

Medican secures 95.5 per cent creditor support for its plan of Arrangement.

January 11, 2012

CALGARY – Medican creditors overwhelmingly voted in favour of the company’s plan of arrangement in a meeting held at the Radisson Hotel Wednesday.

“We are now in a position,” says the company’s Chief Restructuring Officer Tyrone Schneider, “to move ahead with our plans.”

Medican sought and secured protection under the Companies Creditors Arrangement Act (CCAA) in May of 2010, when the combination of a collapsing housing market and massive debt load pushed the company the brink of bankruptcy.

At the time the Court of Queen’s Bench appointed RSM Richter as the company’s “monitor” and Schneider as the Chief Restructuring Officer.

The plan of arrangement which was presented to creditors is a package worth \$10 million. When the count was done, 95.5 per cent of creditors representing \$99 million voted in favour of the plan.

Creditors voted for Medican to come out of CCAA and work to ensure that the \$10 million, or more, is made and distributed by the monitor semi-annually. This could represent 10 to 12 cents on the dollar.

The \$10 million settlement is an estimated amount based on funds to be collected by the Medican that emerges from CCAA protection and is based on projected profits. The fund would be payable twice a year over a three-year period to creditors. Should the market continue to be slow and the funds cannot be raised, then the amount will carry forward until it is paid in full.

“This was the best possible outcome for everyone involved,” says CRO Schneider.

“Creditors, employees, the people of Medicine Hat – everyone benefits. Hundreds of jobs have been saved and a company with deep roots in the community has been given a second chance. The new Medican that emerges from the old will be stronger and wiser with a proper process to monitor jobs, profits and planning for the future.”

“What Medican has is the cream of the crop of employees. We have a team that is looking forward to the future, and making this company a success,” says Schneider. “It will not be easy, but we have the determination and the backing of our creditors to push this company to a very successful conclusion”

“The success of this outcome comes from the team of dedicated staff, who wanted to make the wrongs of the past right. They have done a tremendous job. I am proud to work with each and every one of them. You will hear good things in the future of the success of this company,” says Schneider.

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