

Court File No.

CV-19-61216-0000

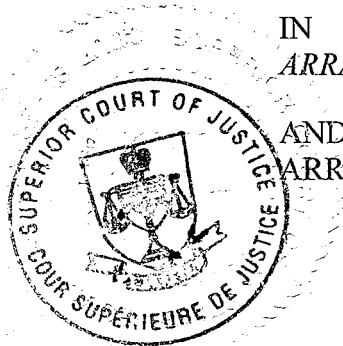
**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

BETWEEN:

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 VARI-FORM INC.

Applicant



**NOTICE OF APPLICATION**

TO THE RESPONDENT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on January 8, 2018, at the Court House, 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date January 8, 2018

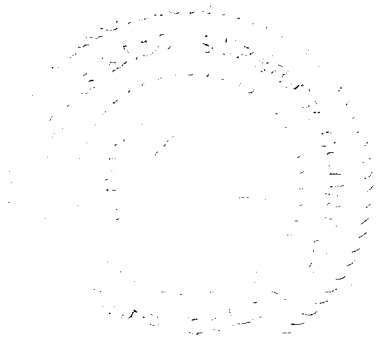
Issued by

  
Local Registrar  
Dora Charalambous

Address of  
court office:

Registrar, Superior Court of Justice  
Superior Court of Justice  
330 University Avenue  
Toronto, ON M5G 1R7

**TO: SERVICE LIST**



### APPLICATION

1. The Applicant, Vari-Form Inc. ("**Vari-Form**"), makes this application for an Initial Order, substantially in the form attached at Tab 3 to the Application Record, *inter alia*:

- (a) abridging the time for service of this notice of application and dispensing with service on any person other than those served;
- (b) declaring that Vari-Form is a party to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") applies;
- (c) appointing PricewaterhouseCoopers Inc. ("**PwC**") as an officer of this Court to monitor the assets, businesses and affairs of Vari-Form (in such capacity, the "**Monitor**");
- (d) staying all proceedings taken or that might be taken in respect of Vari-Form, its directors and officers and the Monitor;
- (e) approving borrowings under a proposed DIP facility;
- (f) approving the continuation of the sales process commenced by Angle Advisors LLC ("**Angle**") to market Vari-Form's business, including approving the Stalking Horse APA and Bidding Procedures (each as defined in the draft Initial Order);
- (g) approving the execution by Vari-Form of the Stalking Horse APA;
- (h) confirming and approving the engagements of Pilar Tarry and Ted Stenger as chief restructuring officer ("**CRO**") and chief financial officer ("**CFO**"), respectively, and the engagement of AP Services, LLC, as provider of the services

of Ms. Tarry as CRO, Mr. Stenger as CFO, and of certain other individuals as critical temporary staff;

- (i) confirming and approving the engagement of FTI Consulting, Inc., and Angle as advisors to Vari-Form;
- (j) such further and other relief as this Court may deem just.

2. The grounds for the application are:

- (a) Vari-Form is insolvent;
- (b) Vari-Form is a company to which the CCAA applies;
- (c) the claims against Vari-Form exceed \$5 million;
- (d) Vari-Form manufactures hydroformed automotive and industrial components, such as chassis, frame rails, front-ends, and roof rails for vehicles;
- (e) Vari-Form employs approximately 700 people at its facilities in Strathroy, Ontario;
- (f) Vari-Form's operations are sustaining a cash burn of more than \$1 million per week;
- (g) subject to certain conditions, 11032569 Canada Inc. (which is a subsidiary of Fiat Chrysler Automobiles N.V. and is also the proposed Stalking Horse Bidder, as

defined in the draft Initial Order) has agreed to provide Vari-Form with an interim financing facility (the “**DIP Facility**”) of up to \$22,794,000;<sup>1</sup>

- (h) without access to the DIP Facility, Vari-Form is unable to meet its obligations or to continue its operations;
- (i) Vari-Form proposes to continue, under the Monitor’s supervision, a comprehensive marketing and sale process that was launched in November 2018 by Angle;
- (j) the objective of the sale process is to complete a sale and close a transaction in respect of the Vari-Form assets by March 2019, in order to maximize creditor recoveries;
- (k) Vari-Form, in consultation with the proposed Monitor and Angle, has developed a set of Bidding Procedures (attached as Schedule A.1 to the draft Initial Order), which seek to maximize the value in a sale of Vari-Form’s business, including through a potential auction;
- (l) Vari-Form seeks the Court’s approval to enter into the Stalking Horse APA (as defined in the draft Initial Order), which sets a minimum floor price in respect of the assets that the Stalking Horse Bidder it is offering to purchase the Vari-Form assets;

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<sup>1</sup> All amounts in this Notice of Application are denominated in USD.

- (m) the Stalking Horse APA provides for a cash payment to Vari-Form of approximately \$50 million, subject to adjustments, if any, as set out in the Stalking Horse APA;
- (n) if the Stalking Horse APA is the "Successful Bid" under the Bidding Procedures then, subject to the terms of the Stalking Horse APA, Vari-Form intends to distribute that cash payment to the Term Loan Lenders on or shortly following the closing of the sale in partial satisfaction of the amounts owing under the Term Loan Agreement;
- (o) Vari-Form does not intend to conduct a claims process or make other reserves from the sales proceeds as part of this CCAA proceeding;
- (p) after the sale process, Vari-Form would immediately seek to wind-down any of the remaining aspects of its business in an orderly manner that would minimize any further costs and maximize the value of its estate for its stakeholders;
- (q) in accordance with the terms of the DIP Loan Agreement, Vari-Form intends to seek an Order terminating this CCAA proceeding by early April;
- (r) PwC has consented to act as the Monitor;
- (s) it is necessary and in the best interests of Vari-Form and its stakeholders that Vari-Form be given the stay of proceedings and breathing space provided by the CCAA as it attempts to sell its business;

- (t) the provisions of the CCAA and the inherent and equitable jurisdiction of this Court;
  - (u) the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, including Rules 2.03, 3.02, 14.05(2) and 16, and the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended, including section 106;
  - (v) such further and other grounds as counsel may advise and this Court may permit.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the Affidavit of Pilar Tarry sworn on January 8, 2018;
  - (b) consent of the proposed Monitor;
  - (c) the Pre-Filing Report of the Monitor; and
  - (d) such further and other evidence as counsel may advise and this Court may permit.

January 8, 2018

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CV-19-612116-0000

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

Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF VARI-FORM INC.

Applicant

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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PROCEEDING COMMENCED AT TORONTO

**NOTICE OF APPLICATION**

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