



CANADA

## MEMO

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SUBJECT: VON Restructuring Update –“Plan of Arrangement”  
DATE: November, 2016

*The following provides information about a package sent by Collins Barrow Toronto Limited, the Monitor appointed by the Ontario Superior Court of Justice to oversee the Companies Creditors’ Arrangement Act (CCAA) proceedings related to VON Canada, VON East and VON West. THIS MEMO PERTAINS ONLY TO CREDITORS OF VON EAST AND VON WEST.*

**ALL CREDITORS ARE ENCOURAGED TO READ THE PACKAGE SENT BY COLLINS BARROW TORONTO LIMITED IN FULL. IF THERE ARE DISCREPANCIES BETWEEN THE PACKAGE SENT ON NOVEMBER 1 AND 2, 2016 AND THE INFORMATION BELOW, THESE ARE UNINTENTIONAL. CREDITORS ARE ADVISED THAT THE COLLINS BARROW PACKAGE IS ACCURATE AND IS TO BE USED BY CREDITORS FOR DECISION-MAKING.**

### WHAT IS HAPPENING

On November 2 and 3, 2016, creditors of VON West and VON East were sent<sup>1</sup> a package of information that included a cover letter; a “Plan of Arrangement” (also called a “Plan of Compromise” or just the VON East or West “Plan”); a Monitor’s report on the Plan; notice of a Nov. 16 meeting at which creditors will be asked to vote on the Plan; and other information pertaining to settlement of their claim with VON East or VON West. This is the next step in the Companies Creditors’ Arrangement Act (CCAA) proceedings for VON East and VON West.

Creditors of VON East and VON West include VON East and VON West employees terminated under the restructuring as well as trade creditors, suppliers and others whose bills or debts were not paid as a result of the restructuring. All VON East and VON West creditors received and were obliged to respond to information from the Monitor confirming the amount of their claim in October of this year.

The Plans in essence are offers that tell VON East and VON West creditors how much VON East and VON West are able to pay on amounts owed. The Plans have been reviewed and assessed by the Monitor appointed by the Court to oversee VON’s restructuring. As a result of this assessment, the Monitor has recommended that the creditors vote to accept the Plans.

The Monitor reports outline the amounts that are likely available to be paid to creditors, should the Plans be accepted. The reports go on to say that if the Plans is not accepted, and should VON East or West be forced to liquidate, less or no money may be available as payment for each dollar owed. The Plans provides for relatively immediate payment to creditors.

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<sup>1</sup> Creditors were sent their packages by email or regular post.

Claims settlement for former employees of VON East and VON West will be reduced by an amount equal to any payments they received from the Wage Earner Protection Program (WEPP) and those amounts will be returned to WEPP.

## NEXT STEPS<sup>2</sup>

- Nov. 15, 10:00 am Eastern – **Deadline** for creditors to submit creditor voting letter and proxy to Monitor
- Nov. 16, 10:00 am Eastern – Creditor Meeting for VON East , 200 Bay Street, Suite 3800, Toronto
- Nov. 16, 2:00 pm Eastern – Creditor Meeting for VON West , 200 Bay Street, Suite 3800, Toronto
- Nov. 23 – tentative date for “Sanction Hearing” for Court to approve Plans (if Plans are approved by creditors)
- Feb. 27 – Latest date for creditor payments to be completed

## QUESTIONS AND ANSWERS

### Q1 How does the voting work at the creditors’ meetings?

A1 Each creditor votes for or against the Plan, and each creditor’s vote counts for a percentage equivalent to their share of the total amount owed to creditors who are voting. For the Plan to be approved by creditors, a majority of those voting must vote in favour of the plan, and the total value of those positive votes must equal or exceed two-thirds of the total amount owed to creditors who vote.

### Q2 Do creditors have to attend the meeting in person?

A2 No. Creditors have received a proxy form as part of their package. They must return their proxy by 10 am Eastern on November 15 at the latest.

### Q3 What happens if a creditor doesn’t go to the meeting and doesn’t appoint a proxy?

A3 That creditor would not have a vote.

### Q4 Do former employees receive special treatment?

A4 Former employees are entitled to up to \$2,000 in priority to all other creditors. Most former employees have already received this payment through the Wage Earner Protection Plan (WEPP).

Note that former employees will see their final payment reduced by the amount they received from WEPP, as that money will be repaid to WEPP.

### Q6 Does the Court also have to approve the Plan?

A6 If the Plan is approved by creditors, VON will appear before the Court at a Sanction Hearing to receive Court approval of the Plan.

### Q7 Will any donor money be going in to the pool of money set aside for creditors?

A7 No.

### Q8 How did you determine how much money creditors are owed?

A8 For former employees, a calculation was made based on both statutory and common law requirements. For former landlord, a “Landlord Formula Amount” was used to determine a value of moneys owed. For most other creditors, amounts owing are based on invoices.

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<sup>2</sup> Note: changes to some of these dates would result in other date changes