

ONTARIO  
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE	)	WEDNESDAY, THE 1ST DAY
	)	
JUSTICE NEWBOULD	)	OF AUGUST, 2012

BETWEEN:

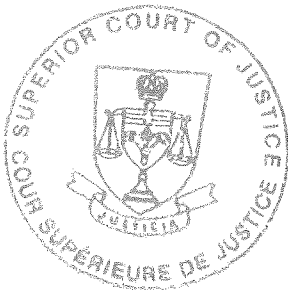
COMERICA BANK

Applicant

- and -

PRECISION-TECH LIMITED

Respondent



ORDER

**THIS MOTION**, made by Duff & Phelps Canada Restructuring Inc. in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of Precision-Tech Limited (the “**Debtor**”) for an order: (i) approving the First Report of the Receiver dated July 9, 2012, filed (the “**First Report**”) and the Second Report of the Receiver dated July 27, 2012, filed (the “**Second Report**”), and the Receiver’s activities set out therein; (ii) approving a letter agreement among the Receiver, Meritor Heavy Vehicles Systems LLC (“**Meritor**”) and Comerica Bank (“**Comerica**”) dated July 27, 2012 (the “**Meritor Amending Agreement**”) amending and supplementing the previously approved accommodation agreement between those parties (the “**Meritor Accommodation Agreement**”); (iii) creating a charge (the “**Customers’ Charge**”) in favour of Meritor, Hoerbiger and Allison Transmission, Inc. (“**Allison**”, and together with Meritor and Hoerbiger, the “**Customers**”), securing certain repayment of certain funding advanced by the Customers under their respective accommodation agreements; (iv) excluding the Customers’ exercise rights under their respective accommodation agreements from application of the stay and suspension of rights and remedies against the Debtor and the Property

in the Order of the Honourable Justice Pattillo dated July 10, 2012 by which the Receiver was appointed (the “**Receivership Order**”); (v) approving a process for the marketing and sale of the Debtor’s assets, property and undertaking by the Receiver (the “**Sale Process**”); (vi) approving a key employee retention plan; (vii) approving an interim distribution to Comerica and further distributions to Comerica without further Order of this Court up to the Debtor’s indebtedness owing to Comerica; and (viii) sealing the confidential appendices to the Second Report, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Second Report and the appendices thereto, and on hearing the submissions of counsel for the Receiver, Comerica, Meritor Heavy Systems, LLC, Allison Transmission, Inc., Hoerbiger Fine Stamping Inc., \_\_\_\_\_ and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Christine Doyle sworn July 30, 2012 filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged, that the Motion is properly returnable today, that all parties entitled to notice of this Motion have been duly served with notice hereof and that the method of service of this material be and is hereby approved.
2. **THIS COURT ORDERS** that the First Report and the Second Report be and are hereby each approved and the activities of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS AND DECLARES** that the Meritor Amending Agreement and the transactions contemplated thereby are hereby approved and the Receiver is hereby authorized to perform its obligations under the Meritor Amending Agreement. The execution of the Meritor Amending Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver, Comerica and Meritor may agree. In completing the transactions contemplated by the Meritor Amending Agreement, the Receiver, subject to the terms of the Meritor Amending Agreement, is hereby authorized to execute and deliver such additional, related and ancillary documents and assurances governing or giving effect to such transactions as the Receiver may, in its

discretion, deem necessary or advisable to complete such transactions and to take such steps as are necessary and incidental for the completion thereof.

4. **THIS COURT ORDERS** that the Customers are entitled to and are hereby granted a charge (the “**Customers’ Charge**”) on the Property, as defined in the Receivership Order, as security for repayment of certain funding advanced by the Customers pursuant to the Meritor Accommodation Agreement, the Meritor Amending Agreement, the Hoerbiger Accommodation Agreement, or the accommodation agreement among the Receiver, Allison Transmission, Inc. and Comerica approved by separate orders of the Honourable Court made on the date hereof (collectively, the “**Accommodation Agreements**”), as applicable, and that the Customers’ Charge shall form a charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person except Comerica, National Leasing Group Inc., De Lage Landen Financial Services Canada Inc., Ally Credit Canada Limited, GE Canada Equipment Financing G.P., Xerox Canada Ltd, the Receiver and counsel to the Receiver, and the Receiver’s Borrowing Charge, and subject to the sections 14.06(7), 81.4(4) and 81.6(2) of the *Bankruptcy and Insolvency Act*.
5. **THIS COURT ORDERS** that the Customers shall share any recovery from the Customer Charge pro rata based on amounts actually advanced by the Customers in respect to Non Operating Costs, as defined in the Accommodation Agreements, and cash flow deficiency payments.
6. **THIS COURT ORDERS AND DECLARES** that the stay and suspension of rights and remedies against the Debtor and the Property in paragraph 9 of the Receivership Order (the “**Stay**”) shall not apply to the exercise by the Customers, against the Receiver, the Debtor or the Property, of any right or remedy under the Accommodation Agreements (though, for greater certainty, the Stay shall apply to any enforcement of the Customers’ Charge).
7. **THIS COURT ORDERS** that the Sale Process as described in the Second Report be and is hereby approved.

8. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to take such steps as it considers necessary or desirable to carry out the Sale Process.
9. **THIS COURT ORDERS** that, in connection with the Sale Process and pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sale transactions (each, a “**Transaction**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Receiver; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.
10. **THIS COURT ORDERS** that that the key employee retention plan (the “**KERP**”) described in, and appended as Confidential Appendix “D” to, the Second Report be and is hereby approved and the Receiver be and is authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the KERP.
11. **THIS COURT ORDERS** that, subject to reasonable reserves in the discretion of the Receiver (including, without limitation, for any priority claims and the Receiver’s costs of administration), the Receiver may make one or more distributions to Comerica in an aggregate amount equivalent to the Debtor’s indebtedness to Comerica, and that the same be and are hereby approved.

12. **THIS COURT ORDERS** that Confidential Appendices "A", "B", "C" and "D" to the Second Report be and are hereby sealed until further order of this Honourable Court.
13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.



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ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

**AUG 01 2012**

PER/PAR:



**COMERICA BANK**

and

**PRECISION-TECH LIMITED**

Applicant

Respondents

Court File No. CV-129783-00CL

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

**Proceedings commenced at Toronto**

**ORDER**

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Solicitors for the Receiver, Duff & Phelps Canada Restructuring Inc.