

RSM Richter

**Sixth Report of RSM Richter Inc.
as CCAA Monitor of
NMC Canada, Inc., 2515080 Nova Scotia
Company and SKD Company**

RSM Richter Inc.
Toronto, April 1, 2009

RSM Richter is an independent member firm of RSM International,
an affiliation of independent accounting and consulting firms.

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**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
NMC CANADA, INC. AND 2515080 NOVA SCOTIA COMPANY**

**SIXTH REPORT OF RSM RICHTER INC.
AS CCAA MONITOR OF
NMC CANADA, INC., 2515080 NOVA SCOTIA COMPANY
AND SKD COMPANY**

April 1, 2009

1. INTRODUCTION

Pursuant to an order (the "Initial Order") of the Ontario Superior Court of Justice (the "Court") made on January 21, 2009, NMC Canada, Inc. ("NMC"), 2515080 Nova Scotia Company ("2515") and SKD Company ("SKD") (collectively, the "Company") commenced proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") and RSM Richter Inc. ("Richter") was appointed the monitor (the "Monitor"). A copy of the Initial Order can be found at Tab "1" of the Company's compendium of orders filed with the Court in these proceedings.

The Company's stay of proceedings currently expires on April 30, 2009.

1.1 Purposes of this Report

The purposes of this report ("Report") are to:

- a) Provide background information about the Company and these CCAA proceedings;
- b) Detail the following transactions:
 - The sale to Martinrea Jonesville LLC ("Martinrea Jonesville"), of the business and assets of the Company related to the Company's programs for Honda of America Mfg. Inc., Honda Manufacturing of Indiana, LLC and Honda Manufacturing of Alabama, LLC (collectively, "Honda"), (the business and assets of Honda proposed to be sold being the "Honda Assets" and the transaction pursuant to which the Honda Assets are proposed to be sold being the "Honda Transaction");
 - The sale to Martinrea International Inc. ("Martinrea International") of the business and assets of the Company related to programs for Ford Motor Company ("Ford") (the business and assets of Ford proposed to be sold being the "Ford Assets" and the transaction pursuant to which the Ford Assets are proposed to be sold being the "Ford Transaction");
 - The sale to Martinrea International of the business and assets of the Company related to certain programs for Chrysler Canada Inc. and Chrysler LLC (jointly, "Chrysler") (the business and assets of Chrysler proposed to be sold being the "Specified Chrysler Assets" and the transaction pursuant to which the Specified Chrysler Assets are proposed to be sold being the "Chrysler Transaction"); and
 - The sale of sundry Ford assets (the "Sundry Ford Assets") to Ford (the "Second Ford Transaction");

(Hereinafter, Martinrea Jonesville and Martinrea International are referred to as the "Purchaser"; Honda, Ford and Chrysler are referred to as the "Customers"; the Honda Transaction, the Ford Transaction and the Chrysler Transaction are referred to as the "Transactions"; and the Honda Assets, the Ford Assets and the Specified Chrysler Assets are referred to as the "Purchased Assets").
- c) Recommend that this Honourable Court make an order:
 - Approving the Honda Transaction as documented in the agreement of purchase and sale substantially in the form provided in Appendix "A" (the "Honda APA");

- Approving the Ford Transaction as documented in the agreement of purchase and sale substantially in the form provided in Appendix “B” (the “Ford APA”);
- Approving the Chrysler Transaction as documented in the agreement of purchase and sale substantially in the form provided in Appendix “C” (the “Chrysler APA” and collectively with the Honda APA and the Ford APA, the “APAs”);
- Approving the Second Ford Transaction as documented in the bill of sale substantially in the form provided in Appendix “D”;
- Vesting the Honda Assets in Martinrea Jonesville free and clear of all encumbrances;
- Vesting the Ford Assets and the Chrysler Assets in Martinrea International, free and clear of all encumbrances;
- Vesting the Sundry Ford Assets in Ford free and clear of all encumbrances;
- Approving the Union Agreements (as defined in Section 4.2 below) to be entered into between the Company and each of the unions (being, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union Local (United Steelworkers) (the “USW”), the National Automobile, Aerospace, Transportation and General Workers of Canada (C.A.W.) Local 1285 (the “CAW”) and Teamsters Local Union No. 419 (the “Teamsters”); (the USW, the CAW and the Teamsters are collectively referred to as the “Unions”));
- Approving the escrow agreements to be entered into among the Company, the Monitor and each of the Unions with respect to funds to be held in trust by the Monitor to fund payments to be made to the unionized employees pursuant to the Union Agreements (the “Union Escrow Agreements”), subject to certain protections being provided to the Monitor and the Customers in connection therewith (as detailed below); and
- Approving the Monitor’s activities as described in this Report.

1.2 Currency

Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Terms of Reference

In preparing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's advisors, the Company's books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

All capitalized terms not otherwise defined herein have the meaning ascribed to them in the Initial Order.

2. BACKGROUND

NMC and 2515 are the general partners of SKD. The only assets and liabilities of NMC and 2515 relate to SKD. NMC and 2515 own 1% and 99% of SKD, respectively. In addition to SKD's Canadian manufacturing operations, automotive parts manufacturing was carried on by SKD L.P. ("SKD US") in the US and SKD de Mexico ("SKD Mexico"), S. de R.L. de C.V. in Mexico (collectively, SKD and its related entities are referred to as the "SKD Group").

The SKD Group is primarily a tier-one supplier of stampings and welded assemblies to the North American automotive industry.

Additional information concerning the Company and these proceedings is provided in the proposed monitor's report and the Monitor's five reports filed in these proceedings. Copies of these reports can be found on the Monitor's website at www.rsmrichter.com.

3. THE SALE PROCESS

As described in the Monitor's earlier reports filed with this Honourable Court, the Monitor conducted the sale process ("Sale Process") as required pursuant to the terms of the Initial Order.

On February 18, 2009, the deadline for submission of offers, the Monitor received two offers for certain portions of the Company's business. No going-concern offers were received for the entire business.

The Monitor had discussions with counsel to the Customers whose business the bidders wished to acquire. Counsel for these Customers advised that their clients would be re-sourcing their business to a vendor or vendors of their choosing and were therefore not interested in transitioning their business to either of the bidders. Accordingly, the Monitor advised the bidders that their offers would not be accepted. Additional details regarding the Sale Process are provided in the Monitor's second report to Court dated February 13, 2009 (the "Second Report"). A copy of the Second Report is attached (without appendices) as Appendix "E".

4. THE TRANSACTIONS

A summary of the terms of the Transactions is as follows:

- a) The total purchase price is \$3.1 million, plus the purchase price for the raw material and work-in-process inventory (the "Inventory"), which is to be calculated immediately prior to the time of closing, pursuant to the terms set out in the APAs (the "Purchase Price"). The Purchase Price as it relates to the Purchased Assets, excluding the Inventory, is as follows:
 - Honda Transaction: \$500,000;
 - Ford Transaction: \$1.3 million; and
 - Chrysler Transaction: \$1.3 million.
- b) The Purchased Assets include, *inter alia*, primarily machinery and equipment (in each case as listed on Schedule 1.1(d) of the respective APAs (the "Equipment")) used in connection with the production of "component parts" supplied to the respective Customers, as well as the Inventory. It is contemplated that finished goods inventory would be purchased by the Customers in accordance with the terms of the Accommodation Agreement dated January 21, 2009, as amended, among the Company, the Customers and Comerica Bank (the "Accommodation Agreement");
- c) The Purchase Price is to be paid by the Purchaser to the Monitor, as follows:
 - i. With respect to the Inventory and in the case of Chrysler, certain work-in-process containers, the Purchase Price will be paid to the Monitor on closing to be held by the Monitor pending further order of this Honourable Court;
 - ii. With respect to the Purchased Assets, other than Inventory (and in the case of Chrysler, certain work-in-process containers), the Purchase Price will be paid to the Monitor at closing to be held in trust by the Monitor for the benefit of the Company (for subsequent distribution to parties entitled to such proceeds) and the Purchaser, as the case may be, and pursuant to joint directions to be provided by the Company and the Purchaser to the Monitor from time to time (as detailed in (iii) below); and
 - iii. The APAs contemplate the removal of the Equipment in stages post-closing. The Purchaser is to provide an allocation of the Purchase Price among the Equipment, which is a schedule to each APA. On removal of the Equipment (or certain of the Equipment) from the Company's premises, the Purchaser and the Company are to provide the Monitor with a removal certificate confirming that the Purchaser has possession of the Equipment and that the proceeds allocable to

the Equipment (or certain of the Equipment) are to be released from trust to the Monitor so that they can be made available for distribution to the Company's stakeholders in accordance with a further order of the Court, to the extent that such funds are not needed to fund professional fees or the operations of the Company in the CCAA proceedings. In the event that the Purchaser has not been able to remove the Purchased Assets from the Company's premises by a date provided for in the respective APAs, the Purchaser is to be entitled to a return of the Purchase Price allocated to the Equipment which it could not remove;

- d) As a condition to closing, the Company and each of the Unions are required to enter into binding agreements, satisfactory to the Company and the Monitor, regarding, *inter alia*: (i) payment of the Company's obligations to the unionized employees in respect of severance and termination obligations; (ii) the maintenance of health benefits for a period of time following termination of the employees; and (iii) certain agreements with respect to the Company's registered pension plans relating to the unionized employees. Details related to these agreements are provided in Section 4.2 below;
- e) The Purchased Assets are being purchased on an "as is, where is" basis;
- f) The representations and warranties in the APAs are generally consistent with insolvency sale transactions; and
- g) The Transactions would close as soon as possible after approval of this Honourable Court.

4.1 The Purchase Price

The Monitor is satisfied that the Purchase Price is reasonable in the circumstances. The Purchase Price as it relates to Inventory is to be calculated in a manner consistent with the terms set out in the Accommodation Agreement, previously approved by this Honourable Court.

The Company obtained an orderly liquidation value appraisal from Corporate Assets Inc. ("CAI"), an appraiser known to the Monitor. The Monitor requested that CAI provide it with a net minimum guarantee, being the guaranteed amount that CAI would pay for the Company's owned capital assets. The Purchase Price exceeds the value of the net minimum guarantee that CAI has advised it would provide for the Purchased Assets. The Monitor is

therefore satisfied that the Purchase Price in respect of each of the Transactions is reasonable in the circumstances.

In considering the Purchase Price, the Monitor has also considered that the Customers' consent is required for any transaction and that, absent their consent, the equipment is likely to be liquidated, because Customer support for a buyer may not be forthcoming. Also, with the continuing erosion of the automotive sector, there is a risk that automotive equipment may decline in value if these sales are not concluded, as the Monitor has witnessed in other recent automotive insolvencies in which it has been involved.

The Monitor notes that the Purchase Price in each instance is payable to the Monitor, to be held by the Monitor in accordance with the terms summarized in 4(c) above. The Forbearance Agreement with Comerica Bank, the Company's first secured creditor, indicates that all cash inflows are to be paid to it and that it reserves the right, in its sole discretion, to determine the application of the proceeds of all unusual or extraordinary items or to hold same as cash collateral. The Monitor believes that is it appropriate for the proceeds to be held by the Monitor as set out above for a number of reasons, including: (i) certain of the proceeds are not released from trust until the assets are delivered to the Purchaser; (ii) Comerica holds cash collateral sufficient to cover the entirety of its direct advances to the Company and there are additional receivables to be collected by the Company which will be applied to reduce the Company's facility with Comerica; (iii) the collection of accounts receivable and other non-Transaction amounts will continue to be paid to Comerica in the normal course; and (iv) the Monitor will disburse the funds in accordance with directions from this Court at a later time, which will include a payment to Comerica if appropriate. For the foregoing reasons, the Monitor recommends that this Court approve the foregoing arrangements.

4.2 The Unions and Union Agreements

The Purchaser and the Company have been negotiating with the Unions regarding, *inter alia*: (i) payment of the Company's obligations to the unionized employees in respect of severance and termination obligations; (ii) the maintenance of health benefits for a period of time following termination of the employees; and (iii) certain agreements with respect to the Company's registered pension plans relating to the unionized employees. An agreement has been reached among the relevant parties pursuant to which approximately \$10 million in the aggregate (the "Settlement Amount") is to be made available to the Unions in respect of these obligations. A condition to the payment of the Settlement Amount is that the Company will enter into a separate agreement with each of the Unions (collectively the "Union Agreements"), the principal terms of which are as follows:

- The Union Agreements are subject to ratification by the respective Unions, which is to be confirmed in writing on or before March 31, 2009;
- The Union Agreements are subject to the approval of this Honourable Court;
- Payment to any employee under the Union Agreements will be made by the Monitor, on the Company's behalf and at its direction, within 14 days of notification to the Monitor of such employee's termination date;
- Among other things, the Unions acknowledge that payments made pursuant to the Union Agreements are in full satisfaction of any and all amounts that may be owing to the unionized employees on account of termination and severance pay and notice under the *Employment Standards Act, 2000*, the respective collective bargaining agreement and any other applicable statute, and warrant and agree that they will have no further claims for any termination and severance obligations against the Company or any third party. The Unions release and discharge the Company and third parties from any and all other claims, disputes and grievances of the Unions and their member employees relating to termination and severance obligations or any other matter that is the subject of: (i) the Union Agreements; (ii) the interpretation, application, or operation of the respective collective agreements; and (iii) the employment and termination of employment of employee members, including under applicable law;

- The Union Agreements provide for the maintenance of health benefits for a period of three months following termination of the employees; and
- The Unions agree that notwithstanding the terms of the respective collective bargaining agreements, no further contributions or payments will be required to be paid or funded by the Company in respect of the Company's pension plans following termination of the unionized employees and, as applicable, that the defined benefit pension plans maintained by the Company for Union members can be wound up.

Copies of the Union Agreements are attached as Appendices "F", "G" and "H".

The Union Escrow Agreements, which form Exhibit 1 to the respective Union Agreements, contemplate that the Settlement Amount will be paid in trust by the relevant parties to the Monitor, in its capacity as escrow agent ("Escrow Agent"), and not in its corporate or personal capacity. Funds from the Settlement Amount will be disbursed by the Monitor, on the Company's behalf, and at its direction, to employees within 14 days of notification to the Monitor of their termination and in accordance with the terms of the Union Escrow Agreements. The Monitor will be entitled to its fees for acting as Escrow Agent as part of the fees of the Monitor in the CCAA proceedings. The parties have further agreed that by merely acting as escrow agent and making the payments contemplated by the Escrow Agreements, the Monitor will not be nor will it be construed to be the employer of any employees of SKD Company and further that the protections in favour of the Monitor under the Initial Order will be extended in all respects to the Monitor in its capacity as Escrow Agent and that the parties will seek an order from this Honourable Court that such protections are extended to the Monitor in its capacity as Escrow Agent.

5. BENEFITS OF THE TRANSACTIONS

The Monitor respectfully recommends that this Honourable Court approve the Transactions with the Purchaser for the following reasons:

- The Transactions are commercially reasonable in the circumstances;
- The Purchase Price exceeds the net minimum guarantee obtained by the Monitor from a reliable party which is known to the Monitor;
- It results in the payment of approximately \$10 million to the unionized employees, collectively, in respect of severance and termination pay obligations and certain health benefit amounts, which, absent the completion of the Transactions, is unlikely to be available to them in their entirety; and
- The Transactions are supported by the Customers, in their capacity as secured lenders, and the interests of which are subordinate to those of Comerica.

6. THE SECOND FORD TRANSACTION

There are certain Ford programs which Ford determined would not be transferred to the Purchaser. Accordingly, Ford has elected to exercise its option as provided in the Accommodation Agreement to purchase certain Designated Equipment (as defined in the Accommodation Agreement), being the Sundry Ford Assets.

The terms of the Second Ford Transaction are as follows:

- The purchase price for the Sundry Ford Assets is approximately US\$99,000 (the "Ford Purchase Price"), which would be paid to the Monitor on closing;
- The Sundry Ford Assets are being purchased on an "as is, where is" basis;
- The representations and warranties in the Ford bill of sale are generally consistent with insolvency sale transactions; and
- The Second Ford Transaction would close as soon as possible after approval of this Honourable Court.

The Monitor is satisfied that the Ford Purchase Price is reasonable in the circumstances and it is consistent with the mechanism to determine the purchase prices, as set out pursuant to Section 6.2 of the Accommodation Agreement. The Ford Purchase Price also exceeds the orderly liquidation value of the assets provided by CAI.

7. OVERVIEW OF THE MONITOR'S ACTIVITIES

In addition to the activities detailed above and related to the above, since March 27, 2009, the date of the Monitor's fifth report, the Monitor's activities have included:

- Attending at the Company's premises on a near daily basis in order to carry out its activities in accordance with the Initial Order;
- Assisting the Company to deal with post-filing issues, including supplier issues;
- Assisting the Company to prepare weekly variance analyses for distribution to Comerica and the Customers in accordance with the terms of the Forbearance Agreement, the Accommodation Agreement and the Initial Order;
- Reviewing weekly variance analyses with the Company and its financial advisors;
- Monitoring the Company's receipts and disbursements in accordance with the provisions of the Initial Order;
- Responding to creditor inquiries regarding these proceedings;
- Reviewing the Company's draft motion materials in respect of a motion returnable on March 31, 2009;
- Reviewing amendments to the existing agreements as well as cash flow, budget and funding issues, and discussing same with the Company and its advisors, Comerica and its advisors, the Customers and their advisors and the Unions' legal counsel;
- Corresponding with the Company, the Company's counsel, the Company's financial advisors, the Customers' financial advisors, the Customers' counsel and Goodmans to deal with various matters in respect of this mandate;

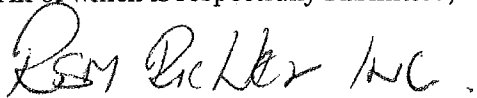
- Placing on its website copies of materials filed in these proceedings;
- Drafting this Report; and
- Other matters pertaining to the administration of this mandate.

8. CONCLUSION AND RECOMMENDATION

Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(c) of this Report.

* * *

All of which is respectfully submitted,



**RSM RICHTER INC.
IN ITS CAPACITY AS CCAA MONITOR OF
NMC CANADA, INC., 2515080 NOVA SCOTIA COMPANY
AND SKD COMPANY
AND NOT IN ITS PERSONAL CAPACITY**

APPENDIX "A"

AGREEMENT OF PURCHASE AND SALE

Made as of the ● day of March, 2009

Between

**SKD COMPANY, by its partners
NMC CANADA INC. AND 2515080 NOVA SCOTIA COMPANY**

and

MARTINREA JONESVILLE LLC

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AGREEMENT OF PURCHASE AND SALE

This Agreement is made as of the ● day of March, 2009, between

**SKD Company, by its partners NMC Canada Inc.
and 2515080 Nova Scotia Company**

(collectively, the "Vendor")

and

Martinrea Jonesville LLC

(the "Purchaser")

RECITALS

A. Pursuant to an order of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) dated January 21, 2009 (the "**Initial Order**"), NMC Canada Inc. and 2515080 Nova Scotia Company, the general partners of the Vendor, and the Vendor were granted protection pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and RSM Richter Inc. was appointed as monitor (the "**Monitor**") in the Vendor's CCAA proceedings.

B. The Vendor was empowered by the Initial Order to conduct a sale process with respect to the assets, property and undertaking of the Vendor.

C. The Vendor wishes to sell the Assets (as defined herein) and the Purchaser wishes to purchase the Assets, as more particularly set out herein, subject to the terms and conditions hereof.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) "**Accommodation Agreement**" means the accommodation agreement entered into on January 21, 2009, as amended, among the Vendor, Ford Motor Company, Chrysler Canada Inc., Chrysler LLC, on behalf of itself and Chrysler Motors LLC and the Customer;
- (b) "**Agreement**" means this Agreement of Purchase and Sale;
- (c) "**Approval and Vesting Order**" has the meaning set out in Section 4.3(a);

- (d) **“Assets”** means all of the Vendor’s right, title and interest in and to:
- (i) the machinery and manufacturing and other equipment, together with all accessories, appurtenances, manuals and documents necessary to operate such machinery and equipment owned by the Vendor, necessary to manufacture the component parts being produced by the Vendor for the Customer at the Premises including, for greater certainty, the machinery, manufacturing and other equipment listed on Schedule 1.1(d) hereto and the containers in which the work in process inventory set out in Section 1.1(d)(v) below is shipped to the Purchaser (the **“Equipment”**);
 - (ii) the Contracts;
 - (iii) the Intellectual Property;
 - (iv) copies of all records, books, documents and databases recorded or stored by means of any device, including in electronic form, relating to the ownership or operation of the Equipment set out in (i) above, that are in the possession or under the control of the Vendor; and
 - (v) all raw materials and work in process inventory used in connection with the production of component parts supplied to Customer by the Vendor which are both “useable” and in a “merchantable” condition (as set forth in Section 2.11), whether currently in the possession of the Vendor or in the possession of a third party (a **“Bailee”**) holding same for or on behalf of the Vendor (collectively, the **“Inventory”**),

but for greater certainty, Assets do not include the Excluded Assets;

- (e) **“Assumed Obligations”** has the meaning set out in Section 2.4;
- (f) **“Business Day”** means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (g) **“CCAA”** has the meaning set out in the Recitals hereto;
- (h) **“Closing”** means the successful completion of the Transaction;
- (i) **“Closing Date”** means the Business Day following the date on which the Approval and Vesting Order is granted;
- (j) **“Contracts”** means those contracts entered into by the Vendor and listed on Schedule 1.1(j) hereto;
- (k) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (l) **“Court Approval Date”** has the meaning set out in Section 4.3(c);

- (m) **“Customer”** means, collectively, Honda of America Mfg., Inc., Honda Canada Mfg., a division of Honda Canada, Inc. Honda Manufacturing of Indiana, LLC, and Honda Manufacturing of Alabama, LLC;
- (n) **“ETA”** means the *Excise Tax Act* (Canada);
- (o) **“Excluded Assets”** means, in respect of the Vendor, all of the Vendor’s property and assets other than the Assets, including for greater certainty Customer Tooling (as defined in the Accommodation Agreement), all domestic and foreign trade-marks, service marks, business names, trade names, domain names, and trading styles of the Vendor) and finished goods shipping racks and containers;
- (p) **“Governmental Entity”** means any foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization, any international treaty organization, or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing
- (q) **“GST”** means all goods and service taxes payable under the ETA;
- (r) **“Initial Order”** has the meaning set out in the Recitals hereto;
- (s) **“Intellectual Property”** means a perpetual, royalty free non-exclusive licence to use all intellectual property of whatever nature and kind owned by Vendor and necessary for the use and operation of the Equipment and the manufacture of component parts for the Customer, including all patents, trade secrets, Software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations, processes and processing methods, technology and techniques, know-how and manuals, as more particularly listed on Schedule 1.1(s) hereto, but excluding all domestic and foreign trade-marks, service marks, business names, trade names, domain names, and trading styles of the Vendor;
- (t) **“Monitor’s Certificate”** has the meaning given to that term in the Approval and Vesting Order;
- (u) **“Premises”** means the leased business premises of the Vendor known municipally as 6495 Tomken Road, Mississauga, Ontario and 7345 Danbro Crescent, Mississauga, Ontario;
- (v) **“Purchaser”** means Martinrea Jonesville LLC;
- (w) **“Required Consents”** means the consents listed in Schedule 1.1(w) to the extent required under the applicable Contract with respect to the assignment of

such Contract by the Vendor to the Purchaser, which consents must be obtained by the Purchaser;

- (x) **“Software”** means all software owned by the Vendor and required to operate the Equipment listed in Schedule 1.1(x), including all versions in the Vendor’s possession thereof and copies of all related documentation, manuals, source code and object code, program files, data files, computer related data, field and data definitions and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequence and organization, screen displays and report layouts, and all other material related to such software;
- (y) **“Time of Closing”** means 9 a.m. (EST) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;
- (z) **“Transaction”** means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement; and
- (aa) **“Vendor”** means SKD Company, by its partners NMC Canada Inc. and 2515080 Nova Scotia Company.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

1.4 Schedules

The following Schedules are incorporated in and form part of this Agreement:

Schedule 1.1(d) – Assets

Schedule 1.1(j) – Contracts

Schedule 1.1(s) – Intellectual Property

Schedule 1.1(w) – Required Consents

Schedule 1.1(x) – Software

Schedule 2.8 – Purchase Price Allocation

Schedule 4.3(c) – Additional Parties to be Served

SECTION 2 – SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions hereof, the Vendor shall sell to the Purchaser and the Purchaser shall purchase the Vendor's right, title and interest in the Assets. The Purchaser acknowledges that it is not purchasing any Excluded Assets.

2.2 Assignment and Assumption of Contracts

Subject to the conditions and terms hereof, the Vendor shall assign to the Purchaser all of the Vendor's rights, benefits and interests in and to the Contracts and the Purchaser shall assume the obligations and liabilities of the Vendor under the Contracts from and after the Closing Date. For greater certainty, any obligations and liabilities incurred, accruing or coming due under or pursuant to the Contracts after the Time of Closing shall be the obligation of the Purchaser and not the Vendor.

This Agreement and any document delivered under this Agreement shall not constitute an assignment or an attempted assignment of any Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained, and such assignment or attempted assignment would constitute a breach of such Contract. In such case the Vendor will, for thirty (30) days after the Closing Date, hold the benefit of any Contract for which such consent or approval has not been obtained in trust for the Purchaser (but only to the extent that holding such benefit in trust without first having obtained the consent or approval of the other contracting party does not constitute a breach of, or result in a default under such Contract) and during the thirty (30) day period after the Closing Date the Purchaser shall use its best commercial efforts to continue to perform such Contracts. All benefits derived under any such Contract after the Time of Closing shall be for the benefit of the Purchaser, and the Vendor shall take or cause to be taken all action that the Purchaser may reasonably require to provide the Purchaser with the benefit thereof, it being understood that at such time as such consent or approval is obtained, the said Contract shall be automatically assigned to the Purchaser. Notwithstanding the foregoing, the Vendor shall only be required to hold the benefit of any Contract for which such consent or approval has not been obtained in trust for the Purchaser for a maximum of thirty (30) days after the Closing Date, and if such consent or approval to assignment is not obtained by the Purchaser from the applicable third party during such time period, the Vendor shall automatically cease to hold such Contract in trust for the Purchaser, such Contract shall not be assigned to the Purchaser, and the Vendor shall be entitled to terminate, cancel and/or repudiate such Contract.

2.3 "As is, Where is"

The Purchaser acknowledges that the Vendor is selling the Assets on an "as is, where is" basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to or the condition of the Assets and that the Purchaser has conducted such inspections of the condition of and title to the Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

2.4 Assumed Obligations and Retained Liabilities

The Purchaser agrees that on the Closing Date it will assume and thereafter satisfy, discharge, perform and fulfill, and forever indemnify and save harmless the Vendor from and against, only the following liabilities, commitments and obligations (the "**Assumed Obligations**"):

- (a) liabilities, commitments and obligations under the Contracts and arising after the Time of Closing, excluding any liabilities that relate to any violation, default or non-performance at or prior to the Time of Closing; and
- (b) liabilities, commitments and obligations in respect of the Assets arising or incurred from and after the Time of Closing and not related to events occurring prior to the Time of Closing.

Except for the Assumed Obligations, the Vendor shall retain, and the Purchaser shall not assume, nor be responsible or liable with respect to any costs, expenses, liabilities and obligations of the Vendor, or claims of any other nature against the Vendor or related to the Excluded Assets, whether fixed, contingent or otherwise and whether known or unknown (collectively, the "**Retained Liabilities**").

2.5 Excluded Obligations

Other than the Assumed Obligations, the Purchaser shall not assume and shall not be liable for any other liabilities or obligations of the Vendor.

2.6 Purchase Price

The purchase price for the Assets shall be the sum of:

- (a) Cdn\$500,000.00 plus applicable taxes for the Assets other than the Inventory; and
- (b) the purchase price for the Inventory as calculated pursuant Section 2.11 plus applicable taxes,

(collectively, the "**Purchase Price**").

2.7 Payment of the Purchase Price

At or prior to the Time of Closing, the Purchaser shall pay the Purchase Price by bank draft drawn upon a Canadian chartered bank or by wire transfer to a bank account specified, in advance, by the Monitor, as follows:

- (a) the portion of the Purchase Price relating to the Inventory plus applicable taxes shall be paid to the Monitor (to be held by the Monitor pending further order of the Court); and
- (b) Cdn\$500,000 plus applicable taxes, representing the portion of the Purchase Price attributable to the Assets other than Inventory, shall be paid to the Monitor, to be held in trust in an interest-bearing account for the benefit of the Vendor (for subsequent distribution to parties entitled to such proceeds) and the Purchaser, as the case may be.

In the case of any funds paid by wire transfer, payments shall occur upon confirmation by the Monitor of its receipt of the funds wired in the designated bank account.

2.8 Allocation of Purchase Price

The Vendor and the Purchaser agree to allocate the Purchase Price among the Purchased Assets in accordance with Schedule 2.8 and to report the sale and purchase of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation.

2.9 Taxes

The Purchaser shall pay on the Closing Date, in addition to the Purchase Price, all applicable federal, provincial, state or other taxes exigible in connection with the purchase and sale of the Assets including, without limitation, goods and services tax. Alternatively, where applicable, the Purchaser shall have the option to furnish the Vendor with appropriate exemption certificates in form and substance to the Vendor, acting reasonably.

The Purchaser agrees to and hereby indemnifies and saves the Vendor and the Monitor harmless from and against all claims and demands for payment of the above-mentioned taxes including penalties and interest thereon and any liability or costs incurred as a result of any failure by the Purchaser to pay such taxes when due.

2.10 Excluded Assets

For greater certainty, the Assets shall not include any of the Excluded Assets. If any of the Excluded Assets or any proceeds in respect thereof shall at any time come into the possession of or under the control of the Purchaser or any of its employees, officers or agents, such assets and/or proceeds, as applicable, shall be held by the Purchaser in trust for the benefit of the Vendor. Within two Business Days from the date on which the Purchaser or any of its employees, officers or agents, becomes aware that it has come into possession of or has obtained control over any of such assets and/or proceeds, as applicable, the Purchaser shall (a) by notice in writing delivered to the Vendor and the Monitor in accordance with the provisions hereof, so advise the Vendor, and (b) forthwith account and deliver over to the Vendor, at the Purchaser's cost, any such assets and forthwith account and deliver over to the Monitor, at the Purchaser's cost, any such proceeds. If any proceeds in respect of any Assets (other than the Purchase Price or insurance proceeds) come into the possession of or under the control of the Vendor or any of its employees, officers or agents, such assets and/or proceeds, as applicable, shall be held by the Vendor in trust for the benefit of the Purchaser. Within five Business Days from the date on which the Vendor or any of its employees, officers or agents, comes into possession of or obtains control over any of such assets and/or proceeds, as applicable, the Vendor shall (a) by notice in writing delivered to the Purchaser, in accordance with the provisions hereof, so advise the Purchaser and (b) forthwith account and deliver over to the Purchaser any such assets and/or proceeds.

2.11 Inventory

The purchase price for the Inventory shall be calculated as follows:

- (a) for raw materials, 100% of the Vendor's actual invoiced cost; and
- (b) for work in process, 85% of the Vendor's costs, which costs shall be calculated on a percentage of completion basis based on the existing price called for in the purchase order for the component parts in issue.

The Purchaser and the Vendor shall conduct a physical inventory ("**Physical Inventory**") for the purposes of identifying the Inventory that is usable and merchantable, which Physical Inventory and determination shall be made immediately prior to the Time of Closing and evidenced by the Purchaser making payment for the applicable Inventory.

For purposes of this Agreement, the term "useable" means all Inventory that, on the date that the Physical Inventory is undertaken, is (i) not obsolete, as reasonably determined by the Purchaser in accordance with applicable industry standards for the Inventory at issue; and (ii) useable by the Purchaser in the production of component parts for the Customer, as reasonably determined by the Purchaser. The term "merchantable" means merchantable in conformance with all applicable purchase order specifications.

SECTION 3 – REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a limited liability company duly formed and subsisting under the laws of the State of Michigan;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;
- (d) other than filings and approvals contemplated in this Agreement, there is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any governmental authority or other regulatory body as a condition to the lawful consummation of the Transaction;
- (e) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success; and
- (f) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof.

3.2 Vendor's Representations

The Vendor represents and warrants to the Purchaser as follows:

- (a) SKD Company is a general partnership duly formed, organized and subsisting under the laws of the Province of Ontario;
- (b) the Vendor has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations hereunder and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary action on the part of the Vendor;
- (c) this Agreement and all other documents contemplated hereunder to which the Vendor is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Vendor and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Vendor, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (d) subject to the granting of the Approval and Vesting Order, the Vendor has the right to enter into this Agreement and to complete the Transaction;
- (e) the Vendor is a Canadian partnership as that term is defined in the *Income Tax Act* (Canada); and
- (f) the Vendor is registered under Part IX of the ETA and its registration number is 12300 8963 RT0001.

SECTION 4 – CONDITIONS

4.1 Conditions – Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed:

- (a) At or prior to the Time of Closing:
 - (i) all representations and warranties of the Vendor contained in this Agreement shall be true as of the Time of Closing with the same effect as though made on and as of the Time of Closing;
 - (ii) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Time of Closing; and
 - (iii) no action or proceedings shall be pending to restrain or prohibit the completion of the Transaction contemplated by this Agreement;

- (b) at or prior to the Time of Closing the Purchaser shall have received all Required Consents on terms acceptable to the Purchaser, acting reasonably;
- (c) at or prior to the Time of Closing, no person shall attempt to restrain, enjoin or interfere with the removal of the Assets (whether by legal process or otherwise) by the Purchaser; and
- (d) at or prior to the Time of Closing the Purchaser shall be satisfied that Vendor has made appropriate arrangements and has sufficient funding to pay all rent obligations, insurance, heat, electricity and other occupation costs in relation to the Premises to and including the end of April, 2009.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

4.2 Conditions – Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed:

- (a) at or prior to the Time of Closing:
 - (i) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Time of Closing with the same effect as though made on and as of the Time of Closing;
 - (ii) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Time of Closing;
 - (iii) no action or proceedings shall be pending to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (b) the Vendor shall not have lost its ability to convey the Assets or any part thereof; and
- (c) at or prior to the Time of Closing, the Vendor shall be satisfied that it has sufficient funding to permit the Vendor to pay all rent obligations, insurance, heat, electricity and other occupation costs in relation to the Premises to and including the end of April, 2009.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

4.3 Mutual Conditions

The obligations of the Vendor and the Purchaser are subject to the conditions that at or prior to the Time of Closing:

- (a) the Vendor shall have obtained all necessary consents, in form and substance satisfactory to the Vendor in its sole discretion, to the sale of the Assets as required under the Accommodation Agreement and the Access and Security Agreement between, amongst others, SKD Company and the Customer dated January 21, 2009, as amended;
- (b) (i) the Vendor and Purchaser shall have met and agreed upon the process for the detachment and removal of any Equipment, or any appurtenance or accessions to any Equipment, that is/are affixed to either land or building, including the disposition of any ventilation, electric or water lines, pipe, ducts and hosing, racks and rails, as well as the repair of any openings left by or damage cause to any ceiling, roof, walls or floors occasioned by such removal, and (ii) there shall be no proceeding or action by any landlord of the Premises to restrain or impair the removal of any of the Assets by the Purchaser;
- (c) at or prior to April 3, 2009, or such later date as the Vendor and Purchaser may agree (the "**Court Approval Date**"), an order shall have been obtained from the Court on notice to all persons on the service list in the Vendor's CCAA proceedings, all other persons having a security interest in the Assets registered under the *Personal Property Security Act* of Ontario and any other persons listed on Schedule 4.3(c) to this Agreement, approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Vendor in the Assets free and clear of all liens, security interests and other encumbrances, which order (the "**Approval and Vesting Order**") shall be in form and substance satisfactory to the Purchaser, the Vendor and the Monitor, acting reasonably;
- (d) at the Time of Closing, the Approval and Vesting Order shall not be stayed or vacated, or varied in a manner not acceptable to both the Vendor and the Purchaser, no appeal of the Approval and Vesting Order shall have been commenced and there shall be no action or proceeding pending or threatened to restrain or prohibit the completion the Transaction; and
- (e) at or prior to the Time of Closing,
 - (i) the Vendor shall have entered into binding agreements, satisfactory to the Vendor and the Monitor, each in its sole discretion, with Teamsters Local Union No. 419 representing the Vendor's unionized employees at the Premises with respect to the Vendor's obligations to such employees in respect of accrued vacation pay, employment, severance and termination obligations and in relation to the registered pension plans relating to the unionized employees; and

- (ii) the Vendor, the Monitor in its capacity as escrow agent, and Teamsters Local Union 419 shall have entered into an escrow agreement regarding the distribution of funds relating to the agreement in Section 4.3(e)(i).

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.4 Non-Satisfaction of Conditions

- (a) If any condition set out in this Section 4 is not satisfied or performed on or prior to April 3, 2009, the party for whose benefit the condition is inserted may:
 - (i) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
 - (ii) elect on written notice to the other party to terminate this Agreement.

SECTION 5 – CLOSING

5.1 Closing

The completion of the Transaction shall take place at the offices of Wildeboer Dellelce LLP (Toronto Office), counsel to the Purchaser, on the Closing Date at the Time of Closing or as otherwise determined by mutual agreement of the parties in writing.

5.2 Purchaser's Deliveries on Closing Date

At or before the Time of Closing, the Purchaser shall execute and/or deliver to the Vendor or the Monitor, as applicable, the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) payment to the Monitor in full of the Purchase Price;
- (b) payment to the Monitor, or evidence of payment, of applicable federal and provincial taxes or alternatively, appropriate exemption certificates, as required by Section 2.9;
- (c) a bill of sale, and, if applicable and requested, an agreement providing for the assignment and/or assumption of a Contract;
- (d) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;

- (e) an acknowledgement dated the Closing Date, that each of the conditions precedent in Sections 4.1 and 4.3 of this Agreement have been fulfilled, performed or waived as of the Time of Closing; and
- (f) such further and other documentation as is referred in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

5.3 Vendor's Deliveries on Closing Date

At or before the Time of Closing, the Vendor shall execute and deliver to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a bill of sale, and, if applicable, an agreement providing for the assignment and/or assumption of a Contract;
- (b) a specific non-exclusive licence to use the Intellectual Property;
- (c) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;
- (d) an acknowledgement dated the Closing Date, that each of the conditions precedent in Sections 4.2 and 4.3 of this Agreement have been fulfilled, performed or waived as of the Time of Closing; and
- (e) a true copy of the Approval and Vesting Order.

With respect to conveyances of title to the Equipment that occur subsequent to the Closing Date, a bill of sale shall be executed by the Purchaser and the Vendor as Equipment is removed from the Premises.

5.4 Removal of Assets from Premises

Notwithstanding anything to the contrary herein, title to any particular piece of Equipment shall remain with the Vendor until such time as the Purchaser or a Purchaser Representative (as defined in Section 5.4(c)) takes possession of such Equipment, free of restraint, injunction or interference (whether by legal process or otherwise), with such possession being deemed to occur the moment such Equipment leaves the Premises.

- (a) Concurrently with the removal of any Equipment listed on Schedule 1.1(d) by the Purchaser from the possession or control of the Vendor, a representative of the Vendor and Purchaser shall each execute a certificate (the "**Removal Certificate**") identifying the Equipment listed on Schedule 1.1(d) being removed, identifying the purchase price of the Equipment being removed based on the values set forth in Schedule 1.1(d), and directing the Monitor to release

from trust that portion of the Purchase Price attributable to such Equipment identified in the Removal Certificate.

Subject to the Purchaser providing evidence of insurance to cover any potential damages that might be incurred by the Purchaser removing the Assets, Vendor shall provide access to the Premises to the Purchaser for a period that commences following the Time of Closing on the Closing Date and ends at 5:00 p.m. on the 20th Business Day following the Closing Date (the "**Removal Period**"), for the purposes of the Purchaser completing the removal of the Assets purchased under this Agreement, which removal shall be on the following terms.

- (b) The Vendor shall provide access to the Premises for the purpose of completing the Transaction at such time and on such dates as the Purchaser shall require, provided that the Purchaser provides reasonable prior written notice of same to the Vendor. For greater certainty, nothing herein shall limit the time of day during which the Purchaser or the Purchaser's Representatives (as hereinafter defined) shall be permitted access to the Premises. The Vendor shall, at all times as the Purchaser or the Purchaser's Representatives are present at the Premises, ensure that one or more of the Vendor's employees are present.
- (c) The Purchaser agrees that it and its invitees, employees, contractors and agents (the "**Purchaser Representatives**") shall act in a prudent and responsible manner while attending at any Premises and such Premises shall be left by the Purchaser in the same state of repair as existed at the commencement of the Removal Period. The Purchaser and all Purchaser Representatives shall be fully insured for any activities they perform or undertake in relation to the removal of the Assets, including for any loss, damage or injury to the Premises, any property or assets situated on the Premises or any employees, contractors or invitees of the Vendor or Purchaser.
- (d) The Purchaser acknowledges having received and read the provisions of the leases of the Premises regarding removal of fixtures and agrees not to detach or remove from the Premises any plumbing, heating, ventilating, lighting equipment, wiring or electrical panels and services, or other building services, without the prior agreement of the applicable landlord (or in the case of owned Premises, the Vendor), or an order of the Court.
- (e) The Purchaser shall be responsible at its sole cost and expense, for the following:
 - (i) removal of the Assets from the Premises;
 - (ii) leaving the portion of the Premises from or through which any Equipment is removed in a clean and broom-swept condition, including conducting any floor cleaning required as a result of the removal of the Equipment; and
 - (iii) without limiting any other provisions of this Section 5.4, shearing off any protruding bolts remaining after removal of the Equipment, repairing any

holes to any roof, ceiling, wall or floor and any other damages caused to Premises due to the removal of any Equipment, and properly capping all ventilation, gas and electrical connections relating to the Equipment, at all times using properly licensed, certified and qualified trades people.

- (f) The Vendor and the Purchaser, acting reasonably, agree to conduct inspections of each of the Premises to identify the state of repair (i) prior to the Purchaser's removal of any Assets and on one or more occasions following the entry onto the Premises by the Purchaser, or the Purchaser's Representatives, including a final inspection on the last date of the Removal Period (the "Exit Date"). During the final inspection on the Exit Date, the Vendor and Purchaser shall identify and record any damage to any Premises caused during the Removal Period which the Purchaser is responsible to repair pursuant to this Agreement. If there is a dispute as to damage to any Premises, the Vendor and the Purchaser shall promptly work in good faith to resolve such dispute, provided that if such dispute is not settled within three (3) Business Days, either the Vendor or the Purchaser may seek a determination of responsibility for such damage by the Court.
- (g) The Purchaser undertakes to repair at its sole expense forthwith, but in any event, before or within seven days' following the expiry of the Removal Period, all damages caused by the Purchaser and the Purchaser Representatives relating to the Removal of the Assets. The Purchaser further agrees to indemnify and hold harmless the Vendor from and against, all claims, demands, damages, losses, actions and costs incurred or arising from or in any way related to any loss or damage, suffered or incurred, by any Purchaser's Representative.

5.5 Incomplete Removal of Equipment

If prior to April 30, 2009 the Purchaser is prevented from taking possession of Equipment in the manner described in Section 5.4 hereof (other than as a result of its own actions or omissions or its breach of this Agreement), the Purchaser shall have the option on written notice to the Vendor and the Monitor to terminate this Agreement with respect to the Purchaser's obligation to purchase any remaining Equipment that has not been removed from the Premises on the date the written notice is delivered to the Vendor as set forth in Section 6.2 (but for greater certainty all other obligations of the Purchaser under this Agreement, including indemnity obligations, shall continue). In the event the Purchaser exercises such option, the Purchaser and the Vendor shall jointly direct the Monitor to release from trust to the Purchaser that portion of the Purchase Price attributable to such Equipment not removed based on the values set forth in Schedule 1.1(d).

If on April 30, 2009 the Purchaser has not taken possession of all of the Equipment in the manner described in Section 5.4 hereof and the Vendor has not arranged for adequate funding (in the Vendor's sole discretion) to continue providing the Purchaser with access to the Premises, the Vendor shall have the option on written notice to the Purchaser and the Monitor to terminate this Agreement with respect to the Vendor's obligation to sell any remaining Equipment that has not been removed by the Purchaser from the Premises on the date the written notice is delivered

to the Purchaser as set forth in Section 6.2 (but for greater certainty all other obligations of the Vendor under this Agreement, including indemnity obligations, shall continue). In the event the Vendor exercises such option, the Purchaser and the Vendor shall jointly direct the Monitor to release from trust, to be held by the Monitor for distribution as directed by the Court, that portion of the Purchase Price attributable to such Equipment not removed based on the values set forth in Schedule 1.1(d).

5.6 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling its rights, benefits and interests, if any, in and to the Assets pursuant to the Approval and Vesting Order. The Purchaser agrees to purchase and accept the rights, benefits and interests of the Vendor in and to the Assets pursuant to and in accordance with the terms of this Agreement, the bill of sale, any assignment and assumption agreement delivered pursuant to this Agreement and the Approval and Vesting Order.

The Purchaser acknowledges that neither the Vendor nor the Monitor has an obligation to deliver physical possession of the Assets to the Purchaser and shall not be required to incur any costs in connection with the removal of the Assets.

5.7 Possession of Assets

The Vendor shall remain in possession of the Assets (other than the Equipment) until the Time of Closing. At the Time of Closing, the Purchaser shall take possession of the Assets (other than the Equipment) where situate at the Time of Closing. In no event shall title to the Assets (other than Equipment) be vested, sold, assigned, transferred or set over in or to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied, the Purchaser has satisfied all delivery requirements outlined in Section 5.2 and a Monitor's Certificate has been filed with the Court.

The Vendor shall remain in possession of the Equipment until such time as the same have been removed by the Purchaser in the manner contemplated by the Section 5.4 hereof. Upon removal of the Equipment to the location specified in Section 5.4 hereof, the Purchaser shall take possession of and title to the Equipment. In no event shall title to the Equipment be vested, sold, assigned, transferred or set over in or to the Purchaser until the conditions set out in the Approval and Vesting Order and in Section 5.4 hereof have been satisfied, the Purchaser has satisfied all delivery requirements outlined in Section 5.2 and a Monitor's Certificate has been filed with the Court. The Vendor acknowledges that it has an obligation to permit the removal of the Equipment from the Premises by the Purchaser, provided however, that the Vendor shall not be required to incur any costs (other than compensation of its employees) in connection with the removal of the Equipment.

5.8 Access to Assets

The Purchaser may have reasonable access to the Assets located at the any Premises, as the case may be, during normal business hours on Business Days prior to the Time of Closing for the purpose of enabling the Purchaser to conduct such physical and other tests and inspections of the Assets as it deems appropriate. Such tests and inspections shall only be conducted in the

presence of a representative of the Monitor or the Vendor, if so required, at the discretion of the Vendor. The Purchaser further agrees to indemnify and hold harmless the Vendor from and against, all claims, demands, damages, losses, actions and costs incurred or arising from or in any way related to any loss or damage, suffered or incurred, by any Purchaser's Representative.

5.9 Risk

The Assets shall be and remain at the risk of:

- (a) the Vendor until (i) the Time of Closing in the case of Assets other than Equipment; and (ii) delivery of each joint direction of the Vendor and Purchaser contemplated in Section 5.4 in the case of Equipment; and
- (b) the Purchaser from and after the (i) the Time of Closing in the case of Assets other than Equipment; and (ii) delivery of each joint direction of the Vendor and Purchaser contemplated in Section 5.4 in the case of Equipment.

Notwithstanding the foregoing, the Purchaser shall bear the risk of loss with respect to Equipment damaged by it or a Purchaser's Representative during the dismantling and removal process (and there shall be no reduction in the Purchase Price). If, prior to the relevant time of the transfer of title and risk, the Assets shall be substantially damaged or destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the Transaction (or if the Closing Date has already occurred, the portion of the Transaction involving the removal of Equipment after the date such Equipment is substantially damaged). Such option shall be exercised within 15 days after notification to the Purchaser by the Vendor of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 days of the Closing Date) in which event this Agreement shall be terminated automatically (but if such event which substantially damages or destroys Assets by fire or other casualty does not occur until after the Closing Date, the Purchaser may only rescind this Agreement with respect to the Purchaser's obligation to purchase any remaining Equipment that to the date of the written notice has not been removed from the Premises and otherwise the Purchaser's obligations hereunder survive). If the Purchaser does not exercise such option, it shall complete the Transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction. If any dispute arises under this section as to whether damage or destruction is substantial or with respect to the amount of any abatement, such dispute will be determined in accordance with Section 5.10 herein.

5.10 Dispute Resolution

If any dispute arises (a) under Section 5.9 as to whether any damage or destruction is substantial or with respect to the amount of any abatement, or (b) with respect to any other matter related to the Transaction, such dispute will be determined by the Court in the Vendor's CCAA proceedings, or by such other person or in such other manner as the Court may direct.

5.11 Termination

- (a) This Agreement may be terminated by:

- (i) the written agreement of the Vendor and the Purchaser;
- (ii) the Purchaser or the Vendor pursuant to Section 4.4(a);
- (iii) the Purchaser pursuant to Section 5.9.

Additionally, this Agreement may be terminated in part in accordance with Section 5.5

- (b) If this Agreement is terminated pursuant to Sections 4.4(a) or by the Purchaser prior to the Closing Date pursuant to Section 5.9, or if the parties mutually agree in writing to terminate this Agreement, then:
 - (i) all the obligations of both the Vendor and Purchaser pursuant to this Agreement shall be at an end (other than the indemnification obligations in Section 5.8 which shall survive); and
 - (ii) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

5.12 Breach by Purchaser

If the Purchaser fails to comply with the terms of this Agreement, the Vendor may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser.

SECTION 6 – GENERAL

6.1 Further Assurances

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

6.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed in the case of the Purchaser, as follows:

Martinrea Jonesville LLC
30 Aviva Park Drive
Vaughan, ON L4L 9C7

Attention: Rob Wildeboer
Telephone No.: (416) 749-0314
Fax No.: (905) 264-2937

with a copy to:

Wildeboer Dellelce LLP
Suite 800
Wildeboer Dellelce Place
365 Bay Street
Toronto, ON M5H 2V1

Attention: Robert Wortzman
Facsimile: (416) 361-1790
Email: rwortzman@wildlaw.ca

and in the case of the Vendor, as follows:

SKD Automotive Group
1450 W. Long Lake Rd.
Suite 210
Troy, MI 48098

Attention: John Chen
Facsimile: (248) 267-9669
E-Mail: jchen@skdautomotive.com

SKD Automotive Group
1965 Pratt Boulevard
Elk Grove Village, IL 60007

Attention: Vytas Ambutas
Facsimile: (847) 806-7244
E-Mail: vambutas@nmlp.com

with a copy to:

Lang Michener LLP
Brookfield Place, 181
Bay Street, Suite 2500
Toronto, ON M5J 2T7

Attention: Sheryl E. Seigel
Facsimile: (416) 365-1719
Email: sseigel@langmichener.ca

with a copy to:

RSM Richter Inc. in its capacity as monitor of
SKD Company

200 King Street West, Suite 1100,
Toronto, ON M5H 3T4

Attention: Bobby Kofman
Telephone No.: 416 932-6228
Fax No.: 416 932-6200

with a copy to:

Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6

Attention: Joseph Latham
Telephone No.: 416 597-4211
Fax No.: 416 979-1234

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by fax before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by fax after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

6.3 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendors and the Purchaser or by their respective solicitors.

6.4 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

6.5 Survival

The representations, warranties and covenants of the parties hereto contained in this Agreement shall survive Closing without limitation of time.

6.5 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, provided that the Purchaser shall not assign the benefit of this Agreement without the prior written consent of the Vendor.

6.6 Entire Agreement

This Agreement and the attached Schedules constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

6.7 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

6.8 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

6.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

6.10 Monitor's Capacity

The Monitor is acting in its capacity as Monitor of the Vendor and shall have no personal or corporate liability under this Agreement.

6.11 Commission

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Vendor or the Monitor on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

6.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Transmission by facsimile or electronic transmission in "pdf" format of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

The parties have executed this Agreement.

**SKD COMPANY, an Ontario general partnership,
by its partners NMC CANADA INC. and 2515080
NOVA SCOTIA COMPANY**

NMC CANADA INC.

By: _____

Name: John Chen
Title: President

2515080 Nova Scotia Company

By: _____

Name: John Chen
Title: President

**MARTINREA JONESVILLE LLC
By its sole Member,
MARTINREA METAL INDUSTRIES INC.**

By: _____

Name: Rob Wildeboer
Title: Chairman

Schedule 1.1(d) – Assets

References to “CAI Item #” in this Schedule 1.1(d) are references to the corresponding list and description of equipment for each of such Premises as set forth in the appraisal report prepared by Corporate Assets Inc. dated February 20, 2009, a copy of which has been provided by the Vendor to the Purchaser.

DANBRO

7345 Danbro Cr.
Mississauga, Ontario

CAI ITEM #	CUSTOMER	PURCHASE PRICE
1	Honda	\$135,500
2	Honda	\$65,500

MISSISSAUGA

6495 Tomken Rd.
Mississauga, Ontario

CAI ITEM #	CUSTOMER	PURCHASE PRICE
14	Honda	\$121,000
15	Honda	\$10,000
16	Honda	\$8,500
17	Honda	\$21,500
18	Honda	\$49,500
19	Honda	\$59,500
20	Honda	\$29,000

Schedule 1.1(j) - Contracts

1. Licenses for software embedded on the Equipment shall be assigned to the extent the Vendor is permitted to assign such licenses.

Schedule 1.1(s) – Intellectual Property

Nil.

Schedule 1.1(w) – Required Consents

Nil.

Schedule 1.1(x) – Software

Nil

Schedule 2.8 – Purchase Price Allocation

- 1. Equipment - \$500,000
- The price allocated to each specific piece of Equipment is as listed in Schedule 1.1(d)
- 2. Intellectual Property - \$0.00
- 3. Contracts - \$0.00
- 4. Inventory - Price as set forth in Section 2.11.

Schedule 4.3(c) – Additional Parties to be Served

Additional Service List for Vesting Order / Sale Approval

NMC Canada Inc.

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

Comerica Bank
200 Bay Street, Suite 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

Lessor & Address:

Stellarbridge Management Inc.
111 Creditstone Road, Concord ON L4K 1N3

SKD Company

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

Integrated Distribution Systems LP
O/A Wajax Industries 16745-111 Avenue, Edmonton, AB T5M 2S4

CBSC Capital
100-1235 North Service Rd. W., Oakville, ON L6M 2W2

CBSC Capital Inc.
#100, 1235 North Service Rd. West, Oakville, ON L6M 2W2

Comerica Bank
200 Bay St., Ste 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

2515080 Nova Scotia Company

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

General Electric Canada Equipment Finance G.P.
5500 North Service Rd., 8th Floor, Burlington, ON L7L 6W6

Comerica Bank
200 Bay St., Ste 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

SKD Automotive Group Milton Division

Secured Parties & Addresses (PPSA):

Answer Precision Tool Inc.
190 Washburn Drive, Kitchener, ON N2R 1S2

Creditor Parties & Addresses (Executions):

Roberto Costantino
161 Lio Avenue, Woodbridge, ON L4H 2R9

Tony Wong
109 Angelica Avenue, Richmond Hill, ON L4S 1T8

SKD Brampton

Secured Parties & Addresses (PPSA):

Ready Machinery & Equipment [Canada] Inc.
8080 Lawson Road, R.R. #4, Milton, ON L9T 2M1

Unions (Notice to be provided in manner previously set forth in SKD CCAA filings)

National Automobile, Aerospace, Transportation and General Workers of Canada (C.A.W.) and its Local 1285

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers)

Teamsters Local Union No. 419

APPENDIX "B"

AGREEMENT OF PURCHASE AND SALE

Made as of the ● day of April, 2009

Between

**SKD COMPANY, by its partners
NMC CANADA INC. AND 2515080 NOVA SCOTIA COMPANY**

and

MARTINREA INTERNATIONAL INC.

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AGREEMENT OF PURCHASE AND SALE

This Agreement is made as of the ● day of April, 2009, between

**SKD Company, by its partners NMC Canada Inc.
and 2515080 Nova Scotia Company**

(collectively, the “Vendor”)

and

Martinrea International Inc.

(the “Purchaser”)

RECITALS

A. Pursuant to an order of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) dated January 21, 2009 (the “**Initial Order**”), NMC Canada Inc. and 2515080 Nova Scotia Company, the general partners of the Vendor, and the Vendor were granted protection pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) and RSM Richter Inc. was appointed as monitor (the “**Monitor**”) in the Vendor’s CCAA proceedings.

B. The Vendor was empowered by the Initial Order to conduct a sale process with respect to the assets, property and undertaking of the Vendor.

C. The Vendor wishes to sell the Assets (as defined herein) and the Purchaser wishes to purchase the Assets, as more particularly set out herein, subject to the terms and conditions hereof.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) “**Accommodation Agreement**” means the accommodation agreement entered into on January 21, 2009, as amended, among the Vendor, the Customer, Chrysler Canada Inc., Chrysler LLC, on behalf of itself and Chrysler Motors LLC and Honda of America Mfg., Inc., Honda Canada Mfg., a division of Honda Canada, Inc., Honda Manufacturing of Indiana, LLC and Honda Manufacturing of Alabama, LLC;
- (b) “**Agreement**” means this Agreement of Purchase and Sale;

- (c) **“Approval and Vesting Order”** has the meaning set out in Section 4.3(a);
- (d) **“Assets”** means all of the Vendor’s right, title and interest in and to:
- (i) the machinery and manufacturing and other equipment, together with all accessories, test fixtures and equipment, gauges, appurtenances, manuals and documents necessary to operate such machinery and equipment owned by the Vendor, necessary to manufacture the component parts being produced by the Vendor for the Customer at the Premises including, for greater certainty, the machinery, manufacturing and other equipment listed on Schedule 1.1(d) hereto, the containers owned by the Vendor in which finished goods are shipped by the Vendor to the Customer and the containers in which the work in process inventory set out in Section 1.1(d)(v) below is shipped to the Purchaser (the **“Equipment”**);
 - (ii) the Contracts;
 - (iii) the Intellectual Property;
 - (iv) copies of all records, books, documents and databases recorded or stored by means of any device, including in electronic form, relating to the ownership or operation of the Equipment set out in (i) above, that are in the possession or under the control of the Vendor; and
 - (v) all raw materials and work in process inventory used in connection with the production of component parts supplied to Customer by the Vendor which are both “useable” and in a “merchantable” condition (as set forth in Section 2.11), whether currently in the possession of the Vendor or in the possession of a third party (a **“Bailee”**) holding same for or on behalf of the Vendor (collectively, the **“Inventory”**),
- but for greater certainty, Assets do not include the Excluded Assets;
- (e) **“Assumed Obligations”** has the meaning set out in Section 2.4;
- (f) **“Business Day”** means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (g) **“CCAA”** has the meaning set out in the Recitals hereto;
- (h) **“Closing”** means the successful completion of the Transaction;
- (i) **“Closing Date”** means the Business Day following the date on which the Approval and Vesting Order is granted;
- (j) **“Contracts”** means those contracts entered into by the Vendor and listed on Schedule 1.1(j) hereto;

- (k) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (l) **“Court Approval Date”** has the meaning set out in Section 4.3(c);
- (m) **“Customer”** Ford Motor Company;
- (n) **“ETA”** means the *Excise Tax Act* (Canada);
- (o) **“Excluded Assets”** means, in respect of the Vendor, all of the Vendor’s property and assets other than the Assets, including for greater certainty Customer Tooling (as defined in the Accommodation Agreement), all domestic and foreign trade-marks, service marks, business names, trade names, domain names, and trading styles of the Vendor) and finished goods shipping racks and containers;
- (p) **“Governmental Entity”** means any foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization, any international treaty organization, or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing
- (q) **“GST”** means all goods and service taxes payable under the ETA;
- (r) **“Initial Order”** has the meaning set out in the Recitals hereto;
- (s) **“Intellectual Property”** means a perpetual, royalty free non-exclusive licence to use all intellectual property of whatever nature and kind owned by Vendor and necessary for the use and operation of the Equipment and the manufacture of component parts for the Customer, including all patents, trade secrets, Software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations, processes and processing methods, technology and techniques, know-how and manuals, as more particularly listed on Schedule 1.1(s) hereto, but excluding all domestic and foreign trade-marks, service marks, business names, trade names, domain names, and trading styles of the Vendor;
- (t) **“Monitor’s Certificate”** has the meaning given to that term in the Approval and Vesting Order;
- (u) **“Premises”** means the leased business premises of the Vendor known municipally as 6495 Tomken Road, Mississauga, Ontario and the owned premises of the Vendor known municipally as 375 Wheelabrator Way, Milton, Ontario;

- (v) **“Purchaser”** means Martinrea International Inc.;
- (w) **“Required Consents”** means the consents listed in Schedule 1.1(w) to the extent required under the applicable Contract with respect to the assignment of such Contract by the Vendor to the Purchaser, which consents must be obtained by the Purchaser;
- (x) **“Software”** means all software owned by the Vendor and required to operate the Equipment listed in Schedule 1.1(x), including all versions in the Vendor’s possession thereof and copies of all related documentation, manuals, source code and object code, program files, data files, computer related data, field and data definitions and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequence and organization, screen displays and report layouts, and all other material related to such software;
- (y) **“Time of Closing”** means 9 a.m. (EST) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;
- (z) **“Transaction”** means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement; and
- (aa) **“Vendor”** means SKD Company, by its partners NMC Canada Inc. and 2515080 Nova Scotia Company.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

1.4 Schedules

The following Schedules are incorporated in and form part of this Agreement:

Schedule 1.1(d) – Assets

Schedule 1.1(j) – Contracts

Schedule 1.1(s) – Intellectual Property

Schedule 1.1(w) – Required Consents

Schedule 1.1(x) – Software

Schedule 2.8 – Purchase Price Allocation

Schedule 4.3(c) – Additional Parties to be Served

SECTION 2 – SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions hereof, the Vendor shall sell to the Purchaser and the Purchaser shall purchase the Vendor's right, title and interest in the Assets. The Purchaser acknowledges that it is not purchasing any Excluded Assets.

2.2 Assignment and Assumption of Contracts

Subject to the conditions and terms hereof, the Vendor shall assign to the Purchaser all of the Vendor's rights, benefits and interests in and to the Contracts and the Purchaser shall assume the obligations and liabilities of the Vendor under the Contracts from and after the Closing Date. For greater certainty, any obligations and liabilities incurred, accruing or coming due under or pursuant to the Contracts after the Time of Closing shall be the obligation of the Purchaser and not the Vendor.

This Agreement and any document delivered under this Agreement shall not constitute an assignment or an attempted assignment of any Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained, and such assignment or attempted assignment would constitute a breach of such Contract. In such case the Vendor will, for thirty (30) days after the Closing Date, hold the benefit of any Contract for which such consent or approval has not been obtained in trust for the Purchaser (but only to the extent that holding such benefit in trust without first having obtained the consent or approval of the other contracting party does not constitute a breach of, or result in a default under such Contract) and during the thirty (30) day period after the Closing Date the Purchaser shall use its best commercial efforts to continue to perform such Contracts. All benefits derived under any such Contract after the Time of Closing shall be for the benefit of the Purchaser, and the Vendor shall take or cause to be taken all action that the Purchaser may reasonably require to provide the Purchaser with the benefit thereof, it being understood that at such time as such consent or approval is obtained, the said Contract shall be automatically assigned to the Purchaser. Notwithstanding the foregoing, the Vendor shall only be required to hold the benefit of any Contract for which such consent or approval has not been obtained in trust for the Purchaser for a maximum of thirty (30) days after the Closing Date, and if such consent or approval to assignment is not obtained by the Purchaser from the applicable third party during such time period, the Vendor shall automatically cease to hold such

Contract in trust for the Purchaser, such Contract shall not be assigned to the Purchaser, and the Vendor shall be entitled to terminate, cancel and/or repudiate such Contract.

2.3 "As is, Where is"

The Purchaser acknowledges that the Vendor is selling the Assets on an "as is, where is" basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to or the condition of the Assets and that the Purchaser has conducted such inspections of the condition of and title to the Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

2.4 Assumed Obligations and Retained Liabilities

The Purchaser agrees that on the Closing Date it will assume and thereafter satisfy, discharge, perform and fulfill, and forever indemnify and save harmless the Vendor from and against, only the following liabilities, commitments and obligations (the "**Assumed Obligations**"):

- (a) liabilities, commitments and obligations under the Contracts and arising after the Time of Closing, excluding any liabilities that relate to any violation, default or non-performance at or prior to the Time of Closing; and
- (b) liabilities, commitments and obligations in respect of the Assets arising or incurred from and after the Time of Closing and not related to events occurring prior to the Time of Closing.

Except for the Assumed Obligations, the Vendor shall retain, and the Purchaser shall not assume, nor be responsible or liable with respect to any costs, expenses, liabilities and obligations of the Vendor, or claims of any other nature against the Vendor or related to the Excluded Assets, whether fixed, contingent or otherwise and whether known or unknown (collectively, the "**Retained Liabilities**").

2.5 Excluded Obligations

Other than the Assumed Obligations, the Purchaser shall not assume and shall not be liable for any other liabilities or obligations of the Vendor.

2.6 Purchase Price

The purchase price for the Assets shall be the sum of:

- (a) Cdn\$1,300,000 plus applicable taxes for the Assets other than the Inventory; and
- (b) the purchase price for the Inventory as calculated pursuant Section 2.11 plus applicable taxes,

(collectively, the "**Purchase Price**").

2.7 Payment of the Purchase Price

At or prior to the Time of Closing, the Purchaser shall pay the Purchase Price by bank draft drawn upon a Canadian chartered bank or by wire transfer to a bank account specified, in advance, by the Monitor, as follows:

- (a) the portion of the Purchase Price relating to the Inventory plus applicable taxes shall be paid to the Monitor (to be held by the Monitor pending further order of the Court); and
- (b) Cdn\$1,300,000 plus applicable taxes, representing the portion of the Purchase Price attributable to the Assets other than Inventory, shall be paid to the Monitor, to be held in trust in an interest-bearing account for the benefit of the Vendor (for subsequent distribution to parties entitled to such proceeds) and the Purchaser, as the case may be.

In the case of any funds paid by wire transfer, payments shall occur upon confirmation by the Monitor of its receipt of the funds wired in the designated bank account.

2.8 Allocation of Purchase Price

The Vendor and the Purchaser agree to allocate the Purchase Price among the Purchased Assets in accordance with Schedule 2.8 and to report the sale and purchase of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation.

2.9 Taxes

The Purchaser shall pay on the Closing Date, in addition to the Purchase Price, all applicable federal, provincial, state or other taxes exigible in connection with the purchase and sale of the Assets including, without limitation, goods and services tax. Alternatively, where applicable, the Purchaser shall have the option to furnish the Vendor with appropriate exemption certificates in form and substance to the Vendor, acting reasonably.

The Purchaser agrees to and hereby indemnifies and saves the Vendor and the Monitor harmless from and against all claims and demands for payment of the above-mentioned taxes

including penalties and interest thereon and any liability or costs incurred as a result of any failure by the Purchaser to pay such taxes when due.

2.10 Excluded Assets

For greater certainty, the Assets shall not include any of the Excluded Assets. If any of the Excluded Assets or any proceeds in respect thereof shall at any time come into the possession of or under the control of the Purchaser or any of its employees, officers or agents, such assets and/or proceeds, as applicable, shall be held by the Purchaser in trust for the benefit of the Vendor. Within two Business Days from the date on which the Purchaser or any of its employees, officers or agents, becomes aware that it has come into possession of or has obtained control over any of such assets and/or proceeds, as applicable, the Purchaser shall (a) by notice in writing delivered to the Vendor and the Monitor in accordance with the provisions hereof, so advise the Vendor, and (b) forthwith account and deliver over to the Vendor, at the Purchaser's cost, any such assets and forthwith account and deliver over to the Monitor, at the Purchaser's cost, any such proceeds. If any proceeds in respect of any Assets (other than the Purchase Price or insurance proceeds) come into the possession of or under the control of the Vendor or any of its employees, officers or agents, such assets and/or proceeds, as applicable, shall be held by the Vendor in trust for the benefit of the Purchaser. Within five Business Days from the date on which the Vendor or any of its employees, officers or agents, comes into possession of or obtains control over any of such assets and/or proceeds, as applicable, the Vendor shall (a) by notice in writing delivered to the Purchaser, in accordance with the provisions hereof, so advise the Purchaser and (b) forthwith account and deliver over to the Purchaser any such assets and/or proceeds.

2.11 Inventory

The purchase price for the Inventory shall be calculated as follows:

- (a) for raw materials, 100% of the Vendor's actual invoiced cost; and
- (b) for work in process, 85% of the Vendor's costs, which costs shall be calculated on a percentage of completion basis based on the existing price called for in the purchase order for the component parts in issue.

The Purchaser and the Vendor shall conduct a physical inventory ("**Physical Inventory**") for the purposes of identifying the Inventory that is usable and merchantable, which Physical Inventory and determination shall be made immediately prior to the Time of Closing and evidenced by the Purchaser making payment for the applicable Inventory.

For purposes of this Agreement, the term "useable" means all Inventory that, on the date that the Physical Inventory is undertaken, is (i) not obsolete, as reasonably determined by the Purchaser in accordance with applicable industry standards for the Inventory at issue; and (ii) useable by the Purchaser in the production of component parts for the Customer, as reasonably determined by the Purchaser. The term "merchantable" means merchantable in conformance with all applicable purchase order specifications.

SECTION 3 – REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly formed and subsisting under the laws of the Province of Ontario;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;
- (d) other than filings and approvals contemplated in this Agreement, there is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any governmental authority or other regulatory body as a condition to the lawful consummation of the Transaction;
- (e) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success; and
- (f) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof.

3.2 Vendor's Representations

The Vendor represents and warrants to the Purchaser as follows:

- (a) SKD Company is a general partnership duly formed, organized and subsisting under the laws of the Province of Ontario;
- (b) the Vendor has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations hereunder and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary action on the part of the Vendor;
- (c) this Agreement and all other documents contemplated hereunder to which the Vendor is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Vendor and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Vendor, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (d) subject to the granting of the Approval and Vesting Order, the Vendor has the right to enter into this Agreement and to complete the Transaction;
- (e) the Vendor is a Canadian partnership as that term is defined in the *Income Tax Act* (Canada); and
- (f) the Vendor is registered under Part IX of the ETA and its registration number is 12300 8963 RT0001.

SECTION 4 – CONDITIONS

4.1 Conditions – Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed:

- (a) At or prior to the Time of Closing:
 - (i) all representations and warranties of the Vendor contained in this Agreement shall be true as of the Time of Closing with the same effect as though made on and as of the Time of Closing;
 - (ii) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Time of Closing; and
 - (iii) no action or proceedings shall be pending to restrain or prohibit the completion of the Transaction contemplated by this Agreement;

- (b) at or prior to the Time of Closing the Purchaser shall have received all Required Consents on terms acceptable to the Purchaser, acting reasonably;
- (c) at or prior to the Time of Closing, no person shall attempt to restrain, enjoin or interfere with the removal of the Assets (whether by legal process or otherwise) by the Purchaser; and
- (d) at or prior to the Time of Closing the Purchaser shall be satisfied that Vendor has made appropriate arrangements and has sufficient funding to pay all rent obligations, insurance, heat, electricity and other occupation costs in relation to the Premises to and including the end of April, 2009.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

4.2 Conditions – Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed:

- (a) at or prior to the Time of Closing:
 - (i) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Time of Closing with the same effect as though made on and as of the Time of Closing;
 - (ii) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Time of Closing;
 - (iii) no action or proceedings shall be pending to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (b) the Vendor shall not have lost its ability to convey the Assets or any part thereof; and
- (c) at or prior to the Time of Closing, the Vendor shall be satisfied that it has sufficient funding to permit the Vendor to pay all rent obligations, insurance, heat, electricity and other occupation costs in relation to the Premises to and including the end of April, 2009.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

4.3 Mutual Conditions

The obligations of the Vendor and the Purchaser are subject to the conditions that at or prior to the Time of Closing:

- (a) the Vendor shall have obtained all necessary consents, in form and substance satisfactory to the Vendor in its sole discretion, to the sale of the Assets as required under the Accommodation Agreement and the Access and Security Agreement between, amongst others, SKD Company and the Customer dated January 21, 2009, as amended;
- (b) (i) the Vendor and Purchaser shall have met and agreed upon the process for the detachment and removal of any Equipment, or any appurtenance or accessions to any Equipment, that is/are affixed to either land or building, including the disposition of any ventilation, electric or water lines, pipe, ducts and hosing, racks and rails, as well as the repair of any openings left by or damage cause to any ceiling, roof, walls or floors occasioned by such removal, and (ii) there shall be no proceeding or action by any landlord of the Premises to restrain or impair the removal of any of the Assets by the Purchaser;
- (c) at or prior to April 3, 2009, or such later date as the Vendor and Purchaser may agree (the "**Court Approval Date**"), an order shall have been obtained from the Court on notice to all persons on the service list in the Vendor's CCAA proceedings, all other persons having a security interest in the Assets registered under the *Personal Property Security Act* of Ontario and any other persons listed on Schedule 4.3(c) to this Agreement, approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Vendor in the Assets free and clear of all liens, security interests and other encumbrances, which order (the "**Approval and Vesting Order**") shall be in form and substance satisfactory to the Purchaser, the Vendor and the Monitor, acting reasonably;
- (d) at the Time of Closing, the Approval and Vesting Order shall not be stayed or vacated, or varied in a manner not acceptable to both the Vendor and the Purchaser, no appeal of the Approval and Vesting Order shall have been commenced and there shall be no action or proceeding pending or threatened to restrain or prohibit the completion the Transaction; and
- (e) at or prior to the Time of Closing,
 - (i) the Vendor shall have entered into binding agreements, satisfactory to the Vendor and the Monitor, each in its sole discretion, with: (A) Teamsters Local Union No. 419; and (B) the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("United Steelworkers"), representing the Vendor's unionized employees at the Premises with respect to the Vendor's obligations to such employees in respect of accrued vacation pay,

employment, severance and termination obligations and in relation to the registered pension plans relating to the unionized employees; and

- (ii) the Vendor, the Monitor in its capacity as escrow agent, and Teamsters Local Union 419 shall have entered into an escrow agreement regarding the distribution of funds relating to the agreement in Section 4.3(e)(i)(A) and the Vendor, the Monitor in its capacity as escrow agent, and the United Steelworkers shall have entered into an escrow agreement regarding the distribution of funds relating to the agreement in Section 4.3(e)(i)(B).

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.4 Non-Satisfaction of Conditions

- (a) If any condition set out in this Section 4 is not satisfied or performed on or prior to April 3, 2009, the party for whose benefit the condition is inserted may:
 - (i) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
 - (ii) elect on written notice to the other party to terminate this Agreement.

SECTION 5 – CLOSING

5.1 Closing

The completion of the Transaction shall take place at the offices of Wildeboer Dellelce LLP (Toronto Office), counsel to the Purchaser, on the Closing Date at the Time of Closing or as otherwise determined by mutual agreement of the parties in writing.

5.2 Purchaser's Deliveries on Closing Date

At or before the Time of Closing, the Purchaser shall execute and/or deliver to the Vendor or the Monitor, as applicable, the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) payment to the Monitor in full of the Purchase Price;
- (b) payment to the Monitor, or evidence of payment, of applicable federal and provincial taxes or alternatively, appropriate exemption certificates, as required by Section 2.9;
- (c) a bill of sale, and, if applicable and requested, an agreement providing for the assignment and/or assumption of a Contract;

- (d) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;
- (e) an acknowledgement dated the Closing Date, that each of the conditions precedent in Sections 4.1 and 4.3 of this Agreement have been fulfilled, performed or waived as of the Time of Closing; and
- (f) such further and other documentation as is referred in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

5.3 Vendor's Deliveries on Closing Date

At or before the Time of Closing, the Vendor shall execute and deliver to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a bill of sale, and, if applicable, an agreement providing for the assignment and/or assumption of a Contract;
- (b) a specific non-exclusive licence to use the Intellectual Property;
- (c) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;
- (d) an acknowledgement dated the Closing Date, that each of the conditions precedent in Sections 4.2 and 4.3 of this Agreement have been fulfilled, performed or waived as of the Time of Closing; and
- (e) a true copy of the Approval and Vesting Order.

With respect to conveyances of title to the Equipment that occur subsequent to the Closing Date, a bill of sale shall be executed by the Purchaser and the Vendor as Equipment is removed from the Premises.

5.4 Removal of Assets from Premises

Notwithstanding anything to the contrary herein, title to any particular piece of Equipment shall remain with the Vendor until such time as the Purchaser or a Purchaser Representative (as defined in Section 5.4(c)) takes possession of such Equipment, free of restraint, injunction or interference (whether by legal process or otherwise), with such possession being deemed to occur the moment such Equipment leaves the Premises.

- (a) Concurrently with the removal of any Equipment listed on Schedule 1.1(d) by the Purchaser from the possession or control of the Vendor, a representative of

the Vendor and Purchaser shall each execute a certificate (the "**Removal Certificate**") identifying the Equipment listed on Schedule 1.1(d) being removed, identifying the purchase price of the Equipment being removed based on the values set forth in Schedule 1.1(d), and directing the Monitor to release from trust that portion of the Purchase Price attributable to such Equipment identified in the Removal Certificate.

Subject to the Purchaser providing evidence of insurance to cover any potential damages that might be incurred by the Purchaser removing the Assets, Vendor shall provide access to the Premises to the Purchaser for a period that commences following the Time of Closing on the Closing Date and ends at 5:00 p.m. on the 20th Business Day following the Closing Date (the "**Removal Period**"), for the purposes of the Purchaser completing the removal of the Assets purchased under this Agreement, which removal shall be on the following terms.

- (b) The Vendor shall provide access to the Premises for the purpose of completing the Transaction at such time and on such dates as the Purchaser shall require, provided that the Purchaser provides reasonable prior written notice of same to the Vendor. For greater certainty, nothing herein shall limit the time of day during which the Purchaser or the Purchaser's Representatives (as hereinafter defined) shall be permitted access to the Premises. The Vendor shall, at all times as the Purchaser or the Purchaser's Representatives are present at the Premises, ensure that one or more of the Vendor's employees are present.
- (c) The Purchaser agrees that it and its invitees, employees, contractors and agents (the "**Purchaser Representatives**") shall act in a prudent and responsible manner while attending at any Premises and such Premises shall be left by the Purchaser in the same state of repair as existed at the commencement of the Removal Period. The Purchaser and all Purchaser Representatives shall be fully insured for any activities they perform or undertake in relation to the removal of the Assets, including for any loss, damage or injury to the Premises, any property or assets situated on the Premises or any employees, contractors or invitees of the Vendor or Purchaser.
- (d) The Purchaser acknowledges having received and read the provisions of the leases of the Premises regarding removal of fixtures and agrees not to detach or remove from the Premises any plumbing, heating, ventilating, lighting equipment, wiring or electrical panels and services, or other building services, without the prior agreement of the applicable landlord (or in the case of owned Premises, the Vendor), or an order of the Court.
- (e) The Purchaser shall be responsible at its sole cost and expense, for the following:
 - (i) removal of the Assets from the Premises;
 - (ii) leaving the portion of the Premises from or through which any Equipment is removed in a clean and broom-swept condition, including conducting

any floor cleaning required as a result of the removal of the Equipment;
and

- (iii) without limiting any other provisions of this Section 5.4, shearing off any protruding bolts remaining after removal of the Equipment, repairing any holes to any roof, ceiling, wall or floor and any other damages caused to Premises due to the removal of any Equipment, and properly capping all ventilation, gas and electrical connections relating to the Equipment, at all times using properly licensed, certified and qualified trades people.
- (f) The Vendor and the Purchaser, acting reasonably, agree to conduct inspections of each of the Premises to identify the state of repair (i) prior to the Purchaser's removal of any Assets and on one or more occasions following the entry onto the Premises by the Purchaser, or the Purchaser's Representatives, including a final inspection on the last date of the Removal Period (the "Exit Date"). During the final inspection on the Exit Date, the Vendor and Purchaser shall identify and record any damage to any Premises caused during the Removal Period which the Purchaser is responsible to repair pursuant to this Agreement. If there is a dispute as to damage to any Premises, the Vendor and the Purchaser shall promptly work in good faith to resolve such dispute, provided that if such dispute is not settled within three (3) Business Days, either the Vendor or the Purchaser may seek a determination of responsibility for such damage by the Court.
- (g) The Purchaser undertakes to repair at its sole expense forthwith, but in any event, before or within seven days' following the expiry of the Removal Period, all damages caused by the Purchaser and the Purchaser Representatives relating to the Removal of the Assets. The Purchaser further agrees to indemnify and hold harmless the Vendor from and against, all claims, demands, damages, losses, actions and costs incurred or arising from or in any way related to any loss or damage, suffered or incurred, by any Purchaser's Representative.

5.5 Incomplete Removal of Equipment

If prior to April 30, 2009 the Purchaser is prevented from taking possession of Equipment in the manner described in Section 5.4 hereof (other than as a result of its own actions or omissions or its breach of this Agreement), the Purchaser shall have the option on written notice to the Vendor and the Monitor to terminate this Agreement with respect to the Purchaser's obligation to purchase any remaining Equipment that has not been removed from the Premises on the date the written notice is delivered to the Vendor as set forth in Section 6.2 (but for greater certainty all other obligations of the Purchaser under this Agreement, including indemnity obligations, shall continue). In the event the Purchaser exercises such option, the Purchaser and the Vendor shall jointly direct the Monitor to release from trust to the Purchaser that portion of the Purchase Price attributable to such Equipment not removed based on the values set forth in Schedule 1.1(d).

If on April 30, 2009 the Purchaser has not taken possession of all of the Equipment in the manner described in Section 5.4 hereof and the Vendor has not arranged for adequate funding (in the Vendor's sole discretion) to continue providing the Purchaser with access to the Premises, the Vendor shall have the option on written notice to the Purchaser and the Monitor to terminate this Agreement with respect to the Vendor's obligation to sell any remaining Equipment that has not been removed by the Purchaser from the Premises on the date the written notice is delivered to the Purchaser as set forth in Section 6.2 (but for greater certainty all other obligations of the Vendor under this Agreement, including indemnity obligations, shall continue). In the event the Vendor exercises such option, the Purchaser and the Vendor shall jointly direct the Monitor to release from trust, to be held by the Monitor for distribution as directed by the Court, that portion of the Purchase Price attributable to such Equipment not removed based on the values set forth in Schedule 1.1(d).

5.6 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling its rights, benefits and interests, if any, in and to the Assets pursuant to the Approval and Vesting Order. The Purchaser agrees to purchase and accept the rights, benefits and interests of the Vendor in and to the Assets pursuant to and in accordance with the terms of this Agreement, the bill of sale, any assignment and assumption agreement delivered pursuant to this Agreement and the Approval and Vesting Order.

The Purchaser acknowledges that neither the Vendor nor the Monitor has an obligation to deliver physical possession of the Assets to the Purchaser and shall not be required to incur any costs in connection with the removal of the Assets.

The Purchaser acknowledges that despite the sale to the Purchaser of the containers owned by the Vendor in which finished goods shall be shipped by the Vendor to the Customer, the Vendor shall be permitted to use such containers to deliver finished goods inventory to the Customer and the Purchaser shall be responsible for retrieving such containers once the finished goods inventory is so delivered.

5.7 Possession of Assets

The Vendor shall remain in possession of the Assets (other than the Equipment) until the Time of Closing. At the Time of Closing, the Purchaser shall take possession of the Assets (other than the Equipment) where situate at the Time of Closing. In no event shall title to the Assets (other than Equipment) be vested, sold, assigned, transferred or set over in or to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied, the Purchaser has satisfied all delivery requirements outlined in Section 5.2 and a Monitor's Certificate has been filed with the Court.

The Vendor shall remain in possession of the Equipment until such time as the same have been removed by the Purchaser in the manner contemplated by the Section 5.4 hereof. Upon removal of the Equipment to the location specified in Section 5.4 hereof, the Purchaser shall take possession of and title to the Equipment. In no event shall title to the Equipment be vested, sold, assigned, transferred or set over in or to the Purchaser until the conditions set out in the Approval

and Vesting Order and in Section 5.4 hereof have been satisfied, the Purchaser has satisfied all delivery requirements outlined in Section 5.2 and a Monitor's Certificate has been filed with the Court. The Vendor acknowledges that it has an obligation to permit the removal of the Equipment from the Premises by the Purchaser, provided however, that the Vendor shall not be required to incur any costs (other than compensation of its employees) in connection with the removal of the Equipment.

5.8 Access to Assets

The Purchaser may have reasonable access to the Assets located at the any Premises, as the case may be, during normal business hours on Business Days prior to the Time of Closing for the purpose of enabling the Purchaser to conduct such physical and other tests and inspections of the Assets as it deems appropriate. Such tests and inspections shall only be conducted in the presence of a representative of the Monitor or the Vendor, if so required, at the discretion of the Vendor. The Purchaser further agrees to indemnify and hold harmless the Vendor from and against, all claims, demands, damages, losses, actions and costs incurred or arising from or in any way related to any loss or damage, suffered or incurred, by any Purchaser's Representative.

5.9 Risk

The Assets shall be and remain at the risk of:

- (a) the Vendor until (i) the Time of Closing in the case of Assets other than Equipment; and (ii) delivery of each joint direction of the Vendor and Purchaser contemplated in Section 5.4 in the case of Equipment; and
- (b) the Purchaser from and after the (i) the Time of Closing in the case of Assets other than Equipment; and (ii) delivery of each joint direction of the Vendor and Purchaser contemplated in Section 5.4 in the case of Equipment.

Notwithstanding the foregoing, the Purchaser shall bear the risk of loss with respect to Equipment damaged by it or a Purchaser's Representative during the dismantling and removal process (and there shall be no reduction in the Purchase Price). If, prior to the relevant time of the transfer of title and risk, the Assets shall be substantially damaged or destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the Transaction (or if the Closing Date has already occurred, the portion of the Transaction involving the removal of Equipment after the date such Equipment is substantially damaged). Such option shall be exercised within 15 days after notification to the Purchaser by the Vendor of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 days of the Closing Date) in which event this Agreement shall be terminated automatically (but if such event which substantially damages or destroys Assets by fire or other casualty does not occur until after the Closing Date, the Purchaser may only rescind this Agreement with respect to the Purchaser's obligation to purchase any remaining Equipment that to the date of the written notice has not been removed from the Premises and otherwise the Purchaser's obligations hereunder survive). If the Purchaser does not exercise such option, it shall complete the Transaction and shall be entitled to an assignment of the proceeds of

insurance referable to such damage or destruction. If any dispute arises under this section as to whether damage or destruction is substantial or with respect to the amount of any abatement, such dispute will be determined in accordance with Section 5.10 herein.

5.10 Dispute Resolution

If any dispute arises (a) under Section 5.9 as to whether any damage or destruction is substantial or with respect to the amount of any abatement, or (b) with respect to any other matter related to the Transaction, such dispute will be determined by the Court in the Vendor's CCAA proceedings, or by such other person or in such other manner as the Court may direct.

5.11 Termination

(a) This Agreement may be terminated by:

- (i) the written agreement of the Vendor and the Purchaser;
- (ii) the Purchaser or the Vendor pursuant to Section 4.4(a);
- (iii) the Purchaser pursuant to Section 5.9.

Additionally, this Agreement may be terminated in part in accordance with Section 5.5

(b) If this Agreement is terminated pursuant to Sections 4.4(a) or by the Purchaser prior to the Closing Date pursuant to Section 5.9, or if the parties mutually agree in writing to terminate this Agreement, then:

- (i) all the obligations of both the Vendor and Purchaser pursuant to this Agreement shall be at an end (other than the indemnification obligations in Section 5.8 which shall survive); and
- (ii) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

5.12 Breach by Purchaser

If the Purchaser fails to comply with the terms of this Agreement, the Vendor may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser.

SECTION 6 – GENERAL

6.1 Further Assurances

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

6.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed in the case of the Purchaser, as follows:

Martinrea International Inc.
30 Aviva Park Drive
Vaughan, ON L4L 9C7

Attention: Rob Wildeboer
Telephone No.: (416) 749-0314
Fax No.: (905) 264-2937

with a copy to:

Wildeboer Dellelce LLP
Suite 800
Wildeboer Dellelce Place
365 Bay Street
Toronto, ON M5H 2V1

Attention: Robert Wortzman
Facsimile: (416) 361-1790
Email: rwortzman@wildlaw.ca

and in the case of the Vendor, as follows:

SKD Automotive Group
1450 W. Long Lake Rd.
Suite 210
Troy, MI 48098

Attention: John Chen
Facsimile: (248) 267-9669
E-Mail: jchen@skdautomotive.com

SKD Automotive Group
1965 Pratt Boulevard
Elk Grove Village, IL 60007

Attention: Vytas Ambutas
Facsimile: (847) 806-7244
E-Mail: vambutas@nmlp.com

with a copy to:

Lang Michener LLP
Brookfield Place, 181

Bay Street, Suite 2500
Toronto, ON M5J 2T7

Attention: Sheryl E. Seigel
Facsimile: (416) 365-1719
Email: sseigel@langmichener.ca

with a copy to:

RSM Richter Inc. in its capacity as monitor of
SKD Company

200 King Street West, Suite 1100,
Toronto, ON M5H 3T4

Attention: Bobby Kofman
Telephone No.: 416 932-6228
Fax No.: 416 932-6200

with a copy to:

Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6

Attention: Joseph Latham
Telephone No.: 416 597-4211
Fax No.: 416 979-1234

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by fax before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by fax after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

6.3 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendors and the Purchaser or by their respective solicitors.

6.4 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

6.5 Survival

The representations, warranties and covenants of the parties hereto contained in this Agreement shall survive Closing without limitation of time.

6.5 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, provided that the Purchaser shall not assign the benefit of this Agreement without the prior written consent of the Vendor. The Purchaser shall, without the obligation to obtain prior written consent of the Vendor, be entitled to assign this Agreement or all or any part of its rights or obligations hereunder to any one or more of its direct or indirect subsidiaries and provided further that Purchaser shall be entitled to designate one or more of its direct or indirect subsidiaries to receive the Assets and assume the Assumed Obligations hereunder, provided that notwithstanding any assignment, the Purchaser shall continue to be liable to the Vendor and its successors and assigns for any default in performance by any permitted assignee of its obligations hereunder.

6.6 Entire Agreement

This Agreement and the attached Schedules constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

6.7 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

6.8 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

6.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

6.10 Monitor's Capacity

The Monitor is acting in its capacity as Monitor of the Vendor and shall have no personal or corporate liability under this Agreement.

6.11 Commission

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Vendor or the Monitor on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

6.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Transmission by facsimile or electronic transmission in "pdf" format of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

The parties have executed this Agreement.

**SKD COMPANY, an Ontario general partnership,
by its partners NMC CANADA INC. and 2515080
NOVA SCOTIA COMPANY**

NMC CANADA INC.

By: _____

Name: John Chen

Title: President

2515080 NOVA SCOTIA COMPANY

By: _____

Name: John Chen

Title: President

MARTINREA INTERNATIONAL INC.

By:

Name: Rob Wildeboer

Title: Chairman

Schedule 1.1(d) – Assets

References to “CAI Item #” below in this Schedule 1.1(d) are references to the corresponding list and description of equipment for each of such Premises as set forth in the appraisal report prepared by Corporate Assets Inc. dated February 20, 2009, a copy of which has been provided by the Vendor to the Purchaser.

MISSISSAUGA
6495 Tomken Rd.
Mississauga, Ontario

CAI ITEM #	CUSTOMER	PURCHASE PRICE
3	Ford	\$60,000
4	Ford	\$110,000
5	Ford	\$70,000
6	Ford	\$70,000
7	Ford	\$289,000
10	Ford	\$168,500
11	Ford	\$168,500
27	Ford	\$3,000
29	Ford	\$2,000
81	Ford	\$10,000
82	Ford	\$12,000
83	Ford	\$10,000
84	Ford	\$7,000
85	Ford	\$7,000

MILTON
375 Wheelabrator Way
Milton, Ontario

CAI ITEM #	CUSTOMER	PURCHASE PRICE
11	Ford	\$42,500
12	Ford	\$42,500
17	Ford	\$22,000
18	Ford	\$14,000
19	Ford	\$15,000
20	Ford	\$25,000
22	Ford	\$15,000
23	Ford	\$12,000
33	Ford	\$85,000
34	Ford	\$40,000

Schedule 1.1(j) - Contracts

1. Licenses for software embedded on the Equipment shall be assigned to the extent the Vendor is permitted to assign such licenses.

Schedule 1.1(s) – Intellectual Property

Nil.

Schedule 1.1(w) – Required Consents

Nil.

Schedule 1.1(x) – Software

Nil.

Schedule 2.8 – Purchase Price Allocation

1. Equipment - \$1,300,000
- The price allocated to each specific piece of Equipment is as listed in Schedule 1.1(d)
2. Intellectual Property - \$0.00
3. Contracts - \$0.00
4. Inventory - Price as set forth in Section 2.11.

Schedule 4.3(c) – Additional Parties to be Served

Additional Service List for Vesting Order / Sale Approval

NMC Canada Inc.

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

Comerica Bank
200 Bay Street, Suite 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

Lessor & Address:

Stellarbridge Management Inc.
111 Creditstone Road, Concord ON L4K 1N3

SKD Company

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

Integrated Distribution Systems LP
O/A Wajax Industries 16745-111 Avenue, Edmonton, AB T5M 2S4

CBSC Capital
100-1235 North Service Rd. W., Oakville, ON L6M 2W2

CBSC Capital Inc.
#100, 1235 North Service Rd. West, Oakville, ON L6M 2W2

Comerica Bank
200 Bay St., Ste 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

2515080 Nova Scotia Company

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

General Electric Canada Equipment Finance G.P.
5500 North Service Rd., 8th Floor, Burlington, ON L7L 6W6

Comerica Bank
200 Bay St., Ste 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

SKD Automotive Group Milton Division

Secured Parties & Addresses (PPSA):

Answer Precision Tool Inc.
190 Washburn Drive, Kitchener, ON N2R 1S2

Creditor Parties & Addresses (Executions):

Roberto Costantino
161 Lio Avenue, Woodbridge, ON L4H 2R9

Tony Wong
109 Angelica Avenue, Richmond Hill, ON L4S 1T8

SKD Brampton

Secured Parties & Addresses (PPSA):

Ready Machinery & Equipment [Canada] Inc.
8080 Lawson Road, R.R. #4, Milton, ON L9T 2M1

Unions (Notice to be provided in manner previously set forth in SKD CCAA filings)

National Automobile, Aerospace, Transportation and General Workers of Canada (C.A.W.) and its Local 1285

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers)

Teamsters Local Union No. 419

APPENDIX "C"

AGREEMENT OF PURCHASE AND SALE

Made as of the ● day of April, 2009

Between

**SKD COMPANY, by its partners
NMC CANADA INC. AND 2515080 NOVA SCOTIA COMPANY**

and

MARTINREA INTERNATIONAL INC.

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AGREEMENT OF PURCHASE AND SALE

This Agreement is made as of the ● day of April, 2009, between

**SKD Company, by its partners NMC Canada Inc.
and 2515080 Nova Scotia Company**

(collectively, the “Vendor”)

and

Martinrea International Inc.

(the “Purchaser”)

RECITALS

A. Pursuant to an order of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) dated January 21, 2009 (the “**Initial Order**”), NMC Canada Inc. and 2515080 Nova Scotia Company, the general partners of the Vendor, and the Vendor were granted protection pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) and RSM Richter Inc. was appointed as monitor (the “**Monitor**”) in the Vendor’s CCAA proceedings.

B. The Vendor was empowered by the Initial Order to conduct a sale process with respect to the assets, property and undertaking of the Vendor.

C. The Vendor wishes to sell the Assets (as defined herein) and the Purchaser wishes to purchase the Assets, as more particularly set out herein, subject to the terms and conditions hereof.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) “**Accommodation Agreement**” means the accommodation agreement entered into on January 21, 2009, as amended, among the Vendor, the Customer, Ford Motor Company, Honda of America Mfg., Inc., Honda Canada Mfg., a division of Honda Canada, Inc., Honda Manufacturing of Indiana, LLC and Honda Manufacturing of Alabama, LLC;
- (b) “**Agreement**” means this Agreement of Purchase and Sale;
- (c) “**Approval and Vesting Order**” has the meaning set out in Section 4.3(a);

- (d) **“Assets”** means all of the Vendor’s right, title and interest in and to:
- (i) the machinery and manufacturing and other equipment, together with all accessories, test fixtures and equipment, gauges, appurtenances, manuals and documents necessary to operate such machinery and equipment owned by the Vendor, necessary to manufacture the component parts being produced by the Vendor for the Customer at the Premises including, for greater certainty, the machinery, manufacturing and other equipment listed on Schedule 1.1(d) hereto and the containers in which the work in process inventory set out in Section 1.1(d)(v) below is shipped to the Purchaser (the **“Equipment”**);
 - (ii) the Contracts;
 - (iii) the Intellectual Property;
 - (iv) copies of all records, books, documents and databases recorded or stored by means of any device, including in electronic form, relating to the ownership or operation of the Equipment set out in (i) above, that are in the possession or under the control of the Vendor; and
 - (v) all raw materials and work in process inventory used in connection with the production of component parts supplied to Customer by the Vendor which are both “useable” and in a “merchantable” condition (as set forth in Section 2.11), whether currently in the possession of the Vendor or in the possession of a third party (a **“Bailee”**) holding same for or on behalf of the Vendor (collectively, the **“Inventory”**),
- but for greater certainty, Assets do not include the Excluded Assets;
- (e) **“Assumed Obligations”** has the meaning set out in Section 2.4;
 - (f) **“Business Day”** means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;
 - (g) **“CCAA”** has the meaning set out in the Recitals hereto;
 - (h) **“Closing”** means the successful completion of the Transaction;
 - (i) **“Closing Date”** means the Business Day following the granting of the Approval and Vesting Order or, at the Purchaser’s discretion, the Business day following receipt of the Competition Act Approval;
 - (j) **“Competition Act”** means the *Competition Act* (Canada);
 - (k) **“Competition Act Approval”** means:

- (i) the Commissioner of Competition or her authorized representative (the "Commissioner" appointed under the Competition Act shall have issued an advanced ruling certificate under section 102 of the Competition Act;
 - (ii) the Commissioner shall have advised the Purchaser in writing that the Commissioner has determined not to file an application for an order under part VIII of the Competition Act and any terms and conditions attached to such advice shall be acceptable to each of the Vendor and the Purchaser; or
 - (iii) the waiting period under section 123 of the Competition Act shall have been terminated or waived and the Commissioner shall not have filed an application for an order under Part VIII of the Competition Act;
- (l) "**Contracts**" means those contracts entered into by the Vendor and listed on Schedule 1.1(j) hereto;
 - (m) "**Court**" means the Ontario Superior Court of Justice (Commercial List);
 - (n) "**Court Approval Date**" has the meaning set out in Section 4.3(c);
 - (o) "**Customer**" means, collectively, Chrysler Canada Inc., Chrysler LLC and Chrysler Motors LLC;
 - (p) "**ETA**" means the *Excise Tax Act* (Canada);
 - (q) "**Excluded Assets**" means, in respect of the Vendor, all of the Vendor's property and assets other than the Assets, including for greater certainty Customer Tooling (as defined in the Accommodation Agreement), all domestic and foreign trade-marks, service marks, business names, trade names, domain names, and trading styles of the Vendor), finished goods shipping racks and containers and property and assets relating to the production of floor pans;
 - (r) "**Governmental Entity**" means any foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization, any international treaty organization, or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing
 - (s) "**GST**" means all goods and service taxes payable under the ETA;
 - (t) "**Initial Order**" has the meaning set out in the Recitals hereto;
 - (u) "**Intellectual Property**" means a perpetual, royalty free non-exclusive licence to use all intellectual property of whatever nature and kind owned by Vendor and necessary for the use and operation of the Equipment and the manufacture of component parts for the Customer, including all patents, trade secrets,

Software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations, processes and processing methods, technology and techniques, know-how and manuals, as more particularly listed on Schedule 1.1(u) hereto, but excluding all domestic and foreign trade-marks, service marks, business names, trade names, domain names, and trading styles of the Vendor;

- (v) **"Monitor's Certificate"** has the meaning given to that term in the Approval and Vesting Order;
- (w) **"Premises"** means the leased business premises of the Vendor known municipally as 6495 Tomken Road, Mississauga, Ontario and the owned premises of the Vendor known municipally as 375 Wheelabrator Way, Milton, Ontario;
- (x) **"Purchaser"** means Martinrea International Inc.;
- (y) **"Required Consents"** means the consents listed in Schedule 1.1(y) to the extent required under the applicable Contract with respect to the assignment of such Contract by the Vendor to the Purchaser, which consents must be obtained by the Purchaser;
- (z) **"Software"** means all software owned by the Vendor and required to operate the Equipment listed in Schedule 1.1(z), including all versions in the Vendor's possession thereof and copies of all related documentation, manuals, source code and object code, program files, data files, computer related data, field and data definitions and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequence and organization, screen displays and report layouts, and all other material related to such software;
- (aa) **"Time of Closing"** means 9 a.m. (EST) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;
- (bb) **"Transaction"** means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement; and
- (cc) **"Vendor"** means SKD Company, by its partners NMC Canada Inc. and 2515080 Nova Scotia Company.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

1.4 Schedules

The following Schedules are incorporated in and form part of this Agreement:

Schedule 1.1(d) – Assets

Schedule 1.1(j) – Contracts

Schedule 1.1(u) – Intellectual Property

Schedule 1.1(y) – Required Consents

Schedule 1.1(z) – Software

Schedule 2.8 – Purchase Price Allocation

Schedule 4.3(c) – Additional Parties to be Served

SECTION 2 – SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions hereof, the Vendor shall sell to the Purchaser and the Purchaser shall purchase the Vendor’s right, title and interest in the Assets. The Purchaser acknowledges that it is not purchasing any Excluded Assets.

2.2 Assignment and Assumption of Contracts

Subject to the conditions and terms hereof, the Vendor shall assign to the Purchaser all of the Vendor’s rights, benefits and interests in and to the Contracts and the Purchaser shall assume the obligations and liabilities of the Vendor under the Contracts from and after the Closing Date. For greater certainty, any obligations and liabilities incurred, accruing or coming due under or pursuant to the Contracts after the Time of Closing shall be the obligation of the Purchaser and not the Vendor.

This Agreement and any document delivered under this Agreement shall not constitute an assignment or an attempted assignment of any Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained, and such assignment or attempted assignment would constitute a breach of such Contract. In such case the Vendor will, for thirty (30) days after the

Closing Date, hold the benefit of any Contract for which such consent or approval has not been obtained in trust for the Purchaser (but only to the extent that holding such benefit in trust without first having obtained the consent or approval of the other contracting party does not constitute a breach of, or result in a default under such Contract) and during the thirty (30) day period after the Closing Date the Purchaser shall use its best commercial efforts to continue to perform such Contracts. All benefits derived under any such Contract after the Time of Closing shall be for the benefit of the Purchaser, and the Vendor shall take or cause to be taken all action that the Purchaser may reasonably require to provide the Purchaser with the benefit thereof, it being understood that at such time as such consent or approval is obtained, the said Contract shall be automatically assigned to the Purchaser. Notwithstanding the foregoing, the Vendor shall only be required to hold the benefit of any Contract for which such consent or approval has not been obtained in trust for the Purchaser for a maximum of thirty (30) days after the Closing Date, and if such consent or approval to assignment is not obtained by the Purchaser from the applicable third party during such time period, the Vendor shall automatically cease to hold such Contract in trust for the Purchaser, such Contract shall not be assigned to the Purchaser, and the Vendor shall be entitled to terminate, cancel and/or repudiate such Contract.

2.3 "As is, Where is"

The Purchaser acknowledges that the Vendor is selling the Assets on an "as is, where is" basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to or the condition of the Assets and that the Purchaser has conducted such inspections of the condition of and title to the Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

2.4 Assumed Obligations and Retained Liabilities

The Purchaser agrees that on the Closing Date it will assume and thereafter satisfy, discharge, perform and fulfill, and forever indemnify and save harmless the Vendor from and against, only the following liabilities, commitments and obligations (the "**Assumed Obligations**"):

- (a) liabilities, commitments and obligations under the Contracts and arising after the Time of Closing, excluding any liabilities that relate to any violation, default or non-performance at or prior to the Time of Closing; and

- (b) liabilities, commitments and obligations in respect of the Assets arising or incurred from and after the Time of Closing and not related to events occurring prior to the Time of Closing.

Except for the Assumed Obligations, the Vendor shall retain, and the Purchaser shall not assume, nor be responsible or liable with respect to any costs, expenses, liabilities and obligations of the Vendor, or claims of any other nature against the Vendor or related to the Excluded Assets, whether fixed, contingent or otherwise and whether known or unknown (collectively, the “**Retained Liabilities**”).

2.5 Excluded Obligations

Other than the Assumed Obligations, the Purchaser shall not assume and shall not be liable for any other liabilities or obligations of the Vendor.

2.6 Purchase Price

The purchase price for the Assets shall be the sum of:

- (a) Cdn\$1,200,000 plus applicable taxes for the Assets other than: (i) the Inventory; and (ii) the containers in which the work in process inventory set out in Section 1.11.1(d)1.1(d)(v) is shipped to the Purchaser;
- (b) Cdn\$100,000 plus applicable taxes for the containers in which the work in process inventory set out in Section 1.11.1(d)1.1(d)(v) is shipped to the Purchaser; and
- (c) the purchase price for the Inventory as calculated pursuant Section 2.11 plus applicable taxes,

(collectively, the “**Purchase Price**”).

2.7 Payment of the Purchase Price

At or prior to the Time of Closing, the Purchaser shall pay the Purchase Price by bank draft drawn upon a Canadian chartered bank or by wire transfer to a bank account specified, in advance, by the Monitor, as follows:

- (a) the portion of the Purchase Price relating to the Inventory plus applicable taxes shall be paid to the Monitor (to be held by the Monitor pending further order of the Court); and
- (b) Cdn\$1,300,000 plus applicable taxes, representing the portion of the Purchase Price attributable to the Assets other than Inventory, shall be paid to the Monitor, to be held in trust in an interest-bearing account for the benefit of the Vendor (for subsequent distribution to parties entitled to such proceeds) and the Purchaser, as the case may be.

In the case of any funds paid by wire transfer, payments shall occur upon confirmation by the Monitor of its receipt of the funds wired in the designated bank account.

2.8 Allocation of Purchase Price

The Vendor and the Purchaser agree to allocate the Purchase Price among the Purchased Assets in accordance with Schedule 2.8 and to report the sale and purchase of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation.

2.9 Taxes

The Purchaser shall pay on the Closing Date, in addition to the Purchase Price, all applicable federal, provincial, state or other taxes exigible in connection with the purchase and sale of the Assets including, without limitation, goods and services tax. Alternatively, where applicable, the Purchaser shall have the option to furnish the Vendor with appropriate exemption certificates in form and substance to the Vendor, acting reasonably.

The Purchaser agrees to and hereby indemnifies and saves the Vendor and the Monitor harmless from and against all claims and demands for payment of the above-mentioned taxes including penalties and interest thereon and any liability or costs incurred as a result of any failure by the Purchaser to pay such taxes when due.

2.10 Excluded Assets

For greater certainty, the Assets shall not include any of the Excluded Assets. If any of the Excluded Assets or any proceeds in respect thereof shall at any time come into the possession of or under the control of the Purchaser or any of its employees, officers or agents, such assets and/or proceeds, as applicable, shall be held by the Purchaser in trust for the benefit of the Vendor. Within two Business Days from the date on which the Purchaser or any of its employees, officers or agents, becomes aware that it has come into possession of or has obtained control over any of such assets and/or proceeds, as applicable, the Purchaser shall (a) by notice in writing delivered to the Vendor and the Monitor in accordance with the provisions hereof, so advise the Vendor, and (b) forthwith account and deliver over to the Vendor, at the Purchaser's cost, any such assets and forthwith account and deliver over to the Monitor, at the Purchaser's cost, any such proceeds. If any proceeds in respect of any Assets (other than the Purchase Price or insurance proceeds) come into the possession of or under the control of the Vendor or any of its employees, officers or agents, such assets and/or proceeds, as applicable, shall be held by the Vendor in trust for the benefit of the Purchaser. Within five Business Days from the date on which the Vendor or any of its employees, officers or agents, comes into possession of or obtains control over any of such assets and/or proceeds, as applicable, the Vendor shall (a) by notice in writing delivered to the Purchaser, in accordance with the provisions hereof, so advise the Purchaser and (b) forthwith account and deliver over to the Purchaser any such assets and/or proceeds.

2.11 Inventory

The purchase price for the Inventory shall be calculated as follows:

- (a) for raw materials, 100% of the Vendor's actual invoiced cost; and
- (b) for work in process, 85% of the Vendor's costs, which costs shall be calculated on a percentage of completion basis based on the existing price called for in the purchase order for the component parts in issue.

The Purchaser and the Vendor shall conduct a physical inventory ("**Physical Inventory**") for the purposes of identifying the Inventory that is usable and merchantable, which Physical Inventory and determination shall be made immediately prior to the Time of Closing and evidenced by the Purchaser making payment for the applicable Inventory.

For purposes of this Agreement, the term "useable" means all Inventory that, on the date that the Physical Inventory is undertaken, is (i) not obsolete, as reasonably determined by the Purchaser in accordance with applicable industry standards for the Inventory at issue; and (ii) useable by the Purchaser in the production of component parts for the Customer, as reasonably determined by the Purchaser. The term "merchantable" means merchantable in conformance with all applicable purchase order specifications.

SECTION 3 – REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly formed and subsisting under the laws of the Province of Ontario;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;
- (d) other than filings and approvals contemplated in this Agreement, there is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any governmental authority or other regulatory body as a condition to the lawful consummation of the Transaction;
- (e) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending

or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success; and

- (f) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof.

3.2 Vendor's Representations

The Vendor represents and warrants to the Purchaser as follows:

- (a) SKD Company is a general partnership duly formed, organized and subsisting under the laws of the Province of Ontario;
- (b) the Vendor has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations hereunder and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary action on the part of the Vendor;
- (c) this Agreement and all other documents contemplated hereunder to which the Vendor is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Vendor and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Vendor, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (d) subject to the granting of the Approval and Vesting Order, the Vendor has the right to enter into this Agreement and to complete the Transaction;
- (e) the Vendor is a Canadian partnership as that term is defined in the *Income Tax Act* (Canada); and
- (f) the Vendor is registered under Part IX of the ETA and its registration number is 12300 8963 RT0001.

SECTION 4 – CONDITIONS

4.1 Conditions – Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed:

- (a) At or prior to the Time of Closing:
 - (i) all representations and warranties of the Vendor contained in this Agreement shall be true as of the Time of Closing with the same effect as though made on and as of the Time of Closing;
 - (ii) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Time of Closing; and
 - (iii) no action or proceedings shall be pending to restrain or prohibit the completion of the Transaction contemplated by this Agreement;
- (b) at or prior to the Time of Closing the Purchaser shall have received all Required Consents on terms acceptable to the Purchaser, acting reasonably;
- (c) the Competition Act Approval shall have been obtained;
- (d) at or prior to the Time of Closing, no person shall attempt to restrain, enjoin or interfere with the removal of the Assets (whether by legal process or otherwise) by the Purchaser; and
- (e) at or prior to the Time of Closing the Purchaser shall be satisfied that Vendor has made appropriate arrangements and has sufficient funding to pay all rent obligations, insurance, heat, electricity and other occupation costs in relation to the Premises to and including the end of April, 2009.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

4.2 Conditions – Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed:

- (a) at or prior to the Time of Closing:
 - (i) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Time of Closing with the same effect as though made on and as of the Time of Closing;

- (ii) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Time of Closing;
 - (iii) no action or proceedings shall be pending to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (b) the Vendor shall not have lost its ability to convey the Assets or any part thereof; and
 - (c) at or prior to the Time of Closing, the Vendor shall be satisfied that it has sufficient funding to permit the Vendor to pay all rent obligations, insurance, heat, electricity and other occupation costs in relation to the Premises to and including the end of April, 2009.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

4.3 Mutual Conditions

The obligations of the Vendor and the Purchaser are subject to the conditions that at or prior to the Time of Closing:

- (a) the Vendor shall have obtained all necessary consents, in form and substance satisfactory to the Vendor in its sole discretion, to the sale of the Assets as required under the Accommodation Agreement and the Access and Security Agreement between, amongst others, SKD Company and the Customer dated January 21, 2009, as amended;
- (b) (i) the Vendor and Purchaser shall have met and agreed upon the process for the detachment and removal of any Equipment, or any appurtenance or accessions to any Equipment, that is/are affixed to either land or building, including the disposition of any ventilation, electric or water lines, pipe, ducts and hosing, racks and rails, as well as the repair of any openings left by or damage cause to any ceiling, roof, walls or floors occasioned by such removal, and (ii) there shall be no proceeding or action by any landlord of the Premises to restrain or impair the removal of any of the Assets by the Purchaser;
- (c) at or prior to April 3, 2009, or such later date as the Vendor and Purchaser may agree (the “**Court Approval Date**”), an order shall have been obtained from the Court on notice to all persons on the service list in the Vendor’s CCAA proceedings, all other persons having a security interest in the Assets registered under the *Personal Property Security Act* of Ontario and any other persons listed on Schedule 4.3(c) to this Agreement, approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Vendor in the Assets free and clear of all liens, security interests and other encumbrances, which order (the “**Approval and Vesting Order**”) shall be in

form and substance satisfactory to the Purchaser, the Vendor and the Monitor, acting reasonably;

- (d) at the Time of Closing, the Approval and Vesting Order shall not be stayed or vacated, or varied in a manner not acceptable to both the Vendor and the Purchaser, no appeal of the Approval and Vesting Order shall have been commenced and there shall be no action or proceeding pending or threatened to restrain or prohibit the completion the Transaction; and
- (e) at or prior to the Time of Closing,
 - (i) the Vendor shall have entered into binding agreements, satisfactory to the Vendor and the Monitor, each in its sole discretion, with: (A) Teamsters Local Union No. 419; and (B) the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("United Steelworkers"), representing the Vendor's unionized employees at the Premises with respect to the Vendor's obligations to such employees in respect of accrued vacation pay, employment, severance and termination obligations and in relation to the registered pension plans relating to the unionized employees; and
 - (ii) the Vendor, the Monitor in its capacity as escrow agent, and Teamsters Local Union 419 shall have entered into an escrow agreement regarding the distribution of funds relating to the agreement in Section 4.3(e)(i)(A) and the Vendor, the Monitor in its capacity as escrow agent, and the United Steelworkers shall have entered into an escrow agreement regarding the distribution of funds relating to the agreement in Section 4.3(e)(i)(B).

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.4 Non-Satisfaction of Conditions

- (a) If any condition set out in this Section 4 is not satisfied or performed on or prior to April 3, 2009, the party for whose benefit the condition is inserted may:
 - (i) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
 - (ii) elect on written notice to the other party to terminate this Agreement.

SECTION 5 – CLOSING

5.1 Closing

The completion of the Transaction shall take place at the offices of Wildeboer Dellelce LLP (Toronto Office), counsel to the Purchaser, on the Closing Date at the Time of Closing or as otherwise determined by mutual agreement of the parties in writing.

5.2 Purchaser's Deliveries on Closing Date

At or before the Time of Closing, the Purchaser shall execute and/or deliver to the Vendor or the Monitor, as applicable, the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) payment to the Monitor in full of the Purchase Price;
- (b) payment to the Monitor, or evidence of payment, of applicable federal and provincial taxes or alternatively, appropriate exemption certificates, as required by Section 2.9;
- (c) a bill of sale, and, if applicable and requested, an agreement providing for the assignment and/or assumption of a Contract;
- (d) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;
- (e) an acknowledgement dated the Closing Date, that each of the conditions precedent in Sections 4.1 and 4.3 of this Agreement have been fulfilled, performed or waived as of the Time of Closing; and
- (f) such further and other documentation as is referred in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

5.3 Vendor's Deliveries on Closing Date

At or before the Time of Closing, the Vendor shall execute and deliver to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a bill of sale, and, if applicable, an agreement providing for the assignment and/or assumption of a Contract;
- (b) a specific non-exclusive licence to use the Intellectual Property;
- (c) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this agreement are true as of the Time

of Closing, with the same effect as though made on and as of the Time of Closing;

- (d) an acknowledgement dated the Closing Date, that each of the conditions precedent in Sections 4.2 and 4.3 of this Agreement have been fulfilled, performed or waived as of the Time of Closing; and
- (e) a true copy of the Approval and Vesting Order.

With respect to conveyances of title to the Equipment that occur subsequent to the Closing Date, a bill of sale shall be executed by the Purchaser and the Vendor as Equipment is removed from the Premises.

5.4 Removal of Assets from Premises

Notwithstanding anything to the contrary herein, title to any particular piece of Equipment shall remain with the Vendor until such time as the Purchaser or a Purchaser Representative (as defined in Section 5.4(c)) takes possession of such Equipment, free of restraint, enjoyment or interference (whether by legal process or otherwise), with such possession being deemed to occur the moment such Equipment leaves the Premises.

- (a) Concurrently with the removal of any Equipment listed on Schedule 1.1(d) by the Purchaser from the possession or control of the Vendor, a representative of the Vendor and Purchaser shall each execute a certificate (the "**Removal Certificate**") identifying the Equipment listed on Schedule 1.1(d) being removed, identifying the purchase price of the Equipment being removed based on the values set forth in Schedule 1.1(d), and directing the Monitor to release from trust that portion of the Purchase Price attributable to such Equipment identified in the Removal Certificate.

Subject to the Purchaser providing evidence of insurance to cover any potential damages that might be incurred by the Purchaser removing the Assets, Vendor shall provide access to the Premises to the Purchaser for a period that commences following the Time of Closing on the Closing Date and ends at 5:00 p.m. on the earlier of: (a) 20th Business Day following the Closing Date; or (b) April 30, 2009 (the "**Removal Period**"), for the purposes of the Purchaser completing the removal of the Assets purchased under this Agreement, which removal shall be on the following terms.

- (b) The Vendor shall provide access to the Premises for the purpose of completing the Transaction at such time and on such dates as the Purchaser shall require, provided that the Purchaser provides reasonable prior written notice of same to the Vendor. For greater certainty, nothing herein shall limit the time of day during which the Purchaser or the Purchaser's Representatives (as hereinafter defined) shall be permitted access to the Premises. The Vendor shall, at all times as the Purchaser or the Purchaser's Representatives are present at the Premises, ensure that one or more of the Vendor's employees are present.

- (c) The Purchaser agrees that it and its invitees, employees, contractors and agents (the "**Purchaser Representatives**") shall act in a prudent and responsible manner while attending at any Premises and such Premises shall be left by the Purchaser in the same state of repair as existed at the commencement of the Removal Period. The Purchaser and all Purchaser Representatives shall be fully insured for any activities they perform or undertake in relation to the removal of the Assets, including for any loss, damage or injury to the Premises, any property or assets situated on the Premises or any employees, contractors or invitees of the Vendor or Purchaser.
- (d) The Purchaser acknowledges having received and read the provisions of the leases of the Premises regarding removal of fixtures and agrees not to detach or remove from the Premises any plumbing, heating, ventilating, lighting equipment, wiring or electrical panels and services, or other building services, without the prior agreement of the applicable landlord (or in the case of owned Premises, the Vendor), or an order of the Court.
- (e) The Purchaser shall be responsible at its sole cost and expense, for the following:
 - (i) removal of the Assets from the Premises;
 - (ii) leaving the portion of the Premises from or through which any Equipment is removed in a clean and broom-swept condition, including conducting any floor cleaning required as a result of the removal of the Equipment; and
 - (iii) without limiting any other provisions of this Section 5.4, shearing off any protruding bolts remaining after removal of the Equipment, repairing any holes to any roof, ceiling, wall or floor and any other damages caused to Premises due to the removal of any Equipment, and properly capping all ventilation, gas and electrical connections relating to the Equipment, at all times using properly licensed, certified and qualified trades people.
- (f) The Vendor and the Purchaser, acting reasonably, agree to conduct inspections of each of the Premises to identify the state of repair (i) prior to the Purchaser's removal of any Assets and on one or more occasions following the entry onto the Premises by the Purchaser, or the Purchaser's Representatives, including a final inspection on the last date of the Removal Period (the "**Exit Date**"). During the final inspection on the Exit Date, the Vendor and Purchaser shall identify and record any damage to any Premises caused during the Removal Period which the Purchaser is responsible to repair pursuant to this Agreement. If there is a dispute as to damage to any Premises, the Vendor and the Purchaser shall promptly work in good faith to resolve such dispute, provided that if such dispute is not settled within three (3) Business Days, either the Vendor or the Purchaser may seek a determination of responsibility for such damage by the Court.

- (g) The Purchaser undertakes to repair at its sole expense forthwith, but in any event, before or within seven days' following the expiry of the Removal Period, all damages caused by the Purchaser and the Purchaser Representatives relating to the Removal of the Assets. The Purchaser further agrees to indemnify and hold harmless the Vendor from and against, all claims, demands, damages, losses, actions and costs incurred or arising from or in any way related to any loss or damage, suffered or incurred, by any Purchaser's Representative.

5.5 Incomplete Removal of Equipment

If prior to April 30, 2009 the Purchaser is prevented from taking possession of Equipment in the manner described in Section 5.4 hereof (other than as a result of its own actions or omissions or its breach of this Agreement), the Purchaser shall have the option on written notice to the Vendor and the Monitor to terminate this Agreement with respect to the Purchaser's obligation to purchase any remaining Equipment that has not been removed from the Premises on the date the written notice is delivered to the Vendor as set forth in Section 6.2 (but for greater certainty all other obligations of the Purchaser under this Agreement, including indemnity obligations, shall continue). In the event the Purchaser exercises such option, the Purchaser and the Vendor shall jointly direct the Monitor to release from trust to the Purchaser that portion of the Purchase Price attributable to such Equipment not removed based on the values set forth in Schedule 1.1(d).

If on April 30, 2009 the Purchaser has not taken possession of all of the Equipment in the manner described in Section 5.4 hereof and the Vendor has not arranged for adequate funding (in the Vendor's sole discretion) to continue providing the Purchaser with access to the Premises, the Vendor shall have the option on written notice to the Purchaser and the Monitor to terminate this Agreement with respect to the Vendor's obligation to sell any remaining Equipment that has not been removed by the Purchaser from the Premises on the date the written notice is delivered to the Purchaser as set forth in Section 6.2 (but for greater certainty all other obligations of the Vendor under this Agreement, including indemnity obligations, shall continue). In the event the Vendor exercises such option, the Purchaser and the Vendor shall jointly direct the Monitor to release from trust, to be held by the Monitor for distribution as directed by the Court, that portion of the Purchase Price attributable to such Equipment not removed based on the values set forth in Schedule 1.1(d).

5.6 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling its rights, benefits and interests, if any, in and to the Assets pursuant to the Approval and Vesting Order. The Purchaser agrees to purchase and accept the rights, benefits and interests of the Vendor in and to the Assets pursuant to and in accordance with the terms of this Agreement, the bill of sale, any assignment and assumption agreement delivered pursuant to this Agreement and the Approval and Vesting Order.

The Purchaser acknowledges that neither the Vendor nor the Monitor has an obligation to deliver physical possession of the Assets to the Purchaser and shall not be required to incur any costs in connection with the removal of the Assets.

5.7 Possession of Assets

The Vendor shall remain in possession of the Assets (other than the Equipment) until the Time of Closing. At the Time of Closing, the Purchaser shall take possession of the Assets (other than the Equipment) where situate at the Time of Closing. In no event shall title to the Assets (other than Equipment) be vested, sold, assigned, transferred or set over in or to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied, the Purchaser has satisfied all delivery requirements outlined in Section 5.2 and a Monitor's Certificate has been filed with the Court.

The Vendor shall remain in possession of the Equipment until such time as the same have been removed by the Purchaser in the manner contemplated by the Section 5.4 hereof. Upon removal of the Equipment to the location specified in Section 5.4 hereof, the Purchaser shall take possession of and title to the Equipment. In no event shall title to the Equipment be vested, sold, assigned, transferred or set over in or to the Purchaser until the conditions set out in the Approval and Vesting Order and in Section 5.4 hereof have been satisfied, the Purchaser has satisfied all delivery requirements outlined in Section 5.2 and a Monitor's Certificate has been filed with the Court. The Vendor acknowledges that it has an obligation to permit the removal of the Equipment from the Premises by the Purchaser, provided however, that the Vendor shall not be required to incur any costs (other than compensation of its employees) in connection with the removal of the Equipment.

5.8 Access to Assets

The Purchaser may have reasonable access to the Assets located at the any Premises, as the case may be, during normal business hours on Business Days prior to the Time of Closing for the purpose of enabling the Purchaser to conduct such physical and other tests and inspections of the Assets as it deems appropriate. Such tests and inspections shall only be conducted in the presence of a representative of the Monitor or the Vendor, if so required, at the discretion of the Vendor. The Purchaser further agrees to indemnify and hold harmless the Vendor from and against, all claims, demands, damages, losses, actions and costs incurred or arising from or in any way related to any loss or damage, suffered or incurred, by any Purchaser's Representative.

5.9 Risk

The Assets shall be and remain at the risk of:

- (a) the Vendor until (i) the Time of Closing in the case of Assets other than Equipment; and (ii) delivery of each joint direction of the Vendor and Purchaser contemplated in Section 5.4 in the case of Equipment; and
- (b) the Purchaser from and after the (i) the Time of Closing in the case of Assets other than Equipment; and (ii) delivery of each joint direction of the Vendor and Purchaser contemplated in Section 5.4 in the case of Equipment.

Notwithstanding the foregoing, the Purchaser shall bear the risk of loss with respect to Equipment damaged by it or a Purchaser's Representative during the dismantling and removal process (and there shall be no reduction in the Purchase Price). If, prior to the

relevant time of the transfer of title and risk, the Assets shall be substantially damaged or destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the Transaction (or if the Closing Date has already occurred, the portion of the Transaction involving the removal of Equipment after the date such Equipment is substantially damaged). Such option shall be exercised within 15 days after notification to the Purchaser by the Vendor of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 days of the Closing Date) in which event this Agreement shall be terminated automatically (but if such event which substantially damages or destroys Assets by fire or other casualty does not occur until after the Closing Date, the Purchaser may only rescind this Agreement with respect to the Purchaser's obligation to purchase any remaining Equipment that to the date of the written notice has not been removed from the Premises and otherwise the Purchaser's obligations hereunder survive). If the Purchaser does not exercise such option, it shall complete the Transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction. If any dispute arises under this section as to whether damage or destruction is substantial or with respect to the amount of any abatement, such dispute will be determined in accordance with Section 5.10 herein.

5.10 Dispute Resolution

If any dispute arises (a) under Section 5.9 as to whether any damage or destruction is substantial or with respect to the amount of any abatement, or (b) with respect to any other matter related to the Transaction, such dispute will be determined by the Court in the Vendor's CCAA proceedings, or by such other person or in such other manner as the Court may direct.

5.11 Termination

(a) This Agreement may be terminated by:

- (i) the written agreement of the Vendor and the Purchaser;
- (ii) the Purchaser or the Vendor pursuant to Section 4.4(a);
- (iii) the Purchaser pursuant to Section 5.9.

Additionally, this Agreement may be terminated in part in accordance with Section 5.5

(b) If this Agreement is terminated pursuant to Sections 4.4(a) or by the Purchaser prior to the Closing Date pursuant to Section 5.9, or if the parties mutually agree in writing to terminate this Agreement, then:

- (i) all the obligations of both the Vendor and Purchaser pursuant to this Agreement shall be at an end (other than the indemnification obligations in Section 5.8 which shall survive); and
- (ii) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

5.12 Breach by Purchaser

If the Purchaser fails to comply with the terms of this Agreement, the Vendor may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser.

SECTION 6 – GENERAL

6.1 Further Assurances

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

6.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed in the case of the Purchaser, as follows:

Martinrea International Inc.
30 Aviva Park Drive
Vaughan, ON L4L 9C7

Attention: Rob Wildeboer
Telephone No.: (416) 749-0314
Fax No.: (905) 264-2937

with a copy to:

Wildeboer Dellelce LLP
Suite 800
Wildeboer Dellelce Place
365 Bay Street
Toronto, ON M5H 2V1

Attention: Robert Wortzman
Facsimile: (416) 361-1790
Email: rwortzman@wildlaw.ca

and in the case of the Vendor, as follows:

SKD Automotive Group
1450 W. Long Lake Rd.
Suite 210
Troy, MI 48098

Attention: John Chen
Facsimile: (248) 267-9669
E-Mail: jchen@skdautomotive.com

SKD Automotive Group
1965 Pratt Boulevard
Elk Grove Village, IL 60007

Attention: Vytas Ambutas
Facsimile: (847) 806-7244
E-Mail: vambutas@nmlp.com

with a copy to:

Lang Michener LLP
Brookfield Place, 181
Bay Street, Suite 2500
Toronto, ON M5J 2T7

Attention: Sheryl E. Seigel
Facsimile: (416) 365-1719
Email: sseigel@langmichener.ca

with a copy to:

RSM Richter Inc. in its capacity as monitor of
SKD Company

200 King Street West, Suite 1100,
Toronto, ON M5H 3T4

Attention: Bobby Kofman
Telephone No.: 416 932-6228
Fax No.: 416 932-6200

with a copy to:

Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6

Attention: Joseph Latham
Telephone No.: 416 597-4211
Fax No.: 416 979-1234

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by fax before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day, and

if transmitted by fax after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

6.3 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendors and the Purchaser or by their respective solicitors.

6.4 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

6.5 Survival

The representations, warranties and covenants of the parties hereto contained in this Agreement shall survive Closing without limitation of time.

6.5 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, provided that the Purchaser shall not assign the benefit of this Agreement without the prior written consent of the Vendor. The Purchaser shall, without the obligation to obtain prior written consent of the Vendor, be entitled to assign this Agreement or all or any part of its rights or obligations hereunder to any one or more of its direct or indirect subsidiaries and provided further that Purchaser shall be entitled to designate one or more of its direct or indirect subsidiaries to receive the Assets and assume the Assumed Obligations hereunder, provided that notwithstanding any assignment, the Purchaser shall continue to be liable to the Vendor and its successors and assigns for any default in performance by any permitted assignee of its obligations hereunder.

6.6 Entire Agreement

This Agreement and the attached Schedules constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

6.7 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

6.8 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

6.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

6.10 Monitor's Capacity

The Monitor is acting in its capacity as Monitor of the Vendor and shall have no personal or corporate liability under this Agreement.

6.11 Commission

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Vendor or the Monitor on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

6.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Transmission by facsimile or electronic transmission in "pdf" format of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

The parties have executed this Agreement.

**SKD COMPANY, an Ontario general partnership,
by its partners NMC CANADA INC. and 2515080
NOVA SCOTIA COMPANY**

NMC CANADA INC.

By: _____

Name: John Chen
Title: President

2515080 NOVA SCOTIA COMPANY

By: _____

Name: John Chen
Title: President

MARTINREA INTERNATIONAL INC.

By: _____

Name: Rob Wildeboer
Title: Chairman

Schedule 1.1(d) – Assets

References to “CAI Item #” in this Schedule 1.1(d) are references to the corresponding list and description of equipment for each of such Premises as set forth in the appraisal report prepared by Corporate Assets Inc. dated February 20, 2009, a copy of which has been provided by the Vendor to the Purchaser.

MISSISSAUGA
6495 Tomken Rd.
Mississauga, Ontario

CAI ITEM #	CUSTOMER	PURCHASE PRICE
1	Chrysler	\$58,500
2	Chrysler	\$58,500
8	Chrysler	\$17,000
9	Chrysler	\$32,500
12	Chrysler	\$7,500
33	Chrysler	\$150,000
34	Chrysler	\$29,000
35	Chrysler	\$12,000
36	Chrysler	\$17,000
37	Chrysler	\$5,000
86	Chrysler	\$5,000
87	Chrysler	\$5,000
88	Chrysler	\$5,000
89	Chrysler	\$2,500
90	Chrysler	\$2,500
91	Chrysler	\$2,500
92	Chrysler	\$2,500

MILTON
375 Wheelabrator Way
Milton, Ontario

CAI ITEM #	CUSTOMER	PURCHASE PRICE
1	Chrysler	\$82,500
2	Chrysler	\$82,500
3	Chrysler	\$185,000
4	Chrysler	\$145,000
5	Chrysler	\$20,000
6	Chrysler	\$15,500
7	Chrysler	\$25,000
8	Chrysler	\$33,000
9	Chrysler	\$25,000
10	Chrysler	\$34,000
13	Chrysler	\$1,000
14	Chrysler	\$10,000
28	Chrysler	\$7,500
29	Chrysler	\$5,000
30	Chrysler	\$5,000
31	Chrysler	\$46,000
34	Chrysler	\$46,000
35	Chrysler	\$12,500
36	Chrysler	\$7,500

Schedule 1.1(j) - Contracts

1. Licenses for software embedded on the Equipment shall be assigned to the extent the Vendor is permitted to assign such licenses.

Schedule 1.1(u) – Intellectual Property

Nil.

Schedule 1.1(y) – Required Consents

Nil.

Schedule 1.1(z) – Software

Nil.

Schedule 2.8 – Purchase Price Allocation

1. Equipment - \$1,300,000
- The price allocated to each specific piece of Equipment is as listed in Schedule 1.1(d)
2. Intellectual Property - \$0.00
3. Contracts - \$0.00
4. Inventory - Price as set forth in Section 2.11.

Schedule 4.3(c) – Additional Parties to be Served

Additional Service List for Vesting Order / Sale Approval

NMC Canada Inc.

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

Comerica Bank
200 Bay Street, Suite 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

Lessor & Address:

Stellarbridge Management Inc.
111 Creditstone Road, Concord ON L4K 1N3

SKD Company

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

Integrated Distribution Systems LP
O/A Wajax Industries 16745-111 Avenue, Edmonton, AB T5M 2S4

CBSC Capital
100-1235 North Service Rd. W., Oakville, ON L6M 2W2

CBSC Capital Inc.
#100, 1235 North Service Rd. West, Oakville, ON L6M 2W2

Comerica Bank
200 Bay St., Ste 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

2515080 Nova Scotia Company

Secured Parties & Addresses (PPSA):

Orlando Corporation
6205 Airport Road, Suite 500, Building B, Mississauga, ON L4V 1E3

Orion Properties Ltd.
500-6205 Airport Road, Mississauga, ON L4V 1E3

General Electric Canada Equipment Finance G.P.
5500 North Service Rd., 8th Floor, Burlington, ON L7L 6W6

Comerica Bank
200 Bay St., Ste 2210, Royal Bank Plaza, South Tower, Toronto, ON M5J 2J2

SKD Automotive Group Milton Division

Secured Parties & Addresses (PPSA):

Answer Precision Tool Inc.
190 Washburn Drive, Kitchener, ON N2R 1S2

Creditor Parties & Addresses (Executions):

Roberto Costantino
161 Lio Avenue, Woodbridge, ON L4H 2R9

Tony Wong
109 Angelica Avenue, Richmond Hill, ON L4S 1T8

SKD Brampton

Secured Parties & Addresses (PPSA):

Ready Machinery & Equipment [Canada] Inc.
8080 Lawson Road, R.R. #4, Milton, ON L9T 2M1

Unions (Notice to be provided in manner previously set forth in SKD CCAA filings)

National Automobile, Aerospace, Transportation and General Workers of Canada (C.A.W.) and its Local 1285

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers)

Teamsters Local Union No. 419

APPENDIX "D"

BILL OF SALE

THIS INDENTURE made as of the _____ day of March, 2009, between NMC Canada Inc. and 2515080 Nova Scotia Company, carrying on business in partnership as SKD Company (the “**Vendor**”), and Ford Motor Company (the “**Purchaser**”).

RECITALS

- A. The Vendor made an application before the Ontario Superior Court of Justice, Commercial List (the “**Court**”), pursuant the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”) on the 21st day of January, 2009 (the “**Application**”);
- B. Pursuant to an order of Mr. Justice Campbell, dated January 21, 2009 (the “**Order**”), the Court ordered that, amongst other things, and subject to prior consent of Comerica Bank, the Vendor would have to the right to dispose of redundant or non-material assets, which are currently not used in the production of component parts for any of the Customers: (i) not exceeding \$100,000 in any one transaction; or (ii) with the consent of the RSM Richter Inc., in its capacity as monitor in the Vendor’s CCAA proceedings (the “**Monitor**”), not exceeding \$500,000 in any one transaction, or \$1,000,000 in the aggregate, provided that the proceeds of sale of these assets shall remain subject to the terms of any valid and existing liens and security interests affecting such property and its proceeds;
- C. The Vendor has agreed to sell and dispose of certain redundant or non-material assets, as more particularly described in Schedule “A” attached hereto (the “**Assets**”), and the Purchaser has agreed to purchase the Assets, for the aggregate sum of USD[\$98,616.43] plus retail sales tax of 8% and goods and services tax of 5%, for an aggregate purchase price of USD[\$111,436.57] (the “**Purchase Price**”), subject to the Vendor obtaining an order of the Court approving the sale and vesting of the Assets to the Purchaser;
- D. The Monitor has consented to the transfer of the Assets from the Vendor to the Purchaser, subject to the Vendor obtaining an order of the Court approving the sale and vesting of the Assets to the Purchaser;

NOW THIS INDENTURE WITNESSETH that for good and valuable consideration, including the payment by the Purchaser to the Monitor, in trust, of the Purchase Price and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties covenant and agree as follows:

1. Vendor hereby grants, bargains, sells, assigns, transfers, conveys and sets over onto the Purchaser, its successors and assigns, all right, title and interest of the Vendor in and to the Assets.
2. The Vendor makes no representation or warranty in favour of the Purchaser as to title, fitness for purpose, or of any kind whatsoever, and the Assets are received by the Purchaser on an “as is, where is” basis.

SCHEDULE "A"
DESCRIPTION OF ASSETS

1. Weld cell 107 - #7T41-7810818
2. Weld cell 130 -#7T43-7810556/7
3. Unamortized portion of SMF-6 racks (139 quantity)

Including the following with respect to each weld cell:

1. light screens
2. air stands
3. utility hook-ups
4. E-Stop, cycle start/cycle stop switch
5. control cabinet
6. nut feeders
7. stack lights
8. all electrical, mechanical and control documentation relating to each weld cell in the possession or control of the Vendor, including:
 - (i) electrical drawings
 - (ii) mechanical drawings
 - (iii) control drawings/prints
 - (iv) wiring diagrams; and
 - (v) logic relating to the program
9. documentation for production aids, including packaging instructions and operating instruction sheets
10. Production Part Approval Process (PPAP) books
11. Part history documentation in the possession or control of the Vendor
12. Back-up programs

[NTD: ITEMS NOT CURRENTLY INCLUDED, BUT WHICH MAY BE PURCHASED]

- [13. Process control boards**
- 14. Roller racks**
- 15. Material Handling Aids – lifts, tilts stands**
- 16. Spare Parts]**

APPENDIX "E"

RSM! Richter

**Second Report of RSM Richter Inc.
as CCAA Monitor of
NMC Canada, Inc., 2515080 Nova Scotia
Company and SKD Company**

RSM Richter Inc.
Toronto, February 13, 2009

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Appendix "B"	Proposed Monitor's Report (without appendices)
Appendix "C"	First Chen Affidavit (without exhibits)
Appendix "D"	The Subordinated Participations Agreement

**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
NMC CANADA, INC. AND 2515080 NOVA SCOTIA COMPANY**

**SECOND REPORT OF RSM RICHTER INC.
AS CCAA MONITOR OF
NMC CANADA INC., 2515080 NOVA SCOTIA COMPANY
AND SKD COMPANY**

February 13, 2009

1. INTRODUCTION

Pursuant to an order (the "Initial Order") of the Ontario Superior Court of Justice (the "Court") made on January 21, 2009, NMC Canada Inc. ("NMC"), 2515080 Nova Scotia Company ("2515") and SKD Company ("SKD") (collectively, the "Company") commenced proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") and RSM Richter Inc. ("Richter") was appointed the monitor (the "Monitor"). A copy of the Initial Order can be found at Tab "1" of the Company's compendium of orders, filed with the Court in these proceedings.

The Company's stay of proceedings currently expires on February 19, 2009.

1.1 Purposes of this Report

The purposes of this report ("Report") are to:

- a) Provide background information about the Company and these CCAA proceedings;
- b) Provide an update on the status of the sale process ("Sale Process") being conducted by the Monitor pursuant to the terms of the Initial Order;
- c) Recommend that this Honourable Court make an order:
 - Granting the Company's request for an extension of its stay of proceedings from February 19, 2009, the date that the current stay expires, to February 27, 2009; and
 - Approving the Monitor's actions and activities, as described in this Report and the prior reports of the Monitor filed with this Honourable Court.

1.2 Currency

Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Terms of Reference

In preparing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's advisors, the Company's books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

2. BACKGROUND

NMC and 2515 are the general partners of SKD. The only assets and liabilities of NMC and 2515 relate to SKD. NMC and 2515 own 1% and 99% of SKD, respectively. In addition to SKD's Canadian manufacturing operations, automotive parts manufacturing is carried on by SKD L.P. in the US ("SKD US") and SKD de Mexico, S. de R.L. de C.V. in Mexico ("SKD Mexico") (collectively, SKD US, SKD Mexico, SKD and related entities are referred to as the "SKD Group").

The SKD Group is primarily a tier one supplier of stampings and welded assemblies to the North American automotive industry.

At the commencement of the CCAA proceedings, the Company had approximately 661 employees (approximately 192 salaried employees and approximately 469 hourly employees). The hourly employees are represented by three unions, the National Automobile, Aerospace, Transportation and General Workers of Canada and its Local 1285 (the "CAW"), the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union (the "USW") and Teamsters Local Union No. 419 (the "Teamsters") (collectively these unions being the "Unions").

Prior to the commencement of the CCAA proceedings, the Company, Comerica Bank ("Comerica") and the Customers (as defined in Section 3 below) negotiated an accommodation agreement (the "Accommodation Agreement"), which, *inter alia*, sets out the terms pursuant to which the Company will continue to supply to the Customers, the Customers' terms of payment and the mechanism pursuant to which the Customers will fund the Company' operations. The Accommodation Agreement (including the Access and

Security Agreement) was approved by this Honourable Court. A copy of the Accommodation Agreement is attached as Appendix "A".

Additional information concerning the Company, its creditors and its financial position, can be found in the report filed on January 21, 2009 with this Honourable Court by Richter as proposed Monitor of the Company (the "Proposed Monitor's Report"), the affidavit of John Chen, the President of NMC, sworn January 21, 2009 (the "First Chen Affidavit"), and the affidavit of Mr. Chen sworn February 13, 2009 (the "Second Chen Affidavit"). The Proposed Monitor's Report (without appendices) and the First Chen Affidavit (without exhibits) are provided in Appendices "B" and "C", respectively. The Second Chen Affidavit was filed with the Company's motion materials in connection with this motion.

3. THE COMPANY'S ACTIVITIES

Following the issuance of the Initial Order, the Company, with the assistance of the Monitor (where necessary), communicated with each of the Company's major stakeholder groups, including suppliers and employees. The Company has secured the cooperation of the majority of its stakeholders and the business is now operating without disruption, as it has (for the most part) since the date of the Initial Order.

Since the date of the Initial Order, the Company's activities have included the following:

- Convening meetings with its employees;
- Negotiating with suppliers and service providers regarding the terms on which goods and services are to be provided to the Company and paid for by the Company during these proceedings;
- Corresponding with and reporting to Comerica and the Company's major customers, being Ford Motor Company ("Ford"), Chrysler Canada Inc. and Chrysler LLC (jointly, "Chrysler") and Honda of America Mfg. Inc., Honda Manufacturing of Indiana, LLC and Honda Manufacturing of Alabama, LLC (collectively, "Honda"), (Ford, Chrysler and Honda are referred to as the "Customers");

- Corresponding with the Unions to provide information related to these proceedings;
- Terminating six salaried employees;
- Working with the Customers to establish inventory bank requirements and commencing the building of the inventory banks;
- Working with the Company's advisors to prepare variance analyses and cash flow forecasts as required pursuant to the terms of the Accommodation Agreement;
- Addressing various issues and inquiries made by creditors and suppliers of the Company; and
- Assisting the Monitor with the Sale Process, as detailed in Section 4 below.

4. SALE PROCESS

The Monitor is conducting the Sale Process as required pursuant to the terms of the Initial Order. The deadline for submission of offers is February 18, 2009.

The following is a summary of the Monitor's activities in connection with the Sale Process:

- Prior to and immediately following the commencement of these proceedings, the Monitor researched and prepared a list of 139 prospective purchasers (approximately 95 strategic parties and 44 financial investors). Certain of these parties were brought to the attention of the Monitor by the Company and its advisors;
- The Monitor prepared an interest solicitation letter that it circulated to the prospective purchasers. Attached to this letter was a confidentiality agreement ("CA");
- The Monitor prepared a confidential information memorandum ("CIM") that provides an overview of the Company's business, assets and Sale Process for prospective purchasers to review upon execution of a CA. Eight (8) parties executed a CA and received the CIM;
- The Company and the Monitor worked together to have information assembled in an electronic data room. The Monitor facilitated due diligence requests received from prospective purchasers. Approximately seven (7) prospective purchasers performed diligence in the data room. As of the date of this Report, one prospective purchaser attended at the Company's premises to tour the facilities and to meet with the plant managers and the Monitor. Two other plant visits are scheduled with prospective purchasers; and

- The Monitor also made available in the data room a soft copy of the form of offer. The form of offer was drafted as an asset purchase agreement. To the extent relevant, the Monitor recommended that prospective purchasers submit their offers to the Monitor in this form, or substantially in this form.

As summarized in the Proposed Monitor's Report, prior to the commencement of these proceedings, Management was in negotiations to sell SKD US and SKD Mexico to a party interested in those entities. During those negotiations, it became apparent that certain customers may favour a different purchaser ("Prospective Purchaser"), as it was believed that the Prospective Purchaser could provide a global solution; that is, one buyer for the business and assets of SKD US, SKD Mexico and the Company. Discussions among the Company, certain of the Customers and the Prospective Purchaser have continued throughout these proceedings, in parallel with the Sale Process.

A meeting among the Customers, the Company, Comerica, the Prospective Purchaser and the Monitor was convened in Detroit, Michigan on February 10, 2009. During the meeting, varying degrees of support were expressed for a transaction with the Prospective Purchaser. As at the date of this Report, it is unclear if the terms of an agreement will be reached with the Prospective Purchaser to acquire the business and assets of any or all of SKD US, SKD Mexico and SKD Canada. Provided a consensus could be reached for the sale of the Company's business and assets, and the value and structure of the transaction was acceptable, the Monitor has advised that it would consider an offer from the Prospective Purchaser, which would be subject to the approval of this Honourable Court. The Monitor is cognizant that an offer which is supported by all Customers would make it virtually impossible for any other party to submit an acceptable offer. The Monitor is not in a position at this time to make such a recommendation, as unanimous Customer support has not been obtained.

The Initial Order requires that the Company return to Court on or before February 25, 2009, to seek this Honourable Court's approval of a sale transaction (if such transaction has been completed). The Monitor understands that the Company will bring another motion prior to the end of February in order to, *inter alia*, provide the Court with a Sale Process update and to consider the next steps in these proceedings.

5. CASH FLOW

As at February 11, 2009, Comerica is owed a principal amount of approximately US\$12.1 million, excluding interest, costs and expenses, and excluding Customer funding, which is by way of subordination participations in the Comerica facility. Customer participations are purchased pursuant to an amended and restated subordinated participations agreement entered into among Comerica, the Customers and General Motors Corporation on January 21, 2009 (the "Subordinated Participations Agreement"). A copy of the Subordinated Participations Agreement is attached as Appendix "D". Total Customer funding since the commencement of these proceedings is approximately US\$4.7 million. Accordingly, the total secured indebtedness under the Comerica facility (including the Customer funding) was approximately US\$16.8 million as at February 11, 2009.

Pursuant to the forbearance agreement ("Forbearance Agreement"), the maximum borrowing limit under the Comerica facilities is US\$18 million, plus the amount of subordinated participations. The maximum Customer funding available to the Company pursuant to the budget appended to the Accommodation Agreement is US\$8.8 million.

The Company's cash flow projection for the period ending February 27, 2009 was appended to the First Chen Affidavit. The projected cash flow reflects the Customers' operations through to February 27, 2009. The cash flow reflects that the Company has sufficient funding for the extension period. The Monitor believes that the cash flow projection is reasonable.

The Company, its advisors and the Monitor are working with the Customers to finalize the terms of a cash flow for at least 30 days beyond the end of February, 2009. Should there be agreement among all the parties on funding and other matters, as well as other terms of an extension, the Monitor understands that the Company would seek an application in late February, 2009 to extend the stay of proceedings.

6. COMPANY'S REQUEST FOR AN EXTENSION

The Company is seeking an extension of the stay of proceedings to February 27, 2009.

The Monitor supports the Company's request for an extension of the stay of proceedings for the following reasons:

- The Company is acting in good faith and with due diligence;
- It should not prejudice any employee or creditor, as arrangements are in place to pay post-filing services and supplies;
- Comerica and the Customers, the principal economic stakeholders in these proceedings, support the extension;
- It would allow the Company the opportunity to comply with its obligations under the Accommodation Agreements; and
- It would allow the Monitor the opportunity to complete the Sale Process.

7. OVERVIEW OF THE MONITOR'S ACTIVITIES

The Monitor's activities to date have included:

- Attending at the Company's premises on a near daily basis in order to carry out its mandate in accordance with the Initial Order;
- Assisting the Company to deal with numerous post-filing issues, including supplier issues;
- Assisting the Company to prepare weekly variance analyses for distribution to Comerica and the Customers in accordance with the terms of the Forbearance Agreement, the Accommodation Agreement and the Initial Order;
- Reviewing weekly variance analyses and weekly cash flow projections with the Company and its advisors;
- Monitoring receipts and disbursements in accordance with the provisions of the Initial Order;
- Responding to creditor inquiries regarding these proceedings;
- Causing to be mailed on January 27, 2009, the CCAA notice to the Company's known creditors;
- Drafting and finalizing the Monitor's first report to Court in respect of the Company's motion brought on January 29, 2009 to compel a vendor to comply with the terms of the Initial Order;
- Working with the Company, Goodmans and the Customers' financial advisors, to deal with various supplier issues;
- Attending at the "all hands" meeting on February 10th meeting in Detroit, Michigan;
- Carrying out the Sale Process as detailed herein;
- Placing on its website copies of materials filed in these proceedings;
- Drafting this Report; and
- Other matters pertaining to the administration of this mandate.

8. CONCLUSION AND RECOMMENDATION

Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 of this Report.

* * *

All of which is respectfully submitted,

A handwritten signature in cursive script that reads "RSM Richter Inc".

**RSM RICHTER INC.
IN ITS CAPACITY AS CCAA MONITOR OF
NMC CANADA, INC., 2515080 NOVA SCOTIA COMPANY
AND SKD COMPANY
AND NOT IN ITS PERSONAL CAPACITY**

APPENDIX "F"

March 26, 2009- 2:45 p.m.
DRAFT

MEMORANDUM OF AGREEMENT

Regarding Plant Closure

Between

SKD Company, Milton Division
(the "Company" or "SKD")

and

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service
Workers International Union (United Steelworkers)
(the "Union")

1. The Parties herein agree that the terms of this memorandum, including Appendix A to this Memorandum and the Letter of Agreement Regarding Plant Closure attached thereto (collectively the "**Memorandum**"), amends the existing collective agreement between the parties.
2. This Memorandum is subject to ratification by the Union such ratification to be confirmed in writing to the Company on or before March [●], 2009.
3. The Parties further agree that the Company's ability to enter into this Memorandum is subject to the approval of the Ontario Superior Court of Justice, being the court supervising the CCAA proceeding relating to the Company and its general partners, NMC Canada Inc., and 2515080 Nova Scotia Company. The Parties agree that the Company will seek the Court's approval of this memorandum and request that the terms of this memorandum and all Appendices and Schedules, together with the companion Escrow Agreement shall be approved by an order of the Court.
4. The parties agree that if the Court order contemplated in paragraph 3 above is not obtained then this Memorandum shall be of no force and effect and all parties shall be entitled to exercise all of their rights under Ontario law, including all rights under the Labour Relations Act.
5. This Memorandum will also be of no force and effect, with all parties retaining all legal rights, until the Monitor advises the Union in writing that all of the Escrow Funds provided for in Exhibit 1 have been paid by the Customers to the Monitor.

Agreed this _____ day of March, 2009, in the City of _____.

For the Company, by its general partners

For the Union

APPENDIX A

1. This Appendix A forms part of this Memorandum.
2. The Union understands and agrees that Martinrea International Inc. or one of its subsidiaries or affiliates (collectively, "**Martinrea**"), if it were to proceed with and complete a transaction for the purchase of assets of the Company situated at its Milton facility, would only do so if title to all or any such assets (collectively, the "**Milton Assets**") could be conveyed to Martinrea free and clear at which time the Milton facility would be closed, all employees would be severed, and all work and designated equipment would be moved to other locations.
3. It is anticipated that the SKD Milton facility will be closed and all employees or former employees covered by the collective agreement (then "**Member Employees**") will be severed on or about April 17, 2009.
4. The Company agrees that until the closure of the Milton facility, the Company shall comply with the terms set out in the renewed collective agreement.
5. The Union agrees that, provided Martinrea does not purchase or lease the Milton facility and operate it, Martinrea shall have no obligations to any Member Employees in relation to any claims by the Union or any Member Employees for any employment-related liabilities or obligations, including, without limitation, in relation to wages, vacation pay, termination or severance pay, the failure to provide notice, any pension, health, medical, disability or other benefit plans, or like obligations, whatsoever (collectively, "**Member Claims**"). Furthermore, prior to purchasing any of the Milton Assets, Martinrea and the Company must be in receipt of full and final releases executed by the Union on behalf of itself and all Member Employees, in form and substance satisfactory to each of them, in relation to any Member Claims or claims by the Union.
6. The Union acknowledges and agrees that it has been advised that Martinrea does not intend to purchase or use the Milton Assets in order to continue operating the SKD Milton facility and agrees, on the basis of this advice, that Martinrea's proposed purchase or use does not constitute a sale of business under the Ontario *Labour Relations Act*.
7. Provided Martinrea does not purchase or lease the Milton facility and operate it, the Union agrees that it will not assert in any forum that the purchase by Martinrea of all or any part of the Milton Assets is a sale of business within the meaning of the *Labour Relations Act* or that Martinrea is or should be construed to be an employer or a successor employer of any Member Employees under the *Labour Relations Act* or any other applicable law. The Union further agrees that, even if the facility does not close or the Members Employees are not severed as contemplated by paragraph 2, it will not assert, by virtue of the existence of this Memorandum, that Martinrea and any other person is a single employer. Nothing in this paragraph constitutes a waiver by the Union of the Union's rights to assert its bargaining rights under the collective agreement or rights under Ontario law as against the Company (but not Martinrea) if the SKD Milton facility

continues to be operated by the Company or if the production at the facility has not ceased by April 17, 2009 and the employees are not severed on or about April 30, 2009.

8. Employees terminated from their employment at the Milton facility of SKD will have no preferential hiring rights at any other plant operated by any party prior to or following closure.
9. The Company and Union agree to incorporate the following Letter of Agreement (which is part of this Appendix A) into the collective agreement as Schedule D.

Schedule D

Letter of Agreement Regarding Plant Closure

Between

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers)
(the "Union")

and

SKD Company, Milton Division
(the "Company" or "SKD")

The Company and the Union agree that:

- 1) It is currently anticipated that the CCAA proceeding (the "**CCAA Proceeding**") relating to the Company and its general partners, NMC Canada Inc. and 2515080 Nova Scotia Company (the "**Partners**"), will continue in effect through March 31, 2009, except as may be extended or modified by order of the Ontario Superior Court of Justice (the "**Court**").
- 2) The Union agrees it has received sufficient notice of the CCAA Proceeding.

Bargaining Rights

- 3) The Union agrees that the Union's bargaining rights under this collective agreement will be modified and limited to the extent provided for in Appendix A to the Memorandum and this Letter of Agreement Regarding Plant Closure (the or this "**Letter of Agreement**").

Recall Rights

- 4) Any Member Employees who accept the payments as set out in paragraph 5 below will be severed by the Company, will have their employment relationship end, and waive any and all recall rights. Such payments are inclusive of any termination pay and/or severance pay that may be owing under the *Employment Standards Act, 2000*, the collective agreement and any other applicable statute.

Termination Pay and Severance Pay

- 5) All Member Employees including those Member Employees currently working plus those presently on layoff, long term disability, short term disability, leave of absence, workplace safety and insurance (the “**Active Employees**”), will, subject to the terms of the escrow agreement provided for later in this paragraph, be entitled to receive two (2) weeks’ pay (based on their straight-time hourly rate) for each full year of completed service determined as at [March 31], 2009 (up to a maximum of 52 weeks’ pay) or such greater amount required to provide each Active Employee with at least the minimum amount of pay so as to comply with the termination and severance pay obligations in the *Employment Standards Act, 2000*, such amount to be paid within fourteen (14) days of termination. The Union warrants and agrees that the entirety of the Company’s and the Partners’ liabilities with respect to notice, termination pay and severance pay shall be satisfied by the payment of the amounts provided for in this paragraph (the “**Agreed Termination and Severance Amounts**”). The terms relating to the payment to Member Employees of the Agreed Termination and Severance Amounts are provided for in a separate escrow agreement attached to this Letter of Agreement as Exhibit 1. It is understood and agreed that such payments are in full satisfaction of any and all amounts that may be owing to each Active Employee for termination, severance pay, or notice periods, under the *Employment Standards Act, 2000*, the collective agreement between the Company and the Union or any other applicable statute (collectively, the “**Termination and Severance Obligations**”). The Union acknowledges and agrees that the termination of Member Employees pursuant to this Letter of Agreement will not constitute a mass termination pursuant to the *Employment Standards Act, 2000*.
- 6) The Union warrants and agrees that, other than the Agreed Termination and Severance Amounts, the Member Employees shall have no claims for any Termination and Severance Obligations and that the Company and the Partners, including their respective directors, officers and representatives, as well as any third party, including any customers or purchasers, shall be automatically and without further writing released and discharged of and from any and all other claims, disputes and grievances of the Union or any of the Member Employees relating to Termination and Severance Obligations and the termination of employment of any or all of the Member Employees, or any other matters which are the subject matter of this Letter of Agreement, the interpretation, application, or operation of the collective agreement, the employment and termination of employment of any or all of the Member Employees, including under applicable legislation or applicable law (collectively, the “**Claims**”). The Union undertakes and agrees not to pursue any grievance, complaint, action or other proceeding in relation to any Claims released by this Letter of Agreement.
- 7) No retention or other bonuses will be paid to any Member Employees.
- 8) The Company agrees that a Member Employee may complete a direction in accordance with the *Income Tax Act* regarding all or a portion of the amounts that are

inclusive of termination pay and severance pay described in paragraph 5 above, and upon receipt, this amount will be paid directly into an RRSP or retirement vehicle chosen by the Member Employee, provided the Member Employee provides all necessary information and supporting documentation of entitlement, including confirmation of available RRSP room.

- 9) If a Member Employee finds employment after the plant closure announcement, but prior to the date of closure and she/he gives the Company one (1) week of notice in writing, she/he shall be entitled to amounts specified in paragraph 5 above, so long as the Company has determined the Member Employee is not critical for the function being performed, such determination to be in the sole discretion of the Company. In the circumstances, the Company will confirm in writing that such Member Employee's resignation is accepted and amounts provided for in paragraph 5 above will be paid.

Pensions and Benefits

- 10) The Union agrees that it shall not oppose a motion by the Company to cease all contributions into the defined benefit registered pension plan fund maintained for the Member Employees (the "**Pension Plan**"). The Company and the Union agree that the Company may cease at any time to pay or fund any pension accruals or to make any additional current and/or past service contributions or other payments in relation to the Pension Plan (collectively, the "**Pension Plan Obligations**"). The Union, on behalf of the Member Employees, hereby releases and discharges the Company, the Partners and their officers, directors, officials agents and representatives, of any claims in relation to the cessation of payment of the Pension Plan Obligations for the period from April 1, 2009 forward.
- 11) The Union further agrees that, provided that the Milton operation is closed as contemplated in this agreement, neither the Union nor the Member Employees will grieve, complain or take any action or otherwise initiate legal proceedings against the Company or the Partners, or any of their officers, directors, officials representatives or agents, or otherwise, should the Company (i) cease to pay or fund any Pension Plan Obligations for the period from April 1, 2009 forward, and/or (ii) take any actions or steps to cause the Pension Plan to be wound-up (in whole or in part). The Union agrees, on behalf of itself and the Member Employees: (A) to execute such documents, consents and approvals as may be required and requested by the Company of it to permit the Pension Plan to be wound-up (in whole or in part), effective as at the date that the Company elects to proceed with the wind-up of the Pension Plan, and (B) that the amendment or wind-up date of the Pension Plan shall be the date that the Company, in its discretion, so elects to amend or wind-up the Pension Plan.
- 12) The Company and the Union agree that there is no third party to this Letter of Agreement that is or may become liable for the obligations provided for in this Letter of Agreement other than the Pension Benefits Guarantee Fund.

- 13) Subject to paragraph 10, all obligations of the Company and the Partners in relation to (i) post retirement health and other benefits, including the provisions thereof, (ii) workplace safety and insurance, (iii) vacation pay, (iv) grievances existing as of this date, and (v) disability entitlements, if any, are not addressed in this Agreement and may be dealt with in the CCAA Proceeding, or otherwise, but shall not be paid from the Escrow Funds (as defined below).

Health and Group Insurance Benefits

- 14) To extent the insurance carrier will so allow, current health benefits for Member Employees will be maintained, excluding insurance coverages, for a period of 3 months following the date of the termination of Active Employees. If funded for this purpose, the Company would fulfill this obligation by way of a single lump sum payment to the health benefits carrier.

Labour Adjustment and Early Retirement Incentive

- 15) The sum of Cdn \$25,000 will be paid by the Company to the Steelworkers Peel Halton Action Centre for the benefit of Member Employees. The Company will also, , pay a total of CDN \$48,000, with \$12,000 less applicable deductions to be paid to the four (4) Member Employees each claiming \$12,000 as their early retirement incentive pursuant to grievance ER1-01, which grievance shall be settled upon payment of these funds to the relevant Members Employees.

General

- 16) The Union agrees that any amounts to be paid to or for the benefit of any of the Member Employees pursuant to paragraphs 5 and 14 above will be deposited into an escrow account to be held by the Monitor (the "**Escrow Funds**"), for disbursement pursuant to the terms of an escrow agreement in form and substance acceptable to the Company, the Union and the Monitor.
- 17) The Union hereby agrees to abandon as settled their grievance JO-03/08-04-17 alleging improper movement of work previously performed at the SKD Milton Facility.
- 18) Unless otherwise defined, capitalized terms set forth in this Letter of Agreement shall be as provided for in the Memorandum of Agreement Regarding Plant Closure between the Union and the Company dated March [●], 2009 (the "**Memorandum**").

Exhibit 1

ESCROW AGREEMENT

This Escrow Agreement (the "**Escrow Agreement**") among the parties referred to below is dated as of March •, 2009

RECITALS:

1. United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers) (the "**Union**") and SKD Company (the "**Employer**") have entered into a Memorandum of Agreement, including a related appendix and schedule dated as of March •, 2009 (the "**Memorandum**").
2. Pursuant to the Memorandum, an escrow account (the "**Escrow Account**") is to be established for the purpose of funding the amounts to be paid under the Memorandum in relation to any:
 - (a) Termination and Severance Obligations (as defined in the Memorandum) that may be owing to Active Employees (the "**Agreed Termination and Severance Amounts**");
 - (b) lump sum payment for the maintenance of current health benefits for Member Employees as set out in the Memorandum (the "**Lump Sum Group Insurance Amount**"); and
 - (c) the amounts payable under paragraph 15 of the Memorandum (the "**Further Amounts**").
3. Arrangements have been made with certain third party customers of the Employer, namely Chrysler LLC, Ford Motor Company, and Honda of America Mfg., Inc. (collectively the "**Customers**"), to fund the Escrow Account with funding provided by the Customers for such purpose.
4. RSM Richter Inc., in its capacity as the court-appointed monitor (the "**Monitor**") in the proceeding (the "**CCAA Proceeding**") commenced in the Ontario Superior Court of Justice (the "**Court**") under the *Companies' Creditors Arrangement Act* by NMC Canada, Inc. and 2515080 Nova Scotia Company, the general partners of the Employer, is appointed as escrow agent (the "**Escrow Agent**") pursuant hereto and the Escrow Agent has agreed to act in such capacity.
5. Where not otherwise defined in this Escrow Agreement, capitalized terms have the meanings set forth in the Memorandum.

THE PARTIES HERETO AGREE AS FOLLOWS:

1. The total amount of the Agreed Termination and Severance Amounts to be paid to Active Employees pursuant to the Memorandum, the Lump Sum Group Insurance Amount and

the Further Amounts, in the aggregate total of \$4,636,400 CDN shall be paid by the Customers to the Escrow Agent and shall be held in trust in an interest-bearing account for the benefit of the Union, the applicable Member Employees, and the Employer jointly in accordance with their respective rights and interests under this Agreement and shall be dealt with and disbursed by the Escrow Agent pursuant to the terms hereof (the "**Escrow Funds**"). The Escrow Funds are to be funded in accordance with the allocations set forth in Section 5(f) on a several and not joint basis.

2. The parties acknowledge that the Escrow Funds are being made available to the Employer by the Customers, upon and subject to the terms of this Escrow Agreement and the Memorandum, for the sole and specific purpose of enabling the Employer to fund payment of the Termination and Severance Obligations, the Lump Sum Group Insurance Amount and the Further Amounts. The Employer and the Union understand, confirm and agree, as evidenced by their execution of this Escrow Agreement and the Memorandum, that the Customers, in providing the Escrow Funds, and the Escrow Agent, in disbursing any of the Escrow Funds to facilitate the payment of any of the Termination and Severance Obligations, the Lump Sum Group Insurance Amount and the Further Amounts, shall have and be under no further liability to the Employer, the Union or any member of the Union, on any basis whatsoever. The Employer and the Union further acknowledge that any order of the Court to be made approving of the Memorandum shall also contain a provision to this effect.
3. The Union acknowledges and agrees, on behalf of itself and each of the Member Employees, that the funding of the Escrow Account by the Customers to permit the Employer to pay the Termination and Severance Obligations, the Lump Sum Group Insurance Amount and the Further Amounts does not make any of the Customers and/or the Employer, in any combination or all together, a related employer and/or successor employer as contemplated by the *Labour Relations Act*, 1995, S.O. 1995 c.1, as amended (the "**LRA**") or the *Employment Standards Act*, 2000, S.O. 2000, c.41, as amended (the "**ESA**").
4. The Escrow Agent agrees to act as Escrow Agent pursuant to the terms hereof. The parties acknowledge that the Escrow Agent is acting solely for the convenience of the parties for the purposes outlined in the Memorandum and that the Escrow Agent shall not be nor be deemed on any basis to be the agent of any of the parties, or an employer, related or successor employer of any employee of the Employer or the Customers.

Distribution of Escrow Funds

5. The Escrow Agent shall distribute the Escrow Funds as follows:
 - (a) The Employer and the Union shall provide the Escrow Agent (and shall provide a copy to the Customers) with a joint direction in writing to pay, as soon as reasonably practicable, on behalf of the Employer, the applicable portion of the Escrow Funds to the payroll service used by the Employer for the purpose of funding the Agreed Termination and Severance Amounts due to an Active Employee pursuant to the terms of the Memorandum upon such

employee's termination of employment. The amount set out in such joint direction plus the Further Amounts shall be paid by the Escrow Agent, subject to the terms of this paragraph 5, within 14 days following the last day of work of such Employee with the Employer (which date will be in the joint direction), or, in the case of the Further Amounts, within 14 days of the receipt of the joint direction, the details of which shall be set out in the joint direction (including the amount payable and to which Employee or Active Employee, as applicable) unless the Customers provide a joint written objection to such payment to the Escrow Agent within 7 days following the last day of work of such Employee with the Employer, copied to the Employer and the Union, objecting to the payment on the grounds that an event described in paragraph 5(d) has occurred. In the case of the Further Amounts, the written objection shall be provided to the Escrow Agent within 7 days of the receipt of the joint direction. The amounts set out in the joint direction shall not be paid by the Escrow Agent in accordance with this paragraph 5(a) until the written consent of the Customers is provided or a final decision of the Court is made determining the issues raised in the written objection. Notwithstanding the foregoing, the Lump Sum Group Insurance Amount shall be paid to the health benefits carrier as contemplated in the Memorandum on or prior to April 30, 2009 and the Employer and the Union shall provide the Escrow Agent (and shall provide a copy to the Customers) with a joint direction in writing to pay such Lump Sum Group Insurance Amount.

- (b) The Escrow Funds may be released or disbursed by the Escrow Agent only in accordance with paragraphs 5 and 6 of this Escrow Agreement.
- (c) Any portion of the Escrow Funds determined to be surplus to the requirements of the Memorandum, as certified by joint direction in writing of the Employer and the Union, or as determined by a final decision of the Court, shall be paid by the Escrow Agent to the Customers as soon as reasonably practicable in accordance with such joint direction or such final decision of the Court.
- (d) The Escrow Funds (or such portion then remaining, including interest earned thereon) shall be paid by the Escrow Agent to the Customers as soon as reasonably practicable upon receipt of a joint written notice from the Customers and the Employer certifying, or a final decision of the Court determining, that (i) a material breach of the Memorandum has occurred, (ii) the supply of automotive component parts has been interrupted as a result, directly or indirectly, of the intentional acts or omissions of the Union or Member Employees, and/or (iii) the Union or Member Employees have failed to reasonably assist the Customers in the resourcing of the supply of component parts (such resourcing shall include the removal of tooling, equipment and inventory) including to a purchaser of the Employer's business or assets or any part thereof, provided that such assistance is within the scope of the duties of the Member Employees;

- (e) The Escrow Funds (or such portion remaining, including interest earned thereon) shall be paid by the Escrow Agent to the Customers upon the Employer certifying to the Escrow Agent that Termination and Severance Obligations of the Employer referenced in the Memorandum, the obligation to pay the Lump Sum Group Insurance Amount and the obligation in paragraph 15 of the Memorandum to pay the Further Amounts have been fully satisfied and upon receipt of a joint direction in writing from the Customers and the Employer directing the Escrow Agent to make such payment; and
- (f) The parties agree that any payment to be made to the Customers by the Escrow Agent shall be allocated among the Customers in the following percentages:

for funding in respect of Milton facility (USW)

Chrysler	56.9%
Ford	21.3%
Honda	21.8%

Escrow Agent's Duties

- 6. In relation to the duties and responsibilities of the Escrow Agent, the parties agree as follows:
 - (a) the Escrow Agent's duties and responsibilities shall be as specifically set forth herein and there shall be no implied duties or obligations other than as provided for herein and the Escrow Agent shall have no obligations, responsibilities or liability arising under any other agreements to which the Escrow Agent is not a party, even though reference to such other agreements may be made in this Agreement. The Escrow Agent shall not be liable for any action taken or omitted to be taken by it in good faith and in the exercise of its own judgment, unless such action involved gross negligence or wilful misconduct;
 - (b) disbursement by the Escrow Agent of the Escrow Funds in accordance with the provisions of this Escrow Agreement shall constitute a complete discharge and satisfaction of the obligations of the Escrow Agent hereunder;
 - (c) the Escrow Agent shall have no responsibility to inquire into the genuineness or validity of any documents delivered to it and reasonably believed by it to have been signed by the proper person or persons and shall be entitled to rely thereon and shall not be liable or responsible for any action taken or omitted in accordance with the provisions thereof;
 - (d) the Escrow Agent shall not be responsible to enforce any obligation of any person, whether under the Memorandum or otherwise;

- (e) the Escrow Agent shall be entitled to rely upon the advice and directions of the Court in respect of any matter relating to the discharge of its duties provided only such directions are obtained upon notice to the Customers, the Employer and the Union, such advice may include directions as to the payment of the Escrow Funds (or any portion thereof);
- (f) in the event the Employer and the Union become involved in any dispute process involving the Memorandum affecting the Escrow Funds, the Customers and the Escrow Agent shall have standing to participate in such proceedings. The Escrow Agent shall be authorized to rely upon any decision arising from such proceedings, providing such decision shall be final and shall not have been stayed, reversed or varied;
- (g) in the event of any controversy or dispute under this Escrow Agreement or with respect to any question regarding the construction hereof or any action to be taken or omitted to be taken by the Escrow Agent, the Escrow Agent may pay the Escrow Funds (or such remaining portion thereof, including interest earned thereon) into the Court to be disbursed pursuant to further order of the Court and shall notify the Customers, the Employer and the Union of such payment into Court and the Escrow Agent shall be relieved of and discharged from any and all obligations and liabilities hereunder;
- (h) the Escrow Agent may resign at any time upon thirty days written notice to the Employer, the Customers and the Union or such shorter notice as they may accept in writing as sufficient and shall thereafter pay the Escrow Funds (or any remaining portion thereof, including interest earned thereon) into the Court in accordance with the preceding paragraph if the parties shall not have jointly designated a replacement escrow agent;
- (i) the Employer shall indemnify the Escrow Agent, its partners, agents and employees from, and hold them harmless against, any loss, liability or expense incurred or suffered by them arising out of or in connection with the administration of this Agreement and the carrying out of the Escrow Agent's duties hereunder, including the costs and expenses of legal counsel (on a solicitor and his own client basis) in defending itself against any claim made against it hereunder; provided, however, that such loss, liability or expense is not the result of the gross negligence or wilful misconduct of the Escrow Agent. The provisions of this 6(i) shall survive the termination of this Agreement and the resignation of the Escrow Agent for any reason;
- (j) the fees of the Escrow Agent for so acting shall be allowed to it as part of the fees of the Monitor in the CCAA Proceeding; and
- (k) the protections provided to the Monitor pursuant to the initial order of the Court dated January 21, 2009, in respect of the CCAA Proceedings, shall apply in all respects to the Escrow Agent, on terms satisfactory to the Escrow

Agent, in its sole discretion, to ensure that such protections are extended to the Monitor in its capacity as Escrow Agent.

Miscellaneous Matters

7. All notices shall be given in writing (including facsimile or email) and shall be given to the addresses set forth below:

(a) If to the Employer:

SKD Company
c/o SKD Automotive Group
1450 W. Long Lake Rd., Suite 210
Troy, MI 48098

Attention: John P. Chen
Fax: (248) 267-9669

And to:

SKD Automotive Group
1965 Pratt Boulevard
Elk Grove Village, IL 60007

Attention: Vytas Ambutas
Facsimile: (847) 806-7244
E-Mail: vambutas@nmlp.com

With a copy to:

Lang Michener LLP
Brookfield Place
181 Bay Street, Suite 2500
Toronto, ON M5J 2T7

Attention: Sheryl E. Seigel
Fax: (416) 365-1719
Email: sseigel@langmichener.ca

(b) If to the Escrow Agent:

RSM Richter Inc.
200 King Street W., Suite 1100
P.O. Box 48
Toronto, ON M5H 3T4

Attention: Robert Kofman
Fax: (416) 932-6200

Email: Bkofman@RSMRichter.com

With a copy to:

Goodmans LLP

250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6

Attention: Joseph Latham
Fax: (416) 979-1234
Email: jlatham@goodmans.ca

(c) If to Chrysler:

Chrysler LLC

800 Chrysler Drive
CIMS 485-14-78
Auburn Hills, MI 48326

Attention: Sigmund Huber
Fax: (248) 512-1771
Email: seh43@chrysler.com

With a copy to:

Chrysler LLC

1000 Chrysler Drive
CIMS 485-14-78
Auburn Hills, MI 48326-2766

Attention: Kim R. Kolb
Fax: (248) 512-1771
Email: krk4@chrysler.com

And:

Dickinson Wright PLLC

500 Woodward Avenue, Suite 4000
Detroit, MI 48226

Attention: James A. Plemmons
Fax: (313) 223-3598
E-mail: jplemmons@dicksonwright.com

With a copy to:

Borden Ladner Gervais LLP

Scotia Plaza, 40 King St. W.
Toronto, ON M5H 3Y4

Attention: Craig J. Hill
Fax: (416) 361-7301
Email: chill@blgcanada.com

(d) If to Ford:

Ford Motor Company
Once America Road
World Headquarters, Suite 416
Dearborn, MI 48126

Attention: Daniella Saltz
Fax: (313) 322-3084
Email: dsaltz@ford.com

With a copy to:

Miller Canfield Paddock and Stone, PLC
150 West Jefferson, Suite 2500
Detroit, MI 48226

Attention: John Leslie
Fax: (519) 977-1565
Email: leslie@millercanfield.com

(e) If to Honda:

Honda of America Mfg., Inc.
24000 Honda Parkway
Marysville, OH 43040-9251

Attention: Joseph F. LaFleur
Fax: (937) 644-6583
Email: Joe_LaFleur@ham.honda.com

With a copy to:

Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
Columbus, OH 43216-1008

Attention: Robert A. Bell, Jr.
Fax: (614) 719-5169
Email: rabell@vorys.com

And:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 2800
Commerce Court West
Toronto, ON M5L 1A9

Attention: Steven J. Weisz
Fax: (416) 863-2653
E-mail: steven.weisz@blakes.com

(f) If to the Union :

UNITED STEELWORKERS
1158 Aerowood Drive
Mississauga, ON L4W 1Y5

Attention: Fil Falbo, Staff Representative
Fax: 905-629-2610
E-Mail: ffalbo@usw.ca

And:

UNITED STEELWORKERS
234 Eglinton Avenue East, Suite 800
Toronto, Ontario M4P 1K7

Attention: Mark Rowlinson, Counsel
Fax: 416-487-8826
E-Mail: mrowlinson@usw.ca

8. The term of this Escrow Agreement shall commence on the date hereof and shall continue until the Escrow Agent has released all amounts in respect of the Escrow Funds, including interest earned thereon, in accordance with this Escrow Agreement.
9. This Escrow Agreement reflects the entire agreement between the parties with respect to the matters contained herein and represents the escrow agreement contemplated by paragraph 5 of the Memorandum.
10. Any Customers that have directly or indirectly provided funds for the Escrow Funds are intended to be third party beneficiaries hereto and entitled to enforce the provisions hereof.

11. The Union and the applicable Member Employees are beneficiaries hereto and entitled to enforce the provisions hereof against all parties.
12. This Escrow Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns provided that the Escrow Agent shall not be permitted to assign its obligations hereunder except as specifically contemplated herein.
13. If any term shall be found to be unenforceable, illegal or invalid by a court of competent jurisdiction, the remainder of this Escrow Agreement shall continue in full force and effect and shall not thereby be affected, invalidated or impaired.
14. No waiver of any of the provisions of this Escrow Agreement shall be binding unless in writing delivered in accordance with the provisions hereof.
15. The parties agree to deliver to each other such further and other assurances as may be reasonably necessary or desirable to give effect to this Escrow Agreement.
16. Time shall be of the essence to this agree Escrow Agreement.
17. This Escrow Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein and the parties attorn to the jurisdiction of Ontario in the event of a dispute hereunder.
18. This Escrow Agreement may be signed in any number of counterparts each of which shall be an original with the same effect as if the signatures were each upon the same instrument. This Escrow Agreement shall be effective when each party hereto shall have received by facsimile or electronic transmission a counterpart hereof signed by each of the other parties.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Escrow Agreement to be duly executed as of the date first above written.

SKD COMPANY, by its general partners NMC CANADA INC. and 2515080 NOVA SCOTIA COMPANY

By: _____
Name:
Title:

I have the authority to bind NMC Canada, Inc.

Name:
Title:

I have the authority to bind 2515080 Nova Scotia Company

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers)

By: _____
Name:
Title:

I have the authority to bind the association

RSM Richter Inc., in its capacity as Court-appointed Monitor of NMC CANADA INC. and 2515080 NOVA SCOTIA COMPANY

By: _____
Name:
Title:

I have the authority to bind the company

APPENDIX "G"

March 27, 2009
SKD - DRAFT

MEMORANDUM OF AGREEMENT

Regarding a Run Out Agreement

Between

SKD Company, Brampton Division
(the "Company" or "SKD")

and

National Automobile, Aerospace, Transportation and General Workers of Canada (C.A.W.) and
its Local 1285 (the "Union")

1. The Parties herein agree that the terms of this memorandum, including Appendix A to this Memorandum and the Letter of Agreement Regarding Run Out of Operations attached thereto (the "**Memorandum**"), amends the existing collective agreement between the parties.
2. This Memorandum is subject to ratification by the Union and the Company, such ratification to be confirmed in writing by each party to the other on or before March [31], 2009.
3. The Parties further agree that the Company's ability to enter into this Memorandum is subject to the approval of the Ontario Superior Court of Justice, being the court supervising the CCAA proceeding, being Court file 09-CL-7960, relating to the Company and its general partners, NMC Canada Inc., and 2515080 Nova Scotia Company.
4. This Memorandum will be of no force or effect, with all parties retaining all legal rights, until (i) the Court order contemplated in paragraph 3 above is obtained, and (ii) the Monitor advises the Union in writing that all of the Escrow Funds provided for in Exhibit 1 have been paid by the Customers to the Monitor.

Agreed this ____ day of March, 2009, in the City of _____.

For the Company, by its general partners

For the Union

APPENDIX A

1. This Appendix A forms part of this Memorandum.
2. The Union understands that the Company intends to cease operating its Brampton facility and, as part of ceasing such operation, certain of the assets located at the Brampton facility ("Brampton Assets") are to be sold to third party purchasers ("Purchasers"). On condition that the Brampton Assets are removed from the Brampton Facility and not utilized at any facility operated by SKD or an associated or related entity of SKD, such assets are conveyed free and clear of any liabilities to any employee or former employee ("Member Employees"), then: 1) the Union agrees that it will not assert in any forum that any purchase of the Brampton Assets in the manner described herein constitutes a sale of business within the meaning of the Labour Relations Act, 1995 ("LRA"), and the Union will not assert that any Purchaser of Brampton Assets, in the manner described herein, is an employer or successor employer of any Member Employee under the LRA or any other applicable law; and 2) the Union hereby provides the Purchaser and the Company with a release of all claims by the Union itself and on behalf of any Member Employees for any employment-related liabilities or obligations, including, without limitation, in relation to wages, vacation pay, termination or severance pay, the failure to provide notice, any pension, health, medical, disability or other benefit plans, or like obligations, whatsoever (collectively, "**Member Claims**").

In the event a Purchaser utilizes the Brampton Assets at the Brampton Facility, or at any facility now owned or operated by SKD or an associated or related entity, the Union may make application in any forum asserting that a Purchaser is a related or successor employer and seek such remedies as are available to it.

3. The Union agrees that no Member Employee has any right to preferential hiring in relation to any Purchaser of the Brampton Assets if such assets are removed from the Brampton facility as described above.
4. The Company and Union agree to incorporate the following Letter of Agreement (which is part of this Appendix A) into the collective agreement as Schedule C.

Schedule C

Letter of Agreement Regarding Run Out of Operations

Between

National Automobile, Aerospace, Transportation and General Workers of Canada
(C.A.W.) and its Local 1285 (the "Union")

And

SKD Company, Brampton Division.
(the "Company" or "SKD")

The Company and the Union agree that:

- 1) It is currently anticipated that the CCAA proceeding (the "**CCAA Proceeding**") relating to the Company and its general partners, NMC Canada Inc. and 2515080 Nova Scotia Company (the "**Partners**"), will continue in effect through March 31, 2009, except as may be extended or modified by order of the Ontario Superior Court of Justice (the "**Court**").
- 2) The Union agrees it has received sufficient notice of the CCAA Proceeding.

Bargaining Rights

- 3) The Union agrees that the Union's bargaining rights under this collective agreement will be modified and limited to the extent provided for in Appendix A to the Memorandum and this Letter of Agreement Regarding Run Out of Operations (the or this "**Letter of Agreement**").

Recall Rights

- 4) Any Member Employees who accept the payments as set out in paragraph 5 below will be severed by the Company, will have their employment relationship end, and waive any and all recall rights. Such payments are inclusive of any termination pay and/or severance pay that may be owing under the *Employment Standards Act, 2000*, the collective agreement and any other applicable statute.

Termination Pay and Severance Pay

- 5) All Member Employees including those Member Employees currently working plus those presently on layoff, long term disability, short term disability, leave of absence, workplace safety and insurance (the "**Active Employees**"), will, subject to the terms of the escrow agreement provided for later in this paragraph, be entitled to receive two (2) weeks' pay (based on their straight-time hourly rate) for each full year of completed service determined as at [**March 31**], 2009 (up to a maximum of 52 weeks' pay) or such greater amount required to provide each Active Employee with at least the minimum amount of pay so as to comply with the termination and severance pay obligations in the *Employment Standards Act, 2000*, such amount to be paid within fourteen (14) days of termination. The Union warrants and agrees that the entirety of the Company's and the Partners' liabilities with respect to notice, termination pay and severance pay shall be satisfied by the payment of the amounts provided for in this paragraph (the "**Agreed Termination and Severance Amounts**"). The terms relating to the payment to Member Employees of the Agreed Termination and Severance Amounts are provided for in a separate escrow agreement attached to this Letter of Agreement as Exhibit 1. It is understood and agreed that such payments are in full satisfaction of any and all amounts that may be owing to each Active Employee for termination, severance pay, or notice periods, under the *Employment Standards Act, 2000*, the collective agreement between the Company and the Union or any other applicable statute (collectively, the "**Termination and Severance Obligations**"). The Union acknowledges and agrees that the termination of Member Employees pursuant to this Letter of Agreement will not constitute a mass termination pursuant to the *Employment Standards Act, 2000*.
- 6) The Union warrants and agrees that, other than the Agreed Termination and Severance Amounts, the Member Employees shall have no claims for any Termination and Severance Obligations and that the Company and the Partners, including their respective directors, officers and representatives, as well as any third party, including any customers or purchasers, shall be automatically and without further writing released and discharged of and from any and all other claims, disputes and grievances of the Union or any of the Member Employees relating to Termination and Severance Obligations and the termination of employment of any or all of the Member Employees, or any other matters which are the subject matter of this Letter of Agreement, the interpretation, application, or operation of the collective agreement, the employment and termination of employment of any or all of the Member Employees, including under applicable legislation or applicable law (collectively, the "**Claims**"). The Union undertakes and agrees not to pursue any grievance, complaint, action or other proceeding in relation to any Claims released by this Letter of Agreement.
- 7) No retention or other bonuses will be paid to any Member Employees.
- 8) The Company agrees that a Member Employee may complete a direction in accordance with the *Income Tax Act* regarding all or a portion of the amounts that are

inclusive of termination pay and severance pay described in paragraph 5 above, and upon receipt, this amount will be paid directly into an RRSP or retirement vehicle chosen by the Member Employee, provided the Member Employee provides all necessary information and supporting documentation of entitlement, including confirmation of available RRSP room.

- 9) If a Member Employee finds employment after the plant closure announcement, but prior to the date of closure and she/he gives the Company one (1) week of notice in writing, she/he shall be entitled to amounts specified in paragraph 5 above, so long as the Company has determined the Member Employee is not critical for the function being performed, such determination to be in the sole discretion of the Company. In the circumstances, the Company will confirm in writing that such Member Employee's resignation is accepted and amounts provided for in paragraph 5 above will be paid.

Pensions and Benefits

- 10) The Union acknowledges and agrees that there are no funds or source of funds available to, or that can be accessed by, the Company to permit the Company to continue to make contributions into the defined benefit registered pension plan fund maintained for the Member Employees (the "**Pension Plan**"). The Company and the Union agree that, notwithstanding any term of the collective agreement, the Company may cease at any time hereafter to pay or fund any pension accruals or to make any additional current and/or past service contributions or other payments in relation to the Pension Plan (collectively, the "**Pension Plan Obligations**") and the Union, on behalf of the Member Employees, hereby releases and discharges the Company, the Partners and their officers, directors, officials, agents and representatives, of any claims in relation thereto. The Union further acknowledges, undertakes and agrees that neither the Union nor the Member Employees will grieve, complain or take any action or otherwise initiate legal proceedings against the Company or the Partners, or any of their officers, directors, officials, representatives or agents, or otherwise, should the Company (i) cease to pay or fund any Pension Plan Obligations, (ii) amend the Pension Plan to terminate future accrual of benefits, effective as at such date as the Company in its sole discretion may determine, and/or (iii) take any actions or steps to cause the Pension Plan to be wound-up (in whole or in part), in each case whether prior to or following the termination of the employment of the Active Employees. The Union agrees, on behalf of itself and the Member Employees: (A) to execute such documents, consents and approvals as may be required and requested by the Company of it to permit the Pension Plan to be (i) amended so as to terminate future accrual of benefits effective as at such date as the Company in its sole discretion determines, and/or (ii) wound-up (in whole or in part), effective as at the date that the Company elects to proceed with the wind-up of the Pension Plan, which date, in either case, may be prior to the execution of this Agreement, and (B) that the amendment or wind-up date of the Pension Plan shall be the date that the Company, in its discretion, so elects to amend or wind-up the Pension Plan.

The Union and the Company have discussed the provisions of Paragraph 10 above. The effective date for the cessation of Pension Plan Obligations and the Pension Plan wind-up will be March 31, 2009. As a result, effective March 31, 2009, the Pension Plan will be wound up and there shall be no further accrual of service or benefits thereunder. The parties specifically agree that the Company shall have no further obligation to fund the Pension Plan or any obligations thereunder.

- 11) The Company and the Union agree that there is no third party to this Letter of Agreement that is or may become liable for the obligations provided for in this Letter of Agreement, other than the Pension Benefits Guarantee Fund.
- 12) Subject to paragraph 10, all obligations of the Company and the Partners in relation to (i) post retirement health and other benefits, including the provisions thereof, (ii) workplace safety and insurance, (iii) vacation pay, (iv) grievances existing as of this date, and (v) disability entitlements, if any, are not addressed in this Agreement and may be dealt with in the CCAA Proceeding, or otherwise, but shall not be paid from the Escrow Funds (as defined below).

Health and Group Insurance Benefits

- 13) For ongoing operations, the Company will in the budgets which the Company submits, provide for funding for current benefits and any increases in benefit premiums. Current health benefits for Member Employees will be maintained, excluding insurance coverages, for a period of 3 months following the date of the termination of the employment of Active Employees. If funded for this purpose, the Company would fulfill this obligation by way of a single lump sum payment to the health benefits carrier.

General

- 14) The Union agrees that any amounts to be paid to or for the benefit of any of the Member Employees pursuant to paragraph 5 above will be deposited into an escrow account to be held by the Monitor (the "**Escrow Funds**"), for disbursement pursuant to the terms of an escrow agreement in form and substance acceptable to the Company, the Union and the Monitor.
- 15) Unless otherwise defined, capitalized terms set forth in this Letter of Agreement shall be as provided for in the Memorandum of Agreement Regarding a Run Out Agreement between the Union and the Company dated March [●], 2009 (the "**Memorandum**").

Exhibit 1

ESCROW AGREEMENT

This Escrow Agreement (the "**Escrow Agreement**") among the parties referred to below is dated as of March •, 2009

RECITALS:

1. National Automobile, Aerospace, Transportation and General Workers of Canada (C.A.W.) and its Local 1285 (the "**Union**") and SKD Company (the "**Employer**") have entered into a Memorandum of Agreement, including a related appendix and schedule dated as of March •, 2009 (the "**Memorandum**").
2. Pursuant to the Memorandum, a trust account (the "**Escrow Account**") is to be established for the purpose of funding the amounts to be paid under the Memorandum in relation to any Termination and Severance Obligations (as defined in the Memorandum) that may be owing to Active Employees (the "**Agreed Termination and Severance Amounts**") and the three months post-termination benefits premiums provided for in paragraph 13 of the Memorandum (the "**Benefits Premiums**").
3. Arrangements have been made with certain third party customers of the Employer, namely Chrysler LLC and Ford Motor Company (collectively the "**Customers**"), to fund the Escrow Account with funding provided by the Customers for such purpose.
4. RSM Richter Inc., in its capacity as the court-appointed monitor (the "**Monitor**") in the proceeding (the "**CCAA Proceeding**") commenced Court file 09-CL-7960 in the Ontario Superior Court of Justice (the "**Court**") under the *Companies' Creditors Arrangement Act* by NMC Canada, Inc. and 2515080 Nova Scotia Company, the general partners of the Employer, is appointed as escrow agent (the "**Escrow Agent**") pursuant hereto and the Escrow Agent has agreed to act in such capacity.
5. Where not otherwise defined in this Escrow Agreement, capitalized terms have the meanings set forth in the Memorandum.

THE PARTIES HERETO AGREE AS FOLLOWS:

1. The amount of the Agreed Termination and Severance Amounts to be paid to Active Employees pursuant to the Memorandum and the Benefits Premiums, in the aggregate total of \$4,362,200 CDN shall be paid by the Customers to the Escrow Agent and shall be held in trust in an interest-bearing account for the benefit of the Union and the Employer jointly in accordance with their respective rights and interests under this Agreement and shall be dealt with and disbursed by the Escrow Agent pursuant to the terms hereof (the "**Escrow Funds**"). The Escrow Funds are to be funded in accordance with the allocations set forth in Section 5(f) on a several and not joint basis.
2. The parties acknowledge that the Escrow Funds are being made available to the Employer by the Customers, upon and subject to the terms of this Escrow Agreement and

the Memorandum, for the sole and specific purpose of enabling the Employer to fund payment of the Termination and Severance Obligations and the Benefits Premiums. The Employer and the Union understand, confirm and agree, as evidenced by their execution of this Escrow Agreement and the Memorandum, that the Customers, in providing the Escrow Funds, and the Escrow Agent, in disbursing any of the Escrow Funds to facilitate the payment of any of the Termination and Severance Obligations and the Benefits Premiums, shall have and be under no liability to the Employer, the Union or any member of the Union, on any basis whatsoever. The Employer and the Union further acknowledge that any order of the Court to be made approving of the Memorandum shall also contain a provision to this effect.

3. The Union acknowledges and agrees, on behalf of itself and each of the Member Employees, that the funding of the Escrow Account by the Customers to permit the Employer to pay the Termination and Severance Obligations and the Benefits Premiums does not make any of the Customers and/or the Employer, in any combination or all together, a related employer and/or successor employer as contemplated by the *Labour Relations Act*, 1995, S.O. 1995 c.1, as amended (the "LRA") or the *Employment Standards Act*, 2000, S.O. 2000, c.41, as amended (the "ESA"). The Union hereby waives and releases any claims in this regard that it could have made, or could make in the future, against any of the Employer or the Customers under the LRA and the ESA.
4. The Escrow Agent agrees to act as Escrow Agent pursuant to the terms hereof. The parties acknowledge that the Escrow Agent is acting solely for the convenience of the parties for the purposes outlined in the Memorandum and that the Escrow Agent shall not be nor be deemed on any basis to be the agent of any of the parties, or an employer, related or successor employer of any employee of the Employer or the Customers.

Distribution of Escrow Funds

5. The Escrow Agent shall distribute the Escrow Funds as follows:
 - (a) The Employer and the Union shall provide the Escrow Agent (and shall provide a copy to the Customers) with a joint direction in writing to pay, as soon as reasonably practicable, on behalf of the Employer, the applicable portion of the Escrow Funds to the payroll service used by the Employer for the purpose of funding the Agreed Termination and Severance Amounts due to an Active Employee pursuant to the terms of the Memorandum upon such employee's termination of employment. The amount set out in such joint direction plus the Benefits Premiums shall be paid by the Escrow Agent, subject to the terms of this paragraph 5, within 14 days following the last day of work of such Active Employee with the Employer or in the case of the Benefits Premiums within 14 days of the receipt of the joint direction, the details of which shall be set out in the joint direction (including the amount payable and to which Active Employee) unless the Customers provide a joint written objection to such payment to the Escrow Agent within 7 days following the last day of work of such Active Employee with the Employer, copied to the Employer and the Union, objecting to the payment on the grounds that an event described in paragraph 5(d) has

occurred. In the case of the Benefits Premiums, the written objection shall be provided to the Escrow Agent within 7 days of the receipt of the joint direction. The amounts set out in the joint direction shall not be paid by the Escrow Agent in accordance with this paragraph 5(a) until the written consent of the Customers is provided or a final decision of the Court is made determining the issues raised in the written objection. Notwithstanding the foregoing, the Benefits Premiums shall be paid to the health benefits carrier as contemplated in the Memorandum on or prior to April 30, 2009 and the Employer and the Union shall provide the Escrow Agent (and shall provide a copy to the Customers) with a joint direction in writing to pay such Benefits Premiums.

- (b) The Escrow Funds may be released or disbursed by the Escrow Agent only in accordance with paragraphs 5 and 6 of this Escrow Agreement.
- (c) Any portion of the Escrow Funds determined to be surplus to the requirements of the Memorandum, as certified by joint direction in writing of the Employer and the Union, or as determined by a final decision of the Court, shall be paid by the Escrow Agent to the Customers as soon as reasonably practicable in accordance with such joint direction or such final decision of the Court.
- (d) The Escrow Funds (or such portion then remaining, including interest earned thereon) shall be paid by the Escrow Agent to the Customers as soon as reasonably practicable upon receipt of a joint written notice from the Customers and the Employer certifying, or a final decision of the Court determining, that (i) a material breach of the Memorandum has occurred, (ii) the supply of automotive component parts has been interrupted as a result, directly or indirectly, of the acts or omissions of the Union or Member Employees, and/or (iii) the Union or Member Employees have failed to reasonably assist the Customers in the resourcing of the supply of component parts (such resourcing shall include the removal of tooling, equipment and inventory);
- (e) The Escrow Funds (or such portion remaining, including interest earned thereon) shall be paid by the Escrow Agent to the Customers upon the Employer certifying to the Escrow Agent that Termination and Severance Obligations of the Employer referenced in paragraph 5 of the Memorandum and the payment of the Benefits Premiums have been fully satisfied and upon receipt of a joint direction in writing from the Customers and the Employer directing the Escrow Agent to make such payment; and
- (f) The parties agree that any payment to be made to the Customers by the Escrow Agent shall be allocated among the Customers in the following percentages:

for funding in respect of Brampton facility (CAW)

Chrysler	56.2%
Ford	43.8%

Escrow Agent's Duties

6. In relation to the duties and responsibilities of the Escrow Agent, the parties agree as follows:

- (a) the Escrow Agent's duties and responsibilities shall be as specifically set forth herein and there shall be no implied duties or obligations other than as provided for herein and the Escrow Agent shall have no obligations, responsibilities or liability arising under any other agreements to which the Escrow Agent is not a party, even though reference to such other agreements may be made in this Agreement. The Escrow Agent shall not be liable for any action taken or omitted to be taken by it in good faith and in the exercise of its own judgment, unless such action involved gross negligence or wilful misconduct;
- (b) disbursement by the Escrow Agent of the Escrow Funds in accordance with the provisions of this Escrow Agreement shall constitute a complete discharge and satisfaction of the obligations of the Escrow Agent hereunder;
- (c) the Escrow Agent shall have no responsibility to inquire into the genuineness or validity of any documents delivered to it and reasonably believed by it to have been signed by the proper person or persons and shall be entitled to rely thereon and shall not be liable or responsible for any action taken or omitted in accordance with the provisions thereof;
- (d) the Escrow Agent shall not be responsible to enforce any obligation of any person, whether under the Memorandum or otherwise;
- (e) the Escrow Agent shall be entitled to rely upon the advice and directions of the Court in respect of any matter relating to the discharge of its duties provided only such directions are obtained upon notice to the Customers, the Employer and the Union, such advice may include directions as to the payment of the Escrow Funds (or any portion thereof);
- (f) in the event the Employer and the Union become involved in any dispute process involving the Memorandum affecting the Escrow Funds, the Customers and the Escrow Agent shall have standing to participate in such dispute process. The Escrow Agent shall be authorized to rely upon any decision arising from such dispute process, providing such decision shall be final and shall not have been stayed, reversed or varied;
- (g) in the event of any controversy or dispute under this Escrow Agreement or with respect to any question regarding the construction hereof or any action to be taken or omitted to be taken by the Escrow Agent, the Escrow Agent may pay the Escrow Funds (or such remaining portion thereof, including interest earned thereon) into the Court to be disbursed pursuant to further order of the Court and shall notify the Customers, the Employer and the Union of such payment into Court and the Escrow Agent shall be relieved of and discharged from any and all obligations and liabilities hereunder;

- (h) the Escrow Agent may resign at any time upon thirty days written notice to the Employer, the Customers and the Union or such shorter notice as they may accept in writing as sufficient and shall thereafter pay the Escrow Funds (or any remaining portion thereof, including interest earned thereon) into the Court in accordance with the preceding paragraph if the parties to this Escrow Agreement shall not have jointly designated a replacement escrow agent;
- (i) the Employer shall indemnify the Escrow Agent, its partners, agents and employees from, and hold them harmless against, any loss, liability or expense incurred or suffered by them arising out of or in connection with the administration of this Agreement and the carrying out of the Escrow Agent's duties hereunder, including the costs and expenses of legal counsel (on a solicitor and his own client basis) in defending itself against any claim made against it hereunder; provided, however, that such loss, liability or expense is not the result of the gross negligence or wilful misconduct of the Escrow Agent. The provisions of this 6(i) shall survive the termination of this Agreement and the resignation of the Escrow Agent for any reason;
- (j) the fees of the Escrow Agent for so acting shall be allowed to it as part of the fees of the Monitor in the CCAA Proceeding; and
- (k) the protections provided to the Monitor pursuant to the initial order of the Court dated January 21, 2009, in respect of the CCAA Proceedings, shall apply in all respects to the Escrow Agent, on terms satisfactory to the Escrow Agent, in its sole direction, to ensure that such protections are extended to the Monitor in its capacity as Escrow Agent.

Miscellaneous Matters

7. All notices shall be given in writing (including facsimile or email) and shall be given to the addresses set forth below:

- (a) If to the Employer:

SKD Company
c/o SKD Automotive Group
1450 W. Long Lake Rd., Suite 210
Troy, MI 48098

Attention: John P. Chen
Fax: (248) 267-9669

And to:

SKD Automotive Group
1965 Pratt Boulevard
Elk Grove Village, IL 60007

Attention: Vytas Ambutas
Facsimile: (847) 806-7244
E-Mail: vambutas@nmlp.com

With a copy to:

Lang Michener LLP
Brookfield Place
181 Bay Street, Suite 2500
Toronto, ON M5J 2T7

Attention: Sheryl E. Seigel
Fax: (416) 365-1719
Email: sseigel@langmichener.ca

(b) If to the Escrow Agent:

RSM Richter Inc.
200 King Street W., Suite 1100
P.O. Box 48
Toronto, ON M5H 3T4

Attention: Robert Kofman
Fax: (416) 932-6200
Email: Bkofman@RSMRichter.com

With a copy to:

Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6

Attention: Joseph Latham
Fax: (416) 979-1234
Email: jlatham@goodmans.ca

(c) If to Chrysler:

Chrysler LLC
800 Chrysler Drive
CIMS 485-14-78
Auburn Hills, MI 48326

Attention: Sigmund Huber
Fax: (248) 512-1771
Email: seh43@chrysler.com

With a copy to:

Chrysler LLC
1000 Chrysler Drive
CIMS 485-14-78
Auburn Hills, MI 48326-2766

Attention: Kim R. Kolb
Fax: (248) 512-1771
Email: krk4@chrysler.com

And:

Dickinson Wright PLLC
500 Woodward Avenue, Suite 4000
Detroit, MI 48226

Attention: James A. Plemmons
Fax: (313) 223-3598
E-mail: jplemmons@dicksonwright.com

With a copy to:

Borden Ladner Gervais LLP
Scotia Plaza, 40 King St. W.
Toronto, ON M5H 3Y4

Attention: Craig J. Hill
Fax: (416) 361-7301
Email: chill@blgcanada.com

(d) If to Ford:

Ford Motor Company
Once America Road
World Headquarters, Suite 416
Dearborn, MI 48126

Attention: Daniella Saltz
Fax: (313) 322-3084
Email: dsaltz@ford.com

With a copy to:

Miller Canfield Paddock and Stone, PLC
150 West Jefferson, Suite 2500
Detroit, MI 48226

Attention: John Leslie
Fax: (519) 977-1565
Email: leslie@millercanfield.com

(e) If to the Union:

CAW

205 Placer Court

Toronto, ON M2H 3H9

Attention: Paulo Ribeiro

Fax: (416) 495-6560

Email: Paulo.ribeiro@caw.ca

8. The term of this Escrow Agreement shall commence on the date hereof and shall continue until the Escrow Agent has released all amounts in respect of the Escrow Funds, including interest earned thereon, in accordance with this Escrow Agreement.
9. This Escrow Agreement reflects the entire agreement between the parties with respect to the matters contained herein and represents the escrow agreement contemplated by paragraph 5 of the Memorandum.

10. Any Customers that have directly or indirectly provided funds for the Escrow Funds are intended to be third party beneficiaries hereto and entitled to enforce the provisions hereof.
11. This Escrow Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns provided that the Escrow Agent shall not be permitted to assign its obligations hereunder except as specifically contemplated herein.
12. If any term shall be found to be unenforceable, illegal or invalid by a court of competent jurisdiction, the remainder of this Escrow Agreement shall continue in full force and effect and shall not thereby be affected, invalidated or impaired.
13. No waiver of any of the provisions of this Escrow Agreement shall be binding unless in writing delivered in accordance with the provisions hereof.
14. The parties agree to deliver to each other such further and other assurances as may be reasonably necessary or desirable to give effect to this Escrow Agreement.
15. Time shall be of the essence to this agree Escrow Agreement.
16. This Escrow Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein and the parties attorn to the jurisdiction of Ontario in the event of a dispute hereunder.
17. This Escrow Agreement may be signed in any number of counterparts each of which shall be an original with the same effect as if the signatures were each upon the same instrument. This Escrow Agreement shall be effective when each party hereto shall have received by facsimile or electronic transmission a counterpart hereof signed by each of the other parties.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Escrow Agreement to be duly executed as of the date first above written.

SKD COMPANY, by its general partners NMC CANADA INC. and 2515080 NOVA SCOTIA COMPANY

By: _____
Name:
Title:

I have the authority to bind NMC Canada, Inc.

Name:
Title:

I have the authority to bind 2515080 Nova Scotia Company

National Automobile, Aerospace, Transportation and General Workers of Canada (C.A.W.) and its Local 1285

By: _____
Name:
Title:

I have the authority to bind the association

RSM Richter Inc., in its capacity as Court-appointed Monitor of NMC CANADA INC. and 2515080 NOVA SCOTIA COMPANY

By: _____
Name:
Title:

I have the authority to bind the company

APPENDIX "H"

MEMORANDUM OF AGREEMENT

Regarding a Closure Agreement

Between
SKD Company, Mississauga Division
(the "Company" or "SKD")

and

Teamsters Local Union No. 419
(the "Union")

1. The Parties herein agree that the terms of this memorandum, including Appendix A to this Memorandum and the Letter of Agreement Regarding Closure of Operations attached thereto (collectively the "**Memorandum**"), amends the existing collective agreement between the parties (the "**Collective Agreement**").
2. This Memorandum is subject to ratification by the Union and the Company, such ratification to be confirmed in writing by each party to the other on or before March [●], 2009.
3. The Parties further agree that the Company's ability to enter into this Memorandum is subject to the approval of the Ontario Superior Court of Justice, being the court supervising the CCAA proceeding relating to the Company and its general partners, NMC Canada Inc., and 2515080 Nova Scotia Company.
4. This Memorandum will also be of no force or effect, with all parties retaining all legal rights, until (i) the Court order contemplated in paragraph 3 above is obtained, and (ii) the Monitor advises the Union in writing that all of the Escrow Funds provided for in Exhibit 1 have been paid by the Customers to the Monitor.

Agreed this _____ day of March, 2009, in the City of _____.

For the Company, by its general partners

For the Union

APPENDIX A

1. This Appendix A forms part of this Memorandum.
2. The Union understands and agrees that **Martinrea International, Inc. or its subsidiaries or affiliates** ("**Martinrea**"), if it were to proceed with and complete a transaction for the purchase of assets of the Company situated at its Mississauga and Danbro facilities, would only do so if title to all or any such assets (collectively, the "**Mississauga Assets**") could be conveyed to Martinrea free and clear of any liabilities to any employees or former employees of the Company that are or were members of the Union ("**Member Employees**") and that Martinrea was satisfied that its purchase of the Mississauga Assets did not expose it to any liability as an employer (including as a successor or related employer) in relation to any claims by any Member Employees for any employment-related liabilities or obligations, including, without limitation, in relation to wages, vacation pay, termination or severance pay, the failure to provide notice, any pension, health, medical, disability or other benefit plans, or like obligations, whatsoever (collectively, "**Member Claims**"). Furthermore, prior to purchasing any of the Mississauga Assets, Martinrea and the Company must be in receipt of full and final releases executed by the Union on behalf of itself and all Member Employees, in form and substance satisfactory to each of them, in relation to any Member Claims. The Union acknowledges and agrees that Martinrea does not intend to purchase or use the Mississauga Assets in order to continue operating the SKD Mississauga facilities and agrees that Martinrea's proposed purchase or use does not constitute a sale of business under the Ontario *Labour Relations Act*. The Union agrees that it will not assert in any forum that the purchase by Martinrea of all or any part of the Mississauga Assets is a sale of business within the meaning of the *Labour Relations Act* or that Martinrea is or should be construed to be an employer or a successor employer of any Member Employees. The Union further agrees that it will not assert, by virtue of the existence of this Memorandum, or otherwise, that the Company and any other person is a single employer.
3. Employees terminated from their employment at the Mississauga and Danbro facilities of SKD will have no preferential hiring rights at any other plant operated by any party prior to or following closure.
4. The Company and Union agree to incorporate the following Letter of Agreement (which is part of this Appendix A) into the collective agreement as Schedule C.

Schedule C

Letter of Agreement Regarding Closure of Operations

Between

Teamsters Local Union No. 419
(the "Union")

And

SKD Company, Mississauga Division.
(the "Company" or "SKD")

The Company and the Union agree that:

- 1) It is currently anticipated that the CCAA proceeding (the "**CCAA Proceeding**") relating to the Company and its general partners, NMC Canada Inc. and 2515080 Nova Scotia Company (the "**Partners**"), will continue in effect through March 31, 2009, except as may be extended or modified by order of the Ontario Superior Court of Justice (the "**Court**").
- 2) The Union agrees it has received sufficient notice of the CCAA Proceeding.

Bargaining Rights

- 3) The Union agrees that the Union's bargaining rights under this collective agreement will be modified and limited to the extent provided for in Appendix A to the Memorandum and this Letter of Agreement Regarding Closure of Operations (the or this "**Letter of Agreement**").

Recall Rights

- 4) Any Member Employees who accept the payments as set out in paragraph 5 below will be severed by the Company, will have their employment relationship end, and waive any and all recall rights. Such payments are inclusive of any termination pay and/or severance pay that may be owing under the *Employment Standards Act, 2000*, the collective agreement and any other applicable statute.

Termination Pay and Severance Pay

- 5) All Member Employees including those Member Employees currently working plus those presently on layoff, long term disability, short term disability, leave of absence, workplace safety and insurance (the "**Active Employees**"), will, subject to the terms of the escrow agreement provided for later in this paragraph, be entitled to receive two (2) weeks' pay (based on their straight-time hourly rate) for each full year of completed service determined as at **March 31, 2009** (up to a maximum of 52 weeks' pay) or such greater amount required to provide each Active Employee with at least the minimum amount of pay so as to comply with the termination and severance pay obligations in the *Employment Standards Act, 2000*, such amount to be paid within fourteen (14) days of termination. Active Employees do not include any employees who have attained the normal retirement date under the Plan (as defined below). The Union warrants and agrees that the entirety of the Company's and the Partners's liabilities with respect to notice, termination pay and severance pay shall be satisfied by the payment of the amounts provided for in this paragraph (the "**Agreed Termination and Severance Amounts**"). The terms relating to the payment to Member Employees of the Agreed Termination and Severance Amounts are provided for in a separate escrow agreement attached to this Letter of Agreement as Exhibit 1. It is understood and agreed that such payments are in full satisfaction of any and all amounts that may be owing to each Active Employee for termination, severance pay, or notice periods, under the *Employment Standards Act, 2000*, the collective agreement between the Company and the Union or any other applicable statute (collectively, the "**Termination and Severance Obligations**"). The Union acknowledges and agrees that the termination of Member Employees pursuant to this Letter of Agreement will not constitute a mass termination pursuant to the *Employment Standards Act, 2000*.
- 6) The Union warrants and agrees that, other than the Agreed Termination and Severance Amounts, the Member Employees shall have no claims for any Termination and Severance Obligations and that the Company and the Partners, including their respective directors, officers and representatives, as well as any third party, including any customers or purchasers, shall be automatically and without further writing released and discharged of and from any and all other claims, disputes and grievances of the Union or any of the Member Employees relating to Termination and Severance Obligations and the termination of employment of any or all of the Member Employees, or any other matters which are the subject matter of this Letter of Agreement, the interpretation, application, or operation of the collective agreement, the employment and termination of employment of any or all of the Member Employees, including under applicable legislation or applicable law (collectively, the "**Claims**"). The Union undertakes and agrees not to pursue any grievance, complaint, action or other proceeding in relation to any Claims released by this Letter of Agreement.
- 7) No retention or other bonuses will be paid to any Member Employees.

- 8) The Company agrees that a Member Employee may complete a direction in accordance with the *Income Tax Act* regarding all or a portion of the amounts that are inclusive of termination pay and severance pay described in paragraph 5 above, and upon receipt, this amount will be paid directly into an RRSP or retirement vehicle chosen by the Member Employee, provided the Member Employee provides all necessary information and supporting documentation of entitlement, including confirmation of available RRSP room.
- 9) If a Member Employee finds employment after the plant closure announcement, but prior to the date of closure and she/he gives the Company one (1) week of notice in writing, she/he shall be entitled to amounts specified in paragraph 5 above, so long as the Company has determined the Member Employee is not critical for the function being performed, such determination to be in the sole discretion of the Company. In the circumstances, the Company will confirm in writing that such Member Employee's resignation is accepted and amounts provided for in paragraph 5 above will be paid.

Pensions and Benefits

- 10) Contributions to the Teamsters Pension Plan (the "**Plan**") will, to the extent such contributions accrue for the relevant period, only continue to be remitted for all Member Employees in accordance with the terms in Schedule 2 of the Collective Agreement for the period up to and including the Member Employee's last day worked (the contributions for such period being referenced herein as the "**DC Plan Contributions**"). The Union warrants and agrees on behalf of the Union and each of the Member Employees that SKD shall have no further contribution obligations under the Plan once the DC Plan Contributions have been paid, as provided for in this paragraph 10. The Union further agrees that it will provide written confirmation and other assurances to SKD from the Union, as Plan sponsor, the Plan trustees, administrators, the Union and on behalf of all Member Employees, and otherwise cooperate and provide such assurances as requested by SKD, to ensure that SKD shall have no further contribution obligations under the Plan immediately upon the DC Plan Contributions having been paid, as provided for in this paragraph 10. The Union warrants and agrees on behalf of the Union and each of the Member Employees that SKD shall have no further contribution or other obligations under the Plan once the DC Plan Contributions have been paid, as provided for in this paragraph 10, and agrees that upon such payment being made, SKD, its Partners, and their officers, directors, agents and representatives are and shall be automatically released and discharged of and from any liability or obligations with respect to all of its obligations in relation to the Plan. The Union further agrees that, if requested by SKD, it will execute such release and other documents and assurances as may be required to give effect to its agreements in this paragraph 10.
- 11) The Company and the Union agree that there is no third party to this Letter of Agreement that is or may become liable for the obligations provided for in this Letter of Agreement.

- 12) Subject to paragraph 10, all obligations of the Company and the Partners in relation to (i) post retirement health and other benefits, including the provisions thereof, (ii) workplace safety and insurance, (iii) vacation pay, (iv) grievances existing as of this date, and (v) disability entitlements, if any, are not addressed in this Agreement and may be dealt with in the CCAA Proceeding, or otherwise, but shall not be paid from the Escrow Funds (as defined below).

Health and Group Insurance Benefits

- 13) Benefit contributions to the Teamsters Benefit Trust fund (the "TBTF") will be remitted in a lump sum with respect to each Member Employee in accordance with the Collective Agreement corresponding to a period of three (3) months following the Member Employee's last day worked, at the rate of \$473.00 per member per month, plus applicable taxes (the "TBTF Contributions"). The Union warrants and agrees on behalf of itself and each of the Member Employees that SKD shall have no further contribution obligations under the Teamsters Benefit Trust once the TBTF Contributions have been paid, as provided for in this paragraph 13 and further agrees that, upon such payment being made, SKD is and shall be automatically released and discharged of and from any liability or obligations with respect to all of its obligations in relation to the TBTF Contributions.

General

- 14) The Union agrees that any amounts to be paid to or for the benefit of any of the Member Employees pursuant to paragraph 5 above will be deposited into an escrow account to be held by the Monitor (the "Escrow Funds"), for disbursement pursuant to the terms of an escrow agreement in form and substance acceptable to the Company, the Union and the Monitor.
- 15) Unless otherwise defined, capitalized terms set forth in this Letter of Agreement shall be as provided for in the Memorandum of Agreement Regarding a Closure Agreement between the Union and the Company dated March [●], 2009 (the "Memorandum").

Exhibit 1

ESCROW AGREEMENT

This Escrow Agreement (the "**Escrow Agreement**") among the parties referred to below is dated as of March •, 2009

RECITALS:

1. Teamsters Local Union No. 419 (the "**Union**") and SKD Company (the "**Employer**") have entered into a Memorandum of Agreement, including a related appendix and schedule dated as of March •, 2009 (the "**Memorandum**").
2. Pursuant to the Memorandum, an escrow account (the "**Escrow Account**") is to be established for the purpose of funding the amounts to be paid under the Memorandum in relation to :
 - (a) any Termination and Severance Obligations (as defined in the Memorandum) that may be owing to Active Employees (the "**Agreed Termination and Severance Amounts**"); and
 - (b) lump sum payment for the maintenance of current health benefits for Member Employees as set out in the Memorandum (the "**Lump Sum Group Insurance Amount**").
3. Arrangements have been made with certain third party customers of the Employer, namely Chrysler LLC, Ford Motor Company, and Honda of America Mfg., Inc. (collectively the "**Customers**"), to fund the Escrow Account with funding provided by the Customers for such purpose.
4. RSM Richter Inc., in its capacity as the court-appointed monitor (the "**Monitor**") in the proceeding (the "**CCAA Proceeding**") commenced in the Ontario Superior Court of Justice (the "**Court**") under the *Companies' Creditors Arrangement Act* by NMC Canada, Inc. and 2515080 Nova Scotia Company, the general partners of the Employer, is appointed as escrow agent (the "**Escrow Agent**") pursuant hereto and the Escrow Agent has agreed to act in such capacity.
5. Where not otherwise defined in this Escrow Agreement, capitalized terms have the meanings set forth in the Memorandum.

THE PARTIES HERETO AGREE AS FOLLOWS:

1. The amount of the Agreed Termination and Severance Amounts to be paid to Active Employees of the Union pursuant to the Memorandum and the Lump Sum Group Insurance Amount, in the aggregate total of \$1,001,400 CDN shall be paid by the Customers to the Escrow Agent and shall be held in trust in an interest-bearing account for the benefit of the Union and the Employer jointly in accordance with their respective rights and interests under this Agreement and shall be dealt with and disbursed by the

Escrow Agent pursuant to the terms hereof (the “**Escrow Funds**”). The Escrow Funds are to be funded in accordance with the allocations set forth in Section 5(f) on a several and not joint basis.

2. The parties acknowledge that the Escrow Funds are being made available to the Employer by the Customers, upon and subject to the terms of this Escrow Agreement and the Memorandum, for the sole and specific purpose of enabling the Employer to fund payment of the Termination and Severance Obligations and the Lump Sum Group Insurance Amount. The Employer and the Union understand, confirm and agree, as evidenced by their execution of this Escrow Agreement and the Memorandum, that the Customers, in providing the Escrow Funds, and the Escrow Agent, in disbursing any of the Escrow Funds to facilitate the payment of any of the Termination and Severance Obligations and the Lump Sum Group Insurance Amount, shall have and be under no liability to the Employer, the Union or any member of the Union, on any basis whatsoever. The Employer and the Union further acknowledge that any order of the Court to be made approving of the Memorandum shall also contain a provision to this effect.
3. The Union acknowledges and agrees, on behalf of itself and each of the Member Employees, that the funding of the Escrow Account by the Customers to permit the Employer to pay the Termination and Severance Obligations and the Lump Sum Group Insurance Amount does not make any of the Customers and/or the Employer, in any combination or all together, a related employer and/or successor employer as contemplated by the *Labour Relations Act*, 1995, S.O. 1995 c.1, as amended (the “**LRA**”) or the *Employment Standards Act*, 2000, S.O. 2000, c.41, as amended (the “**ESA**”). The Union hereby waives and releases any claims in this regard that it could have made, or could make in the future, against any of the Employer or the Customers under the LRA and the ESA.
4. The Escrow Agent agrees to act as Escrow Agent pursuant to the terms hereof. The parties acknowledge that the Escrow Agent is acting solely for the convenience of the parties for the purposes outlined in the Memorandum and that the Escrow Agent shall not be nor be deemed on any basis to be the agent of any of the parties, or an employer, related or successor employer of any employee of the Employer or the Customers.

Distribution of Escrow Funds

5. The Escrow Agent shall distribute the Escrow Funds as follows:
 - (a) The Employer and the Union shall provide the Escrow Agent (and shall provide a copy to the Customers) with a joint direction in writing to pay, as soon as reasonably practicable, on behalf of the Employer, the applicable portion of the Escrow Funds to the payroll service used by the Employer for the purpose of funding the Agreed Termination and Severance Amounts due to an Active Employee pursuant to the terms of the Memorandum upon such employee’s termination of employment. The amount set out in such joint direction shall be paid by the Escrow Agent, subject to the terms of this paragraph 5, within 14 days

following the last day of work of such Active Employee with the Employer, the details of which shall be set out in the joint direction (including the amount payable and to which Active Employee) unless the Customers provide a joint written objection to such payment to the Escrow Agent within 7 days following the last day of work of such Active Employee with the Employer, copied to the Employer and the Union, objecting to the payment on the grounds that an event described in paragraph 5(d) has occurred. The amounts set out in the joint direction shall not be paid by the Escrow Agent in accordance with this paragraph 5(a) until the written consent of the Customers is provided or a final decision of the Court is made determining the issues raised in the written objection. Notwithstanding the foregoing, the Lump Sum Group Insurance Amount shall be paid to the TBTF (as defined in the Memorandum) as contemplated in the Memorandum on or prior to April 30, 2009 and the Employer and the Union shall provide the Escrow Agent (and shall provide a copy to the Customers) with a joint direction in writing to pay such Lump Sum Group Insurance Amount.

- (b) The Escrow Funds may be released or disbursed by the Escrow Agent only in accordance with paragraphs 5 and 6 of this Escrow Agreement.
- (c) Any portion of the Escrow Funds determined to be surplus to the requirements of the Memorandum, as certified by joint direction in writing of the Employer and the Union, or as determined by a final decision of the Court, shall be paid by the Escrow Agent to the Customers as soon as reasonably practicable in accordance with such joint direction or such final decision of the Court.
- (d) The Escrow Funds (or such portion then remaining, including interest earned thereon) shall be paid by the Escrow Agent to the Customers as soon as reasonably practicable upon receipt of a joint written notice from the Customers and the Employer certifying, or a final decision of the Court determining, that (i) a material breach of the Memorandum has occurred, (ii) the supply of automotive component parts has been interrupted as a result, directly or indirectly, of the acts or omissions of the Union or Member Employees, and/or (iii) the Union or Member Employees have failed to reasonably assist the Customers in the resourcing of the supply of component parts (such resourcing shall include the removal of tooling, equipment and inventory) including to a purchaser of the Employer's business or assets or any part thereof;
- (e) The Escrow Funds (or such portion remaining, including interest earned thereon) shall be paid by the Escrow Agent to the Customers upon the Employer certifying to the Escrow Agent that Termination and Severance Obligations of the Employer referenced in paragraph 5 of the Memorandum and the obligation to pay the Lump Sum Group Insurance Amount have been fully satisfied and upon receipt of a joint direction in writing from the Customers and the Employer directing the Escrow Agent to make such payment; and
- (f) The parties agree that any payment to be made to the Customers by the Escrow Agent shall be allocated among the Customers in the following percentages:

for funding in respect of Mississauga facilities (Teamsters)

Chrysler	56.6%
Ford	32.1%
Honda	11.3%

Escrow Agent's Duties

6. In relation to the duties and responsibilities of the Escrow Agent, the parties agree as follows:

- (a) the Escrow Agent's duties and responsibilities shall be as specifically set forth herein and there shall be no implied duties or obligations other than as provided for herein and the Escrow Agent shall have no obligations, responsibilities or liability arising under any other agreements to which the Escrow Agent is not a party, even though reference to such other agreements may be made in this Agreement. The Escrow Agent shall not be liable for any action taken or omitted to be taken by it in good faith and in the exercise of its own judgment, unless such action involved gross negligence or wilful misconduct;
- (b) disbursement by the Escrow Agent of the Escrow Funds in accordance with the provisions of this Escrow Agreement shall constitute a complete discharge and satisfaction of the obligations of the Escrow Agent hereunder;
- (c) the Escrow Agent shall have no responsibility to inquire into the genuineness or validity of any documents delivered to it and reasonably believed by it to have been signed by the proper person or persons and shall be entitled to rely thereon and shall not be liable or responsible for any action taken or omitted in accordance with the provisions thereof;
- (d) the Escrow Agent shall not be responsible to enforce any obligation of any person, whether under the Memorandum or otherwise;
- (e) the Escrow Agent shall be entitled to rely upon the advice and directions of the Court in respect of any matter relating to the discharge of its duties provided only such directions are obtained upon notice to the Customers, the Employer and the Union, such advice may include directions as to the payment of the Escrow Funds (or any portion thereof);
- (f) in the event the Employer and the Union become involved in any dispute process involving the Memorandum affecting the Escrow Funds, the Customers and the Escrow Agent shall have standing to participate in such proceedings. The Escrow Agent shall be authorized to rely upon any decision arising from such proceedings, providing such decision shall be final and shall not have been stayed, reversed or varied;
- (g) in the event of any controversy or dispute under this Escrow Agreement or with respect to any question regarding the construction hereof or any action to be taken

or omitted to be taken by the Escrow Agent, the Escrow Agent may pay the Escrow Funds (or such remaining portion thereof, including interest earned thereon) into the Court to be disbursed pursuant to further order of the Court and shall notify the Customers, the Employer and the Union of such payment into Court and the Escrow Agent shall be relieved of and discharged from any and all obligations and liabilities hereunder;

- (h) the Escrow Agent may resign at any time upon thirty days written notice to the Employer, the Customers and the Union or such shorter notice as they may accept in writing as sufficient and shall thereafter pay the Escrow Funds (or any remaining portion thereof, including interest earned thereon) into the Court in accordance with the preceding paragraph if the parties shall not have jointly designated a replacement escrow agent;
- (i) the Employer shall indemnify the Escrow Agent, its partners, agents and employees from, and hold them harmless against, any loss, liability or expense incurred or suffered by them arising out of or in connection with the administration of this Agreement and the carrying out of the Escrow Agent's duties hereunder, including the costs and expenses of legal counsel (on a solicitor and his own client basis) in defending itself against any claim made against it hereunder; provided, however, that such loss, liability or expense is not the result of the gross negligence or wilful misconduct of the Escrow Agent. The provisions of this 6(i) shall survive the termination of this Agreement and the resignation of the Escrow Agent for any reason;
- (j) the fees of the Escrow Agent for so acting shall be allowed to it as part of the fees of the Monitor in the CCAA Proceeding; and
- (k) the protections provided to the Monitor pursuant to the initial order of the Court dated January 21, 2009, in respect of the CCAA Proceedings, shall apply in all respects to the Escrow Agent, on terms satisfactory to the Escrow Agent, in its sole discretion, to ensure that such protections are extended to the Monitor in its capacity as Escrow Agent.

Miscellaneous Matters

7. All notices shall be given in writing (including facsimile or email) and shall be given to the addresses set forth below:

- (a) If to the Employer:

SKD Company
c/o SKD Automotive Group
1450 W. Long Lake Rd., Suite 210
Troy, MI 48098

Attention: John P. Chen
Fax: (248) 267-9669

And to:

SKD Automotive Group
1965 Pratt Boulevard
Elk Grove Village, IL 60007

Attention: Vytas Ambutas
Facsimile: (847) 806-7244
E-Mail: vambutas@nmlp.com

With a copy to:

Lang Michener LLP
Brookfield Place
181 Bay Street, Suite 2500
Toronto, ON M5J 2T7

Attention: Sheryl E. Seigel
Fax: (416) 365-1719
Email: sseigel@langmichener.ca

(b) If to the Escrow Agent:

RSM Richter Inc.
200 King Street W., Suite 1100
P.O. Box 48
Toronto, ON M5H 3T4

Attention: Robert Kofman
Fax: (416) 932-6200
Email: Bkofman@RSMRichter.com

With a copy to:

Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6

Attention: Joseph Latham
Fax: (416) 979-1234
Email: jlatham@goodmans.ca

(c) If to Chrysler:

Chrysler LLC
800 Chrysler Drive
CIMS 485-14-78
Auburn Hills, MI 48326

Attention: Sigmund Huber
Fax: (248) 512-1771
Email: seh43@chrysler.com

With a copy to:

Chrysler LLC
1000 Chrysler Drive
CIMS 485-14-78
Auburn Hills, MI 48326-2766

Attention: Kim R. Kolb
Fax: (248) 512-1771
Email: krk4@chrysler.com

And:

Dickinson Wright PLLC
500 Woodward Avenue, Suite 4000
Detroit, MI 48226

Attention: James A. Plemmons
Fax: (313) 223-3598
E-mail: jplemmons@dicksonwright.com

With a copy to:

Borden Ladner Gervais LLP
Scotia Plaza, 40 King St. W.
Toronto, ON M5H 3Y4

Attention: Craig J. Hill
Fax: (416) 361-7301
Email: chill@blgcanada.com

(d) If to Ford:

Ford Motor Company
Once America Road
World Headquarters, Suite 416
Dearborn, MI 48126

Attention: Daniella Saltz
Fax: (313) 322-3084
Email: dsaltz@ford.com

With a copy to:

Miller Canfield Paddock and Stone, PLC
150 West Jefferson, Suite 2500
Detroit, MI 48226

Attention: John Leslie
Fax: (519) 977-1565
Email: leslie@millercanfield.com

(e) If to Honda:

Honda of America Mfg., Inc.
24000 Honda Parkway
Marysville, OH 43040-9251

Attention: Joseph F. LaFleur
Fax: (937) 644-6583
Email: Joe_LaFleur@ham.honda.com

With a copy to:

Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
Columbus, OH 43216-1008

Attention: Robert A. Bell, Jr.
Fax: (614) 719-5169
Email: rabell@vorys.com

And:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 2800'
Commerce Court West
Toronto, ON M5L 1A9

Attention: Steven J. Weisz
Fax: (416) 863-2653
E-mail: steven.weisz@blakes.com

8. The term of this Escrow Agreement shall commence on the date hereof and shall continue until the Escrow Agent has released all amounts in respect of the Escrow Funds, including interest earned thereon, in accordance with this Escrow Agreement.
9. This Escrow Agreement reflects the entire agreement between the parties with respect to the matters contained herein and represents the escrow agreement contemplated by paragraph 5 of the Memorandum.
10. Any Customers that have directly or indirectly provided funds for the Escrow Funds are intended to be third party beneficiaries hereto and entitled to enforce the provisions hereof.
11. This Escrow Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns provided that the Escrow Agent shall not be permitted to assign its obligations hereunder except as specifically contemplated herein.
12. If any term shall be found to be unenforceable, illegal or invalid by a court of competent jurisdiction, the remainder of this Escrow Agreement shall continue in full force and effect and shall not thereby be affected, invalidated or impaired.
13. No waiver of any of the provisions of this Escrow Agreement shall be binding unless in writing delivered in accordance with the provisions hereof.
14. The parties agree to deliver to each other such further and other assurances as may be reasonably necessary or desirable to give effect to this Escrow Agreement.
15. Time shall be of the essence to this agree Escrow Agreement.
16. This Escrow Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein and the parties attorn to the jurisdiction of Ontario in the event of a dispute hereunder.

17. This Escrow Agreement may be signed in any number of counterparts each of which shall be an original with the same effect as if the signatures were each upon the same instrument. This Escrow Agreement shall be effective when each party hereto shall have received by facsimile or electronic transmission a counterpart hereof signed by each of the other parties.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Escrow Agreement to be duly executed as of the date first above written.

SKD COMPANY, by its general partners NMC CANADA INC. and 2515080 NOVA SCOTIA COMPANY

By: _____
Name:
Title:
I have the authority to bind NMC Canada, Inc.

Name:
Title:
I have the authority to bind 2515080 Nova Scotia Company

Teamsters Local Union No. 419

By: _____
Name:
Title:
I have the authority to bind the association

RSM Richter Inc., in its capacity as Court-appointed Monitor of NMC CANADA INC. and 2515080 NOVA SCOTIA COMPANY

By: _____
Name:
Title:
I have the authority to bind the company