

RSM Richter

**Second Supplement to the Second
Report of RSM Richter Inc. as
Court Appointed Receiver of
NMC Canada, Inc., 2515080 Nova Scotia
Company and SKD Company**

RSM Richter Inc.
Toronto, June 2, 2010

Table of Contents

1.	INTRODUCTION.....	1
	1.1 Defined Terms	1
	1.2 Purposes of this Report	2
	1.3 Terms of Reference	2
2.	ADJOURNED RELIEF	2
3.	THE SETTLEMENT AGREEMENT	3
4.	DISBURSEMENT AGREEMENTS.....	5
5.	RECOMMENDATION.....	7

Index of Appendices

Appendix "A"	Second Report (without appendices)
Appendix "B"	First Supplement to the Second Report (without appendices)
Appendix "C"	Settlement Agreement
Appendix "D"	SKD Group Corporate Organizational Chart
Appendix "E"	Canadian Disbursement Agreement
Appendix "F"	US Disbursement 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 SUPPLEMENT TO THE SECOND REPORT OF RSM RICHTER INC.
AS COURT APPOINTED RECEIVER OF
NMC CANADA, INC., 2515080 NOVA SCOTIA COMPANY
AND SKD COMPANY**

June 2, 2010

1. INTRODUCTION

This report ("Second Supplemental Report") supplements the Receiver's report dated April 21, 2010 ("Second Report") and the Receiver's Supplemental Report dated April 28, 2010 ("First Supplemental Report"). Copies of the Second Report and the First Supplemental Report (without appendices) are attached as Appendix "A" and "B", respectively.

1.1 Defined Terms

Unless otherwise noted in this Report, all capitalized terms not otherwise defined herein have the meaning provided to them in the Second Report, the First Supplemental Report, the Initial Order, the Receivership Order and/or the Claims Procedure Order, as amended.

1.2 Purposes of this Report

The purposes of this Report are to:

- a) update the Court on the portion of the Receiver's April 29, 2010 motion that was adjourned (the "**Adjourned Relief**");
- b) update the Court regarding the proposed repayment of the Canadian Customer Participations and related distribution matters; and
- c) recommend that this Honourable Court issue an Order (the "**Comerica Distribution Order**"), *inter alia*:
 - (i) authorizing and directing the Receiver to distribute approximately US\$12 million to Comerica to repay in full the Canadian Participations together with interest thereon to June 7, 2010;
 - (ii) authorizing the Receiver and Richter, in its capacity as Disbursing Agent, to enter into and execute the Canadian Disbursement Agreement and the US Disbursement Agreement; and
 - (iii) authorizing and directing the Receiver to enter into the Settlement Agreement (as defined in Section 3 below).

1.3 Terms of Reference

This Second Supplemental Report is subject to the restrictions in the Second Report.

2. ADJOURNED RELIEF

At the time of the motion returnable April 29, 2010 certain aspects of the motion relating to the repayment of the Canadian Participations and the approval of the US Disbursement Agreement and the Canadian Disbursement Agreement were consensually adjourned as certain issues remained outstanding among the Customers, Comerica and SKD AG.

In particular, Comerica required certain assurances from the Customers that they would consent to Comerica's agreement to a provision in the Comerica Distribution Order indicating that the payments provided for therein would constitute full and final satisfaction of the obligations of the Company to Comerica. The Customers, in turn, required certain

assurances from Comerica that, upon receiving the funds to be distributed by the Receiver on account of the Canadian Participations, it would forthwith deliver those funds to the Disbursing Agent to be distributed in accordance with the Canadian Disbursement Agreement.

The ability and willingness of the parties to move forward with the Adjourned Relief was also dependent upon the finalization of a settlement agreement among the Receiver (on behalf of the Company), SKD L.P., SKD AG and Tang Industries, Inc. (“TII”) with respect to the distribution of proceeds remaining in SKD AG to satisfy inter-company loans made to SKD AG by the Company and TII, after the payment in full of the US Customer Participations and reserving for certain holdbacks (the “**Settlement Agreement**”).

The Receiver understands that Comerica and the Customers have now received the necessary mutual assurances. The Settlement Agreement has also been finalized and the Receiver is prepared to execute it on behalf of the Company, subject to receiving the approval of this Honourable Court. Accordingly, the Receiver believes it is now in a position to move forward with the Adjourned Relief.

3. THE SETTLEMENT AGREEMENT

The Settlement Agreement addresses the distribution of proceeds remaining in SKD AG to satisfy inter-company loans made to SKD AG by the Company and TII, after the payment in full of the US Customer Participations and reserving for the Holdback Funds (as defined in the US Disbursement Agreement). A copy of the Settlement Agreement is attached as Appendix “C”.

Upon repayment of the US Customer Participations, and subject to (i) the reservation of the Holdback Funds pertaining to the Unresolved Claims (as defined in the US Disbursement Agreement), (ii) the reservation of an additional holdback relating to a potential landlord claim against SKD L.P. (approximately US\$882,000) (“**Landlord Claim**”) and potential claims filed by certain former employees of SKD L.P. under the Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”) (“**COBRA Claims**”) (approximately US\$150,000), and (iii) US\$50,000 to be retained by SKD AG or SKD L.P. in respect of certain incidental claims, the remaining funds in SKD L.P. are to be paid to SKD AG, which is owed approximately US\$54.2 million from SKD L.P. The Receiver understands that SKD AG is the only remaining creditor of SKD L.P. other than those creditors covered by the above-noted reserved amounts. A corporate organizational chart for the SKD Group is attached as Appendix “D”.

According to SKD AG’s representatives, the only known creditors of SKD AG are the Company and TII. As at October 31, 2008, the Company and TII were owed US\$13 million and US\$36.5 million, respectively. The Receiver understands from Company representatives that there was little change to the inter-company accounts between October 31, 2008 and January 21, 2009 (the date of the CCAA filing). Post-filing inter-company transactions were accounted for by the debt allocation analysis, which was prepared to determine the amount of the Comerica debt and Customer participations allocable to each of SKD US and the Company. Additional information related to the debt allocation analysis is provided in Section 4.1 of the Receiver’s first report to Court, dated October 23, 2009.

Accordingly, the parties to the Settlement Agreement have agreed that the October 31, 2008 intercompany accounts would be used as the basis for distribution of the remaining proceeds in SKD AG to TII and the Company, such that the Company would be entitled to 26.3% of the remaining funds and TII would be entitled to 73.7% of the remaining funds. The Receiver estimates that this will result in approximately US\$1.3 million payable to the Company, prior to any further recoveries to SKD AG, including additional proceeds that may result from the resolution of all or a part of the Unresolved Claims, the Landlord Claim and the COBRA Claims in favour of SKD US. The Receiver and TII have also agreed that any additional funds received by SKD AG would be shared on the same basis.

4. DISBURSEMENT AGREEMENTS

The terms of the US Disbursement Agreement and Canadian Disbursement Agreement were outlined in detail in the Second Report and the then-current agreements were attached to the Second Report. The US Disbursement Agreement and the Canadian Disbursement Agreement, which originally contemplated distributions on or about April 30, 2010, have been updated to include figures based on a payout date of June 7, 2010. Certain other non-substantive changes have also been made to the agreements to deal with the mechanics of the distributions.

The US Disbursement Agreement and the directions to the Disbursing Agent to be signed in accordance therewith provide for, *inter alia*, the distribution by the Disbursing Agent of US\$2,494,721 on account of the amounts owing in respect of the US Participations as follows:

- the sum of US\$367,236 to Ford, representing principal advances of US\$346,226 plus interest to June 7, 2010 of US\$21,009;

- the sum of US\$529,671 to Honda, representing principal advances of US\$499,369 plus interest to June 7, 2010 of US\$30,302;
- the sum of US\$1,050,680 to Chrysler, representing principal advances of USD\$990,571.15 plus interest to June 7, 2010 of US\$60,109; and
- the sum of US\$547,135 to GM, representing principal advances of US\$515,834 plus interest to June 7, 2010 of US\$31,301.

The Canadian Disbursement Agreement and the directions to the Disbursing Agent to be signed in accordance therewith provide for, *inter alia*, the distribution by the Disbursing Agent of US\$12,001,346 on account of the amounts owing in respect of the Canadian Participations as follows:

- the sum of US\$3,857,851 to Ford, representing principal amounts of USD\$3,637,147 plus interest to June 7, 2010 of US\$220,704;
- the sum of US\$1,353,539 to Honda, representing principal amounts of US\$1,276,104 plus interest to June 7, 2010 of US\$77,435; and
- the sum of US\$6,789,956 to Chrysler, representing principal amounts of US\$6,401,508 plus interest to June 7, 2010 of US\$388,448.

The foregoing payout figures are based on payout amounts as at May 31, 2010 and *per diem* interest amounts through to June 7, 2010, all of which were provided to the Receiver's counsel by Comerica's counsel on May 26, 2010.

The Receiver understands that all parties to the US Disbursement Agreement and the Canadian Disbursement Agreement are now in agreement on the terms and the foregoing payout figures, and are prepared to enter into such agreements, subject to this Honourable Court granting the Comerica Distribution Order.

Current copies of the US Disbursement Agreement and the Canadian Disbursement Agreement are attached as Appendix "E" and Appendix "F", respectively.

5. RECOMMENDATION

Based on the resolution of the matters relating to the Comerica Distribution Order as between the Customers and Comerica, and based on the finalization of the Settlement Agreement, the US Disbursement Agreement and the Canadian Disbursement Agreement, the Receiver is in a position to move forward with the Adjourned Relief. The Receiver respectfully recommends that this Honourable Court make an order granting the relief set out in the Comerica Distribution Order.

* * *

All of which is respectfully submitted,



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

Appendix “A”

RSM Richter

**Second Report of RSM Richter Inc.
as Court Appointed Receiver of
NMC Canada, Inc., 2515080 Nova Scotia
Company and SKD Company**

RSM Richter Inc.
Toronto, April 21, 2010

Table of Contents

1.	INTRODUCTION.....	1
	1.1 Purposes of this Report	2
	1.2 Currency	3
	1.3 Terms of Reference	4
2.	BACKGROUND	4
3.	REAL ESTATE	5
	3.1 Brampton Property	5
	3.2 Recommendation Re: Sale of the Brampton Property	6
4.	DIRECTOR'S AND OFFICER'S CLAIMS PROCEDURE.....	8
	4.1 Results of the D&O Claims Process	9
	4.2 Employee Claims	9
	4.3 Trade Creditor Claims	10
	4.4 Reduction of the Directors' Charge	10
5.	FUNDS HELD BY RICHTER.....	11
6.	DISTRIBUTIONS.....	13
7.	POTENTIAL PRIOR RANKING CLAIMS	14
8.	DISBURSEMENT AGREEMENTS.....	15
	8.1 Canadian Disbursement Agreement	16
	8.2 US Disbursement Agreement	17
9.	BANKRUPTCY	19
10.	FEES AND DISBURSEMENTS OF THE RECEIVER.....	19
11.	OVERVIEW OF THE RECEIVER'S ACTIVITIES	20
12.	RECOMMENDATION	21

Index of Appendices

Appendix "A"	Initial Order
Appendix "B"	Receivership Order
Appendix "C"	Purchaser's Offer for Brampton Property
Appendix "D"	Receiver's First Report (without appendices)
Appendix "E"	Participation Agreement
Appendix "F"	Canadian Disbursement Agreement
Appendix "G"	US Disbursement Agreement

Court File No.: 09-CL-7960

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AS COURT-APPOINTED RECEIVER OF
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AND SKD COMPANY**

April 21, 2010

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 Monitor. On June 11, 2009, the Court issued an order amending the Initial Order, placing the Company in receivership and appointing Richter as Receiver of the Company's property, assets and undertaking ("Receivership Order"). Copies of the Initial Order and the Receivership Order are provided in Appendices "A" and "B", respectively.

1.1 Purposes of this Report

The purposes of this report (“Report”) are to:

- a) Provide background information about the Company, the CCAA proceedings and the receivership proceedings;
- b) Advise the Court of an offer submitted by Boutin Holdings Limited and subsequently assigned to 2240523 Ontario Inc. (the “Purchaser”) to purchase the Company’s property at 40 Holtby Avenue, Brampton (the “Brampton Property”), including the terms of the offer and the events leading to an agreement of purchase and sale between the Purchaser and the Receiver (the “Transaction”), which is subject to Court approval;
- c) Advise the Court of the status of the directors’ and officers’ claims process (“D&O Claims Process”) conducted by the Receiver pursuant to an order of the Court made on November 4, 2009, as amended;
- d) Summarize the funds held by the Receiver in connection with these proceedings;
- e) Summarize the rationale for bankrupting the Company but continuing the receivership proceedings; and
- f) Recommend that this Honourable Court make an order:
 - Approving the Transaction and authorizing the Receiver to execute such documents and take such additional steps as are necessary to complete Transaction;
 - Vesting in the Purchaser, as of closing, title to the Brampton Property, free and clear of all liens, charges, security interests and other encumbrances;
 - Authorizing the Receiver to enter into certain Canadian and US disbursement agreements to be entered into among the Company, SKD Automotive Group, Limited Partnership (“SKD AG”), the Customers¹, General Motors LLC (“GM”), the Receiver and Richter in its capacity as disbursing agent, and authorizing Richter to act as disbursing agent in accordance with such agreements;

¹ References to “Customers” include Ford Motor Company (“Ford”), Chrysler Canada Inc. and Chrysler Group LLC (jointly, “Chrysler”) and Honda of America Mfg. Inc., Honda Manufacturing of Indiana, LLC and Honda Manufacturing of Alabama, LLC (collectively, “Honda”).

- Directing the Receiver to make the following distributions:
 - i. The Canadian dollar equivalent of approximately US\$11.315 million, plus interest thereon of approximately US\$629,000, to repay the “participations” funded by the Customers on a subordinated secured basis under the Comerica Bank (“Comerica”) facilities to fund the Company’s operations (the “Canadian Customer Participations”);
 - ii. The Canadian dollar equivalent of US\$90,373 to SKD US (as defined in Section 2 below) for amounts that it paid to Comerica on the Company’s behalf;
 - iii. \$25,773 in satisfaction of a claim by Ready Machinery & Equipment (Canada) Inc. (“Ready Machinery”) secured by a lien pursuant to the Repairs and Storage Liens Act (“RSLA”) against the Company’s 1000 Ton Verson 108-72 Press (s/n 25917) (the “RSLA Claim”); and
 - iv. \$45,500 in satisfaction of a secured claim by Paccar Leasing (“Paccar”);
- Authorizing the Receiver to assign each of SKD’s partners and SKD into bankruptcy with Richter acting as the trustee in bankruptcy in each case;
- Approving the fees and disbursements of the Receiver and its counsel, Goodmans LLP (“Goodmans”), as detailed in the affidavits of Robert Kofman, sworn April 21, 2010 (“Kofman Affidavit”), and Joseph Latham, sworn April 19, 2010 (“Latham Affidavit”), respectively; and
- Approving the Receiver’s actions and activities as described in this Report.

1.2 Currency

Unless otherwise noted, all currency references in this Report are to Canadian dollars. US dollars have been converted to Canadian dollars at par.

1.3 Terms of Reference

In preparing this Report, the Receiver has relied upon the Company's books and records, including information assembled by and analyses performed by Company employees. The Receiver 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 the Receiver's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Receiver 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 Receiver in preparing this Report.

Unless otherwise noted in this Report, all capitalized terms not defined herein have the meaning ascribed to them in the Initial Order and/or the Receivership 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. in the US and SKD de Mexico, S. de R.L. de C.V. ("SKD Mexico") in Mexico (SKD L.P. and SKD Mexico are jointly referred to as "SKD US") (collectively, SKD and its related entities are referred to as the "SKD Group").

The SKD Group was 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 Richter's report dated January 21, 2009 (filed as proposed monitor), Richter's prior reports filed in the CCAA proceedings in its capacity as Monitor and in the receivership proceedings as Receiver. Copies of these reports can be found on Richter's website at www.rsmrichter.com.

3. REAL ESTATE

At the end of June, 2009 the Receiver engaged Colliers MaCaulay Nicolls (Ontario) Inc. ("Colliers") to market for sale the Brampton Property and the Company's real estate at 375 Wheelabrator Way, Milton, Ontario (the "Milton Property"). At the expiration of the listing term with Colliers at the end of January, 2010, the Receiver terminated Colliers and engaged CB Richard Ellis Limited ("CBRE") to continue to market the Brampton and Milton Properties. Throughout the marketing process there has been greater activity with respect to the Milton Property due to some of its unique features and its more desirable location. Although offers have been received for the Milton Property, the Receiver has not yet been able to complete a transaction for this property.

3.1 Brampton Property

Based on the advice of Colliers and other information available at the time of the Colliers listing agreement, the Brampton Property was originally listed for sale at \$5.934 million - there was very little interest at that price. In consultation with CBRE, in February, 2010 the listing price was reduced to \$3.9 million and CBRE commenced marketing the Brampton Property.

The Purchaser originally submitted an offer of \$2 million for the Brampton Property in November 2009. The Receiver did not counter this offer. On February 4, 2010 the Purchaser increased its offer to \$2.4 million. On April 6, 2010, following several rounds of “sign backs”, the Receiver accepted the Purchaser’s offer in the amount of \$2.54 million. The Transaction is subject to Court approval.

The Transaction contemplates a closing date of April 30, 2010 and is consistent with standard insolvency transactions, i.e. limited representations and warranties. On April 9, 2010, the Purchaser paid a deposit of \$400,000 to CBRE, which is currently being held in trust by it pending closing.

Throughout the negotiation process the Receiver has kept the Customers apprised of its dealings with respect to the sale of the Brampton Property. Each of the Customers has advised the Receiver that it supports the Transaction.

A copy of the Purchaser’s offer is attached as Appendix “C”.

3.2 Recommendation Re: Sale of the Brampton Property

The Receiver recommends that the Court issue an order approving the Transaction and vesting title in the Purchaser for the following reasons:

- The Brampton Property was exposed to the market by professional real estate firms for approximately nine months using traditional methods to sell commercial real estate;
- CBRE, which is familiar with the local real estate market and the specific attributes of the Brampton Property, has advised the Receiver that, based on their knowledge and on feedback received from other parties which have toured the Brampton Property, it is highly unlikely that a better offer would be presented for the Brampton Property in the near term;

- The Purchaser's offer is the highest and best received and is conditional only upon Court approval;
- In CBRE's view, the purchase price represents the current market value for this property given current market conditions for similar commercial real estate – there have not been many comparable commercial real estate transactions in the Greater Toronto Area West market since January, 2008;
- Ongoing costs associated with maintaining the Brampton Property would be eliminated – these total approximately \$35,000 per month; and
- The Customers support the Transaction. The Customers are the most significant secured and unsecured² creditors of the Company.

3.2.1 O'Brien Installations Ltd.

On October 28, 2009, Eccleston LLP ("Eccleston"), counsel to O'Brien Installations Ltd. ("O'Brien"), contacted Goodmans to advise of O'Brien's lien claim of approximately \$132,000 registered against the Brampton Property (the "O'Brien Claim"). Goodmans had requested that Eccleston provide it with supporting documentation in respect of the O'Brien Claim. As of the date of this Report, Goodmans had received a statement of claim and certificate of action, but had received no other documentation to support this claim. Goodmans intends to continue to follow up with Eccleston; however, pursuant to the terms of the Vesting Order, any claim in favour of O'Brien, if any, is to be transferred to and will be enforceable against the proceeds generated from the sale of the Brampton Property. The Receiver believes that this claim, if any, will not be prejudiced by the Transaction and that the merits of the claim can be dealt with in the future.

² The Customers funded approximately \$10.1 million to the Company on an unsecured basis during the CCAA proceedings to fund various payments that were made to the Company's employees under union settlement agreements approved by the Court on April 3, 2009.

4. DIRECTOR'S AND OFFICER'S CLAIMS PROCEDURE

The Initial Order created a \$3 million charge in favour of the Company's Directors and Officers (the "Directors' Charge") for claims arising under paragraphs 7(a), 9(a), 9(b) and 9(c) of the Initial Order.

On November 4, 2009 an order (the "Claims Procedure Order") was made by this Honourable Court approving the D&O Claims Process in order to allow the Receiver to determine whether claims existed against the Directors' Charge. An overview of the Receiver's activities related to the D&O Claims Process is as follows³:

- On November 6, 2009, the Receiver sent by ordinary mail a copy of the Proof of Claim Document Package to each person set out in the Claims Procedure Order, with the inadvertent exception of the parties on the service list. A copy of the Proof of Claim Document Package was also posted on the Receiver's website in accordance with the Claims Procedure Order, which required that the Receiver post notice of the D&O Claims Process on its website;
- As noted, the distribution of the Proof of Claim Document Package was inadvertently not sent to parties on the service list, as required by the Claims Procedure Order. Accordingly, on February 5, 2010 the Court issued an order extending the Claims Bar Date to February 26, 2010 ("Extended Claims Bar Date") for service list parties. The Proof of Claim Document Package was circulated to these parties on February 5, 2010;
- The Receiver placed notices in *The Globe and Mail (National Edition)* and *Automotive News*, which appeared on November 10, 2009 and November 16, 2009, respectively;
- The Receiver reviewed all claims received by the Claims Bar Date (and by the Extended Claims Bar Date for those parties on the service list) and provided summaries with respect to same to Lang Michener LLP ("Lang Michener"), counsel to the Directors and Officers;

³ Unless otherwise defined in this Report, defined terms in this section have the meaning provided to them in the Claims Procedure Order.

- The Receiver corresponded with Goodmans and Lang Michener regarding certain employee claims in respect of overtime equalization amounts; and
- The Receiver issued Notices of Revision or Disallowance (“Notices”) on or about April 1, 2010 and provided copies of the Notices to Lang Michener.

4.1 Results of the D&O Claims Process

Seventy-nine claims were filed with the Receiver by the Claims Bar Date. Three claims were filed after the Claims Bar Date (“Late Filed Claims”) and one additional claim was filed by the Extended Claims Bar Date. A summary of the claims filed is provided in the following table.

Type	Number of claims filed ⁴	Amount ⁵ (\$000s)
Employee claims	48	1,254
Trade creditor claims	35	765
Total	83	2,019

4.2 Employee Claims

Forty-five employee claims were received on or before the Claims Bar Date and three employee claims were received after the Claims Bar Date.

The Receiver is of the view that, with the possible exception of four employee claims discussed in the following paragraph, none of the employee claims fall within the definition of a “D&O Claim” as defined in the Claims Procedure Order. The majority of the employee claims relate to severance and/or termination pay and pension fund obligations, which are

⁴ Includes the Late Filed Claims totaling \$9,500; two of the three Late Filed Claims did not include dollar amounts.

⁵ Pursuant to paragraph 8 of the Claims Procedure Order, claims submitted in a currency other than Canadian dollars shall be converted to Canadian dollars using the Bank of Canada noon spot rate on the Claims Record Date (June 11, 2009). Accordingly, claims submitted in US dollars were converted to Canadian dollars at a rate of 1.0982. As well, there were six employee claims and one trade creditor claim for which no dollar amount was provided.

not subject to the Directors' Charge. There were also twenty-seven employee claims filed, for which no description or supporting documentation was provided.

One employee claim was filed in the amount of \$1,900 in respect of vacation pay. The Receiver agreed to a settlement of this claim for \$1,500. In addition, the Receiver is attempting to settle claims filed by three employees in respect of overtime equalization payments totalling \$136,000.

As of the date of this Report, the Receiver had issued Notices disallowing all employee claims filed as D&O Claims, other than the three employee claims filed related to overtime equalization payments.

4.3 Trade Creditor Claims

Thirty-five trade creditors filed claims for amounts owing for goods and/or services provided to the Company prior to January 21, 2009. The Receiver is of the view that these claims do not fall within the definition of a D&O Claim.

The Receiver issued Notices disallowing these claims in their entirety.

4.4 Reduction of the Directors' Charge

As of the date of this Report, no disputes⁶ have been filed in respect of any of the Notices, but the time to file a dispute has not yet expired for all Notices. Those claims in respect of which the time to file a dispute has expired are now barred pursuant to the Claims Procedure Order, as amended. The chart below summarizes the expiry dates for all disputes to be filed based upon the date of deemed receipt of the Notice under the Claims Procedure Order.

⁶ The Receiver received one notice of dispute from an employee that had filed a D&O Claim of approximately \$37,000 in respect of severance and termination amounts. The claimant has since provided the Receiver with a letter advising that he has withdrawn his notice of dispute.

Number of Claims	Deemed receipt of Notice	Expiry of Objection Period	Amount (\$000s)
2	April 1, 2010	April 15, 2010	61
65	April 5, 2010	April 16, 2010	1,494
12	April 8, 2010	April 21, 2010	287
1	April 16, 2010	April 29, 2010	41
3	TBD	TBD	136
			2,019

It is clear that the full amount of the Directors' Charge is no longer needed, as the total of all claims filed in the D&O Claims Process was approximately \$2.019 million, meaning that \$981,000 of the Directors' Charge is clearly in excess of what would be required to satisfy all claims filed in the D&O Claims Process. Assuming no disputes are filed to the Notices by the date of hearing this matter, only approximately \$177,000 would need to be held back as of April 29, 2010 to secure the entire amount of the remaining claims made in the D&O Claims Process. The Receiver intends to submit a supplement to this Report after April 21, 2010 to update the Court on the status of the D&O Claims Process and to confirm the amount the Receiver believes should be held back to secure remaining potential D&O Claims. The Receiver recommends that the Directors' Charge be reduced on the return of this motion to the amount required to secure such claims.

5. FUNDS HELD BY RICHTER

Richter, in its capacities as Receiver and as Escrow Agent (as defined in the Monitor's tenth report to Court, dated June 8, 2009), presently maintains the following accounts:

Account Type	Held By	Amount (\$000s) ⁷
General Account	Receiver	13,986
Trust Account (Directors' Obligations)	Receiver	1,286
Trust Account (Chrysler)	Receiver	831
Union Escrow Account	Escrow Agent	261
Retention Escrow Account	Escrow Agent	122

⁷ Account balances are as at April 16, 2010.

A summary of these accounts is as follows:

- The monies in the General Account include proceeds transferred from the Monitor's accounts, which include, *inter alia*, proceeds from the sale transactions previously approved by this Honourable Court and from the collection of accounts receivable. The funds in this account also include the net minimum guarantee paid by Maynards Industries Ltd. ("Maynards") in respect of the sale of the Company's fixed assets and federal income tax refunds received from Canada Revenue Agency. The funds held in this account are net of operating costs paid during the receivership period.
- The monies in the Trust Account (Directors' Obligations) were funded by the Customers to the Company at the commencement of the CCAA proceedings to be held in trust to satisfy potential post-CCAA directors' obligations for employee obligations (including wages and vacation pay). The Receiver is not aware of any unpaid post-filing employee obligations.
- The monies in the Trust Account (Chrysler) were paid to Richter by Chrysler pending resolution of items in dispute between Chrysler and the Company. These items remain unresolved.
- The monies in the Union Escrow Account were funded by the Customers to the Company on an unsecured basis to be paid to the Company's former unionized employees for severance and termination pay. Payments made to employees totalled approximately \$9.8 million. There are no known amounts owing to the employees for these obligations; however, on or about July 30, 2009, counsel to the United Steelworkers Union ("USW") contacted Goodmans regarding three Company employees who were terminated prior to the commencement of the CCAA proceedings and were not included as part of the union settlement agreement. The USW believes that these individuals should have been beneficiaries of the union settlement agreement. The Company and the Customers dispute this. On January 21, 2010, Goodmans advised counsel to the USW that it is the Receiver's view that the referenced individuals were appropriately excluded from the union settlement agreement. The USW's counsel had previously advised Goodmans that it may seek to bring a motion on this matter. As of the date of this Report, the Receiver has not heard from the USW on this matter.
- The monies in the Retention Escrow Account were funded by way of Customer Participations in March, 2009 to be distributed to the "Non-Go-Forward Employees"⁸. Payments totalling approximately \$1.1 million were made to the Non-Go-Forward Employees. The funds remaining in this account relate to over-funding by the Customers, as they provided funding for four employees who had previously been terminated.

⁸ Defined in the Additional Participations and Allocation Agreement as certain of the Company's salaried employees who were not offered employment by any purchaser of the Company's businesses.

6. DISTRIBUTIONS

As at April 30, 2010, the Receiver anticipates having the following proceeds available for distribution to creditors and/or funding ongoing operating expenses:

	Amount (\$000s)
General Account – as at April 5, 2010	13,986
Proceeds from the sale of the Brampton Property ⁹	2,451
Less: Estimated April operating expenses	(105)
Estimated General Account as at April 30, 2010	16,332
Trust Account (Directors' Obligations)	1,286
Less: Holdback for O'Brien Claim	(132)
Less: Estimated holdback for Directors' Charge	(177)
Projected cash available for operating expenses and for distributions, April 30, 2010	17,309

The Receiver is seeking approval of this Honourable Court to make the following distributions:

- The Canadian dollar equivalent of approximately US\$11.315 million and approximately US\$629,000 to Comerica in satisfaction of the principal and interest amounts owing under the Canadian Customer Participations;

Details related to Comerica's security are provided in Section 4 of the Receiver's first report to Court dated October 23, 2009 ("First Report"). A copy of the First Report (without appendices) is attached as Appendix "D";

- The Canadian dollar equivalent of US\$90,373 to SKD US to fully satisfy any and all amounts that it paid on behalf of the Company, including US\$53,000 in respect of the net amount paid to Comerica by SKD US on behalf of the Company and US\$37,373 in respect of professional fees owing to Comerica's Canadian legal counsel paid by SKD US;
- \$25,773 in satisfaction of Ready Machinery's RSLA Claim, which is secured by a lien against a 1000 Ton Verson 108-72 Press (s/n 25917) ("Press"). The Press was sold at auction for \$55,000. Goodmans has reviewed the RSLA Claim and has advised that the RSLA Claim is valid and enforceable; and

⁹ Net of real estate commissions.

- \$45,500 to Paccar in satisfaction of its secured claim against the Company. Paccar had claimed ownership to and security in a truck and tractor (“Paccar Assets”) that were located at the Company’s Milton Property. While Paccar has perfected its security, the Receiver believes Paccar’s interests to be subordinated to Comerica’s security. Given the Comerica loans, including the Canadian Customer Participations, will be repaid in full, it is the Receiver’s view that it is appropriate to satisfy Paccar’s secured claim at this time. The Paccar Assets were sold at auction for \$45,500.

The recommended distributions do not involve any of the monies held in the Union Escrow Account, Retention Escrow Account or the Chrysler Trust Account.

7. POTENTIAL PRIOR RANKING CLAIMS

The Receiver is not aware of any claim that ranks or may rank in priority to Comerica for which there will not be sufficient funds remaining in the bank accounts maintained by the Receiver. In this regard, the Initial Order created the following charges which rank in priority to Comerica:

- The Administration Charge (up to \$1 million). The Administration Charge provides a charge in favour of certain professionals involved in the CCAA proceedings. All such amounts have been paid or are otherwise sufficiently covered by retainers previously paid in the CCAA proceedings to various professionals.
- The Directors’ Charge. As detailed in Section 6 above, the funds remaining in the Receiver’s accounts, net of the proposed distributions, should be more than sufficient to satisfy any potential claims that may arise in the D&O Claims Process.

Other than the claims that are subject to the Administration Charge, the Directors’ Charge, the RSLA Claim and the O’Brien Claim, the Receiver is not aware of any other claims that may rank in priority to Comerica. The Receiver is presently working to resolve the O’Brien Claim and in any event the proceeds of the Brampton Property are well in excess of the amount potentially owing to O’Brien.

8. DISBURSEMENT AGREEMENTS

At the commencement of the CCAA proceedings, the Customers and GM agreed to purchase from Comerica, for cash, undivided subordinated interests (being the Canadian Customer Participations as it related to funding provided to the Company and “US Customer Participations” as it related to funding provided to SKD US) in Comerica’s loans to SKD AG and the Company pursuant to the Amended and Restated Subordinated Participation Agreement dated January 21, 2009 (“Participation Agreement”), as amended. A copy of the Participation Agreement is attached as Appendix “E”.

Paragraph 7 of the Participation Agreement contemplates that, in the event the Customers are entitled to receive any payment on account of their Canadian and/or US Customer Participations under the Participation Agreement, after payment in full of the senior obligations owing to Comerica, such payment is to be paid to a disbursing agent for disbursement by it under a separate agreement among the Customers, GM, the Company and SKD AG. As reported in the First Report, the senior obligations owing to Comerica have been repaid in full.¹⁰

For the purpose of repaying the Canadian Customer Participations from the Company’s estate (“Canadian Distributions”) and for the purpose of repaying the US Customer Participations from the estate of SKD US (“US Distributions”), Richter has indicated its willingness to act as disbursing agent (“Disbursing Agent”), subject to agreement on the terms of its mandate. Accordingly, the Customers, GM, the Company, SKD AG and Richter, in its capacity as Disbursing Agent and not in its personal or corporate capacity, are in the latter stages of negotiating disbursement agreements for Canadian and US Distributions (the

¹⁰ Subject to accrued professional fees of Comerica.

“Canadian Disbursement Agreement” and the “US Disbursement Agreement”, respectively). The Canadian and US Disbursement Agreements are well advanced but have not yet been finalized. Current drafts of the Canadian and US Disbursement Agreements are attached as Appendices “F” and “G”, respectively.

Capitalized terms not otherwise defined in this section of the Report have the meanings provided to them in the Canadian and US Disbursement Agreements.

8.1 Canadian Disbursement Agreement

The principal terms of the Canadian Disbursement Agreement are as follows:

- The Disbursing Agent is acting solely for the convenience of the parties to the Canadian Disbursement Agreement and shall not be deemed to be the agent of any of the parties;
- The Disbursing Agent is a separate party, distinct from Richter in its capacity as Monitor and Receiver;
- Subject to this Honourable Court’s approval, the Receiver shall transfer to Comerica the Canadian Distributions to be applied against the Comerica loans in satisfaction of the Canadian Customer Participations as detailed in Section 6 above;
- The Receiver, on behalf of the Company, SKD AG, the Customers and GM shall execute and deliver to Comerica a direction, authorizing and directing Comerica to transfer the Canadian Distributions to the Disbursing Agent immediately after receipt by Comerica of the funds from the Receiver;
- The Receiver, on behalf of the Company, SKD AG, the Customers and GM shall execute and deliver to the Disbursing Agent a direction to distribute the Canadian Distributions to the Customers in full and final repayment of the Canadian Customer Participations; and
- The Disbursing Agent may resign upon thirty days written notice to the Company, SKD AG, the Customers and GM or such shorter notice as they may accept in writing as sufficient and shall thereafter pay any funds remaining in the Disbursing Agent’s account to the replacement disbursing agent.

8.2 US Disbursement Agreement

The principal terms of the US Disbursement Agreement are as follows:

- The Disbursing Agent is acting solely for the convenience of the parties to the US Disbursement Agreement and shall not be deemed to be the agent of any of the parties;
- The Disbursing Agent is a separate party, distinct from Richter in its capacity as Monitor and Receiver;
- The Receiver, on behalf of the Company, SKD AG, the Customers and GM shall execute and deliver to Comerica a direction authorizing and directing Comerica to transfer the entirety of the US funds maintained in the SKD L.P. Comerica bank account (approximately \$10.5 million) to the Disbursing Agent;
- The Receiver, on behalf of the Company, SKD AG, the Customers and GM shall execute and deliver to the Disbursing Agent a direction directing the Disbursing Agent to distribute US Distributions to the Customers and GM in full repayment of the US Customer Participations;
- The Disbursing Agent shall hold back an amount of approximately \$1.8 million (“Holdback”) on account of Unresolved Claims among the Customers, GM and SKD US and shall hold the Holdback until directed to distribute the Holdback pursuant to directions to be executed by the Company, SKD AG, the Customers and GM once the Unresolved Claims have been settled or otherwise resolved;
- SKD AG, the Customers and GM will work to settle the Unresolved Claims within ninety days after the US Disbursement Agreement is executed. After the ninety-day period, any remaining Unresolved Claims will be submitted to a commercial arbitration panel of the American Arbitration Association located in Oakland County, Michigan;
- The Receiver, on behalf of the Company, SKD AG, the Customers and GM are to execute and deliver to the Disbursing Agent a direction directing the Disbursing Agent to distribute the remaining funds maintained in the SKD L.P. Comerica bank account after the repayment of the US Distributions, to SKD AG, or as SKD AG may direct, on account of SKD AG’s residual entitlement to proceeds generated from the sale and realization of the assets of SKD US. These funds cannot be distributed by the Disbursing Agent until SKD AG and the Receiver finalize terms on a settlement for the sharing of such amount between the Receiver and Tang Industries, Inc., which the Receiver understands are the only remaining creditors of SKD AG;

- Pursuant to the terms of the US Disbursement Agreement, the Disbursing Agent shall maintain a US dollar bank account at a US financial institution for the purpose of executing its duties under the US Disbursement Agreement;
- The US Disbursement Agreement is to be governed by the laws of the state of Michigan and subject to the jurisdiction of the court in the State of Michigan; and
- The Disbursing Agent may resign upon thirty days' written notice to the Company, SKD AG, the Customers and GM or such shorter notice as they may accept in writing as sufficient and shall thereafter pay any funds remaining in the Disbursing Agent's account to the replacement disbursing agent.

One outstanding issue with respect to the repayment of the Canadian Customer Participations is the request by Comerica for a paragraph in the applicable Court Order providing that, as Comerica's secured interests rank in priority to those of the Customers, any person with a claim against any of the repaid Canadian Customer Participations would have to claim first against the Customers before making any claim against Comerica.

The Receiver understands that at least some of the Customers are unwilling to consent to the inclusion of such a provision in the applicable Court Order. Those Customers take the position that the Participation Agreement, which governs the terms of the Canadian Customer Participations, already expressly addresses the extent to which the Customers are liable for distributions made in respect of the Canadian Customer Participations. Specifically, Section 5 of the Participation Agreement provides that if Comerica is required to disgorge any amounts it has received on account of the loans, the Customers are required to reimburse Comerica for such disgorged amounts up to the maximum amount of any distributions they have received on account of the loans. The Customers have also agreed to the inclusion of this language in the directions to be given to Comerica under the Canadian and US Disbursement Agreements. The Customers do not believe that Comerica should have the benefit additional Court-ordered relief in this regard that would go beyond the

protection provided to Comerica in the Participation Agreement.

The Receiver understands that the parties are continuing to discuss this issue, which they will endeavour to resolve in advance of the motions scheduled for April 29, 2010.

9. BANKRUPTCY

The Receiver believes that the Company should be placed into bankruptcy in order to utilize the claims process mechanisms of the *Bankruptcy and Insolvency Act* to determine the unsecured claims against the Company and to distribute monies to unsecured creditors. Given Richter's knowledge of these CCAA and receivership proceedings, it is of the view that it is appropriate for it to be named as the Trustee in Bankruptcy. Paragraph 3(q) of the Receivership Order authorizes the Receiver to make an assignment in bankruptcy on behalf of the Company. The Receiver is of the view that the receivership proceedings should continue in order for it to complete certain matters commenced during the receivership proceedings, including the D&O Claims Process, the sale of the owned real property and certain other administrative matters.

10. FEES AND DISBURSEMENTS OF THE RECEIVER

The Receiver's fees and disbursements, including GST, for the period June 11, 2009 to March 31, 2010 total approximately \$679,000. Goodmans' fees and disbursements, including GST, for the period July 9, 2009 to March 31, 2010 total approximately \$244,000. Detailed invoices in respect of the fees and disbursements of the Receiver and Goodmans are provided in exhibits to the Kofman Affidavit and Latham Affidavit, filed in respect of this motion.

11. OVERVIEW OF THE RECEIVER'S ACTIVITIES

In addition to the activities detailed above and related to the above, since the date of the First Report, the Receiver's activities have included:

- Attending at the Company's premises on a periodic basis in order to carry out its activities in accordance with the Receivership Order;
- Monitoring the removal of assets after the completion of the auctions held by Maynards at the Company's Milton and Brampton Properties;
- Corresponding with Maynards regarding assets sold on a commission basis by Maynards pursuant to the terms of the Asset Purchase and Liquidation Services Agreement;
- Negotiating the Transaction and the agreement of purchase and sale for the sale of the Brampton Property;
- Corresponding with Colliers and subsequently CBRE regarding various matters concerning the marketing of the Company's real estate;
- Engaging CBRE to handle the marketing and sale of the Milton and Brampton Properties;
- Engaging Golder Associates Ltd. ("Golder") to conduct phase I and II environmental audits of the Milton and Brampton Properties;
- Reviewing environmental reports prepared by Golder;
- Dealing with other matters pertaining to the maintenance of the Milton and Brampton Properties;
- Administering the D&O Claims Process;
- Drafting and finalizing the interim report of the Receiver prepared pursuant to subsection 246(2) of the *Bankruptcy and Insolvency Act*;
- Negotiating terms of the Canadian Disbursement Agreement and US Disbursement Agreement;
- Negotiating the Settlement Agreement;
- Reviewing financial statements prepared by a Company representative for the fiscal year ending December 31, 2009;

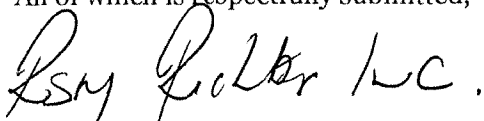
- Disbursing funds from the post-receivership bank accounts in satisfaction of obligations incurred during the receivership period;
- Dealing with employee claims under the *Wage Earner Protection Program Act*;
- Responding to creditors and former employees regarding these proceedings;
- Corresponding with the Receiver's counsel 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.

12. RECOMMENDATION

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

* * *

All of which is respectfully submitted,



**RSM RICHTER INC.
IN ITS CAPACITY AS COURT-APPOINTED
RECEIVER OF NMC CANADA, INC.,
2515080 NOVA SCOTIA COMPANY AND SKD COMPANY
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “B”

RSM Richter

**Supplement to the Second Report of
RSM Richter Inc. as Court Appointed
Receiver of NMC Canada, Inc., 2515080
Nova Scotia Company and SKD
Company**

RSM Richter Inc.
Toronto, April 28, 2010

Table of Contents

1.	INTRODUCTION.....	1
	1.1 Defined Terms	1
	1.2 Purposes of this Report	2
	1.3 Terms of Reference	2
2.	REPAYMENT OF CANADIAN CUSTOMER PARTICIPATIONS	2
3.	DIRECTORS' AND OFFICERS' CLAIMS PROCESS.....	3
	3.1 Reduction of the Directors' Charge	3
4.	RECOMMENDATION.....	4

Index of Appendices

Appendix "A" Second Report (without appendices)

**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**

**SUPPLEMENT TO THE SECOND REPORT OF RSM RICHTER INC.
AS COURT APPOINTED RECEIVER OF
NMC CANADA, INC., 2515080 NOVA SCOTIA COMPANY
AND SKD COMPANY**

April 28, 2010

1. INTRODUCTION

This report ("Report") supplements the Receiver's report dated April 21, 2010 ("Second Report"). A copy of the Second Report (without appendices) is attached as Appendix "A".

1.1 Defined Terms

Unless otherwise noted in this Report, all capitalized terms not otherwise defined herein have the meaning provided to them in the Second Report, the Initial Order, the Receivership Order and/or the Claims Procedure Order, as amended.

1.2 Purposes of this Report

The purposes of this Report are to:

- a) Update the Court regarding the only outstanding issue with respect to the repayment of the Canadian Customer Participations, being the request made by Comerica for a paragraph in the Court Order providing that any person with a claim against any of the repaid Canadian Customer Participations would be required to claim against the Customers before making any claim against Comerica;
- b) Update the Court on the status of the D&O Claims Process;
- c) Recommend that this Honourable Court grant an order reducing the Directors' Charge to \$285,000; and
- d) Recommend that this Honourable Court issue an order automatically reducing the Directors' Charge as each of the remaining claims in the D&O Claims Process is resolved or settled.

1.3 Terms of Reference

This Report is subject to the restrictions in the Second Report.

2. REPAYMENT OF CANADIAN CUSTOMER PARTICIPATIONS

Section 8.2 of the Second Report details that there was one outstanding issue related to the repayment of the Canadian Customer Participations, being the request by Comerica for a paragraph in the Court Order providing that any person with a claim against Comerica in respect of any repaid Canadian Customer Participations be required to claim against the Customers before claiming against Comerica. The Receiver understands that the Customers were not prepared to consent to this provision as it was their view that it is already addressed in the Participation Agreement and accordingly, they believe that additional language in a court order is unnecessary.

The Receiver understands that Comerica is no longer seeking such language in the Court order.

3. DIRECTORS' AND OFFICERS' CLAIMS PROCESS

As detailed in the Second Report, the Initial Order created a \$3 million Directors' Charge. Further details related to the D&O Claims Process are provided in Section 4 of the Second Report.

3.1 Reduction of the Directors' Charge

As detailed in Section 4 of the Second Report, 83 claims totalling approximately \$2.019 million were filed in the D&O Claims Process and 80 Notices totalling \$1.883 million were issued in respect of those claims. The majority of the Notices were issued on or about April 1, 2010. The Second Report provides the deadlines by which claimants were required to file Notices of Dispute - many of the deadlines had not passed as at the date of the Second Report.

The deadline for filing a Notice of Dispute has now passed for 79 claimants (representing approximately \$1.842 million) of the 80¹ claimants and no Notices of Dispute have been filed in respect of those claims. These claims are now barred pursuant to the Claims Procedure Order, as amended. The three claims for which Notices have not been issued have a face value of \$136,000 and the one claim for which the Notice of Dispute deadline has not passed has a face value of \$41,000.

Since the date of the Second Report, two additional employee claims totalling \$55,000 have been brought to the attention of the Receiver. It appears that these claims were in fact delivered to the Receiver's office on December 11, 2009. The Receiver is reviewing these claims and will communicate with the claimants shortly.

¹ The Notice of Dispute deadline for the 80th claim is April 29, 2010.

The Receiver recommends that the Directors' Charge be reduced to \$285,000, of which \$232,000 relates to the maximum amount required to satisfy all remaining claims filed in the D&O Claims Process and \$53,000 is for costs that may be incurred to deal with the resolution of unresolved claims.

The Receiver further recommends that the Directors' Charge be automatically reduced by the face value of the claim in question as each claim is resolved or settled.

4. RECOMMENDATION

Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.2 of this Report.

* * *

All of which is respectfully submitted,



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

Appendix “C”

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Settlement Agreement") is dated this ____ day of June, 2010.

B E T W E E N:

**SKD L.P., a limited partnership
created under the laws of the State of Illinois ("SKD LP")**

and

**SKD AUTOMOTIVE GROUP,
Limited Partnership, a limited partnership
created under the laws of the State of Nevada ("SKD AG")**

and

TANG INDUSTRIES, INC. ("TII")

and

**RSM RICHTER INC. (the "Receiver"),
in its capacity as a Court-appointed receiver and manager of SKD Company, 2515080
Nova Scotia Company and NMC Canada Inc. (collectively, "SKD Canada")**

RECITALS:

1. **WHEREAS** SKD AG was an automotive parts supplier with operations in the United States through its subsidiary SKD LP, with operations in Mexico through its subsidiary SKD de Mexico, and with operations in Canada through its indirect subsidiary SKD Canada;
2. **AND WHEREAS** SKD Canada supplied automotive parts in Canada, and SKD LP supplied automotive parts in the United States, to certain automobile manufacturers (collectively, the "Customers");
3. **AND WHEREAS** SKD Canada commenced proceedings and was granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA Proceedings") on January 21, 2009, and was subsequently placed into receivership on June 11, 2009 after all of its businesses were sold;
4. **AND WHEREAS** RSM Richter Inc. was appointed the monitor in the CCAA Proceedings and is the Receiver of SKD Canada;
5. **AND WHEREAS** pursuant to a loan agreement dated December 13, 2007, as amended, Comerica Bank ("Comerica") had various loans to both SKD AG and SKD Company;

6. **AND WHEREAS** SKD LP has sold its business and operations and repaid SKD AG's direct borrowings from Comerica, and Comerica is holding the remaining proceeds of SKD LP's assets, totalling approximately \$10.5 million, as cash collateral;
7. **AND WHEREAS** the assets and businesses of SKD Canada have been sold, the direct advances of Comerica to SKD Canada have been paid in full, and the Receiver holds the balance of such proceeds, which are currently approximately CDN\$ 18.0 million;
8. **AND WHEREAS** the Customers, SKD AG and the Receiver on behalf of SKD Canada have entered into a US Disbursement Agreement pursuant to which, among other things, the amount of the cash collateral held by Comerica from the proceeds of sale of the assets of SKD AG will be utilized to pay in full the participations funded by the Customers on account of SKD AG;
9. **AND WHEREAS** Timberland Four, L.L.C., a Michigan limited liability company (the "**Landlord**") claims that it is owed \$882,013.44 on account of a lease for premises utilized by SKD LP (the "**Landlord Claim**");
10. **AND WHEREAS** the Landlord claims that it is entitled to attorneys fee in connection with pursuing the Landlord Claim (the "**Attorneys Fees Claim**") and SKD LP has incurred certain legal fees in connection with the Landlord Claim (the "**SKD LP Attorneys Fees Claim**");
11. **AND WHEREAS** certain parties (the "**COBRA Claimants**") have asserted or may assert claims totalling approximately \$150,000 on account of claims under the Consolidated Omnibus Budget Reconciliation Act (COBRA) for payments made on behalf of SKD LP for certain costs and expenses for certain former employees of SKD LP (the "**COBRA Claim**");
12. **AND WHEREAS** the parties to this Settlement Agreement have agreed to establish a holdback in the amount of \$1,150,000, which amount shall be held by RSM Richter Inc. in its capacity as disbursing agent on account of the Landlord Claim, the Attorneys Fees Claim, the SKD LP Attorneys Fees Claim, and the COBRA Claim (the "**Additional Holdback**");
13. **AND WHEREAS**, subject to (a) certain funds being held back by RSM Richter Inc. in its capacity as disbursing agent on account of certain disputes between the Customers and SKD LP totalling \$1,815,649 (the "**US Holdback Funds**"), (b) the Additional Holdback, and (c) the \$50,000 to be retained by SKD AG to satisfy certain incidental claims that may be asserted against SKD AG or SKD LP (as set forth in paragraph 1 below), all of the remaining cash collateral is to be paid to SKD AG to repay the intercompany loans made by SKD AG or one of its affiliates to SKD LP or one of its affiliates;
14. **AND WHEREAS**, subject to the proper resolution of the Landlord Claim, the Attorneys Fees Claim, the SKD Attorneys Fees Claim, the COBRA Claim, and any incidental claims that may arise (as referenced in paragraph 1 below) to the best of SKD AG's and SKD LP's knowledge, the only remaining creditors of SKD AG are SKD Canada and TII;

15. **AND WHEREAS** SKD AG is indebted to TII in the principal amount of \$36.5 million and to SKD Canada in the principal amount of \$13 million;
16. **AND WHEREAS** SK D Canada, SKD AG and TII have agreed that the remaining proceeds of sale of the assets of SKD LP are to be shared between SKD Canada and TII *pro rata*, such that SKD Canada will be entitled to 26.3% of such remaining funds and TII will be entitled to 73.7% of such remaining funds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the undersigned does hereby agree as follows:

1. Each of SKD AG and TII hereby represent and warrant to the Receiver, and acknowledge that the Receiver is relying on such representations and warranties, that to the best of their knowledge all claims of any nature or kind against SKD LP and SKD AG have been paid in full save for (i) the claims of the Customers which are the subject of the disputes giving rise to the US Holdback Funds and (ii) the Landlord Claim, the Attorneys Fees Claim, the SKD LP Attorneys Fees Claim, and the COBRA Claim; provided however, that the parties hereto agree that (a) SKD AG may retain \$50,000 to satisfy certain incidental claims that may be asserted against SKD AG or SKD LP, (b) SKD AG will provide notice to the Receiver when SKD AG uses a portion of the \$50,000 to satisfy a claim that may arise, and (c) the parties to this Agreement agree to work in good faith to release the remainder, if any, of the \$50,000 referenced in this paragraph when SKD Canada is required to make its final distribution to creditors.
2. After (a) payment in full of the participations funded by Customers of SKD AG, (b) depositing of the US Holdback Funds and the Additional Holdback in an escrow account, and (c) payment to SKD AG of \$50,000 to be retained to satisfy certain incidental claims that may be asserted against SKD AG or SKD LP, all remaining funds of SKD AG (estimated to be \$● at the date hereof) shall be shared between TII and SKD Canada, in respect of their respective advances to SKD AG, on the basis that TII will receive 73.7% of such remaining funds and SKD Canada will receive 26.3% of such remaining funds. For greater certainty, of the \$ ___ presently available, TII shall receive \$ ___ and SKD Canada shall receive \$ ___.
3. With respect to the US Holdback Funds, upon the resolution of the disputes between SKD LP and any individual Customer, to the extent that the funds held back for the applicable Customer are not required to satisfy the claims of that Customer, the unutilized balance of the amount held for such Customer shall be available to SKD AG and shall be split between and paid to TII and SKD Canada in the same percentages as set out in paragraph 2 above.
4. With respect to the Additional Holdback, upon resolution of all of the Landlord Claim, the Attorneys Fees Claim, the SKD LP Attorneys Fees Claim, and the COBRA Claim, and to the extent that after satisfaction thereof (either by agreement of the applicable parties or order of a court) the remainder of the Additional Holdback shall be available to SKD AG and shall be split between and paid to TII and SKD Canada in the same percentages as set out in paragraph 2 above.

5. Pursuant to paragraph 5(b) of the US Disbursement Agreement entered into by the Customers, SKD AG, the disbursing agent, and the Receiver (on behalf of SKD Canada), GM is to pay the amount of \$1,281,818 to Goodmans LLP, in escrow for SKD de Mexico, on the execution of that US Disbursement Agreement. The parties hereto agree that such funds shall be released by Goodmans LLP and that Goodmans LLP be and it is hereby authorized and directed to pay (a) the amount of \$337,118 from such funds to the Receiver on behalf of SKD Canada, and (b) the amount of \$944,700 from such funds to TII. The parties hereto acknowledge and agree that Goodmans LLP shall have no liability to any of them or to SKD de Mexico for so releasing the funds.
6. In the event that SKD LP or SKD AG realize any additional proceeds after the date hereof, such proceeds shall be split between TII and SKD Canada in the same percentages as set out in paragraph 2 above; provided however, that any amount paid to SKD AG on account of the SKD LP Attorneys Fees Claim shall be payable in full to TII and shall not be subject to sharing arrangement set forth herein.
7. Subject to the payments contemplated in paragraphs 1 through 5 of this Agreement and paragraph 6 above, the Receiver, on behalf of SKD Canada and each of their predecessors, successors, affiliates and assigns, and each of their former, current, and future officers, directors, owners, employees, and other agents (the "**SKD Canada Releasing Parties**"), hereby acknowledge that the agreement set forth herein is in full satisfaction of any and all claims against SKD AG and SKD LP and their affiliates and hereby waive any and all rights to assert any claim whatsoever against SKD AG or SKD LP or their affiliates. The SKD Canada Releasing Parties further release and waive any right to assert any other claim, cause of action, demand, or liability of every kind and nature whatsoever, including those arising under contract, statute, or common law, whether or not known or suspected at this time, or which the SKD Canada Releasing Parties have, ever had, or hereafter shall have against SKD AG or SKD LP or their affiliates based upon, arising out of, related to, or by reason of any event, cause, thing, act, statement, or omission occurring from the beginning of time through the date of the execution of this Settlement Agreement.
8. Subject to the payments contemplated in paragraphs 1 through 5 of this Agreement and paragraph 6 above, SKD AG and SKD LP and their affiliates on their behalf and on behalf of each of their predecessors, successors, affiliates and assigns, and each of their former, current, and future officers, directors, owners, employees, and other agents (the "**SKD U.S. Releasing Parties**"), hereby acknowledge that the agreement set forth herein is in full satisfaction of any and all claims against the Receiver and SKD Canada and hereby waive any and all rights to assert any claim whatsoever against the Receiver and SKD Canada. The SKD U.S. Releasing Parties further release and waive any right to assert any other claim, cause of action, demand, or liability of every kind and nature whatsoever, including those arising under contract, statute, or common law, whether or not known or suspected at this time, or which the SKD U.S. Releasing Parties have, ever had, or hereafter shall have against the Receiver or SKD Canada based upon, arising out of, related to, or by reason of any event, cause, thing, act, statement, or omission occurring from the beginning of time through the date of the execution of this Settlement Agreement.

9. In the event that any claim in addition to those covered by the US Holdback Funds and the Additional Holdback should arise and be finally determined (either by agreement of the applicable parties or by court order) to be a legitimate claim payable by SKD LP or SKD AG (each a "New Claim"), TII shall return to SKD AG the amount necessary to satisfy 73.7% of such New Claim and SKD Canada shall return to SKD AG the amount necessary to satisfy 26.3% of such New Claim, provided that in no event shall any of the parties hereto have any liability for any portion of a New Claim in excess of the total amount that such party receives under this Agreement. Notwithstanding the foregoing, if the estate of SKD Canada does not have sufficient funds to return to SKD AG to satisfy SKD Canada's portion of a New Claim, then TII shall return to SKD AG the amount that otherwise would have been payable by SKD Canada for such New Claim, provided that in no event shall TII have any liability for any portion of a New Claim in excess of the total amount that TII receives under this Agreement.
10. SKD Canada shall obtain approval of this Settlement Agreement from the Court presiding over the SKD Canada proceedings.
11. All dollar figures referenced in this Agreement shall, unless specified to the contrary, be references to Unites States Dollars.
12. This agreement shall be construed in accordance with the laws of the State of Michigan.

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

**SKD L.P., a limited partnership
created under the laws of the State of Illinois**

Per: _____
Name:
Title:
I/We have the authority to bind the company.

**SKD AUTOMOTIVE GROUP,
Limited Partnership, a limited partnership
created under the laws of the State of Nevada**

Per: _____
Name:
Title:
I/We have the authority to bind the company.

TANG INDUSTRIES, INC.

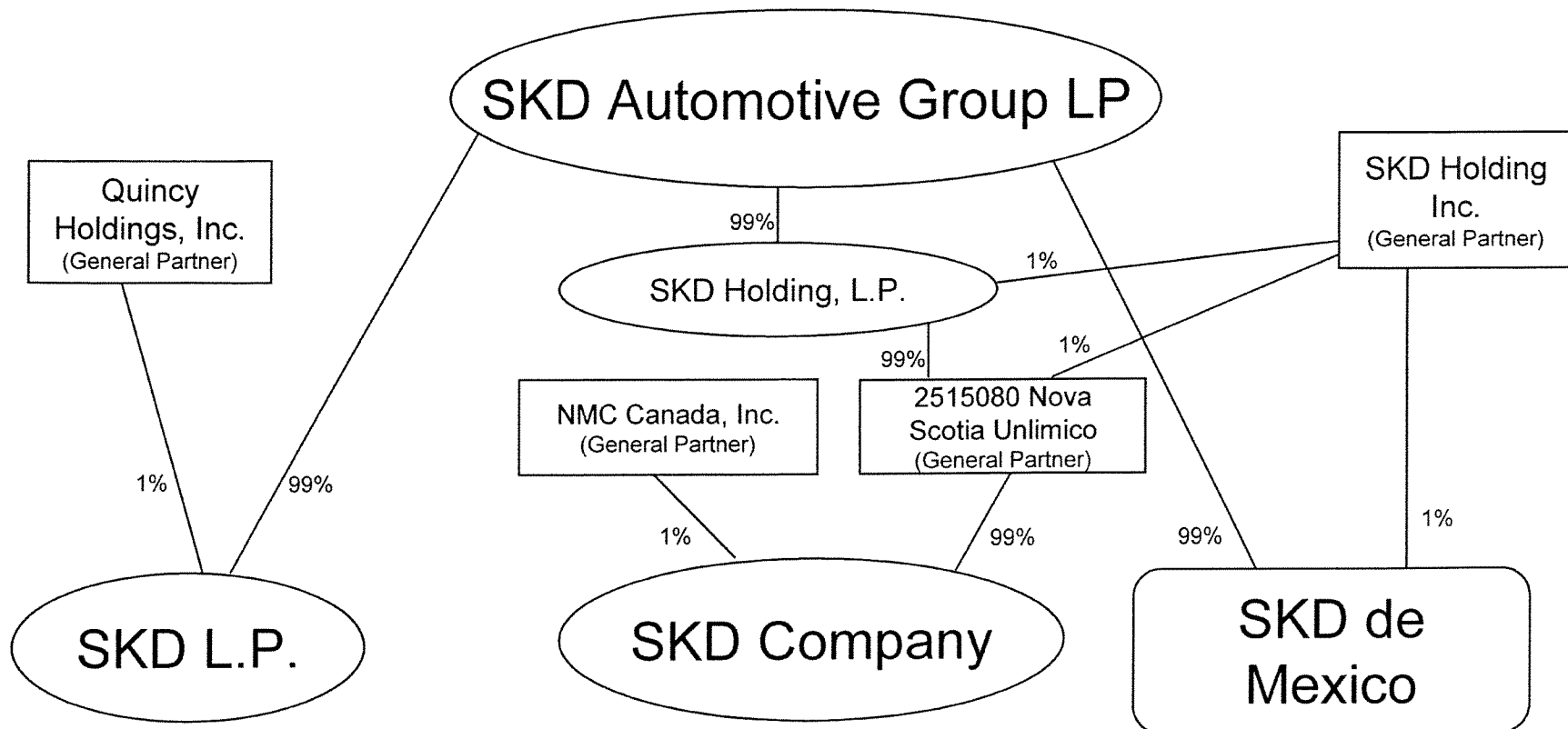
Per: _____
Name: Vytas Ambutas
Title: Secretary
I/We have the authority to bind the company.

**SKD COMPANY, by RSM Richter Inc.,
in its capacity as a Court-appointed receiver
and manager of SKD Company, 2515080 Nova
Scotia Company and NMC Canada Inc.**

Per: _____
Name:
Title:
I/We have the authority to bind the company.

Appendix “D”

SKD Automotive Group



Appendix “E”

CANADIAN DISBURSEMENT AGREEMENT

This Canadian Disbursement Agreement (the “**Disbursement Agreement**”) is dated as of the 7th day of June, 2010.

B E T W E E N:

**SKD COMPANY, 2515080 Nova Scotia Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

- and -

**SKD AUTOMOTIVE GROUP, LIMITED PARTNERSHIP
by PL International Corporation, its General Partner**

- and -

**RSM RICHTER INC., in its capacity as disbursing agent and
not in its personal capacity**

- and -

FORD MOTOR COMPANY

- and -

**HONDA OF AMERICA MFG., INC. for itself and on behalf of
HONDA CANADA MFG., a division of HONDA CANADA, INC.,
HONDA MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA, LLC**

- and -

CHRYSLER GROUP LLC

- and -

GENERAL MOTORS LLC

RECITALS:

WHEREAS:

1. SKD Automotive Group, Limited Partnership (“**SKD Automotive**”) was an automotive parts supplier with operations in the United States and Mexico and which had operations in Canada through its indirect subsidiary, SKD Company;

2. SKD Company supplied automotive parts in Canada and SKD Automotive supplied automotive parts in the United States to General Motors LLC ("**GM**"), Ford Motor Company ("**Ford**"), Chrysler LLC, Chrysler Motors LLC and Chrysler Canada Inc. (Chrysler Group LLC now having acquired certain assets and rights from Old Carco LLC f/k/a Chrysler LLC and Old Carco Motors LLC f/k/a Chrysler Motors LLC) ("**Chrysler**"), Honda of America Mfg. Inc., for itself and on behalf of Honda Canada Mfg., a division of Honda Canada, Inc., Honda Manufacturing of Indiana, LLC and Honda Manufacturing of Alabama, LLC (collectively, "**Honda**") (Honda, collectively with Ford and Chrysler, the "**Participants**", or the "**Customers**" and each individually a "**Participant**" or a "**Customer**");
3. SKD Company commenced proceedings and was granted protection under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**") by Order of the Ontario Superior Court of Justice (the "**Court**") dated January 21, 2009, and was subsequently placed into receivership by Order of the Court dated June 11, 2009;
4. RSM Richter Inc. was appointed the monitor in the CCAA Proceedings (the "**Monitor**") and is the receiver of SKD Company, 2515080 Nova Scotia Company and NMC Canada Inc. (the "**Receiver**");
5. Pursuant to a loan agreement dated December 13, 2007, as amended, Comerica Bank ("**Comerica**") had various loans to SKD Company and to SKD Automotive (collectively, the "**Loans**");
6. The Customers and GM agreed to purchase from Comerica for cash, at par, undivided subordinated interests (each a "**Participation**") in the Loans pursuant to an Amended and Restated Subordinated Participation Agreement dated January 21, 2009 (the "**Participation Agreement**"), as amended, among the Customers, GM and Comerica. In fact, the Customers and GM collectively funded Participations totalling USD\$2,352,000 (the "**U.S. Participations**") in respect of SKD Automotive's operations prior to their sale, and the Customers collectively funded Participations totalling USD\$11,314,759 (the "**Canadian Participations**") in respect of SKD Company's operations prior to the receivership. All of the Participations purchased by GM are U.S. Participations;
7. The Participants, GM, SKD Automotive, SKD Company, 2515080 Nova Scotia Company, NMC Canada, Inc., Eassa Mexico, S. De R.L. De C.V., SKD De Mexico, S. De R.L. De C.V., SKD, L.P. and SKD Holdings L.P. are parties to the Additional Participations and Allocations Agreement dated January 21, 2009, as amended by the Amendment to Additional Participation Agreement dated March 1, 2009 (the "**Additional Participations and Allocation Agreement**"), whereby the parties agreed to, among other things, certain terms in connection with repayment of the Participations. In particular, the Additional Participations and Allocation Agreement provides that, in the event that the proceeds of sale of SKD Automotive's assets exceed the amount required to pay in full the obligations of SKD Automotive to Comerica and on account of the U.S. Participations, such surplus would be used to pay 50% of any shortfall on Canadian

Participations funded prior to March 1, 2009, arising from the liquidation of SKD Company's assets;

8. Paragraph 7 of the Participation Agreement contemplates that, in the event the Customers are entitled to receive any payment on account of the Participations under the Participation Agreement after payment in full of the senior obligations of SKD Company and SKD Automotive (collectively, the "**Borrowers**") to Comerica, such payment is to be paid to a disbursing agent for disbursement under a separate agreement among the Customers and the Borrowers;
9. Comerica has been repaid the full amount of the senior obligations of the Borrowers to Comerica (except for payment of accrued and accruing expenses and fees under the Loan Documents (as defined in the Participation Agreement)), and Comerica currently holds the sum of USD\$10,403,779.32 as cash collateral representing the proceeds generated from the sale and realization of certain assets of SKD Automotive in the United States and Mexico (the "**U.S. Funds**");
10. The Receiver currently holds, *inter alia*, the sum of approximately CAD\$18.0 million representing the proceeds of sale generated from the sale and realization of assets of SKD Company in Canada to date, and the Receiver wishes to seek the Court's authority to make a distribution to Comerica to repay the amount of the Canadian Participations plus all accrued interest thereon at the date of the Receiver being authorized by the Court to make such a distribution (such amount to be referred to herein as the "**Canadian Repayment Funds**");
11. This Disbursement Agreement addresses repayment on account of the Canadian Participations. A separate disbursement agreement dated as of June 7, 2010, among the parties to this Agreement will address payments on account of the U.S. Participations;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged by each party hereto, the parties hereto agree as follows:

Appointment of Disbursing Agent

1. Pursuant to paragraph 7 of the Participation Agreement, the Participants and the Borrowers hereby appoint RSM Richter Inc., and RSM Richter Inc. hereby agrees to act, as disbursing agent pursuant to the terms hereof (the "**Disbursing Agent**") to receive the Canadian Repayment Funds and to hold same for the benefit of the Customers and to distribute same in accordance with the terms hereof. The parties acknowledge that the Disbursing Agent is acting solely for the convenience of the parties for the purposes outlined herein and the Disbursing Agent shall not be deemed to be the agent of any of the parties.
2. The parties acknowledge that the Disbursing Agent is a separate party, distinct from RSM Richter Inc., in its capacity as Monitor and Receiver.

3. The parties acknowledge that RSM Richter Inc. is not acting in its personal capacity in performing the responsibilities of the Disbursing Agent.

Distribution of Funds

4. The parties shall execute and deliver to Comerica the direction attached hereto as Schedule "A", authorizing and directing Comerica to transfer the Canadian Repayment Funds to the Disbursing Agent immediately after receipt thereof by Comerica from the Receiver pursuant to paragraph 5 below.
5. Subject to the Court approving the distribution of the Canadian Repayment Funds as contemplated herein to repay in full the Canadian Participations plus interest, the Receiver shall transfer the Canadian Repayment Funds to Comerica for application to the Loans and payment to the Disbursing Agent for distribution to the Customers in full satisfaction of the Canadian Participations in the manner contemplated by paragraph 6 below.
6. The parties shall execute and deliver to the Disbursing Agent the direction attached hereto as Schedule "B" to distribute the Canadian Repayment Funds to the Customers in full and final repayment of the Canadian Participations.
7. The Disbursing Agent agrees that, immediately upon receipt of the Canadian Repayment Funds and the written direction referenced in paragraph 6, it will distribute those funds as directed by the parties in the direction attached as Schedule "B".

Disbursing Agent's Rights and Duties

8. In relation to the duties and responsibilities of the Disbursing Agent, the parties agree as follows:
 - (a) the Disbursing 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 Disbursing Agent shall have no obligations, responsibilities or liability arising under any other agreements to which the Disbursing Agent is not a party, even though reference to such other agreements may be made in this Disbursing Agreement. The Disbursing 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 reasonable business judgment, unless such action involved gross negligence or wilful misconduct. Disbursement by the Disbursing Agent of the Canadian Repayment Funds in accordance with the provisions of this Disbursement Agreement shall constitute a complete discharge and satisfaction of the obligations of the Disbursing Agent hereunder;
 - (b) the Disbursing 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;

- (c) the Disbursing Agent shall not be responsible to enforce any obligation of any person, whether under the Participation Agreement or otherwise;
- (d) the Disbursing 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, Comerica and the Borrowers, such advice may include directions as to the payment of the Canadian Repayment Funds (or any portion thereof);
- (e) in the event that the Customers and the Borrowers, or any of them, become involved in any dispute process involving the Participation Agreement, or any other agreement affecting the Canadian Repayment Funds, the Disbursing Agent shall have standing to participate in such proceedings. The Disbursing Agent shall be authorized to rely upon any decision arising from such proceedings, provided such decision shall be final and shall not have been stayed, reversed or varied;
- (f) in the event of any controversy or dispute under this Disbursement Agreement or with respect to any question regarding the construction hereof or any action to be taken or omitted to be taken by the Disbursing Agent, the Disbursing Agent may pay the Canadian Repayment 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 and the Borrowers of such payment into the Court and the Disbursing Agent shall be relieved of and discharged from any and all obligations and liabilities hereunder; and
- (g) the Disbursing Agent may resign at any time upon thirty days' written notice to Customers and the Borrowers or such shorter notice as they may accept in writing as sufficient and shall thereafter pay the Canadian Repayment Funds (or any remaining portion thereof, including interest earned thereon) to such replacement disbursing agent in accordance with a joint direction of the Customers and the Borrowers or into the Court in accordance with the preceding paragraph if the parties shall not have jointly designated a replacement disbursing agent.

Miscellaneous Matters

- 9. All notices shall be given in writing (including facsimile or email) and shall be given to the addresses set forth below:
 - (a) If to SKD Automotive:
 - 1965 Pratt Boulevard
 - Elk Grove Village, IL 60007

Attention: Vytas P. Ambutas
Fax: (847) 806-7244
Email: vambutas@nmlp.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
155 North Wacker Drive
Chicago, IL 60606-1720

Attention: George Panagakis
Fax: (312) 407-8586
Email: george.panagakis@skadden.com

(b) If to SKD Company:

c/o: RSM Richter Inc., as receiver
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 the Disbursing 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

(d) If to Chrysler:

Chrysler Group 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 Group 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 to:

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

(e) If to Ford:

Ford Motor Company

One 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

Suite 300
443 Ouellette Avenue
Windsor, ON N9A 6R4

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

(f) 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 to:

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

(g) If to GM:

General Motors LLC
30009 Van Dyke Road
P.O. Box 9025
Mail Code: 480-206-136
Warren, MI 48090-9025

Attention: Mark W. Fischer
Fax: (586) 575-3404
Email: mark.w.fischer@gm.com

With a copy to:

Honigman Miller Schwartz and Cohn LLP
2290 First National Building
660 Woodward Avenue
Detroit, MI 48226

Attention: Aaron Silver
Fax: (313) 465-7561
Email: asilver@honigman.com

10. The term of this Disbursement Agreement shall commence on the date hereof and shall continue until the Disbursing Agent has released all amounts in respect of the Canadian Repayment Funds in accordance with this Disbursement Agreement.

11. This Disbursement Agreement reflects the entire agreement between the parties with respect to the matters contained herein and represents the disbursement agreement contemplated by paragraph 7 of the Participation Agreement. For greater certainty, nothing in this Disbursement Agreement shall impair the ability of the Customers to advance unsecured claims against the estate of SKD Company in respect of matters unrelated to the Participations.
12. This Disbursement Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns provided that the Disbursing Agent shall not be permitted to assign its obligations hereunder except as specifically contemplated herein. It is intended that Comerica be a third party beneficiary of this Disbursement Agreement and all directions given pursuant to this Disbursement Agreement and that Comerica may enforce the terms thereof.
13. If any term shall be found to be unenforceable, illegal or invalid by a court of competent jurisdiction, the remainder of this 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 Disbursement Agreement shall be binding unless in writing and 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 Disbursement Agreement.
16. Time shall be of the essence to this Disbursement Agreement.
17. This Disbursement 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 Disbursement 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 Disbursement 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.

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

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

**SKD COMPANY, 2515080 Nova Scotia
Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

Per: _____
Name:
Title:
I have the authority to bind the company.

**SKD AUTOMOTIVE GROUP, LIMITED
PARTNERSHIP by PL International
Corporation, its General Partner**

Per: _____
Name: Vytas Ambutas
Title: Secretary
I have the authority to bind the company.

**RSM RICHTER INC., as disbursing agent and
not in its personal capacity**

Per: _____
Name:
Title:
I have the authority to bind the partnership.

FORD MOTOR COMPANY

Per: _____
Name:
Title:
I have the authority to bind the company.

**HONDA OF AMERICA MFG., INC. for itself
and on behalf of HONDA CANADA MFG., a
division of HONDA CANADA, INC., HONDA
MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA,
LLC**

Per: _____

Name:

Title:

I have the authority to bind the company.

CHRYSLER GROUP LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

GENERAL MOTORS LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

SCHEDULE "A"

DIRECTION

TO:	COMERICA BANK ("Comerica")
AND TO:	RSM RICHTER INC., as disbursing agent
SUBJECT:	INTERIM DISTRIBUTION ON ACCOUNT OF CANADIAN PARTICIPATIONS

Pursuant to that certain Canadian Disbursement Agreement dated as of June 7, 2010, between the undersigned (the "**Canadian Disbursement Agreement**"), upon receipt by Comerica of the sum of USD\$12,001,345.99 (the "**Canadian Repayment Funds**") from RSM Richter Inc., in its capacity as Court-appointed receiver and manager of NMC Canada Inc., 2515080 Nova Scotia Company and SKD Company, each of the undersigned does hereby irrevocably authorize and direct Comerica to apply such funds against the Loans (as defined in the Canadian Disbursement Agreement) and to transfer the Canadian Repayment Funds to RSM Richter Inc., as disbursing agent (the "**Disbursing Agent**"), for distribution to the Customers on account of the Canadian Participations as provided for in the Canadian Disbursement Agreement, in accordance with the following wire instructions:

BENEFICIARY INSTITUTION: SCOTIABANK
TRANSIT #87866
TORONTO BUSINESS SUPPORT CENTRE
40 KING STREET WEST
TORONTO, ONTARIO
CANADA

BENEFICIARY CUSTOMER: ACCOUNT #: 87866-00589-12
RSM Richter Inc. re: Disbursing Agent for SKD Company –US\$ Account

SCOTIABANK SWIFT CODE: NOSCCATT

SCOTIABANK ABA NUMBER: 026002532

Each of the Participants and General Motors LLC acknowledges and agrees that, pursuant to paragraph 5 of the Participation Agreement, in the event that Comerica is required to disgorge any amount it has received on account of the Loans, the Participants shall immediately reimburse Comerica for the amount that Comerica was required to disgorge, limited to the amount of distributions received by the Participants on account of the Loans.

Furthermore, SKD Automotive Group, Limited Partnership acknowledges its obligations under the Loan Agreement (as defined in the Canadian Disbursement Agreement) to indemnify, defend and hold harmless Comerica with respect to its receipt of cash for application to the Loans and distribution of that cash to the Disbursing Agent.

All capitalized terms herein shall have the meaning given to those terms in the Canadian Disbursement Agreement.

Dated this 7th day of June, 2010

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**SKD COMPANY, 2515080 Nova Scotia
Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

Per: _____

Name:

Title:

I have the authority to bind the company.

**SKD AUTOMOTIVE GROUP, LIMITED
PARTNERSHIP by PL International
Corporation, its General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

FORD MOTOR COMPANY

Per: _____

Name:

Title:

I have the authority to bind the company.

**HONDA OF AMERICA MFG., INC. for itself
and on behalf of HONDA CANADA MFG., a
division of HONDA CANADA, INC., HONDA
MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA,
LLC**

Per: _____

Name:

Title:

I have the authority to bind the company.

CHRYSLER GROUP LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

GENERAL MOTORS LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

SCHEDULE "B"

DIRECTION

TO:	RSM RICHTER INC., as disbursing agent (the "Disbursing Agent")
SUBJECT:	FINAL DISTRIBUTION ON ACCOUNT OF CANADIAN PARTICIPATIONS

A. Pursuant to that certain Canadian Disbursement Agreement dated as of June 7, 2010, between the undersigned, and pursuant to an order of the Ontario Superior Court of Justice dated June 7, 2010, each of the undersigned does hereby irrevocably authorize and direct the Disbursing Agent to distribute the Canadian Repayment Funds to the following parties in accordance with the following instructions:

1. Pay to Ford Motor Company the sum of USD\$3,857,851.10, representing principal amounts of USD\$3,637,146.66 plus interest to June 7, 2010 of USD\$220,704.44, in accordance with the following wire instructions:

Bank Name: Comerica Bank, Detroit
Account Name: Ford Motor Co. Main Treasurer's Account
Account Number: 1000900769
ABA Number: 072000096

2. Pay to Honda of America Mfg the sum of USD\$1,353,539.33, representing principal amounts of USD\$1,276,104.49 plus interest to June 7, 2010 of USD\$77,434.84, in accordance with the following wire instructions:

Bank Name: PNC Bank
Account Name: Honda of America Depository Account
Account Number: 4210188484
ACH Routing #: 041000124
Swift Code: PNCCUS33

3. Pay to Chrysler Group LLC the sum of USD\$6,789,955.56, representing principal amounts of USD\$6,401,507.85 plus interest to June 7, 2010 of USD\$388,447.71, in accordance with the following wire instructions:

Bank Name: JPMChase, NY
Routing Number: 021000021
Swift Code: CHASUS33
Account Number: 144025784
Account Caption: Chrysler Group LLC

B. Each of the undersigned agrees that it shall have no further claims or demands whatsoever relating to SKD Company, its partners, affiliates and related parties, against:

- (i) any other party hereto;

- (ii) Comerica Bank;
- (iii) RSM Richter Inc., in its capacity as receiver of SKD Company, 2515080 Nova Scotia Company and NMC Canada Inc.; or
- (iv) the Disbursing Agent,

other than in respect of (a) the Unresolved Claims or against the U.S. Holdback Funds (both as defined in the U.S. Disbursement Agreement), (b) the Customers' unsecured claims against the estate of SKD Company, NMC Canada, Inc. and 2515080 Nova Scotia Company, (c) any commercial disputes between SKD Company and the Customers arising in connection with the Canadian Accommodation Agreement among the Customers and SKD Company (the "**Canadian Accommodation Agreement**") and (d) the Unresolved Commercial Issues in respect of Chrysler set out in the Canadian Accommodation Agreement.

All capitalized terms herein shall have the meaning given to those terms in the Canadian Disbursement Agreement.

Dated this 7th day of June, 2010

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

**SKD COMPANY, 2515080 Nova Scotia
Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

Per: _____

Name:

Title:

I have the authority to bind the company.

**SKD AUTOMOTIVE GROUP, LIMITED
PARTNERSHIP by PL International
Corporation, its General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

FORD MOTOR COMPANY

Per: _____

Name:

Title:

I have the authority to bind the company.

**HONDA OF AMERICA MFG., INC. for itself
and on behalf of HONDA CANADA MFG., a
division of HONDA CANADA, INC., HONDA
MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA,
LLC**

Per: _____

Name:

Title:

I have the authority to bind the company.

CHRYSLER GROUP LLC

Per: _____
Name:
Title:
I have the authority to bind the company.

GENERAL MOTORS LLC

Per: _____
Name:
Title:
I have the authority to bind the company.

Appendix “F”

U.S. DISBURSEMENT AGREEMENT

This U.S. Disbursement Agreement (the "Disbursement Agreement") is dated as of the 7th day of June, 2010.

B E T W E E N:

**SKD COMPANY, 2515080 Nova Scotia Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

- and -

**SKD AUTOMOTIVE GROUP, LIMITED PARTNERSHIP
by PL International Corporation, its General Partner**

- and -

SKD, L.P., by Quincy Holdings, Inc., its General Partner

- and -

SKD De Mexico, S. De R.L. De C.V

- and -

**RSM RICHTER INC., in its capacity as disbursing agent and
not in its personal capacity**

- and -

FORD MOTOR COMPANY

- and -

**HONDA OF AMERICA MFG., INC. for itself and on behalf of
HONDA CANADA MFG., a division of HONDA CANADA, INC.,
HONDA MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA, LLC**

- and -

CHRYSLER GROUP LLC

- and -

GENERAL MOTORS LLC

RECITALS:**WHEREAS:**

1. SKD Automotive Group, Limited Partnership ("**SKD Automotive**") was an automotive parts supplier with operations in the United States and Mexico and which had operations in Canada through its indirect subsidiary, SKD Company;
2. SKD Company supplied automotive parts in Canada and SKD Automotive supplied automotive parts in the United States to General Motors LLC ("**GM**"), Ford Motor Company ("**Ford**"), Chrysler LLC, Chrysler Motors LLC and Chrysler Canada Inc. (collectively "**Chrysler**", and including Chrysler Group LLC, having acquired certain assets and rights from Old Carco LLC f/k/a Chrysler LLC and Old Carco Motors LLC f/k/a Chrysler Motors LLC) Honda of America Mfg. Inc., for itself and on behalf of Honda Canada Mfg., a division of Honda Canada, Inc., Honda Manufacturing of Indiana, LLC and Honda Manufacturing of Alabama, LLC (collectively, "**Honda**") (Honda, collectively with GM, Ford and Chrysler, the "**Participants**", or the "**Customers**" and each individually a "**Participant**" or a "**Customer**");
3. SKD Company commenced proceedings and was granted protection under the *Companies' Creditors Arrangements Act* (the "**CCAA Proceedings**"), by Order of the Ontario Superior Court of Justice (the "**Court**") dated January 21, 2009, and was subsequently placed into receivership by Order of the Court dated June 11, 2009;
4. RSM Richter Inc. was appointed the monitor in the CCAA Proceedings (the "**Monitor**") and is the receiver of SKD Company (the "**Receiver**");
5. Pursuant to a loan agreement dated December 13, 2007, as amended (the "**Loan Agreement**"), Comerica Bank ("**Comerica**") had various loans to SKD Company and to SKD Automotive (collectively, the "**Loans**");
6. The Customers agreed to purchase from Comerica for cash, at par, undivided subordinated interests (each a "**Participation**") in the Loans pursuant to an Amended and Restated Subordinated Participation Agreement dated January 21, 2009 (the "**Participation Agreement**"), as amended, among the Customers and Comerica. In fact, the Customers collectively funded Participations totalling USD\$2,352,000 (the "**U.S. Participations**") in respect of SKD Automotive's operations prior to their sale, and the Customers collectively but excluding GM separately funded Participations totalling USD\$11,314,759 (the "**Canadian Participations**") in respect of SKD Company's operations prior to the receivership. All of the Participations purchased by GM are U.S. Participations;
7. The Participants, SKD Automotive, SKD Company, 2515080 Nova Scotia Company, NMC Canada, Inc., Eassa Mexico, S. De R.L. De C.V., SKD De Mexico, S. De R.L. De C.V., SKD, L.P. and SKD Holdings L.P. are parties to the Additional Participations and Allocations Agreement dated January 21, 2009, as amended by the Amendment to

Additional Participation Agreement dated March 1, 2009 (the “**Additional Participations and Allocation Agreement**”), whereby the parties agreed to, among other things, certain terms in connection with repayment of the Participations. In particular, the Additional Participations and Allocation Agreement provides that, in the event that the proceeds of sale of SKD Automotive’s assets exceed the amount required to pay in full the obligations of SKD Automotive to Comerica and on account of the U.S. Participations, such surplus would be used to pay 50% of any shortfall on Canadian Participations funded prior to March 1, 2009, arising from the liquidation of SKD Company’s assets;

8. Paragraph 7 of the Participation Agreement contemplates that, in the event the Customers are entitled to receive any payment on account of the Participations under the Participation Agreement after payment in full of the senior obligations of SKD Company and SKD Automotive (collectively, the “**Borrowers**”) to Comerica, such payment is to be paid to a disbursing agent for disbursement under a separate agreement among the Customers and the Borrowers;
9. Comerica has been repaid the full amount of the senior obligations of the Borrowers to Comerica (except for payment of accrued and accruing expenses and fees under the Loan Documents (as defined in the Participation Agreement)), and Comerica currently holds the sum of USD\$10,403,779.32 as cash collateral representing the proceeds generated from the sale and realization of certain assets of SKD Automotive in the United States and Mexico (the “**U.S. Funds**”);
10. The Receiver currently holds, *inter alia*, the sum of approximately CAD\$18 million (the “**Canadian Funds**”) representing the proceeds of sale generated from the sale and realization of assets of SKD Company in Canada to date, and the Receiver anticipates that it will shortly be seeking the Court’s authority to make final distribution to be applied against the Canadian Participations;
11. This Disbursement Agreement addresses repayment on account of the U.S. Participations. A separate disbursement agreement dated as of June 7, 2010, among the parties to this Agreement (but excluding GM) will address payments on account of the Canadian Participations;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged by each party hereto, the parties hereto agree as follows:

Appointment of Disbursing Agent

1. Pursuant to paragraph 7 of the Participation Agreement, the Participants and the Borrowers hereby appoint RSM Richter Inc., and RSM Richter Inc. hereby agrees to act, as disbursing agent pursuant to the terms hereof (the “**Disbursing Agent**”) to receive the U.S. Funds and to hold same for the benefit of the Customers and other creditors of SKD Automotive or distribute same in accordance with the terms hereof. The parties acknowledge that the Disbursing Agent is acting solely for the convenience of the parties

for the purposes outlined herein and the Disbursing Agent shall not be deemed to be the agent of any of the parties.

2. The parties acknowledge that the Disbursing Agent is a separate party, distinct from RSM Richter Inc., in its capacity as Monitor and Receiver.
3. The parties acknowledge that RSM Richter Inc. is not acting in its personal capacity in performing the responsibilities of the Disbursing Agent.

Distribution of Funds

4. The parties shall execute and deliver to Comerica the direction attached hereto as Schedule "A", authorizing and directing Comerica to transfer the entirety of the U.S. Funds to be held by the Disbursing Agent and paid as provided for in this Agreement.
5. The parties agree that the U.S. Funds shall be distributed or held back by the Disbursing Agent as follows:
 - (a) the parties shall execute and deliver to the Disbursing Agent the direction attached hereto as Schedule "B" to direct the Disbursing Agent, upon receipt of the U.S. Funds from Comerica, to distribute the amount of USD\$2,352,000, plus interest of USD\$142,720.84, as provided in the Loan Agreement, to the Customers in full repayment of the U.S. Participations;
 - (b) the Disbursing Agent shall hold back the amount of USD\$1,815,649 (the "**U.S. Holdback Funds**") on account of (i) hostage payments made by the Participants (or any predecessors in interest) and claimed against SKD Automotive or its affiliates SKD L.P. or SKD de Mexico, (ii) any claims against SKD Automotive or its affiliates SKD L.P. or SKD de Mexico, acquired by a Participant from a third party on or before April 1, 2010, (iii) the claim for steel sold by Chrysler under its steel resale / steel offload program and (iv) the steel scrap sharing claims of Ford and Chrysler (collectively the "**Unresolved Claims**", a summary of which is in Schedule "E" hereto), and the Disbursing Agent shall hold the U.S. Holdback Funds until directed to distribute such funds in accordance with paragraph 5(d); provided however, upon execution of this Disbursement Agreement, GM shall pay to Goodmans LLP, in escrow for SKD de Mexico, the amount of USD \$1,281,818 in full satisfaction of any amounts owing by GM to SKD de Mexico and in satisfaction of ordinary course amounts owing by SKD L.P. to GM for product net of steel provided by GM, leaving only GM's claim for \$90,018 as an Unresolved Claim; and provided further that each Customer's entitlement to claim against the U.S. Holdback Funds will be capped at the net amount at the bottom of the column for that Customer in Schedule "E" (acknowledging that GM's cap is USD \$90,018);
 - (c) the parties shall execute and deliver to the Disbursing Agent the direction attached hereto as Schedule "C" to direct the Disbursing Agent, upon receipt of the U.S. Funds from Comerica, to distribute the amount of USD\$6,093,409.48 to SKD

Automotive, or as SKD Automotive may direct, on account of SKD Automotive's residual entitlement to proceeds generated from the sale and realization of its assets in the United States and Mexico; and

- (d) each time one of the Unresolved Claims becomes resolved, whether through the negotiations of the applicable parties or pursuant to the dispute resolution mechanism set forth in paragraph 13, the parties to which the applicable Unresolved Claim relates shall execute a direction in the form attached hereto as Schedule "D" to direct the Disbursing Agent to distribute the applicable portion of the U.S. Holdback Funds to the applicable parties in a manner consistent with the resolution of the applicable Unresolved Claim, and the parties hereto agree that the Disbursing Agent shall be duly authorized thereby to make such distribution in accordance with such direction.
6. The Disbursing Agent agrees that, promptly after receipt of the U.S. Funds referenced in paragraph 4 and the written direction referenced in paragraph 5(a), it will make distributions referenced in paragraph 5(a) to repay in full the U.S. Participations in accordance with such written direction. Upon payment of the U.S. Participations pursuant to the written direction referenced in paragraph 5, the parties agree that SKD Automotive shall have satisfied all of its obligations on account of the U.S. Participations and SKD Automotive shall be released from all obligations owing to the Participants on account of the U.S. Participations and the Participants shall be released by SKD Automotive for any and all claims SKD Automotive may have relating to the U.S. Participations.
7. The Disbursing Agent agrees that, promptly after receipt of the U.S. Funds referenced in paragraph 4 and the written direction referenced in paragraph 5(c), it will make the distribution referenced in paragraph 5(c) to SKD Automotive or as SKD Automotive may direct, in accordance with such written direction.
8. Subject to sub-paragraphs 9(f) and 9(g), the Disbursing Agent shall retain the U.S. Holdback Funds until the Disbursing Agent receives a written direction in the form attached hereto as Schedule "D" from the applicable parties hereto directing the Disbursing Agent to make a distribution of all or a portion of the U.S. Holdback Funds. Pending receipt of such written directions, and subject to sub-paragraphs 9(f) and 9(g), the Disbursing Agent shall maintain the U.S. Holdback Funds in trust in an interest bearing bank account.

Disbursing Agent's Rights and Duties

9. In relation to the duties and responsibilities of the Disbursing Agent, the parties agree as follows:
- (a) the Disbursing 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 Disbursing Agent shall have no obligations, responsibilities or liability arising under any other agreements to which the Disbursing Agent is not

a party, even though reference to such other agreements may be made in this Disbursing Agreement. The Disbursing 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 reasonable business judgment, unless such action involved gross negligence or wilful misconduct. Disbursement by the Disbursing Agent of the U.S. Funds in accordance with the provisions of this Disbursement Agreement shall constitute a complete discharge and satisfaction of the obligations of the Disbursing Agent hereunder;

- (b) the Disbursing 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;
- (c) the Disbursing Agent shall not be responsible to enforce any obligation of any person, whether under the Participation Agreement or otherwise;
- (d) the Disbursing Agent shall be entitled to rely upon the advice and directions of a court of competent jurisdiction in the State of Michigan (a "**Michigan Court**") in respect of any matter relating to the discharge of its duties provided only such directions are obtained upon notice to the Customers and the Borrowers, such advice may include directions as to the payment of the U.S. Holdback Funds (or any portion thereof);
- (e) in the event that the Customers and the Borrowers, or any of them, become involved in any dispute process involving the Participation Agreement, or any other agreement affecting the U.S. Funds, the Disbursing Agent shall have standing to participate in such proceedings. The Disbursing Agent shall be authorized to rely upon any decision arising from such proceedings, provided such decision shall be final and shall not have been stayed, reversed or varied;
- (f) in the event of any controversy or dispute under this Disbursement Agreement or with respect to any question regarding the construction hereof or any action to be taken or omitted to be taken by the Disbursing Agent, the Disbursing Agent may pay the U.S. Holdback Funds (or such remaining portion thereof, including interest earned thereon) into the Michigan Court to be disbursed pursuant to further order of the Michigan Court and shall notify the Customers and the Borrowers of such payment into the Michigan Court and the Disbursing Agent shall be relieved of and discharged from any and all obligations and liabilities hereunder; and
- (g) the Disbursing Agent may resign at any time upon thirty days' written notice to Customers and the Borrowers or such shorter notice as they may accept in writing as sufficient and shall thereafter pay the U.S. Funds or the U.S. Holdback Funds (or any remaining portion thereof, including interest earned thereon) to such

replacement disbursing agent in accordance with a joint direction of the Customers and the Borrowers or into the Michigan Court in accordance with the preceding paragraph if the parties shall not have jointly designated a replacement disbursing agent.

Miscellaneous Matters

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

(a) If to SKD Automotive:

1965 Pratt Boulevard
Elk Grove Village, IL 60007

Attention: Vytas P. Ambutas
Fax: (847) 806-7244
Email: vambutas@nmlp.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
155 North Wacker Drive
Chicago, IL 60606-1720

Attention: George Panagakis
Fax: (312) 407-8586
Email: george.panagakis@skadden.com

(b) If to SKD Company:

c/o: RSM Richter Inc., as receiver
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 the Disbursing 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

(d) If to Chrysler:

Chrysler Group 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 Group 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 to:

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

(e) If to Ford:

Ford Motor Company
One 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
Suite 300
443 Ouellette Avenue
Windsor, ON N9A 6R4

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

(f) 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 to:

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

(g) If to GM:

General Motors LLC
30009 Van Dyke Road
P.O. Box 9025
Mail Code: 480-206-136
Warren, MI 48090-9025

Attention: Mark W. Fischer
Fax: (586) 575-3404
Email: mark.w.fischer@gm.com

With a copy to:

Honigman Miller Schwartz and Cohn LLP
2290 First National Building
660 Woodward Avenue
Detroit, MI 48226

Attention: Aaron Silver
Fax: (313) 465-7561
Email: asilver@honigman.com

11. The term of this Disbursement Agreement shall commence on the date hereof and shall continue until the Disbursing Agent has released all amounts in respect of the U.S. Funds, including interest earned thereon, in accordance with this Disbursement Agreement.
12. This Disbursement Agreement reflects the entire agreement between the parties with respect to the matters contained herein and represents the disbursement agreement contemplated by paragraph 7 of the Participation Agreement.
13. SKD Automotive and the Customers will work to settle all of the Unresolved Claims within 90 days after this Disbursement Agreement is executed by all parties. After this 90 day period, unless such period is extended by agreement of the parties, any remaining Unresolved Claims will be submitted to a commercial arbitration panel of the American Arbitration Association located in Oakland County, Michigan, for expedited resolution with all costs (excluding legal costs of each party which shall be borne by such party) to be apportioned by the arbitrator based upon the merits of each party's claim. A notice that a party is exercising its rights under this paragraph 13 and seeking resolution by arbitration will be given to all parties.
14. This Disbursement Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns provided that the Disbursing Agent shall not be permitted to assign its obligations hereunder except as specifically contemplated herein. It is intended that Comerica be a third party beneficiary of this Disbursement Agreement and the directions given pursuant to this Disbursement Agreement and that Comerica may enforce the terms thereof.
15. If any term shall be found to be unenforceable, illegal or invalid by a court of competent jurisdiction, the remainder of this agreement shall continue in full force and effect and shall not thereby be affected, invalidated or impaired.
16. No waiver of any of the provisions of this Disbursement Agreement shall be binding unless in writing and delivered in accordance with the provisions hereof.
17. 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 Disbursement Agreement.
18. Time shall be of the essence to this Disbursement Agreement.
19. This Disbursement Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without regard to conflicts of laws principles, and the parties attorn to the jurisdiction of the State of Michigan in the event of a dispute hereunder.
20. This Disbursement 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 Disbursement 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.

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

**SKD COMPANY, 2515080 Nova Scotia
Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

Per: _____
Name:
Title:
I have the authority to bind the company.

**SKD AUTOMOTIVE GROUP, LIMITED
PARTNERSHIP, by PL International
Corporation, its General Partner**

Per: _____
Name: Vytas Ambutas
Title: Secretary
I have the authority to bind the company.

**RSM RICHTER INC., as disbursing agent and
not in its personal capacity**

Per: _____
Name:
Title:
I have the authority to bind the partnership.

FORD MOTOR COMPANY

Per: _____
Name:
Title:
I have the authority to bind the company.

**HONDA OF AMERICA MFG., INC. for itself
and on behalf of HONDA CANADA MFG., a
division of HONDA CANADA, INC., HONDA
MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA,
LLC**

Per: _____

Name:

Title:

I have the authority to bind the company.

CHRYSLER GROUP LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

GENERAL MOTORS LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

**SKD, L.P., by Quincy Holdings, Inc., its
General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SKD De Mexico, S. De R.L. De C.V.

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SCHEDULE "A"

DIRECTION

TO:	COMERICA BANK ("Comerica")
AND TO:	RSM RICHTER INC., as disbursing agent
SUBJECT:	RELEASE OF CASH COLLATERAL HELD IN RESPECT OF SKD COMPANY AND SKD AUTOMOTIVE GROUP, LIMITED PARTNERSHIP ("SKD AUTOMOTIVE")

Pursuant to that certain U.S. Disbursement Agreement dated as of June 7, 2010 between the undersigned (the "**U.S. Disbursement Agreement**"), each of the undersigned does hereby irrevocably authorize and direct Comerica to (a) apply USD\$2,494,720.84 to the Loans (as defined in the U.S. Disbursement Agreement) on June 7, 2010 and (b) transfer the amount so applied plus the remaining U.S. Funds (which currently constitute cash collateral held by Comerica), as defined in the Disbursement Agreement, to RSM Richter Inc. as disbursing agent (the "**Disbursing Agent**") in accordance with the following wire instructions:

Harris Bank N.A.

111 West Monroe Street
Chicago, IL 60603

Branch #: **02171**

Bank Account No: **4804803750**

Bank Routing No: **071025611**

Bank Swift code: **HATRUS44**

Name of Account: **RSM Richter Inc.**

Each of the Participants (as defined by the U.S. Disbursement Agreement) acknowledges and agrees that, pursuant to paragraph 5 of the Participation Agreement (as defined in the U.S. Disbursement Agreement), in the event that Comerica is required to disgorge any amount it has received on account of the Loans (as defined in the U.S. Disbursement Agreement), the Participants shall immediately reimburse Comerica for the amount that Comerica was required to disgorge, limited to the amount of distributions received by the Participants on account of the Loans.

Furthermore, SKD Automotive Group, Limited Partnership, acknowledges its obligations under the Loan Agreement (as defined in the U.S. Disbursement Agreement) to indemnify, defend and hold harmless Comerica with respect to its receipt of cash for application to the Loans and distribution of that cash to the Disbursing Agent.

Dated this 7th day of June, 2010

**SKD COMPANY, 2515080 Nova Scotia
Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

Per: _____

Name:

Title:

I have the authority to bind the company.

**SKD AUTOMOTIVE GROUP, LIMITED
PARTNERSHIP by PL International
Corporation, its General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

FORD MOTOR COMPANY

Per: _____

Name:

Title:

I have the authority to bind the company.

**HONDA OF AMERICA MFG., INC. for itself
and on behalf of HONDA CANADA MFG., a
division of HONDA CANADA, INC., HONDA
MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA,
LLC**

Per: _____

Name:

Title:

I have the authority to bind the company.

CHRYSLER GROUP LLC

Per: _____
Name:
Title:
I have the authority to bind the company.

GENERAL MOTORS LLC

Per: _____
Name:
Title:
I have the authority to bind the company.

**SKD, L.P., by Quincy Holdings, Inc., its
General Partner**

Per:

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SKD De Mexico, S. De R.L. De C.V.

Per:

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SCHEDULE B

DIRECTION

TO:	RSM RICHTER INC., as disbursing agent (the "Disbursing Agent")
SUBJECT:	FINAL DISTRIBUTION ON ACCOUNT OF U.S. PARTICIPATIONS

A. Pursuant to that certain U.S. Disbursement Agreement as of June 7, 2010 between the undersigned (the "U.S. Disbursement Agreement"), and pursuant to an order of the Ontario Superior Court of Justice dated June 7, 2010, each of the undersigned does hereby irrevocably authorize and direct the Disbursing Agent to distribute the sum of USD\$2,352,000, plus interest to June 7, 2010 of USD\$142,720.84 to the following parties by cheque or wire in accordance with the following instructions:

1. Pay to the Ford Motor Company the sum of USD\$367,235.56, representing principal advances of USD\$346,226.34 plus interest to June 7, 2010 of USD\$21,009.22, by cheque to be delivered to the following address:

Ford Motor Company
One American Road
World Headquarters, Suite 416
Dearborn, MI 48126
U.S.A.

Attention: Daniella Saltz

2. Pay to Honda of America Mfg. Inc. (for itself and on behalf of Honda Canada Mfg., a division of Honda Canada, Inc., Honda Manufacturing of Indiana, LLC and Honda Manufacturing of Alabama, LLC.) the sum of USD\$529,670.51, representing principal advances of USD\$499,368.51 plus interest to June 7, 2010 of USD\$30,302.00, by cheque to be delivered to the following address:

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

Attention: Joseph F. LaFleur

3. Pay to Chrysler Group LLC (having acquired certain assets from Old Carco LLC, fka Chrysler LLC, and Old Carco Motors LLC, fka Chrysler Motors LLC) the sum of USD\$1,050,679.64, representing principal advances of USD\$990,571.15 plus interest to June 7, 2010 of USD\$60,108.49, by cheque to be delivered to the following address:

Chrysler Group LLC
1000 Chrysler Drive
CIMS 485-14-78

Auburn Hills, MI 48326-2766
U.S.A.

Attention: Kim R. Kolb

4. Pay to General Motors LLC the sum of USD\$547,135.13, representing principal advances of USD\$515,834.00 plus interest to June 7, 2010 of USD\$31,301.13, by wire to be delivered to the following wire instructions:

Beneficiary Name: NYTO-Supplier Remittance, General Motors Company
Beneficiary Account No.: 3053-2921
Beneficiary Address: General Motors Company
New York Treasurer's Office
767 Fifth Avenue, New York, NY 10153
Beneficiary Bank: Citibank, 1 Penn's Way, New Castle, Delaware 19720-2437
Beneficiary Bank ABA No.: 021 000 089
Additional comments: Re: SKD Final distribution of US Participations

, such payments to repay in full the participations funded by these parties to Comerica Bank on account of the loans advanced to SKD Automotive Group, Limited Partnership.

B. Each of the undersigned agrees that neither it nor any of its affiliates shall have any further claims or demands whatsoever relating to SKD Automotive Group, Limited Partnership, its partners, affiliates or related parties, against:

- (i) any other party hereto;
- (ii) Comerica Bank; or
- (ii) the Disbursing Agent,

other than (a) any arguments or claims parties may have with respect to the Unresolved Claims against the U.S. Holdback Funds (both as defined in the U.S. Disbursement Agreement), (b) any unsecured claims of the Customers against the estate of SKD Company, 2515080 Nova Scotia Company or NMC Canada, Inc., (c) any commercial disputes between SKD Company and the Customers arising in connection with the Canadian Accommodation Agreement among the Customers and SKD Company (the "**Canadian Accommodation Agreement**") and (d) the Unresolved Commercial Issues in respect of Chrysler set out in the Canadian Accommodation Agreement.

Dated this 7th day of June, 2010.

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**SKD COMPANY, 2515080 Nova Scotia
Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

Per: _____

Name:

Title:

I have the authority to bind the company.

**SKD AUTOMOTIVE GROUP, LIMITED
PARTNERSHIP by PL International
Corporation, its General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

FORD MOTOR COMPANY

Per: _____

Name:

Title:

I have the authority to bind the company.

**HONDA OF AMERICA MFG., INC. for itself
and on behalf of HONDA CANADA MFG., a
division of HONDA CANADA, INC., HONDA
MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA,
LLC**

Per: _____

Name:

Title:

I have the authority to bind the company.

CHRYSLER GROUP LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

GENERAL MOTORS LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

**SKD, L.P., by Quincy Holdings, Inc., its
General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SKD De Mexico, S. De R.L. De C.V.

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SCHEDULE C

DIRECTION

TO:	RSM RICHTER INC., as disbursing agent (the "Disbursing Agent")
SUBJECT:	DISTRIBUTION TO SKD AUTOMOTIVE GROUP, LIMITED PARTNERSHIP

A. Pursuant to that certain U.S. Disbursement Agreement dated as of June 7, 2010 between the undersigned (the "**Disbursement Agreement**"), and pursuant to an order of the Ontario Superior Court of Justice dated June 7, 2010, each of the undersigned does hereby irrevocably authorize and direct the Disbursing Agent to distribute the sum of USD\$6,093,409.48 to SKD Automotive Group, Limited Partnership ("**SKD Automotive**"), or as SKD Automotive may direct, such payments to pay SKD Automotive on account of its residual entitlement to proceeds generated from the sale and realization of certain its assets in the United States and Mexico.

B. Each of the undersigned Customers agrees that neither it nor any of its affiliates shall have any further claims or demands whatsoever against:

- (i) SKD Automotive or its affiliates;
- (ii) SKD Company or its affiliates;
- (iii) Comerica Bank; or
- (iv) the Disbursing Agent,

in any way relating to the above noted payment to SKD Automotive.

Dated this 7th day of June, 2010.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

**SKD COMPANY, 2515080 Nova Scotia
Company and NMC Canada Inc.,
by RSM Richter Inc., as receiver**

Per: _____

Name:

Title:

I have the authority to bind the company.

**SKD AUTOMOTIVE GROUP, LIMITED
PARTNERSHIP by PL International
Corporation, its General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

FORD MOTOR COMPANY

Per: _____

Name:

Title:

I have the authority to bind the company.

**HONDA OF AMERICA MFG., INC. for itself
and on behalf of HONDA CANADA MFG., a
division of HONDA CANADA, INC., HONDA
MANUFACTURING OF INDIANA, LLC and
HONDA MANUFACTURING OF ALABAMA,
LLC**

Per: _____

Name:

Title:

I have the authority to bind the company.

CHRYSLER GROUP LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

GENERAL MOTORS LLC

Per: _____

Name:

Title:

I have the authority to bind the company.

**SKD, L.P., by Quincy Holdings, Inc., its
General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SKD De Mexico, S. De R.L. De C.V.

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SCHEDULE D

DIRECTION

TO:	RSM RICHTER INC., as disbursing agent (the "Disbursing Agent")
SUBJECT:	FINAL DISTRIBUTION IN RESPECT OF [APPLICABLE UNRESOLVED CLAIM]

A. Pursuant to that certain U.S. Disbursement Agreement dated as of June 7, 2010 between the undersigned (the "**Disbursement Agreement**"), and pursuant to an order of the Ontario Superior Court of Justice dated June 7, 2010, each of the undersigned does hereby irrevocably authorize and direct the Disbursing Agent to distribute the sum of USD\$● to ● by cheque to be delivered to the following address:

[insert address],

such payments to pay ● in full on account of **[applicable unresolved claim]**.

B. Each of the undersigned agrees that neither it nor any of its affiliates shall have any further claims or demands whatsoever against:

- (i) any other party hereto; or
- (ii) the Disbursing Agent,

in any way relating to (a) the above noted payment being made to ● from the U.S. Holdback Funds (as defined in the Disbursement Agreement) that are being distributed pursuant to the Disbursement Agreement, (b) any other portion of the U.S. Holdback Funds, or (c) any of the Unresolved Claims (as defined in the Disbursement Agreement).

Dated this ____ day of _____, 2010.

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**SKD AUTOMOTIVE GROUP, LIMITED
PARTNERSHIP by PL International
Corporation, its General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

**SKD, L.P., by Quincy Holdings, Inc., its
General Partner**

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

SKD De Mexico, S. De R.L. De C.V.

Per: _____

Name: Vytas Ambutas

Title: Secretary

I have the authority to bind the company.

**[NAME OF APPLICABLE CUSTOMER TO
WHICH UNRESOLVED CLAIM RELATES]**

Per: _____

Name:

Title:

I have the authority to bind the company.

SCHEDULE E

CHART OF UNRESOLVED CLAIMS

Schedule E
CHART OF UNRESOLVED CLAIMS

	<u>Chrysler</u>	<u>Ford</u>	<u>GM</u>	<u>Honda</u>	<u>Total</u>
<u>SKD US & Mexico</u>					
Payables, net of Steel Provided - US	\$317,979	\$ -	\$ -	\$ -	\$ 317,979
Payables, net of Steel Provided - Mexico	(119,362)	-	-	-	(119,362)
Scrap Steel Recovery	74,919	1,173,000	-	-	1,247,919
Hostage Payments	106,667	42,000	90,018	130,428	369,113
Total	<u>\$380,203</u>	<u>\$1,215,000</u>	<u>\$90,018</u>	<u>\$130,428</u>	<u>\$1,815,649</u>