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36. Enclosed with the mailing sent to Known Creditors of VON East is a Creditor Proxy form which must be completed by any Affected Creditors that wish to have someone else attend in person at the Meeting in their place and vote on their behalf.
 37. Affected Creditors that are corporations that wish to have an employee or other representative of the corporation attend and vote at the Meeting must also complete the Creditor Proxy form to designate an individual as its proxy holder.
 38. Affected Creditors who are individuals who will be attending the Meeting are not required to complete the Creditor Proxy form.
 39. Creditors who do not wish to, or are unable to, attend the Meeting in person can register their vote for or against approval of the Plan by filing a completed proxy with the Monitor.
 40. Completed Creditor Proxy forms must be provided to the Monitor on or before 10:00 a.m. (Toronto time) on November 15, 2016.
 41. The only Creditors who are able to vote at the Meeting are Eligible Voting Creditors which file proxies on or before 10:00 a.m. (Toronto time) on November 15, 2016 or Eligible Voting Creditors who attend at the Meeting.
 42. Affected Creditors who wish to attend the Meeting by telephone can do so by calling 1 866 994 8460 (Passcode: 817894) at 10:00 a.m. on November 16, 2016. No votes are eligible to be cast by phone.

VI. CLAIMS AND THE CLAIMS PROCEDURE

43. Pursuant to the Claims Procedure Order, on October 7, 2016, the Monitor sent a Proof of Claim Document Package to all Known Creditors of VON East, which includes Creditors which may have Restructuring Claims.
44. On October 11, 2016, the Monitor posted on its website a copy of the Proof of Claim Document Package.
45. On October 11, 2016, the Monitor caused to be published in the National Post (national edition), notice of the claims process for Creditors of VON East and VON West.
46. In respect of Known Creditors for which VON East had accrued an amount owing in its records on account of a Pre-Filing Claim ("**Recorded Creditors**"), the Proof of Claim Document Package contained a Claim Notice, setting out the accrued amount owed by VON East as shown in the books and records of VON East. Claim Notices were sent to 167 Recorded Creditors of VON East having Claims totaling \$3,138,988.84. The Proof of Claim Document Package was sent to parties which may have commenced a legal proceeding against VON East or to parties whose lease, agreement, etc. was disclaimed or resiliated by VON East; however, Claim Notices were not sent to such parties.
47. If no Dispute Notice is delivered to the Monitor by a Recorded Creditor in respect of the Claim Notice so that it is received on or before 10:00 a.m. (Toronto time) on the day that is fifteen (15) Business Days after delivery or deemed delivery of the Claim Notice, the amounts and characterization of such amounts as secured, unsecured or priority claims in the Claim Notice shall be deemed to be the

amounts owing by VON East on account of all Pre-Filing Claims of such Creditor, and the characterization of such Pre-Filing Claims as set out in the Claim Notice shall be deemed accurate, unless the amounts and characterization of such Claims are otherwise agreed to in writing by VON East, the relevant Creditor and the Monitor. As of October 31, 2016, Dispute Notices were received by the Monitor from two Recorded Creditors.

48. A number of the Proof of Claim Document Packages have been returned to the Monitor as undelivered. The Monitor has, where possible, attempted to find alternative addresses, fax numbers or e-mail addresses for the addressees and has resent the Proof of Claim Document Packages to the found addresses. The Monitor has responded, and will continue to respond, to creditors' requests, on a case-by-case basis, for an extension to the date by which the Proof of Claim forms, including in respect of Restructuring Claims, have to be filed with the Monitor. The Monitor does not intend to extend such date to beyond November 11, 2016.
49. The Monitor is presently in the process of reviewing the Claims filed by Creditors and, in consultation with VON East, will determine whether any Notices of Revision or Disallowance will be required to be issued.
50. The Monitor will provide additional information on the status of the Pre-Filing Claims in its report to the Court on the results of the vote on the Plan.

VII. WEPPA SUBROGATED CLAIMS AND CLAIMS OF FORMER EMPLOYEES

51. Affected Creditors who were former employees of VON East may have applied for and received a payment under the WEPP in respect of outstanding wages,

vacation pay, termination pay and severance owed to them by VON East (the “**WEPPA Subrogated Claims**”). The Government of Canada, to the full extent of the amount actually paid to former employees of VON East under the WEPPA Subrogated Claims, may be subrogated to any rights that such former employees may have in respect of their Claims against VON East. In addition, any amounts payable to former employees of VON East in respect of amounts they have already received pursuant to the WEPP, would be paid to the Government of Canada to the extent that (i) the Government of Canada has a valid subrogation claim and files such claim in accordance with the Claims Procedure Order, as described below, or (ii) the former employee has agreed to remit to the Government of Canada an amount to the extent of the amount that the former employee would have received pursuant to the WEPP.

52. The Claims Procedure Order requires that the Government of Canada file a Proof of Claim on account of its WEPPA Subrogated Claims. As of the Pre-Filing Claims Bar Date, the Government of Canada has delivered its Proof of Claim in respect of its WEPPA Subrogated Claims for seventy former employees of VON East. The Monitor is currently reviewing this Proof of Claim.
53. To the extent the Government of Canada has filed a WEPPA Subrogated Claim in respect of amounts paid to a former employee pursuant to the WEPP, that employee’s Voting Claim and entitlement to any distribution pursuant to the Plan, will be limited to that portion of its Claim that has not been paid pursuant to the WEPP and does not represent an Employee Priority Claim. In effect, this means that:

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- (i) former employees are entitled to vote and obtain distributions pursuant to the Plan only in respect of the amount of their Claim that is in excess of the WEPPA Subrogated Claim (that is, the amount of the former employee's Claim that exceeds the amount the former employee has to date received under the WEPP); and
 - (ii) the Government of Canada is entitled to vote on and obtain distributions under the Plan to the extent of the entitlement of former employees, up to the maximum amount of the WEPPA Subrogated Claim.
54. With respect to the Government of Canada's WEPPA Subrogated Claim, only the portion of the Government of Canada's WEPPA Subrogated Claim that exceeds the Employee Priority Claim amount will represent a Voting Claim.
55. Based on the WEPP, the Application For The Wage Earner Protection Program that the Monitor believes would have been signed by former employees, and correspondence that the Monitor has received from Service Canada, any amounts payable to the former employees under the Plan will likely (i) first be repaid to the Government of Canada to the extent of amounts paid to that employee under the WEPP; and (ii) the remainder would be paid to the employee.

VIII. MEETING OF CREDITORS AND OUTCOME OF PLAN

Meeting of Creditors and Proxy

56. The Meeting will take place on November 16, 2016 at 10:00 a.m. (Toronto time) at the offices of:

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower,
200 Bay Street, Suite 3800,
Toronto, ON M5J 2Z4

57. Creditors may listen to and present questions at the Meeting by teleconference, but may only vote at the Meeting if attending the meeting in person or by proxy. Affected Creditors who wish to attend by teleconference can do so by calling 1 866 994 8460 (Passcode: 817894) at 10:00 a.m. on November 16, 2016. Affected Creditors can also register their votes on the Plan by submitting their completed proxy forms to the Monitor by no later than 10:00 a.m. on November 15, 2016. No votes are eligible to be cast by phone.
58. An officer of the Monitor, or a person designated by the Monitor, will act as chairperson at the Meeting and is authorized by the Court to decide all matters relating to the procedures at, and the conduct of, the Meeting.
59. Only Affected Creditors or their respective duly appointed proxyholders are entitled to attend the Meeting and vote on the Plan. VON East and its officers, directors, and legal counsel, the Chief Restructuring Officer and the representatives of the Monitor and its legal counsel, are also entitled to attend the Meeting.
60. Alternatively, and as noted above, those Affected Creditors with Unsecured Proven Claims that are unable to, or do not wish to, attend the Meeting in person can complete and provide the Creditor Proxy to the Monitor, in advance of the Meeting.
61. Creditor Proxy forms are attached to the information provided to Affected Creditors together with this Report.

Likely Outcome if Creditors Vote In Favour of the Plan

62. Based on the Information, including the cash flow forecasts prepared by VON East, the Monitor estimates that the Distribution Pool will be between approximately \$175,000 and \$207,000.
63. Assuming a Distribution Pool of between \$175,000 and \$207,000, the Monitor estimates that the distribution to Affected Creditors will be between approximately 4.7 cents to 5.59 cents per dollar of Unsecured Proven Claim. In respect of Claims of former employees of VON East, the Monitor estimates that a portion of the amount payable to a former employee would be paid to the Government of Canada on account of amounts previously paid to the former employee pursuant to the WEPP (to a maximum of approximately \$3,900), with the remainder being paid to the former employee. This estimate is subject to change depending, among other things, on the actual cash available in the Distribution Pool and the quantum of the Creditor Claims.
64. With reference to the Creditor Claims, an amount of approximately \$1,554,000 owed by VON East to VON Canada was written off as uncollectible at the Applicants' March 31, 2016 fiscal year end. The Monitor was advised by VON Canada that VON Canada will not be filing a claim in the VON East CCAA proceedings, and as of the Pre-Filing Claims Bar Date, no claim has been filed by VON Canada against VON East. As a result, the estimated distribution to Creditors has been calculated on the assumption that VON Canada does not have a Claim against VON East.
65. Attached as Appendix "B" to this Report is a schedule, with explanatory notes and assumptions, setting out the above estimated distribution scenario assuming

the Plan is implemented. The Monitor points out that the information set out on the attached schedule is an estimate only, and that the actual distributions to Affected Creditors may be different from that as set out in this Report.

66. If the Affected Creditors agree to the Plan through a vote of the Required Majority, VON East will then make an application to the Court for an order sanctioning and approving the Plan.
67. If the Plan is implemented on the Implementation Date as provided for in the Plan, payments to Creditors pursuant to the Plan are expected to occur on or before February 27, 2017.

Likely Outcome if Creditors Vote Against the Plan

68. If Affected Creditors vote against the Plan, the CCAA proceedings in respect of VON East may be terminated. In that event, a bankruptcy of VON East may occur and any remaining assets of VON East would vest in the trustee in bankruptcy appointed to administer the bankruptcy of VON East (“Trustee”). Subject to the rights of the Secured Creditors of VON East, the Trustee would proceed to realize on VON East’s assets for the benefit of the bankrupt estate of VON East, and then distribute to VON East’s Creditors the realizations from those assets in order of priority, net of the costs incurred by the Trustee.
69. The Monitor’s estimate of the distributions that might be available to Creditors assuming a bankruptcy of VON East is based, in part, on information provided by the Applicants including: (i) VON East’s projected cash position as of November 30, 2016; (ii) VON East’s calculations of amounts owed to former employees and landlords whose leases were disclaimed after the Filing Date; and (iii) the claims of Recorded Creditors. The Monitor reviewed this information

for reasonableness but the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of that information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of that information.

70. Assuming a bankruptcy of VON East on December 2, 2016, the distribution to Creditors is estimated to be:
- a) to former employees, 100% of their Employee Priority Claim up to a maximum of \$2,000 (to the extent not previously paid to the former employees by VON East or pursuant to the WEPP); and
 - b) to all other creditors and employees in respect of proven claims not eligible as Employee Priority Claims, between approximately 1.67 cents to 3.2 cents per dollar of Unsecured Proven Claim. This estimate assumes that VON Canada will file a proof of claim in the amount of approximately \$1,554,000 in the bankruptcy of VON East.
71. Based on the WEPP, the Application For The Wage Earner Protection Program that the Monitor believes would have been signed by former employees, and correspondence that the Monitor has received from Service Canada, any amounts payable to a former employee in a bankruptcy will likely (i) first be repaid to the Government of Canada to the extent of amounts paid to that employee under the WEPP; and (ii) the remainder would be paid to the employee.

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72. Attached as Appendix "C" to this Report is a schedule, with explanatory notes and assumptions, setting out the estimated distribution to Creditors assuming a bankruptcy of VON East on December 2, 2016. The Monitor points out that the information set out on the attached schedule is an estimate and that the actual distribution to Creditors may be different from that as set out in this Report.
73. In the event of the bankruptcy of VON East, it is uncertain when the Trustee would be in a position to make any payments to Creditors from the realizations from VON East's assets.

IX. MONITOR'S RECOMMENDATION

74. As set out above, if the Affected Creditors agree to the Plan through a vote of the Required Majority, the Monitor expects that VON East will make an application to the Court for the Sanction Order and, if the Sanction Order is granted, proceed to implement the Plan.
75. If Affected Creditors vote against the Plan, the CCAA proceedings in respect of VON East may be terminated. The Monitor understands that VON East has not identified any other value maximizing transactions or assets that would enhance the value of VON East for Creditors. Consequently, a bankruptcy of VON East may occur.
76. Based on the Plan and the information provided to the Monitor and contained in this Report, the Monitor is of the view that the Plan would allow the Affected Creditors to maximize and expedite their return from VON East's indebtedness to them as:

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- i) the potential distributions to Affected Creditors pursuant to the Plan are higher and subject to less uncertainty than they would be in the event of the bankruptcy of VON East; and
 - ii) distributions to Affected Creditors pursuant to the Plan are expected to occur on or before February 27, 2017, whereas if the Plan is not approved, the timing of payments to Creditors is uncertain, but in any event is unlikely to occur before February 27, 2017.

77. Accordingly, the Monitor recommends that the Affected Creditors vote in favour of the Plan in order to allow the Affected Creditors to maximize their return on the indebtedness owing to them by VON East.

Dated this 1st day of November, 2016.

COLLINS BARROW TORONTO LIMITED

In its capacity as the Monitor appointed in the CCAA proceedings of
Victorian Order Of Nurses For Canada,
Victorian Order Of Nurses For Canada – Eastern Region, and
Victorian Order Of Nurses For Canada – Western Region
and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX A

Court File No. CV-15-11192-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF VICTORIAN ORDER OF NURSES FOR
CANADA, VICTORIAN ORDER OF NURSES FOR CANADA –
EASTERN REGION AND VICTORIAN ORDER OF NURSES FOR
CANADA –WESTERN REGION

**PLAN OF COMPROMISE OR ARRANGEMENT
PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
OF VICTORIAN ORDER OF NURSES FOR CANADA – EASTERN REGION**

OCTOBER 5 , 2016

WHEREAS Victorian Order Of Nurses For Canada – Eastern Region (“**VON East**”) is insolvent and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), pursuant to an order of the Honourable Justice Penny dated November 25, 2015, as amended (the “**Initial Order**”). The Initial Order appointed Collins Barrow Toronto Limited as the Monitor of, among others, VON East;

AND WHEREAS the other Applicants in these proceedings under the CCAA are Victorian Order Of Nurses For Canada (“**VON Canada**”) and Victorian Order Of Nurses For Canada – Western Region (“**VON West**”);

AND WHEREAS the operations of VON East are now entirely shut down;

AND WHEREAS pursuant to the order of the Honourable Justice Penny dated October 5, 2016, VON East was authorized to file this plan of compromise or arrangement;

AND WHEREAS VON East hereby proposes and presents this plan of compromise or arrangement for the purpose of distributing the cash on hand to VON East's creditors under and pursuant to the CCAA.

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

In this Plan, unless otherwise stated or unless the subject matter or context otherwise requires, the following terms shall have the following meanings:

“Administration Charge” has the meaning given to it in the Initial Order;

“Business Day” means a day, other than Saturday, Sunday, on which banks are generally open for business in Toronto, Canada;

“BIA” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;

“CCAA Proceedings” means the proceedings under the CCAA commenced by VON Canada, VON East and VON West on November 25, 2015;

“Claim” means:

- a) any right of claim of any Person against VON East, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of VON East, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing on or prior to the Filing Date; and
- b) any right of claim of any Person against VON East in connection with any indebtedness, liability or obligation of any kind whatsoever owed by VON East to such Person arising out of the restructuring, termination, repudiation, or disclaimer or breach of any lease, contract, employment agreement or other agreement or obligation after the Filing Date,

in each case, other than an Excluded Claim.

In the case of a Claim by a landlord of VON East in connection with a restructuring, termination, repudiation, or disclaimer or breach of any lease, such Claim shall be quantified as the Landlord Formula Amount applicable to such lease.

“Claims Procedure Order” means the Claims Procedure Order of the Honourable Mr. Justice Penny, dated October 5, 2016 in these proceedings;

“Court” means the Ontario Superior Court of Justice, Commercial List;

“Creditor” means any Person holding a Claim;

“Creditors' Meeting” means the meeting of Creditors holding Voting Claims called for the purpose of considering and voting in respect of this Plan pursuant to the CCAA and the terms of the Meeting Order on the Creditors' Meeting Date;

“Creditors' Meeting Date” means November 16, 2016, subject to any adjournment or postponement of the Creditors' Meeting in accordance with this Plan, the Meeting Order or further order of the Court;

"Crown Claims" means any Claim of the Crown, for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- a) subsection 224(1.2) of the ITA;
- b) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts;
- c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - i. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
 - ii. is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

"Director and Officer Claim" means any right of any Person against the Directors or Officers of VON East for which the Directors or Officers of VON East are by law liable to pay in their capacity as Directors or Officers or in any other capacity, in each case based in whole or in part on facts existing on or prior to the date of the Claims Procedure Order;

"Directors" means the directors and former directors of VON East or any Person deemed to be a director or former director of VON East by any law, and "Director" means any one of them;

"Disputed Claim" means any unsecured Claim of a Creditor which has not been finally determined in accordance with the Claims Procedure Order by the Creditors' Meeting Date;

"Distribution Date" means a date after the Implementation Date to be determined by VON East, which shall in any event be not more than 45 days after the Implementation Date;

"Distribution Pool" means all cash and cash equivalents legally and beneficially owned by VON East as of the Implementation Date after payment in full of all Secured Proven Claims, claims secured by the Charges (as defined in the Initial Order) (or the delivery of a cash reserve to be held by the Monitor in respect of such claims), and Crown Claims and Employee Priority Claims;

"Employee Priority Claims" means the following claims of VON East's employees and former employees:

- a) claims equal to the amounts that such employees and former employees would have been qualified to receive under paragraph 136(l)(d) of the BIA if VON East had become bankrupt on the Filing Date; and
- b) claims for wages, salaries, commissions or compensation for services rendered by VON East's employees and former employees after the Filing Date and on or before the date of the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about VON East's business during the same period.

“Excluded Claim” means: (i) claims secured by any of the Charges (as defined in the Initial Order); (ii) any claim enumerated in subsections 5.1(2) and 19(2) of the CCAA; (iii) any Employee Priority Claims or Crown Claims; and (iv) any claim by a Director or Officer for indemnification related to a Director and Officer Claim.

“Filing Date” means November 25, 2015;

“Implementation Date” means December 30, 2016, or such other date as VON East may determine in consultation with the Monitor, which date shall not be later than January 13, 2017;

“ITA” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.);

“Landlord Formula Amount” means an amount equal to the lesser of:

- a) the aggregate of:
 - i. the rent provided for in the lease for the first year of the lease following the date on which the disclaimer or resiliation of the lease became effective, and
 - ii. fifteen percent of the rent for the remainder of the term of the lease after that year; and
- b) three years' rent.

“Meeting Order” means the order of the Court dated October 5, 2016, which, among other things, provided for the calling of the Creditors' Meeting;

“Monitor” means Collins Barrow Toronto Limited in its capacity as the Court-appointed Monitor of VON East;

“Officers” means the officers and former officers of VON East or any Person deemed to be an officer or former officer of VON East by any law and “Officer” means any one of them;

“Order” means any order, directive, judgment, decision, ruling or award issued by the Court in the CCAA Proceeding;

“Plan” means this plan of compromise or arrangement filed with the Court pursuant to the CCAA, as this Plan may be amended, varied or supplemented from time to time in accordance with Article 7 hereof;

“Person” means any individual, partnership, firm, joint venture, trust, entity, corporation, unincorporated organization, trade union, employee or other association and any federal, provincial, state or municipal government or similar entity, howsoever designated or constituted;

“Proof of Claim” means the form completed and filed by a Creditor setting forth its purported Claim which is substantially in the form attached to the Claims Procedure Order;

“Property” means all of VON East's assets, undertakings and properties of every nature and kind whatsoever and wherever situate, including all proceeds thereof;

“Proven Claim” means the amount of the Claim of a Creditor as determined in accordance with the Claims Procedure Order;

“Required Majority” means the affirmative vote of a majority in number of the Creditors having Voting Claims and voting on this Plan (in person or by proxy) at the Creditors' Meeting representing not less than

66 2/3% in value of the Voting Claims of the Creditors voting (in person or by proxy) at the Creditors' Meeting in accordance with the terms of the Meeting Order;

"Sanction Order" means an order of the Court, among other things, approving and sanctioning this Plan;

"Secured Proven Claim" means any Claim or portion thereof, as finally determined in accordance with the Claims Procedure Order, which has the benefit of a valid and enforceable security interest in, mortgage or charge over, lien against or other similar interest in the Property, but only to the extent of the realizable value of the property subject to such security;

"Taxing Authorities" means any one of Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or non-Canadian (including U.S.) government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and **"Taxing Authority"** means any one of the Taxing Authorities;

"Unsecured Proven Claim" means the unsecured portion of a Creditor's Proven Claim as determined in accordance with the Claims Procedure Order;

"Unresolved Claim" means any Claim of a Creditor which has not been finally determined for distribution purposes in accordance with the Claims Procedure Order by the Implementation Date;

"Voting Claim" means the amount of a Creditor's Unsecured Proven Claim or the amount of a Creditor's Disputed Claim which has been accepted by the Monitor for the purpose of voting at the Creditors' Meeting in accordance with the Meeting Order;

"Voting Deadline" means 10:00 a.m. (Toronto time) on the Business Day before the date of the Creditors' Meeting; and

Section 1.2 Interpretation

For purposes of this Plan:

- (a) all references to currency and to "\$" are to Canadian Dollars, unless otherwise specified;
- (b) the division of this Plan into Articles and Sections are for convenience of reference only and do not affect the construction or interpretation of this Plan, nor are the descriptive headings of Articles and Sections intended as complete or accurate descriptions of the content thereof;
- (c) references to the singular in the Plan shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender;
- (d) unless otherwise specified, all references to time in this Plan mean local time in Toronto, Canada and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;
- (e) unless otherwise specified, a time period within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day;
- (f) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean

"includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive; and

- (g) Whenever any payment to be made or action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day.

ARTICLE 2

PURPOSE AND EFFECT OF THE PLAN

Section 2.1 Purpose of this Plan

The purpose of this Plan is to distribute the Distribution Pool to VON East's Creditors with Unsecured Proven Claims and provide for the compromise and settlement of all Claims against VON East.

Section 2.2 Effect of this Plan

On the Implementation Date, all Claims against VON East will be deemed to be compromised and settled and shall be fully released and discharged, excepting only the obligations to make distributions in respect of such Claims, which compromise shall be final and binding on VON East and all Persons affected by this Plan.

ARTICLE 3

CLASSIFICATION OF CREDITORS

Section 3.1 Class of Creditors

For the purpose of voting on this Plan the Creditors with Voting Claims shall constitute a single class, the Affected Creditors Class.

Section 3.2 Claims

Creditors shall prove their Claims, vote (in the case of Voting Claims) in respect of this Plan, and receive the distributions provided for hereunder pursuant to the Claims Procedure Order, the Meeting Order and this Plan.

In the case of a Claim by a landlord of VON East in connection with a restructuring, termination, repudiation, or disclaimer or breach of any lease, such Claim shall be quantified using the Landlord Formula Amount applicable to such lease. The Landlord Formula Amount shall apply notwithstanding the Claim amount set out in a landlord's proof of claim or the methodology used by the landlord to calculate that claim.

ARTICLE 4

CREDITORS' MEETING

Section 4.1 Creditors' Meeting

The Creditors' Meeting shall be held in accordance with this Plan, the Meeting Order and any further order of the Court which may be made from time to time. The only Persons entitled to attend the

Creditors' Meeting are VON East, the Monitor and its legal counsel; those Persons, including the holders of proxies, entitled to vote at the Creditors' Meeting, the directors and officers of VON East, the Chief Restructuring Officer of VON Canada, and their respective legal counsel and advisors. Any other Person may be admitted on invitation of the chair of the Creditors' Meeting.

Section 4.2 Voting by Creditors

VON East will seek approval of this Plan by the affirmative vote of the Required Majority. Except for any resolution to be voted on at the Creditors' Meeting to approve this Plan, which will be decided by the Required Majority by ballot, every question submitted to a vote at the Creditors' Meeting will be decided by a majority in value of the Voting Claims, unless the Monitor decides, in its sole discretion, that any such question submitted to a vote at the Creditors' Meeting will be decided by the majority of votes given on a show of hands.

The result of any vote at the Creditors' Meeting will be binding on all Persons affected by this Plan, whether or not any such Person is present at the Creditors' Meeting.

Section 4.3 Claims for Voting Purposes

Each Creditor with a Voting Claim shall be entitled to one vote, which vote shall have the value of such Creditor's Voting Claim. The amount of a Creditor's Disputed Claim which has not been accepted by the Monitor as a Voting Claim may be voted at the Creditors' Meeting, but shall be recorded and tabulated by the Monitor separately at the amount of the Disputed Claim. The amount of the Voting Claim of any Creditor holding a Disputed Claim as accepted by the Monitor for the purpose of voting only shall be without prejudice to the rights of VON East, the Monitor and such Creditor with respect to the final determination of the Creditor's Claim for distribution purposes.

Section 4.4 Claims Bar Date

If any Person asserting a Claim (other than a Claim that was the subject of a Claim Notice in accordance with the Claims Procedure Order) has failed to file a Proof of Claim in accordance with the Claims Procedure Order prior to the Claims Bar Date (as defined in the Claims Procedure Order) or such later date as was agreed to in writing by the Monitor or extended by further order of the Court, that Person shall not be permitted to vote at the Creditors' Meeting and shall not receive any distribution under this Plan (except to the extent of any Claim that was the subject of a Claim Notice).

Section 4.5 Chair

An officer of the Monitor, or an individual designated by him or her, shall preside as the chair of the Creditors' Meeting and shall decide all matters relating to procedure at the Creditors' Meeting not otherwise set out in the Meeting Order.

ARTICLE 5

DISTRIBUTIONS UNDER THE PLAN

Section 5.1 Distributions on Account of Secured Proven Claims

If this Plan is implemented, then on the Distribution Date, each Creditor holding a Secured Proven Claim shall receive a distribution equal to the full amount of the Creditor's Secured Proven Claim.

Section 5.2 Distributions on Account of Unsecured Proven Claims

If this Plan is implemented, then on the Distribution Date, each Creditor holding an Unsecured Proven Claim will receive a distribution of a portion of the Distribution Pool equal to the proportion that such

Creditor's Unsecured Proven Claim represents as a percentage of all Unsecured Proven Claims, up to the maximum amount of such Creditor's Unsecured Proven Claim. Such distributions shall be delivered by cheque sent by pre-paid ordinary mail by VON East to the address set out in such Creditor's proof of claim.

Section 5.3 Interest on Claims

Interest will not accrue or be paid on Unsecured Proven Claims after or in respect of the period following the Filing Date and no holder of an Unsecured Proven Claim will be entitled to any interest in respect of such Unsecured Proven Claim accruing on or after or in respect of the period following the Filing Date.

Section 5.4 Certain Crown Claims and Employee Claims

Within six (6) months after the date of the Sanction Order, VON East will pay in full all Crown Claims owed by VON East, if any.

At or prior to implementation of this Plan, VON East will pay in full all Employee Priority Claims owed by VON East, if any.

Section 5.5 Currency

For voting purposes, a Claim shall be denominated in Canadian dollars. Any Claim denominated in a currency other than Canadian dollars shall be converted to Canadian dollars based on the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Filing Date.

Claims originally denominated in a foreign currency will be distributed to those creditors in Canadian dollars based on the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian dollars as at the Implementation Date.

Section 5.6 Withholding and Reporting Requirements

VON East shall be entitled to deduct and withhold from any distribution, payment or consideration otherwise payable to any Creditor or to any Person on behalf of any Creditor such amounts (a "Withholding Obligation") (i) as VON East is required to deduct and withhold with respect to such payment under the ITA or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended, or (ii) on account of payments previously made to Creditors under the Wage Earner Protection Program.

To the extent that amounts are so withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deductions were made. For greater certainty, no distribution, payment or other consideration shall be made to or on behalf of a holder of a Proven Claim pursuant to the Plan unless and until such holder has made arrangements satisfactory to VON East for the payment and satisfaction of any Withholding Obligations imposed on VON East by any Taxing Authority.

Section 5.7 Uncashed Cheques

If a distribution cheque mailed by VON East to a Creditor is not deposited within six (6) months of its mailing or is returned to VON East and the Creditor entitled to such distribution cannot be found by VON East after reasonable efforts to locate such Creditor have been made, the cheque payable to such Creditor shall be cancelled and the funds represented by all such cancelled cheques shall, if in excess of \$5,000 in aggregate be reallocated to the Distribution Pool for distribution to creditors with Unsecured Proven Claims or, if less than or equal to \$5,000 in aggregate, shall be retained by VON East free and

clear of any claims; provided, however, that VON East shall not be required to make any distribution of funds reallocated to the Distribution Pool under this Section 5.7 to any Creditor where such distribution would be less than \$50 (the "**Minimum Distribution Threshold**"). Any amounts from these reallocated funds that would otherwise be payable to a Creditor in an amount that does not meet or exceed the Minimum Distribution Threshold shall be retained by VON East free and clear of any claims and transferred to VON Canada.

Section 5.8 No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of an Unresolved Claim unless and to the extent all or a portion of the Unresolved Claim has become a Proven Claim for distribution purposes.

On the Implementation Date, VON East will pay from the Distribution Pool to the Monitor an amount equal to the aggregate amount of all distributions that Creditors with Unresolved Claims would otherwise have received pursuant to this Plan had their Unresolved Claims been Proven Claims for distribution purposes on the Distribution Date. The Monitor will establish a reserve for Unresolved Claims, if any, from the Distribution Pool (the "**Unresolved Claims Reserve**"). The Monitor shall continue to hold the Unresolved Claims Reserve for the benefit of each Creditor holding an Unresolved Claim until such Claim becomes a Proven Claim for distribution purposes (at which point the Monitor shall make a distribution in respect of such Proven Claim) or is ultimately disallowed.

If an Unresolved Claim is ultimately determined to not be a valid Claim in whole or in part in accordance with the Claims Procedure Order after the Implementation Date, any portion of the Unresolved Claims Reserve in respect of such Unresolved Claim shall be reallocated to the Distribution Pool and, if upon resolution of all Unresolved Claims, the Distribution Pool has a balance in excess of \$5,000, the funds in the Distribution Pool shall be paid out to creditors with Unsecured Proven Claims in accordance with this Plan or, if the funds in the Distribution Pool are less than or equal to \$5,000, the funds remaining in the Distribution Pool shall be retained by VON East free and clear of any claims; provided, however, that VON East shall not be required to make any distribution of funds reallocated to the Distribution Pool under this Section 5.8 to any Creditor where such distribution would be less than the Minimum Distribution Threshold. Any amounts from these reallocated funds that would otherwise be payable to a Creditor in an amount that does not meet or exceed the Minimum Distribution Threshold shall be retained by VON East free and clear of any claims.

Section 5.9 Unapplied Portion Of Reserve For Amounts Secured By Charges

A cash reserve in an amount not to exceed \$5,000 shall be paid over to the Monitor on the Implementation Date to pay any claims that may become payable for amounts secured by the Charges. If it is determined that the amounts held by the Monitor as a reserve for claims secured by the Charges is no longer required, such amounts shall be reallocated to the Distribution Pool and, if the funds in the Distribution Pool are less than or equal to \$5,000, the funds remaining in the Distribution Pool shall be retained by VON East free and clear of any claims; provided, however, that VON East shall not be required to make any distribution of funds reallocated to the Distribution Pool under this Section 5.9 to any Creditor where such distribution would be less than the Minimum Distribution Threshold. Any amounts from these reallocated funds that would otherwise be payable to a Creditor in an amount that does not meet or exceed the Minimum Distribution Threshold shall be retained by VON East free and clear of any claims.

Section 5.10 Employee Claims

If a former employee of VON East has received payment from the Wage Earner Protection Program on account of amounts owing to such former employee by VON East, such former employee's recovery under this Plan will be adjusted so that such former employee's claim for distribution purposes excludes

the amount received from the Wage Earner Protection Program by such former employee on account of amounts owing to such former employee by VON East.

ARTICLE 6

COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION

Section 6.1 Conditions Precedent

The implementation of this Plan is subject to the following conditions precedent which are in favour of VON East:

- (a) This Plan has been approved by the Required Majority at the Creditors' Meeting;
- (b) The Sanction Order has been issued and entered; and
- (c) Unless such condition is waived by VON East in consultation with the Monitor, all applicable appeal periods in respect of the Sanction Order have expired and any appeals therefrom have been finally disposed of by the applicable appellate tribunal.

Section 6.2 Effect of Sanction Order

In addition to approving and sanctioning this Plan, the Sanction Order shall, among other things:

- (a) Declare that: (i) the Plan has been approved by the Required Majority in conformity with the CCAA; (ii) VON East and the Monitor have complied with the provisions of the CCAA and the Orders of the Court made in these proceedings in all respects; (iii) the Court is satisfied that VON East and the Monitor have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (b) Authorize the Monitor and VON East to perform their functions and fulfill their obligations under the Plan to facilitate the implementation of the Plan;
- (c) Effective on the Implementation Date, permanently stay all Claims and declare that the compromises effected hereby are approved, binding and effective as herein set out upon all Creditors and other Persons affected by this Plan;
- (d) Confirm the releases provided for in Article 8 hereof;
- (e) Declare that in carrying out the terms of the Meeting Order, the Sanction Order and this Plan, (i) the Monitor shall benefit from the protections given to it by the CCAA, the Initial Order, and any other Order in the CCAA Proceedings, and as an officer of the Court, including the stay of proceedings in its favour; and (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of the Sanction Order and this Plan;
- (f) Effective on the Implementation Date, compromise, discharge and release VON East from any and all Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against VON East in respect of or relating to any Claims shall be forever discharged and restrained, subject only to the right of the Creditor to receive distributions pursuant to the Plan in respect of its Proven Claims; and
- (g) Declare that upon completion by VON East and the Monitor of their duties pursuant to the CCAA and the Orders granted in these proceedings under the CCAA, including without limitation, the Monitor's duties in respect of the Claims Procedure Order and the Plan, the Monitor may file with the Court a certificate stating that all of its duties in respect of VON East pursuant to the CCAA

and the Orders have been completed and thereupon these CCAA Proceedings shall be terminated in respect of VON East.

Section 6.3 Monitor's Certificate

Upon receipt by the Monitor of written confirmation from VON East (on which the Monitor shall be entitled to rely without further investigation or verification) that all distributions under the Plan have been made and all the conditions precedent under the Plan have been satisfied, the Monitor shall file a certificate with the Court stating that the conditions precedent set out in Section 6.1 hereof have been satisfied and that the Plan has been implemented.

ARTICLE 7

PLAN AMENDMENTS

Section 7.1 Plan Amendments

VON East may amend, modify and/or supplement this Plan at any time and from time to time prior to the Creditors' Meeting, provided that all such amendments, modifications and supplements are disclosed and made available at the Creditors' Meeting in the manner required in the Meeting Order.

VON East may amend, modify and/ or supplement this Plan at any time and from time to time after the Creditors' Meeting but before the Sanction Order is issued, provided that all such amendments, modifications and supplements are approved by the Court on notice to the Creditors affected thereby in the manner required in the Meeting Order.

VON East may amend, modify and/or supplement this Plan at any time and from time to time after issuance of the Sanction Order, provided that all such amendments, modifications and supplements are, in the opinion of the Monitor or the Court, of an administrative nature required to better give effect to the implementation of this Plan or the Sanction Order and are not adverse to the financial or economic interests of the Creditors generally.

Any amended, modified and/or supplementary plan or plans of compromise or arrangement shall for all purposes be and be deemed to be a part of and incorporated into this Plan.

ARTICLE 8

RELEASES

(a) On the Implementation Date, the following shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred:

- i. all Claims, whether or not filed in accordance with the Claims Procedure Order;
- ii. all Director and Officer Claims, whether or not filed in accordance with the Claims Procedure Order;
- iii. any and all demands, claims, actions, causes of action, counterclaims, suits, debts, covenants, damages, judgments, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Person (including any Person who may claim contribution or indemnification against or from them) may be entitled to assert, against VON East, the Monitor, the Chief Restructuring Officer of VON Canada and each of their respective financial advisors, legal counsel, agents, directors, officers, partners, employees or representatives whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or

unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date that are in any way relating to, arising out of or in connection with (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether written or oral; (ii) this Plan; and (iii) these CCAA proceedings; provided that nothing herein shall waive, release, discharge, cancel or bar any right to enforce the obligations under this Plan, VON East from or in respect of any Excluded Claim, or any person from any claim that is not permitted to be released pursuant to section 19(2) of the CCAA or section 5.1(2) of the CCAA.

(collectively, the “Released Claims”).

(b) All Persons (regardless of whether or not such Persons are Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Implementation Date, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) in respect of a Released Claim; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order in respect of a Released Claim; or (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or for breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the parties who is the subject of a Released Claim

ARTICLE 9

GENERAL

Section 9.1 Termination of the Plan

At any time prior to the Implementation Date, VON East may determine not to proceed with this Plan, notwithstanding a prior approval given at the Creditors' Meeting or the obtaining of the Sanction Order.

Section 9.2 Paramourncy

From and after the Implementation Date, any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, credit document, agreement for sale, by-laws of VON East, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Creditors and VON East as at the Implementation Date will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority.

Section 9.3 Successors and Assigns

This Plan and any compromise effected by this Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, representatives, successors and assigns of any Person named or referred to in, or affected by, this Plan for all purposes, as of the Implementation Date.

Section 9.4 Consents, Waivers and Agreements

On the Implementation Date, any Person affected by this Plan shall be deemed to have consented and agreed to all of the provisions of this Plan in their entirety. In particular, each Creditor shall be deemed to

have executed and delivered to VON East and the Monitor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

Section 9.5 Responsibilities of the Monitor

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in these CCAA Proceedings, and not in its personal or corporate capacities. The Monitor will not be responsible or liable whatsoever for any obligations of VON East. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Sanction Order and any other Order made in the CCAA Proceedings.

Section 9.6 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 9.7 Claims Bar Date

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date (as defined in the Claims Procedure Order) or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

Section 9.8 Severability of Plan Provisions

If any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of VON East, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

Section 9.9 Notices

Any notice or communication to be delivered hereunder shall be in writing and shall reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, mail or facsimile addressed to the respective parties as follows:

(a) if to VON East:

2315 St. Laurent Blvd., Suite 100
Ottawa, Ontario K1G 4J8

Attention: Jo-Anne Poirier

With copy to:

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: Matthew Halpin / Evan Cobb
Email: matthew.halpin@nortonrosefulbright.com / evan.cobb@nortonrosefulbright.com

(b) if to the Monitor:

Collins Barrow Toronto Limited
11 King Street West
Suite 700
Toronto, Ontario M5H 4C7

Attention: Daniel Weisz / Brenda Wong
Email: dweisz@collinsbarrow.com / bywong@collinsbarrow.com

With a copy to:

Bennett Jones LLP
3400 One First Canadian Place
Toronto, Ontario M5X 1A4

Attention: Mark Laugesen
Email: laugesenm@bennettjones.com

(b) if to a Creditor:

to the last known address or a facsimile number for such Creditor or the address or facsimile number for such Creditor specified in the Proof of Claim filed by such Creditor pursuant to the Claims Procedure Order; or

(c) to such other address as any party may from time to time notify the others in accordance with this section. All such notices and communications which are delivered shall be deemed to have been received on the date of delivery. All such notices and communications which are delivered by facsimile shall be deemed to be received on the date transmitted, if before 5:00 p.m. on a Business Day, and otherwise shall be deemed to be received on the next Business Day following the day upon which such facsimile was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing. The unintentional failure by VON East or the Monitor to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to this Plan.

Section 9.10 Further Assurances

Notwithstanding that the transactions and events set out in this Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by VON East or the Monitor in order to better implement this Plan.

Dated at Toronto, Ontario as of the 5th day of October, 2016

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF VICTORIAN ORDER OF NURSES FOR CANADA ET AL.

Court File No: CV-15-11192-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

PLAN OF COMPROMISE OR ARRANGEMENT

VON EAST

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Email: evan.cobb@nortonrosefulbright.com

Lawyers for Victorian Order of Nurses for Canada –
Eastern Region

APPENDIX B

APPENDIX "B"

**VICTORIAN ORDER OF NURSES FOR CANADA - EASTERN REGION
ESTIMATED DISTRIBUTION UNDER THE PLAN
(000's)**

	<i>Notes</i>	High	Low
Cash	1	327	300
Less: Professional fees and expenses	2	15	20
Reserve for charges	3	5	5
Employee Priority Claims	4	75	75
Record retention	5	25	25
Net Amount Available	(A)	<u>207</u>	<u>175</u>
Creditors			
Employee unsecured claims	6	2,803	2,803
Trade creditors	7	261	287
Landlords	8	351	351
Other restructuring claims	9	136	136
Community corporations	9	150	150
Due to VON Canada	10	-	-
Total creditors	(B)	<u>3,701</u>	<u>3,727</u>
Estimated distribution to Affected Creditors	(A ÷ B)	5.59%	4.70%

This schedule has been prepared by the Monitor based on information provided to the Monitor by the Applicants. The Monitor has reviewed the supporting documentation provided by the Applicants for reasonableness; however the Monitor has not audited or otherwise attempted to verify this information for accuracy or completeness.

The Monitor notes that the projected amount for the Distribution Pool is an estimate and that the actual amount of the Distribution Pool, and the actual distributions to Affected Creditors, may be different than as set out in this schedule.

APPENDIX "B"

NOTES

1. The amount of \$327,000 represents the projected cash balance at December 3, 2016, based on VON East's cash flow projections updated for actual results to October 29, 2016 and estimated disbursements to December 3, 2016, and is assumed for the purposes of this schedule to be the balance as at November 30, 2016. The Low amount reflects a contingency provision of \$27,000 that has been deducted from the High amount.
2. This amount represents an estimate of the professional fees of the Monitor in connection with the CCAA proceedings.
3. This amount is provided for in the Plan.
4. The quantum of Priority Claims of former employees was identified at approximately \$75,000 in the claims process for former employees of VON East that was undertaken by Collins Barrow Toronto Limited, in its capacity as Court-appointed Receiver of VON East (the "VON East Employee Claims Process").
5. The future cost of storing the medical records of VON East clients is estimated by VON East to be \$77,000 based on actual costs incurred to date, in respect of which VON East will hold back \$25,000 to pay for the storage costs of the records.
6. This amount represents the amounts owing to former employees on account of termination and severance pay, vacation pay and other compensation that exceed the Employee Priority Claim amounts, as identified in the VON East Employee Claims Process.
7. The total known claims of trade creditors as recorded on VON East's accounts payable list as of October 3, 2016 is included as the High estimate. The Low estimate is calculated as 110% of the High estimate.
8. This amount represents the claims of landlords whose leases were disclaimed by VON East subsequent to the Filing Date and is calculated in accordance with the Landlord Formula Amount set out in the Plan. This claim amount has been calculated by VON East. The Monitor has not reviewed the lease agreements.
9. This amount consists of claims for undelivered program(s) and estimated Restructuring Claims in respect of agreements with VON East that were disclaimed after the Filing Date as calculated by VON East. The Monitor has not reviewed the disclaimed agreements.
10. An amount of approximately \$1,554,000 owed by VON East to VON Canada was written off as uncollectible as at the Applicants' March 31, 2016 fiscal year end; however, that amount is still owed to VON Canada. The Monitor has been advised by VON Canada that VON Canada will not be filing a claim in the VON East CCAA proceedings. As a result, for purposes of this schedule, no amount is recorded on this schedule in respect of VON East's indebtedness to VON Canada.

APPENDIX C

APPENDIX "C"

**VICTORIAN ORDER OF NURSES FOR CANADA - EASTERN REGION
ESTIMATED DISTRIBUTION IN A BANKRUPTCY
November 30, 2016 Liquidation Date
(000's)**

	<i>Book Value</i> 31-Jul-16	<i>Projected Book Value</i> 30-Nov-16	High	Low	<i>Notes</i>
Cash	388	375	327	300	1
Accounts Receivable	21	-	-	-	2
Subtotal			<hr/> 327	<hr/> 300	
Less: Administration costs			25	45	3
Employee Priority Claims			75	75	4
Record retention			50	77	5
Net Amount Available			<hr/> 177	<hr/> 103	
Less: Levy payable on dividend to creditors			9	5	6
Amount available for unsecured Creditors			<hr/> (A) <hr/> 168	<hr/> 98	
Unsecured Creditors					
Employees	128	128	2,803	2,803	7
Trade creditors	276	276	261	287	8
Landlords	-	-	351	914	9
Other restructuring claims	136	136	136	136	10
Community corporations	150	150	150	150	10
Due to VON Canada	-	-	1,554	1,554	11
Total creditors			<hr/> (B) <hr/> 5,255	<hr/> 5,844	
Estimated distribution to unsecured Creditors			(A ÷ B) <hr/> 3.20%	1.67%	

General: This schedule has been prepared on the assumption that (i) the Creditors or the Court do not approve the Plan of Compromise or Arrangement filed by VON East in the VON East CCAA Proceedings and (ii) a bankruptcy of VON East occurs on December 3, 2016.

This schedule has been prepared by the Monitor based on information provided to the Monitor by the Applicants. The Monitor has reviewed the supporting documentation provided by the Applicants for reasonableness; however the Monitor has not audited or otherwise attempted to verify this information for accuracy or completeness.

The Monitor notes that the projected amount available for unsecured Creditors and the actual distribution to unsecured creditors may be different from that as set out in this schedule.

APPENDIX "C"

NOTES

1. The amount of \$327,000 represents the projected cash balance at December 3, 2016, based on VON East's cash flow projections updated for actual results to October 29, 2016 and estimated disbursements to December 3, 2016, and is assumed for the purposes of this schedule to be the balance as at November 30, 2016. The Low amount reflects a contingency provision of \$27,000 that has been deducted from the High amount. The projected book value of \$375,000 was obtained from a projected balance sheet that was prepared by VON East in September 2016 and does not reflect actual cash disbursements or revised projections since that date.
2. The account receivable of approximately \$21,000 is in respect of a HST refund which is being disputed by Canada Revenue Agency. Therefore, for purposes of this schedule, the Low and High realizations are estimated at \$nil.
3. Administration costs are assumed to include the fees and disbursements of the Trustee in Bankruptcy ("Trustee") and its counsel.
4. The quantum of Priority Claims of former employees was identified at approximately \$75,000 in the claims process for former employees of VON East that was undertaken by Collins Barrow Toronto Limited, in its capacity as Court-appointed Receiver of VON East (the "VON East Employee Claims Process").
5. The future cost of storing the medical records of VON East clients is estimated by VON East to be \$77,000 based on actual costs incurred to date. The Low estimate represents the VON estimate. The High estimate assumes that the Trustee would make an application to the Court for an Order authorizing the Trustee to reduce the period that the records have to be retained with a corresponding decrease in retention cost. The cost of the eventual destruction of the medical records is not included in this estimate.
6. Pursuant to the provisions of the Bankruptcy and Insolvency Act, a levy of 5% on the amounts below \$1 million that are distributed by the Trustee to creditors is payable to the Office of the Superintendent of Bankruptcy.
7. This amount represents the amounts owing to former employees on account of termination and severance pay, vacation pay and other compensation that exceed the Employee Priority Claim amounts, as identified in the VON East Employee Claims Process.
8. The total known claims of trade creditors as recorded on VON East's accounts payable list as of October 3, 2016 is included as the High estimate. The Low estimate is calculated as 110% of the High estimate.
9. This amount represents the claims of landlords whose leases were disclaimed by VON East subsequent to the Filing Date. The Low estimate represents the landlords' claims for rent payable for the balance of the lease term. The High estimate is the amount calculated by VON East as payable to the landlords in accordance with the Landlord Formula Amount as set out in the Plan. The Monitor has not reviewed the lease agreements.
10. This amount consists of claims for undelivered program(s) and estimated Restructuring Claims in respect of agreements with VON East that were disclaimed after the Filing Date as calculated by VON East. The Monitor has not reviewed the disclaimed agreements.
11. An amount of approximately \$1,554,000 owed by VON East to VON Canada was written off as uncollectible as at the Applicants' March 31, 2016 fiscal year end; however that amount is still owed to VON Canada. For purposes of this schedule, it is assumed that in a bankruptcy, VON Canada would file a claim for the amount that it is owed.