

**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 WINDSOR MACHINE & STAMPING LIMITED, LIPEL INVESTMENTS LTD., WMSL HOLDINGS LTD., 442260 ONTARIO LTD., WINMACH CANADA LTD., PRODUCTION MACHINE SERVICES LTD., 538185 ONTARIO LTD., SOUTHERN WIRE PRODUCTS LIMITED, PELLUS MANUFACTURING LTD., TILBURY ASSEMBLY LTD., ST. CLAIR FORMS INC., CENTROY ASSEMBLY LTD., PIONEER POLYMERS INC., G&R COLD FORGING INC., WINDSOR MACHINE DE MEXICO, WINMACH INC., WINDSOR MACHINE PRODUCTS, INC., WAYNE MANUFACTURING INC. and 383301 ONTARIO LIMITED

**AFFIDAVIT OF LIONEL J. PELTIER
(Sworn August 27, 2008)**

I, Lionel J. Peltier, of the City of Windsor, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am the President of Windsor Machine & Stamping Limited, ("WMSL"), Lipel Investments Ltd., WMSL Holdings Ltd., 442260 Ontario Ltd., Winmach Canada Ltd., Production Machine Services Ltd., 538185 Ontario Ltd. ("538185"), Southern Wire Products Limited, Pellus Manufacturing Ltd. ("Pellus"), Tilbury Assembly Ltd. ("Tilbury"), St. Clair Forms Inc., Centroy Assembly Ltd., Pioneer Polymers Inc., G&R Cold Forging Inc. ("G&R"), Windsor Machine de Mexico, Winmach, Inc., Windsor Machine Products, Inc., Wayne Manufacturing, Inc. and 383301 Ontario Limited ("383301") (collectively, the "Companies"), and as such, I have personal knowledge of the matters to which I hereinafter depose, save and except where I have indicated that I have obtained the facts from other sources, in which case I verily believe those facts to be true.

Overview

2. On August 1, 2008, WMSL, 538185, G & R, Tilbury, Pellus and 383301 each filed a notice of intention to make a proposal ("NOI") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") naming Doyle Salewski Inc. ("DSI") as proposal trustee.

3. On August 6, 2008, I swore an affidavit (the "First Affidavit") in these proceedings in support of the application of the Companies for certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. c. C-36, as amended (the "CCAA"). A copy of the First Affidavit is attached as Exhibit "A" to this my Affidavit. All terms not otherwise defined herein shall have the meanings attributed to them in the First Affidavit and in the Amended Initial Order (as defined in paragraph 6 below) respectively.

4. The Honourable Justice Hoy made an order in these proceedings granting the Applicants certain relief under the CCAA on August 6, 2008 (the "Initial Order"). A copy of the Initial Order is attached hereto as Exhibit "B" to this my Affidavit. As well, an endorsement was made on the Application Record of the Applicants on August 6, 2008, a copy of which is attached hereto as Exhibit "C" to this my Affidavit, in which Justice Hoy has noted that the Companies will seek a "long" form Order after notice is given.

5. Pursuant to the terms of the Initial Order, RSM Richter Inc. was appointed Monitor for the Companies, DSI was appointed Chief Restructuring Advisor to the Companies and the NOI proceedings under the BIA were stayed.

6. The Honourable Justice Newbould made an order in the CCAA Proceedings amending the Initial Order on August 12, 2008 (the "Amended Initial Order"). A copy of the Amended Initial Order is attached hereto as Exhibit "D" to this my Affidavit.

7. This Affidavit is made in support of a motion by the Applicants to further amend the Amended Initial Order in the form of the proposed order attached as Schedule "A" to the Notice of Motion of the Applicants returnable September 2, 2008. The proposed order includes an extension of the Stay Period provided in the Amended Initial Order

from September 2, 2008 to October 17, 2008. The revisions proposed to the Amended Initial Order are highlighted in the blacklined version of the proposed order attached as Schedule "B" to the Notice of Motion.

8. Upon the granting of the Initial Order, a notice with respect to these proceedings was sent to the known creditors of the Companies (the "Notice"). A copy of the form of Notice is attached as Exhibit "E" to this my Affidavit. The Monitor has posted the Initial Order, the Amended Initial Order, the Application Record, and the Motion Record of Applicants for the Amended Initial Order on its website at www.rsmrichter.com/Restructuring/Windsor.aspx and creditors have been directed in the Notice to such website to obtain a copy of the Initial Order. The Applicants have also provided a copy of the Initial Order and the Amended Initial Order directly to all creditors who have requested the same.

DIP Facility

9. WMSL (with the other Companies as guarantors) has entered into a DIP Loan Agreement dated August 5, 2008 with Bank of Montreal, its term and operating lender, a copy of which is attached as Exhibit "A" to the First Affidavit. Under the terms of the Initial Order, the Companies were authorized and empowered to obtain and borrow up to the sum of \$2,000,000.00 under the DIP Facility from Bank of Montreal in order to fund the ordinary course operations of the Companies during these proceedings and for such other purposes agreed to by Bank of Montreal. The DIP Loan Agreement provides that Bank of Montreal is not obligated to advance more than \$1,000,000 before the date of its receipt of the accommodation agreements referred to in paragraph 13 below.

10. Under the terms of the Initial Order, the Bank of Montreal was granted a charge on all of the current and future assets, undertakings and properties of the Companies as security for payment of all present and future indebtedness, obligations and liabilities of the Companies (and of any one or more of them) pursuant to or in respect of the DIP Loan Agreement or any agreements and documents contemplated by or delivered to the DIP Lender pursuant to the DIP Loan Agreement or the Initial Order.

11. Since the granting of the Initial Order, advances under the DIP Facility have not been required to fund the Companies' operations.
12. While the Companies are reviewing alternatives to reduce its selling, general and administrative expenses during these proceedings, it will require the advance of loans under the DIP Facility in amount not exceeding the sum of \$800,000 as reflected in the cash flow projections prepared for the extended Stay Period.
13. Under the terms of the DIP Loan Agreement, the Companies are required to provide Bank of Montreal, by September 3, 2008, accommodation agreements with specified major customers (the "Accommodation Agreements") with respect to, *inter alia*, the continuing supply by the Companies of tooling and inventory to those customers, the payment by those customers of amounts owing by them to the Companies, restrictions on set-offs which may be claimed by them and such other matters as may be required by Bank of Montreal. The Companies have provided forms of the Accommodation Agreements to these customers and continue to have discussions with those customers to finalize the terms of the Accommodation Agreements. The Companies are also in the process of negotiating similar accommodation arrangements with other customers of the Companies.
14. The Companies do not currently anticipate that the Accommodation Agreements will be entered into with all of its specified major customers by September 3, 2008. The Companies have, accordingly, requested that the date on which the Accommodation Agreements are to be delivered to Bank of Montreal be extended to September 19, 2008. Bank of Montreal has confirmed its agreement to this extended delivery date, provided that the Companies' financial position does not materially erode prior to that date. The cash flow projections prepared for the extended Stay Period do not reflect that such an erosion of the Companies' financial position will occur prior to September 19, 2008. Given the continuing support and favourable response that have been received to date from the Companies' major customers with which the Companies are committed to continuing their business relationships, the management of the Companies remains confident that they will be able to secure Accommodation Agreements on acceptable terms from these customers. This position of management is supported by their success

in having negotiated price increases with certain of these major customers prior to the commencement of these proceedings and the current status of ongoing discussions with the other major customers on pricing and other terms.

Customers

15. As noted in the First Affidavit:

- (a) the manufacturing and sales activities of the Companies are all conducted through WMSL, in that all of the customers issue purchase orders to and enter into contracts with WMSL, which generates all of the Companies' accounts receivables; and
- (b) WMSL subcontracts all of the purchase orders and contracts to those Companies which carry on specific manufacturing activities required to perform those purchase orders and contracts. Those Companies invoice WMSL for the aggregate of the material, labour and allocated overhead costs (which they directly incur), plus 3% of such aggregate.

16. The Companies have endeavoured to assure its customers that they will continue to supply product to them during these proceedings. To date, the volume of orders received from customers continues to be in accordance with the Companies' projected sales. Given the anticipated production volumes for the extended Stay Period, management of the Companies is of the view that the Companies will be able to generate the estimated receipts reflected in the cash flow projections prepared for that period.

17. The Companies have, as part of its cost reduction initiatives, initiated discussions with a significant customer for the transitional resourcing of the customer's requirements of certain component parts to an alternative supplier. The Companies have kept the Monitor and the Bank of Montreal advised of these discussions.

Suppliers

18. Major suppliers of product components and suppliers of services have continued to supply the Companies on the terms existing at the commencement of these

proceedings or on a COD basis or advance payment basis. Pricing for those product components and services continue to be at the normal prices or charges.

Foreign Exchange Contracts

19. Prior to the commencement of these proceedings, WMSL had entered into four (4) foreign exchange forward contracts ("FX Contracts") with Fifth Third Bank, the details of which are as follows:

<u>Date of Contract Expiry</u>	<u>Contract Amount</u>
August 15, 2008	\$750,000
September 15, 2008	\$1,500,000
November 14, 2008	\$1,300,000
December 1, 2008	\$2,000,000

20. Under the FX Contracts, WMSL was able to lock in a price for settlements on the expiry of each of the FX Contracts. However, on expiry of the first FX Contract on August 15, 2008, WMSL elected not to replace the FX Contract and did not pay the differential on the forward price in that contract.

21. While the Fifth Third Bank may be entitled to terminate the remaining FX Contracts, it has not yet notified WMSL of its intention to do so. Similarly, WMSL has advised Fifth Third Bank that it has not yet determined whether it will maintain the "hedging" facility in place upon expiry of each of the remaining FX Contracts.

22. WMSL had negotiated an extension of this facility with Fifth Third Bank in the month of July that would have operated to reduce the claims of Fifth Third Bank against WMSL. However, Fifth Third Bank did not ultimately extend this facility to WMSL.

Unionized Employees

23. As noted in the First Affidavit:

- (a) the employees of the Companies operating in Canada that are unionized are represented by the United Autoworkers, Local 251 (the "UAW");

- (b) the Companies had advised the UAW of filing of the NOI's by WMSL Centroy, 538185, G & R, Tilbury, Pellus and 383301 and of the initiation of these proceedings; and
- (c) the Companies have agreed to provide full disclosure and to allow review by UAW International Union of the Companies' current financial position, and the UAW has confirmed that it will continue to support the Companies in their restructuring efforts. The UAW has also advised that it is prepared to discuss further reductions of overall costs and improvements to the operating efficiencies of those operations whose employees are represented by the UAW.

24. Counsel for the UAW has requested, and the Companies have provided, written confirmation that those Companies whose employees are represented by the UAW (the "Represented Companies") will continue to pay the employee wages and all remittances in respect of benefits and other amounts provided for in the respective collective agreements. The Companies have also remitted all union dues and other contributions and amounts which are currently payable under the terms of those collective agreements. A copy of the correspondence to and from counsel for the UAW which include this confirmation of continued payments by the Companies is attached to this my Affidavit as Exhibit "F" (the "UAW Correspondence").

Proposed Restructuring Activities of the Companies

25. Subsequent to the making of the Initial Order, the Companies have identified those activities which they wish to pursue to permit them to proceed with an orderly refinancing, restructuring or sale of their Properties. These activities have been incorporated into the draft Amended and Restated Initial Order which is annexed as Schedule "A" to the notice of motion herein.

26. The proposed activities include, or may include, the following:

- (a) permanent or temporary cessation, downsizing or shut down of their businesses or operations;

- (b) consolidation of their businesses or operations with those of other of the Companies (the "Consolidations");
- (c) termination or layoff of employees, subject to seniority provisions under applicable collective agreements;
- (d) repudiation of agreements where appropriate (the "Agreement Repudiations");
- (e) pursuit of avenues of refinancing, restructuring or sales of all or substantially all of their businesses and properties (the "Restructuring Options"); and
- (f) disposition of redundant or non-material assets (the "Asset Dispositions").

Further particulars of certain of these proposed activities follows.

Consolidations

27. The Companies are currently reviewing proposed consolidations of certain of their businesses and operations. Upon completion of this review, the Companies will discuss these proposed consolidations with Bank of Montreal, whose consent is required under the terms of the Amended Initial Order, and with the Monitor.

28. In addition to the consent required from Bank of Montreal, the Companies are proposing that any proposed consolidations of their businesses and operations would be subject to the following:

- (a) Title to the assets of any consolidating Companies would not be transferred as part of any proposed consolidation, and the consolidating Companies would (with the assistance of the Monitor) continue to maintain separate books of account for each of the consolidating Companies; and

- (b) As confirmed in the UAW Correspondence, the Companies will consult in advance with the UAW where the proposed consolidations involve the businesses or operations currently conducted by any one or more of the Represented Companies.

Agreement Repudiations

29. To date, the Companies have, effective September 1, 2008, repudiated leases for 13 vehicles that they no longer require for their operations in accordance with the terms of the Amended Initial Order. Copies of the correspondence exercising such right of repudiation are annexed as Exhibit "G" to this my Affidavit.

30. Because the Amended Initial Order currently requires that not less than 10 days' notice of such repudiations be given, the Companies are not in a position to effect lease and other contract repudiations in a timely manner.

31. At the date of the commencement of these proceedings, the Companies' operating and capital lease obligations (including those under the repudiated vehicle leases) were not material and payments under those leases were current. These lease obligations relate to vehicles, computers, copiers and equipment (such as lift trucks).

Restructuring Options

32. The Companies have had preliminary discussions with the Monitor and with the Chief Restructuring Advisor on their restructuring alternatives. The Companies are of the view that they will be in a better position to identify their restructuring alternatives after the Companies:

- (a) have completed their negotiations with their major customers on the terms to be incorporated in the Accommodation Agreements; and
- (b) have furthered their analysis and discussions on the proposed Consolidations.

33. The Companies are of the view that they need to be in a position to pursue and implement avenues of refinancing, restructuring and/or sale of their businesses and assets as soon as possible. Any marketing and sales process would be conducted by the Monitor with the assistance of the Companies. The proposed Amended and Restated Initial Order includes authorization for the Companies and the Monitor to undertake and conduct these respective activities.

Asset Dispositions

34. In the First Affidavit, the following dispositions of redundant assets were identified as having been committed by agreement by the Companies for completion after the commencement of these proceedings:

- (a) 2645 North Talbot Road, Tecumseh, Ontario, for gross proceeds of \$350,000.00, the sale of which was completed on or about August 16;
- (b) A vacant lot in Dutton, Ontario for gross proceeds of \$160,000.00, the sale of which was completed on August 22; and
- (c) Scrap metal inventory for gross proceeds of \$400,000.00, the sale of which is scheduled to be completed on or about September 15.

35. As further noted in the First Affidavit and as currently reflected in the Amended Initial Order, the Companies have agreed with Bank of Montreal that the net proceeds from those dispositions are to be applied to reduce the indebtedness of WMSL to Bank of Montreal as at August 5, 2008 on its term facilities. This indebtedness has been guaranteed (on a secured basis) by the Companies that have disposed or will be disposing of the redundant assets.

36. Under the terms of the Amended Initial Order, the Companies have been authorized to complete the dispositions of redundant assets scheduled for completion prior to September 2, 2008, the current date on which the Stay Period expires (being

those identified above in paragraph 34 above as items (a) and (b)). As noted, those dispositions have now been completed and the net proceeds have been paid to Bank of Montreal in accordance with the terms of the Amended Initial Order.

37. To permit the Companies to complete the disposition of additional redundant assets (being those identified in paragraph 34 above as item (c) and those additional dispositions to which the Companies may commit with the consent of the Bank of Montreal), the Companies are proposing that its authority to dispose of redundant assets be increased from \$600,000 to \$2,500,000 in the aggregate (of which assets for aggregate consideration of \$510,000 has already been disposed of pursuant to the authority given in the Amended and Initial Order, as noted above).

Outstanding and Threatened Proceedings U.S.

38. At the commencement of these proceedings, certain of the Companies were parties defendant in three actions commenced by a former employee, a former supplier and a current customer of those Companies in courts in the State of Michigan. Those Companies are seeking to secure, or have obtained, administrative stays of those proceedings for a limited duration on a consensual basis. Where such stays are not extended on a consensual basis, the Companies are seeking advice from U.S. attorneys on the steps required to secure a stay from the appropriate court.

Canada

39. After the commencement of these proceedings, actions were initiated against WMSL and other Companies on behalf of two former employees to whom written notices of termination of employment had been given before the commencement of these proceedings. These employees had each been laid off from their employment at operations which had been discontinued a number of months prior to the commencement of these proceedings.

40. The Companies have corresponded with counsel for each of these former employees (and counsel for another former employee in comparable circumstances where

an action had not yet been initiated but has been threatened) and have provided such counsel with a copy of the Amended Initial Order.

Extension of Stay

41. The Companies (with the assistance of the Monitor) have communicated with their stakeholders regarding these proceedings.

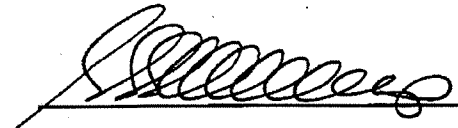
42. The Companies require the extension of the stay of proceedings to allow them to continue their restructuring efforts and require the amendment of the Amended Initial Order to provide them with the authority to evaluate and implement those initiatives.

43. The Applicants seek to extend the Stay Period provided in the Amended Initial Order from September 2, 2008 to October 17, 2008.

44. The Companies are acting in good faith and with due diligence in their restructuring efforts.

45. I swear this Affidavit in support of the motion of the Applicants for an Order extending the Stay Period and approving the Amended and Restated Initial Order and for no other or improper purpose.

SWORN before me at the City of)
Windsor in the Province of Ontario this)
27th day of August, 2008.)

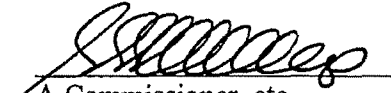


Commissioner for Taking Affidavits
Gerald E. Skillings



LIONEL J. PELTIER

Exhibit "A" to the Affidavit of Lionel J. Peltier sworn before me this
27th day of August, 2008.


A Commissioner, etc.
Gerald E. Skillings

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 WINDSOR MACHINE & STAMPING LIMITED,
LIPEL INVESTMENTS LTD., WMSL HOLDINGS LTD., 442260
ONTARIO LTD., WINMACH CANADA LTD., PRODUCTION MACHINE
SERVICES LTD., 538185 ONTARIO LTD., SOUTHERN WIRE
PRODUCTS LIMITED, PELLUS MANUFACTURING LTD., TILBURY
ASSEMBLY LTD., ST. CLAIR FORMS INC., CENTROY ASSEMBLY
LTD., PIONEER POLYMERS INC., G&R COLD FORGING INC.,
WINDSOR MACHINE DE MEXICO, WINMACH INC., WINDSOR
MACHINE PRODUCTS, INC., WAYNE MANUFACTURING INC. and
383301 ONTARIO LIMITED**

AFFIDAVIT OF LIONEL J. PELTIER
(Sworn August 6, 2008)

I, Lionel J. Peltier, of the City of Windsor, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am the President of Windsor Machine & Stamping Limited, ("WMSL"), Lipel Investments Ltd. ("Lipel"), WMSL Holdings Ltd. ("Holdings"), 442260 Ontario Ltd. ("442260"), Winmach Canada Ltd. ("Winmach Canada"), Production Machine Services Ltd. ("Production"), 538185 Ontario Ltd. ("538185"), Southern Wine Products ("Southern Wine"), Pellus Manufacturing Ltd. ("Pellus"), Tilbury Assembly Ltd. ("Tilbury"), St. Clair Forms Inc. ("St. Clair"), Centroy Assembly Ltd. ("Centroy"), Pioneer Polymers Inc. ("Pioneer"), G&R Gold Forging Inc. ("G&R"), Machine de Mexico Winmach Inc. ("Machine Mexico"), Winmach Inc. ("Winmach"), Windsor Machine Products, Inc. ("WMPPI"), Wayne Manufacturing, Inc. ("Wayne Manufacturing") and 383301 Ontario Limited ("383301") and as such, I have personal knowledge of the matters to which I hereinafter depose, save and except where I have

indicated that I have obtained the facts from other sources, in which case I verily believe those facts to be true.

I. Overview

2. This Affidavit is sworn in support of the application by the Applicants for an order for certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA"), as amended.

3. On August 1, 2008, WMSL, 538185, G&R, Tilbury, Pellus and 383301 each filed a notice of intention to make a proposal pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) naming Doyle Salewski Inc. ("DSI") as proposal trustee therein.

4. DSI has prepared and filed with this Honourable Court a First Report of the Proposal Trustee and Proposed Chief Restructuring Advisor dated August 6, 2008 (the "DSI Report"). The DSI Report includes, together with the Appendices thereto:

- (a) a description of the background preceding this application;
- (b) a projection of the cash flow of the Applicants for the period ending September 30, 2008 which was prepared by the Applicants and reviewed by DSI in its capacity as proposal trustee; and
- (c) a description of:
 - (i) the orders and contracts of the Applicants;
 - (ii) the liabilities of the Applicants;
 - (iii) the assets of the Applicants; and
 - (iv) the restructuring efforts to date of the Applicants and the rationale for these proceedings.

5. I have reviewed the DSI Report and the information contained therein is true and correct in all material respects.

6. I swear this affidavit to supplement the information contained in the DSI Report in connection with the application by the Applicants for certain relief under the CCAA.

7. The objective of the CCAA proceedings is to allow the Applicants to deal with strategic alternatives for the preservation and enhancement of their business.

8. The relief requested by the Applicants in these proceedings includes:

- (a) the granting of a stay of proceedings in favour of all of the Applicants;
- (b) the appointment of RSM Richter Inc. ("Richter") as monitor;
- (c) the appointment of DSI as Chief Restructuring Advisor;
- (d) the approval of debtor-in-possession financing from Bank of Montreal (the "Bank"); and
- (e) the granting of various charges on the assets of the Applicants.

The requested relief should provide the Applicants with sufficient protection to focus their energies on preserving their business, including the continued supply of goods and services and the negotiation with major customers of financial and other accommodations to certain of the Applicants in connection with their continued operations during the CCAA proceedings.

9. The Applicants' operations and its funding and supply arrangements are sufficiently intertwined, that the preservation of the Applicants' business can only be assured by the requested relief extended to all of the Applicants.

II. Description of Business and Activities

10. The description of the business and activities of each of the Applicants is as follows:

A. Manufacturing Concerns

- (a) WMSL is an Ontario corporation having its principal place of business at 5725 Outer Driver in Windsor, Ontario. WMSL and the other Applicants that are manufacturing concerns (as described below) carry on the primary

business of the manufacture and sale of wire products ("wire" meaning "metal/steel rod" products of various diameters), rubber products, foam products and assembled products such as headrest assemblies and exhaust suspension systems (which assemblies use the wire, foam and rubber components) to customers in the North America automotive industry.

- (b) 538185 is an Ontario corporation having its principal place of business located at 5475 Outer Drive in Tecumseh, Ontario. 538185 designs and fabricates much of the production machinery and the tools and dies required by the other Applicants that are manufacturing concerns to manufacture the various parts and components made by those Applicants.
- (c) Production is an Ontario corporation, also having its principal place of business at 5475 Outer Drive in Tecumseh, Ontario. Production historically designed and fabricated much of the production machinery that is used by the other Applicants that are manufacturing concerns, but this function has now being undertaken by 538185.
- (d) G&R is an Ontario corporation having its principal places of business located at 7072, 7084 and 7085 Smith Industrial Drive, Amherstburg, Ontario. G&R manufactures various components out of the 7072 Smith Industrial Drive plant, and headrest assemblies and foam rubber components out of the 7084 and 7085 Smith Industrial Drive plants.
- (e) Tilbury is an Ontario corporation having its principal place of business located at 147 Queen St. North, Tilbury, Ontario. Tilbury currently manufactures exhaust hanger assemblies, consisting of both "wire" components and rubber components. The manufacturing operations at

Tilbury are currently being wound down and are to be combined with the manufacturing operations of Pioneer.

- (f) Pioneer is an Ontario corporation have its principal place of business located at 14 Industrial Park Drive, Tilbury, Ontario. Pioneer currently manufactures exhaust isolators, torsion rods, seats strikers and pencil braces.
- (g) Pellus is an Ontario corporation having its principle places of business located at 7035 and 7045 Industrial Drive, Comber, Ontario. Pellus currently manufactures headrest frames at the 7045 Industrial Drive plant and operates a "shot blasting" operation at the 7075 Industrial Drive plant which is used to prepare the raw steel (that it receives in coils) for delivery to the other manufacturing companies.
- (h) Centroy is an Ontario corporation whose manufacturing operations were, with a view to reducing costs and improving cash flow for the Group, wound down in February, 2008. It had previously carried on its manufacturing business at several plants located in Strathroy and at 178 London Road, Thamesville, Ontario.
- (i) St. Clair is an Ontario Corporation whose manufacturing operations were, with a view to reducing costs and improving cash flow, wound down in February, 2007. It had carried on its manufacturing business at a plants located at 2 Graham Street, Blenheim, Ontario.
- (j) WMPI is a Michigan corporation having its principal places of business located at 26655 Northline Road, Taylor, Michigan. WMPI is currently involved in warehousing parts and components manufactured by the

Applicants that are manufacturing concerns, for packing and shipping to customers in the U.S., and to avoid U.S./Canada border crossing delays.

- (k) Windsor Machine de Mexico is a Mexican corporation that assembles headrest mechanisms for customers located in Mexico.
- (l) Wayne Manufacturing is a Michigan corporation having its principal places of business located at 26655 Northline Road, Taylor, Michigan. Wayne is currently manufacturing exhaust hangars, torsion rods and seat strikers.

B. Holding Concerns

- (m) Lipel is an Ontario corporation having its principal place of business at 5725 Outer Drive, Tecumseh, Ontario. Lipel owns 11 properties, on 9 of which are (or were) located the manufacturing plants used by the Applicants that are manufacturing concerns, as well as 1 vacant property in Dutton, Ontario and the "head office" at 5725 Outer Drive.
- (n) 383301 is an Ontario corporation having its principal place of business at 5725 Outer Drive, Tecumseh, Ontario. 383301 owns 5 properties, on 4 of which are (or were) located manufacturing plants used by the Applicants that are manufacturing concerns, as well as 1 vacant property in McGregor, Ontario.
- (o) 442260 is an Ontario corporation having its principal place of business at 5725 Outer Drive, Tecumseh, Ontario. 442260 owned a tract of land on Walker Road in Windsor, Ontario that was not used or otherwise involved in the manufacturing processes of any of the Applicants (but was a vacant

lot that was sold as a residential development property approximately 4 years ago.

C. Other Holding Concerns

- (p) Holdings is an Ontario corporation having its principal place of business at 5725 Outer Drive, Tecumseh, Ontario. Holdings owns all of the issued and outstanding shares in WMSL and in Winmach Canada.
- (q) Winmach Canada is an Ontario corporation having its principal place of business at 5725 Outer Drive, Tecumseh, Ontario. Winmach Canada owns all of the issued and outstanding shares in the Ontario-based Applicants that are manufacturing concerns.
- (r) Winmach is a Michigan corporation having its principal place of business at 26655 Northline Road, Taylor, Michigan. Winmach owns all of the issued and outstanding shares in WMPI and Wayne Manufacturing, the 2 U.S. based Applicants that are manufacturing concerns.

11. The manufacturing and sales activities of the Applicants are all conducted through WMSL, in that all of the customers issue purchase orders to and enter into contracts with WMSL. As a result, all accounts receivable are generated by WMSL.

12. WMSL subcontracts all of the purchase orders and contracts to those Applicants which carry on the specific manufacturing activities required to perform those purchase orders and contracts. Internally, those affiliated subcontractors internally invoice WMSL for the aggregate of the material, labour and allocated overhead costs, plus 3% of such aggregate.

13. The Applicants which carry on the manufacturing concerns, directly order goods and supplies required to perform the subcontracted purchase order and contracts, and are, accordingly, liable for the payment of the cost of those goods and supplies.

14. For the Canadian manufacturing concerns, cheques are issued directly to trade creditors and any overdraft in the accounts maintained at the Bank are immediately

cleared by the transfer of funds from WMSL's Canadian or U.S. dollar accounts, as may be applicable with the Bank.

15. For the U.S. manufacturing concerns, where there is no overdraft accommodation in place, WMSL reviews all disbursement requests and funds the "impress" accounts with the amounts required to fund those payments.

16. As a result of these arrangements, there are various intercompany balances outstanding at any time between WMSL and the Canadian and U.S. manufacturing concerns.

17. Because of the structure of the operations of the Applicants, the term and operating facilities with the Bank are structured as loans to WMSL, which pays disbursements on behalf of or advances funds to the other Applicants that are manufacturing concerns as described above. The indebtedness under those facilities has been guaranteed on an unlimited basis by all of the other Applicants other than (i) Lipel, whose guarantee is to the extent of \$10,000,000.00 and (ii) 383301 and Machine Mexico which have not guaranteed the Bank indebtedness. These operating and term loan facilities and the guarantees are secured by all of the assets and undertaking of all of the Applicants other than Machine and 383901.

18. 383301 is directly indebted to the Bank on a first mortgage facility described in paragraph 25 of the DSI Report. The indebtedness of 383301 to the Bank has been guaranteed by WMSL, Centroy, Pioneer and G&R. Those guarantees are secured by the assets and properties of those guarantors.

19. The operating and term facilities have been extended to WMSL under the terms of an Amended and Restated Credit Agreement entered into in July of 2005.

20. The inter-company loans that may be owing to WMSL from time to time by the Ontario-based manufacturing concerns who are Applicants were collateralized in 2004 by the delivery of security on all of the assets and undertaking of such Applicants to WMSL. Holdings is owed money by WMSL and has security in all of the assets and undertaking of WMSL. All of the security held by WMSL and Holdings is second in priority to the

security of the Bank. The Applicants are currently in default of the Working Capital ratio covenant and the EBITDA to Debt Service ratio covenant contained in the Amended and Restated Credit Agreement between the Applicants (other than 383301 and Machine Mexico) and the Bank.

21. Export Development Corporation ("EDC"), a Crown corporation wholly owned by the government of Canada, has delivered to the Bank a guarantee of 50% of all the indebtedness of WMSL to the Bank.

22. EDC has also insured 100% of all accounts receivables owing to WMSL, meaning that if any of the accounts receivable owing to Windsor Machine should become uncollectible, EDC will pay the amount of the uncollectible account receivable to BMO (on behalf of Windsor Machine).

23. The Applicants have entered into agreements to sell the following redundant assets that are no longer used in operations:

- (a) 2520 Bender Crescent, Tecumseh, Ontario, for gross proceeds of \$300,000.00, the sale of which was completed on August 5, 2008;
- (b) 2645 North Talbot Road, Tecumseh, Ontario, for gross proceeds of \$350,000.00, the sale of which is scheduled to be completed on or about August 16, 2008;
- (c) A vacant lot in Dutton, Ontario for gross proceeds of \$160,000.00 the sale of which is scheduled to close on August 22; and
- (d) scrap metal inventory for gross proceeds of \$400,000.00, the sale of which is scheduled to be completed on or about September 15, 2008.

24. The Applicants have agreed with the Bank that the proceeds of the sale of 2520 Binder Crescent, Tecumseh, Ontario, net of reasonable costs relative to the disposition, will be applied to reduce the principal amount of the WMSL's term facilities with the Bank. The Applicant is discussing similar arrangements with the Bank for the sale of the other redundant assets.

25. It is noted in paragraph 24 of the DSI Report that as August 1, 2008, the Applicants appear to be indebted to the Bank in the amount of \$9,280,968 with respect to the revolving operating line and \$1,417,340.00 in respect of the Facility F loan.

26. After the application of the proceeds of the sales noted subparagraph 23(a) and the application of funds currently in the WMSL accounts, the revolving operating line indebtedness and the Facility F Term loan will be reduced to approximately \$8.0 million and \$117,340.00 respectively.

Other Secured Creditors

27. In paragraph 27 of the DSI Report, it is noted that 383301 is indebted to the Bank in the amount of approximately \$2.2 million with respect to the mortgages on the 4 plants and one vacant property that it owns and is indebted in the amount of approximately \$450,000.00 to a second mortgage holder, CDL Recyclers Inc.

28. In May of 2006, 383301 borrowed approximately \$2.4 million from the Bank and applied approximately \$1.2 million of that loan to reduce the now second mortgage balance by that amount. That mortgage was originally a first ranking vendor-take back mortgage given in favour of the second mortgage holder on the purchase of the 2 of the 4 plants and the one vacant lot owned by 383301. As part of the 383301 refinancing with the Bank, the second mortgage holder agreed to subordinate its mortgage to the mortgage granted to the Bank, and the second mortgage collateral was extended to cover 2 additional buildings that had not originally been subject to the vendor-take back mortgage.

29. Certain of the Applicants currently lease the buildings that are collateralized under the first and second mortgages. Those Applicants do not currently propose to continue the payment of rent to 383301 during these proceedings.

Support For Restructure Efforts

30. Of the 279 employees of the applicants listed in Appendix "3" of the DSI Report, 190 employees are unionized and are represented in Canada by UAW Local 251 (the "UAW") and in the U.S. by another UAW local.

31. The Applicants have advised the UAW of the filing of the NOI's by WMSL, Centroy, 538185, G. & R, Tilbury, Pellus and 383301 and of the initiation of this application under the CCAA. The Applicants have agreed to provide full disclosure and to allow review by UAW International Union of the Applicant's current financial

position, and the UAW has confirmed that it will continue to support the Applicants in their restructuring efforts, and is prepared to discuss further reductions of overall costs and improvements to the operating efficiencies with the Applicants whose employees are represented in the UAW.

32. WMSL has had preliminary discussions with the Applicant's major customers, including requirements to negotiate and conclude Accommodation Agreements with those customers. These customers are aware that the discussions will include input cost surcharges to reflect the increased new material costs of the Applicants addressed in paragraph 14 of the DSI Report. These discussions will include one customer which initiated a proceeding in the U.S. for a temporary restraining order preventing WMSL from raising prices or discontinuing shipments. As noted in paragraph 15 of the DSI Report, the Applicants agreed to continue to ship products at the existing prices to that customer, on advice of U.S. counsel that the customer would succeed in securing a temporary restraining order.

Cash Flow Forecast and Proposed DIP Facility

33. Attached as Appendix "4" to the DSI Report is a projection of the cash flow of the Applicants for the period ending September 30, 2008 (the "Cash Flow Forecast").

34. WMSL, as borrower, and the other Applicants, as guarantors, have entered into a DIP Loan Agreement with the Bank dated August 5, 2008 (the "DIP Loan Agreement"), subject to the approval of this Court, in the form attached to this my Affidavit as Exhibit "A".

35. The Cash Flow Forecast indicated that the Applicants will be able to fund its operations during the period ending September 30, 2008 from available deposited funds. However, the Applicants are of the view that the DIP Facility is desirable because:

- (a) the funding of their operations may require advances from the DIP Facility after September 30, 2008 and during the course of these proceedings; and
- (b) while the estimated confirmed sales, "new" contracts in production and confirmed orders set out in paragraph 21 of the DSI Report are based upon

orders-in-hand, such orders are, in accordance with industry practice, subject to:

- (i) customer confirmed delays in production and delivery; and
- (ii) cancellation.

WMSL has not to date received any notices of delay or cancellation of these orders.

Initial CCAA Order Sought

36. As a result of the financial condition of the Applicants, proceedings for all of the Applicants under the CCAA is essential for the continued operation of their businesses. A CCAA stay of proceedings for all of the Applicants will provide the Applicants with a reasonable opportunity to address their current financial difficulties, to assess and discuss a restructuring plan with its stakeholders and to preserve the jobs of their employees. Stability is also necessary in order to facilitate ongoing customer, supplier and employee support critical to these efforts. A stay will also preserve the status quo and protect the rights of all creditors and other shareholders pending the restructuring efforts of the Applicants.

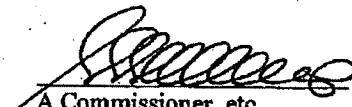
37. RSM Richter has consented to act as monitor (the "Monitor") in these proceedings, if the relief requested is granted by the Court.

38. DSI has consented to act as the Chief Restructuring Advisor ("CRA") in these proceedings, if the relief requested is granted by the Court.

39. The proposed CCAA Order provides for the granting of a first ranking charge on all assets of the Applicants as security for the fees of the Monitor, and its legal counsel, the CDA and its legal counsel, the legal counsel of the Applicants and the legal counsel to the Bank in the aggregate amount of \$750,000 (the "Administration Charge"). The Administration Charge will ensure that adequate monitoring and professional advice is provided to the Applicants during these proceedings.

40. The proposed CCAA Order also provides for the indemnification by the Applicants of their directors and officers and grants to them a charge on the assets of the Applicants in the amounts of \$500,000.00 and \$250,000.00 as security for such

Exhibit "A" to the Affidavit of Lionel J. Peltier sworn this
6th day of August, 2008.


A Commissioner, etc.
Gerald E. Skillings

DIP LOAN AGREEMENT

This loan agreement is dated as of the 5th day of August, 2008,

AMONG:

WINDSOR MACHINE & STAMPING LIMITED

as Borrower

- and -

THE CORPORATIONS LISTED IN SCHEDULE "D"

as Guarantors

- and -

BANK OF MONTREAL

as Lender

1. **Borrower:** Windsor Machine & Stamping Limited (the "Borrower").
2. **Lender:** Bank of Montreal (the "Lender").
3. **Applicants:** Borrower and its affiliates listed in Schedule "D"
(collectively, the "Applicants" and individually, an "Applicant")
4. **Guarantors:** The affiliates of the Borrower listed in Schedule "D"
(collectively, the "Guarantors" and individually, a "Guarantor").
5. **Definitions:** Capitalized terms used without specific definition in this Agreement or in Schedule "A" hereto have the meanings ascribed to them in the Senior Credit Agreement. The Schedules attached to this Agreement are incorporated in this Agreement by reference as if set out in full herein.
6. **DIP Facility:** Subject to the provisions of this Agreement, the Lender hereby establishes a revolving credit facility (the "DIP Facility") in favour of the Borrower in the maximum aggregate principal amount of up to Cdn. \$2,000,000 or the US Dollar Equivalent Amount (the "Maximum Amount").
7. **Availment Options:** The DIP Facility is available by way of:

- (a) Canadian Dollar loans ("Prime Loans");
- (b) US Dollar loans ("USBR Loans"); and
- (c) Letters of Credit in Canadian Dollars (or, to the extent permitted by the Lender, US Dollars), in an aggregate amount not exceeding, without the Lender's consent, \$100,000.

Each use of the DIP Facility by way of any of the foregoing methods is referred to as a "Borrowing". Notwithstanding any other provision of this Agreement, the Lender shall not be obligated to make any advance or issue any Letter of Credit (and the Borrower shall not request any Borrowing to be made) to the extent that, after giving effect to any Borrowing requested, the aggregate amount (expressed in Canadian Dollars) of all indebtedness and liability owing by the Borrower under the DIP Facility would exceed the Aggregate DIP Commitment in effect at such time. Because the DIP Facility is available in Canadian Dollars and in US Dollars, the amount outstanding under the DIP Facility shall for the purposes hereof be determined in Canadian Dollars. The Lender shall not be obligated to issue any Letter of Credit unless such Letter of Credit is satisfactory to the Lender.

8. **Purpose:** The proceeds of the DIP Facility shall, subject to the provisions of this Agreement, be used for funding, in accordance with the Cash Flow Projections, the ordinary course operations of the Borrower and the other Applicants during the CCAA Proceedings and the Applicants' out-of-pocket costs incurred in connection with the CCAA Proceedings, and for such other purposes as may be agreed to by the Lender in writing. All loan advances shall be made to the Borrower and the Borrower may, subject to the provisions of the Initial Order, use such advances to lend to the other Applicants amounts required by them for the foregoing purposes.

9. **Interest and Fees:** The following annual interest rates and the following fees apply to the DIP Facility:

(a) Interest Rates:

Prime Loans -	Prime + 5% per annum
USBR Loans -	US Base Rate + 5% per annum
Letter of Credit Fee -	2% per annum of the face amount of each Letter of Credit issued by the Lender based on the term of such Letter of Credit, payable in advance.

- (b) Prime Loans and USBR Loans: The Borrower shall, for value on the last Business Day of each month, pay to the Lender in Canadian Dollars interest on each Prime Loan and in US Dollars interest on each USBR Loan, calculated monthly in arrears on the last Business Day of each month at the applicable rate set out above. Such interest shall accrue daily on the actual number of days elapsed and based on a year of 365 or 366 days, as applicable. Each change in the

rate of interest applicable to any Prime Loan or USBR Loan shall be effective as of the opening of business on the day such change occurs.

- (c) Interest Act Disclosure: The annual rate of interest or fees to which a rate calculated in accordance with the foregoing paragraphs of this Section 9 is equivalent, is the rate so calculated multiplied by the actual number of days in the calendar year and divided by 365 or 366, as applicable.
- (d) Commitment Fee: The Borrower shall pay to the Lender on the date of the first advance of the DIP Facility a commitment fee in an amount equivalent to 4% of the Maximum Amount.
- (e) Monitoring Fee: The Borrower shall pay to the Lender a monitoring fee of \$2,500 per month on the date of the first advance of the DIP Facility and on the first Business Day of each month thereafter.

Interest and fees payable hereunder shall be payable both before and after any or all of demand, maturity, default and judgment.

- 10. **Overdue Payments**: Any overdue payment in Canadian Dollars shall be deemed to be a Prime Loan with interest payable at an annual rate equivalent to Prime + 7% per annum, such interest to be payable monthly in arrears on the last Business Day of each month. Any overdue payment in US Dollars shall be deemed to be a USBR Loan with interest payable at an annual rate equivalent to USBR + 7% per annum, such interest to be calculated and payable monthly in arrears on the last Business Day of each month. Upon the occurrence, and during the continuation of an Event of Default, interest payable on Prime Loans shall be at an annual rate equivalent to Prime + 7% per annum and interest payable on USBR Loans shall be at an annual rate equivalent to US Base Rate + 7% per annum, such interest to be calculated and payable monthly in arrears on the last Business Day of each month. All interest payable under this Agreement shall be payable both before and after any of demand, maturity, default and judgment.
- 11. **Maturity**: All amounts owing by the Borrower to the Lender in connection with this Agreement shall be paid by the Borrower to the Lender in full on the Termination Date. The "Termination Date" shall be the earliest of:
 - (a) fifteen days following the receipt by the Lender of written notice by the Borrower of termination of the DIP Facility;
 - (b) the date of issuance of a written demand by the Lender for repayment of the principal amount of the DIP Facility;
 - (c) the implementation date of any plan of compromise or arrangement under the CCAA Proceedings;
 - (d) the date on which the judicial stay imposed by the Initial Order is lifted unless the Lender consents thereto;

- (e) the sale of all or substantially all of the assets of the Borrower or of any other Applicant; or
 - (f) November 15, 2008 or such later date as the parties may agree in writing.
12. **Exchange Rate:** If, due to exchange rate changes, the amount of Borrowings outstanding under the DIP Facility, when converted to Canadian Dollars, exceeds the amount available under the DIP Facility at any time, the Borrower shall forthwith repay, outstanding Borrowings to the extent of such excess.
13. **Evidence of Indebtedness:** The Lender shall open and maintain accounts and records evidencing the Borrowings by the Borrower under and in connection with this Agreement. All loan advances made by the Lender under the DIP Facility shall be credited to the applicable bank account of the Borrower maintained with the Lender. The Lender shall record the principal amount of such Borrowings, the payment of principal and interest, and all other amounts becoming due to the Lender. The Lender's accounts and records shall constitute, in the absence of manifest error, *prima facie* evidence of the amount of the indebtedness owing by the Borrower to Lender under and in connection with this Agreement. The Borrower authorizes and directs the Lender to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable by the Borrower to the Lender hereunder including, but not limited to, on account of principal, interest, fees or any other charges payable by the Borrower. This provision shall be construed as a separate contract between the parties, independent of all other provisions of this Agreement and shall remain in full force and effect notwithstanding that this Agreement shall have otherwise ceased to have any force or effect.
14. **Increased Costs:** The Borrower shall reimburse or compensate the Lender for any increase in cost to the Lender or any reduction in income or effective return to the Lender in respect of the DIP Facility or the Documents, resulting from an imposition of or change in any condition or requirement (whether or not having the force of law) of any government, governmental agency or body, tribunal or regulatory authority including, without limitation, an imposition of or change in any tax payable by the Lender (other than a tax on the overall net income of the Lender) or any reserve, liquidity, cash margin, special deposit or capital adequacy or additional capital requirement applicable to the Lender. If and whenever at any time or from time to time the Lender determines that it is entitled to be reimbursed or compensated hereunder, the Lender will so notify the Borrower and will provide to the Borrower a statement in writing setting forth the amount of such compensation or reimbursement and the calculation thereof (which may include the use of reasonable averages and allocations) which shall be, in the absence of manifest error, conclusive evidence of the amount of such reimbursement or compensation required to be paid hereunder.
15. **Representations and Warranties:** The Borrower for itself and on behalf of each Guarantor, as applicable, represents and warrants to the Lender, which representations and warranties are repeated, *mutatis mutandis*, with each Borrowing, that:

- (a) it (i) is a duly organized and validly existing corporation under the laws of the jurisdiction of its incorporation or amalgamation, (ii) has the power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage, and (iii) is duly qualified as a foreign corporation or an extra-provincial corporation and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such qualification;
- (b) it has the corporate power to execute and deliver each Document and to perform its obligations under each Document and it has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of such Documents. It has duly executed and delivered each of the Documents, and each Document constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, subject to (i) applicable bankruptcy, reorganization, moratorium or similar laws of general application affecting creditors' rights generally, (ii) the fact that specific performance and injunctive relief may only be given at the discretion of the courts, and (iii) the equitable or statutory powers of the courts to stay proceedings before them and to stay the execution of judgments;
- (c) neither the execution, delivery or performance by it of the Documents, nor compliance by it with the provisions thereof, (i) will contravene any applicable law or (ii) will violate any provision of its constating documents;
- (d) all factual information heretofore or contemporaneously furnished by or on behalf of it in writing to the Lender (including, without limitation, all information contained in the Documents) for purposes of or in connection with this Agreement or any transaction contemplated herein, is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided;
- (e) it has no subsidiaries other than those shown on Schedule "B" and each of such subsidiaries is wholly owned by its corporate parent shown in Schedule "B";
- (f) to the best of its knowledge without undertaking any environmental investigations, it is in compliance, in all material respects, with all applicable law, including all environmental laws and regulations, and it has not received from any governmental authority notice of any non-compliance with any environmental law or regulation;
- (g) it maintains insurance on its properties and assets and for the operation of its businesses in such amounts and against such risks as would be customarily obtained and maintained by a prudent owner of similar properties and assets operating a similar business, including appropriate liability insurance, business interruption insurance and third party liability insurance and all premiums and other sums of money payable for that purpose have been paid;

- (h) all of the tangible Collateral of each Person listed in Schedule "C" is located at the locations identified in Schedule "C" or is in transit to or from such locations;
 - (i) each of the following is a wholly-owned subsidiary of Winnach Canada Ltd. and does not carry on business or have any material assets:
 - (i) Southern Wire Products Limited;
 - (ii) St. Clair Forms Inc.; and
 - (iii) Centroy Assembly Ltd.; and
 - (j) all representations and warranties made by it in the Documents other than this Agreement are true and correct in all material respects as of the time as of which such representations and warranties were made.
16. **Positive Covenants:** The Borrower agrees with the Lender that it will, and it will cause each of the Guarantors, as applicable, to:
- (a) pay all sums of money when due under or in connection with this Agreement or any of the Documents;
 - (b) maintain its corporate existence and status;
 - (c) provide the Lender with the following:
 - (i) by August 12, 2008, the Applicants' Cash Flow Projections and a budget, in each case, for the period commencing August 1, 2008 to October 31, 2008;
 - (ii) weekly, on Tuesday of each week a report by the Borrower on a consolidated basis with respect to the then immediately preceding week containing:
 - A. a report of the actual amounts referred to in the Cash Flow Projections and estimated margin projections (based on the margins referred to in the Senior Credit Agreement);
 - B. revised Cash Flow Projections (amended to reflect all Accommodation Agreements then obtained), revised estimated margin projections and a revised projected consolidated balance sheet and revised projected consolidated income statement with respect to the Borrower and the Guarantors, if appropriate or if required by the Lender;
 - C. a detailed variance analysis describing and explaining all material differences between actual performance and such projections previously delivered;

- D. a status report with respect to all transactions with the Borrower's customers pursuant to the Accommodation Agreements; and
- E. a status report with respect to the Applicants' restructuring efforts and the marketing and sales process approved by the Initial Order and with respect to the sale of the Applicants' assets,

certified by the Borrower to be complete and accurate and certified by the Monitor to be reasonable based on the Monitor's review of such report and documents and the Applicants' financial information and discussions with the Applicants;

- (iii) monthly, within 30 days after each financial month end of the Borrower, a detailed list of aged accounts receivable (segregating any insured and uninsured receivables) and payables of the Borrower and of each Guarantor, an inventory report by the Borrower in respect of the inventory of the Borrower and of each Guarantor, a prior claims declaration signed by the Borrower and confirming that all EDC guarantee fees (to the extent payable) and insurance premiums have been paid to date;
- (iv) to the extent required by the Lender, all other information and reports required by the Senior Credit Agreement;
- (v) a copy of any notice that it is required to give to any Person (including, without limitation, any landlord) pursuant to any CCAA Order at the same time any such notice is required to be given to such Person;
- (vi) a copy of all applications, motions, pleadings, judicial information, financial information and other documents filed by or on behalf of the Applicants or the Monitor with the Court and such other reports and information respecting the business, financial condition or prospects of any Applicant as the Lender may, from time to time, reasonably request;
- (vii) advance notice, explanations and copies of draft court documents in respect of any application, motion or other contemplated actions or steps made or taken by the Applicants in the CCAA Proceedings; and
- (viii) such other information and reports as the Lender may request from time to time;
- (d) notify the Lender promptly of any change in the representation or information provided under Section 15(e) or (h);
- (e) give the Lender prompt notice of any Default or Event of Default;
- (f) insure and keep insured all properties customarily insured by companies carrying on a similar business in similar locations, or owning or operating similar

properties, against all risks, including but not limited to business interruption insurance;

- (g) file all material income tax returns which are or will be required to be filed, to pay or make provision for payment of all material taxes (including interest and penalties) which are or will become due and payable and to provide adequate reserves for the payment of any tax the payment of which is being contested;
- (h) cause its properties and assets to be maintained and operated in good working condition in accordance with industry practice, and permit the Lender or its agents and advisors to enter on and inspect each of its assets and properties, including all manufacturing and warehousing facilities as the Lender may require. For greater certainty, the Borrower shall provide and shall cause each Guarantor to provide the Lender and its Agents and advisors during normal business hours with free and unfettered access to the Borrower's and such Guarantor's facilities, management, advisors, personnel and accountants, together with copies of all documents that the Lender may request, including business plans, financial statements (actual and pro forma), books, records and other documents;
- (i) comply, in all material respects, with all applicable laws and all government approvals required in respect of its business, properties, assets, or any activities or operations carried out thereon including health, safety and employment standards, labour codes and environmental laws;
- (j) deliver to the Lender on or before September 3, 2008 the Accommodation Agreements and the Applicants' report of their restructuring efforts to that date;
- (k) at the Lender's request from time to time use its commercially reasonable efforts to negotiate and enter into agreements, in form and substance satisfactory to the Lender, with the Borrower's customers (other than those which have then signed an Accommodation Agreement) providing for *inter alia* the acknowledgement of amounts owing, the payment of receivables, agreement not to assert set-offs and other matters required by the Lender; and
- (l) terminate, on or before the Termination Date, any foreign exchange forward contracts with the Lender.

17. **Negative Covenants:** The Borrower shall not, without the Lender's prior written consent, and shall not permit any Guarantor to, without the Lender's prior written consent:

- (a) make any disbursement (including any loan to any other Applicant) unless it is approved in advance by the Monitor;
- (b) make any capital expenditures except those required for the purpose of maintaining plant and equipment;

- (c) pay any indebtedness or liabilities which arose prior to the issue of the Initial Order except to the extent required by the Initial Order or any subsequent CCAA Order;
- (d) do anything which adversely affects the ranking of its Obligations to the Lender hereunder (other than the granting of Permitted Priority Liens) or its obligations to the Lender under the Senior Credit Agreement (other than the granting of Permitted Liens);
- (e) grant, create, assume or suffer to exist any Lien (other than Permitted Liens) affecting any of its properties, assets or rights;
- (f) sell, transfer, convey, lease or otherwise dispose of any part of its property or assets, other than in the ordinary course of its business;
- (g) issue any additional shares from treasury or to cause any of its subsidiaries to issue any shares from their respective treasuries;
- (h) change its name, re-organize, liquidate, dissolve or merge, amalgamate or consolidate with any other Person;
- (i) enter into any sale and leaseback transaction;
- (j) subject to subsection (a), make or grant any loan to, investment in or guarantee of any Person;
- (k) pay to any director, officer or employee of the Borrower or a Guarantor any amount except for amounts payable in the ordinary course at the rate and in the same amount as was paid prior to issuance of the Initial Order;
- (l) enter into any management agreements, service agreements or other transactions with affiliates or their officers, directors or employees; or
- (m) pay, approve for payment or take steps to cause the payment of any dividends, other distributions to equity holders, payments in respect of subordinated debt, payment of management fees to affiliates or share redemptions.

18. Events of Default: The occurrence of any one or more of the following events shall constitute an Event of Default:

- (a) the non-payment when due of principal, interest, fees, or any other amount owing under this Agreement or any of the Documents;
- (b) the breach by the Borrower or any Guarantor of any of its obligations or covenants under this Agreement or any of the Documents;
- (c) if any representation or warranty made herein or in any Document, agreement or certificate delivered pursuant hereto is false or inaccurate in any material respect;

- (d) the filing of a notice of motion for leave to appeal or notice of appeal in respect of the Initial Order;
 - (e) the appointment of a receiver, interim receiver, receiver and manager, liquidator, administrator, assignee, custodian, sequestrator, or trustee in bankruptcy of the Borrower or any Guarantor;
 - (f) the termination of the CCAA Proceedings, the termination of the stay issued thereunder or the granting of relief from such stay in favour of any Person except as agreed by the Lender;
 - (g) a Court order is made, a liability arises or an event occurs that will, in the Lender's sole and absolute judgment, materially further impair the Borrower's or any Guarantor's financial condition, operations, or ability to comply with its obligations under this Agreement, the Documents or any CCAA Order (an "Adverse Event");
 - (h) any violation or breach of any provision of any CCAA Order;
 - (i) a material adverse change occurs after the issuance of the Initial Order in the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower or any of the Guarantors;
 - (j) any order of the Court (whether or not relating to the DIP Facility or the Senior Credit Facility) is made which, in the Lender's judgment, prejudices in any manner the Lender's position or, without limiting the generality of the foregoing, any order of the Court is made, which could, in the Lender's judgment, adversely affect the DIP Facility or the Senior Credit Facility or the Lender's rights, remedies, Liens, priorities, benefits or protections under any or all of any Court order, the DIP Facility, the Senior Credit Facility or any security held by the Lender;
 - (k) any event of default occurs under any agreement by an Applicant with a creditor where such creditor was granted status as an unaffected creditor in any such plan or in the CCAA Proceedings;
 - (l) any Lien in favour of any creditor of an Applicant is enforced against any material asset or property of the Applicant; or
 - (m) the Lender does not receive, on or before the applicable date referred to in section 23, any report or document referred to in section 23, with the Monitor's comments and certification with respect thereto referred to in section 23.
19. **Remedies:** Upon the occurrence of a Default, the Lender may, on notice to the Borrower, cease making any advances under the DIP Facility. Upon the occurrence of an Event of Default, the Lender may, by notice to the Borrower, do any one or more of the following: (i) declare that the commitment under the DIP Facility has expired and that the Lender's obligation to make any advances or other Borrowing has terminated whereupon

the Lender's obligation to make any advances or other Borrowing shall terminate; (ii) declare the entire amount of the Obligations to be immediately due and payable, without the necessity of presentment for payment, notice of non-payment or notice of protest (all of which are hereby expressly waived), whereupon all Obligations shall become due and payable by the Borrower; (iii) set off or combine any amounts then owing by the Lender to one or more of the Borrower or the Guarantors against the obligations of any or all of the Borrower and the Guarantors to the Lender; (iv) subject to applicable provisions of the CCAA Orders, exercise any and all rights and remedies hereunder or under any other Document, the Senior Credit Agreement or any security delivered in connection with the Senior Credit Agreement; (v) apply to the Court for an order for the appointment of a receiver, receiver and manager, interim receiver or interim receiver and manager of all or a portion of the Collateral either on a "shut down" liquidation basis or on a going concern basis, in the sole and unfettered discretion of the Lender; or (vi) apply to the Court for an order, on terms satisfactory to the Monitor and the Lender, providing the Monitor with the power, in the name of and on behalf of the Applicants, to take all necessary steps in the CCAA Proceedings.

20. **Security:** To secure all existing and future obligations of the Applicants under or in connection with the DIP Facility, the Lender will, through and effective upon the granting of the Initial Order, be granted and receive a fully perfected first priority security interest (the "DIP Charge") subordinate only to the Permitted Priority Liens in all of the existing and after-acquired real and personal, tangible and intangible, property of the Applicants (and of any of them) including, without limitation, all their respective cash, cash equivalents, bank accounts, accounts, chattel paper, contract rights, inventory, instruments, documents, securities (whether or not marketable), equipment, fixtures, real property interests, patents, tradenames, trademarks, copyrights, industrial designs, intangibles, commercial tort claims, causes of action, the issued and outstanding capital stock of each subsidiary and affiliate of each Applicant and all substitutions, accessions and proceeds of all of the foregoing, wherever located, including insurance or other proceeds. In addition, the Borrower shall cause each Guarantor to deliver to the Lender, in form and substance satisfactory to the Lender, a guarantee of payment and performance of all Obligations and all security agreements, debentures, delivery agreements and other security required by the Lender to provide to the Lender a fully perfected first priority security interest in, and charge of all its existing and after-acquired assets and undertaking subject only to any applicable Permitted Priority Liens. The Borrower shall cause to be delivered to the Lender all officers' certificates, directors' resolutions, certificates, legal opinions and other documents required by the Lender with respect thereto with respect to all Guarantors which are not Applicants.
21. **Permitted Liens:** All Collateral shall at all times be free and clear of all Liens except for Permitted Liens.
22. **Priority of DIP Charge and Permitted Priority Liens:** The DIP Charge shall rank as a first charge of all Collateral of the Applicants in priority to all other Liens except for Permitted Priority Liens.

23. **Monitor:** The Applicants shall request the Monitor to review each report and document referred to in subsection 16(c)(i), to provide to the Lender, no later than the first Business Day of each week in respect of the then previous week, its comments thereon and to certify that, based on its review of such report and documents and the Applicants' financial information and its discussions with the Applicants, the contents of such report and documents are reasonable.
24. **Conditions Precedent to Initial Borrowing:** The Lender shall have no obligation to advance any amount until satisfaction of the following conditions precedent:
- (a) the Initial Order shall have been made by the Court and shall be satisfactory to the Lender in its sole and unfettered discretion and, without limiting the generality of the forgoing, shall include the following provisions:
 - (i) approval of the DIP Facility and this Agreement;
 - (ii) creation of the DIP Charge subject only to Permitted Priority Liens;
 - (iii) the Lender (in respect of the DIP Facility and in respect of the Senior Credit Agreement) shall be treated as an "unaffected creditor" in the CCAA Proceedings and in any plan of compromise, arrangement or reorganization filed pursuant thereto (except that, for greater certainty the Lender shall be subject to the stay contained in the Initial Order); and
 - (iv) all claims against the Applicants of every nature and kind whatsoever shall be stayed by the Initial Order, except to the extent expressly agreed by the Lender;
 - (b) receipt by the Lender of this Agreement and all other Documents duly executed by all of the parties thereto;
 - (c) receipt by the Lender of timely notice as may be required by any provision of this Agreement in connection with any action to be taken hereunder;
 - (d) receipt by the Lender of such other documents and information as it may reasonably request (including, without limitation, prior to the issue of any Letter of Credit as part of the DIP Facility, an application and indemnity agreement by the Borrower, in form and substance satisfactory to the Lender, in respect of such Letter of Credit);
 - (e) all fees payable in accordance with this Agreement shall have been paid to the Lender; and
 - (f) no material adverse change in the financial condition, ownership, operation or prospects of the Borrower or of any Guarantor shall have occurred after the date of the issue of the Initial Order.

25. **Conditions Precedent to All Borrowings:** The obligation of the Lender to make available any Borrowing (including any subsequent Borrowing after the conditions in section 24 have been satisfied) is subject to and conditional on each of the conditions below being satisfied on or before the applicable Borrowing Date:

- (a) the Borrower shall have provided any notice required in respect of the Borrowing;
- (b) the actual amount of the total disbursements made by the Applicants during any week after the issue of the Initial Order is not greater than 110% of the projected amount of the total disbursements shown for such week on the Cash Flow Projections;
- (c) the representations and warranties contained in section 15 shall be true and correct on each Borrowing Date, as if made on that date;
- (d) to the extent required by the Lender, receipt by the Lender of an agreement by EDC, in form and substance satisfactory to the Lender, with respect to EDC guarantees or insurance provided to the Borrower;
- (e) all orders of the Court, including the Initial Order, all other orders in connection with the CCAA Proceedings and all motions initiated by the Applicants thereunder and relating thereto, shall be in form and substance satisfactory to the Lender and, without limiting the foregoing, no amendment of or modification to the provisions of the Initial Order or any such other order shall have been made without the prior approval of the Lender. The Applicants shall have given the Lender advance notice of any contemplated motions and shall have obtained the consent and approval of the Lender to any such motions in advance;
- (f) no demand by the Lender for repayment of the DIP Facility shall have been made;
- (g) no Default or Event of Default shall exist;
- (h) the Termination Date has not occurred;
- (i) if requested by the Lender, receipt by the Lender of an agreement, in form and substance satisfactory to the Lender, between the Borrower and the Lender amending the Senior Credit Agreement to *inter alia* acknowledge the amount of the indebtedness owing by the Borrower to the Lender, acknowledge the occurrence of defaults, fix the Applicable Margin (as defined therein), terminate the Lender's obligation to make any further advance thereunder and, on their respective maturities, convert all Cost of Funds Loans and bankers' acceptances thereunder to Canadian Prime Rate Loans (as defined therein);
- (j) if required by the Bank, receipt by the Lender of a certificate of each Guarantor dated currently certifying that its constating documents and the by-laws, which shall be attached thereto, are complete and correct copies and are in full force and effect, and that all resolutions and all other authorizations necessary to authorize the execution and delivery of and the performance by it of its obligations under

this Agreement and the other Documents to which it is a party and all the transactions contemplated thereby have been obtained; and

- (k) if required by the Bank, receipt by the Lender of opinions of counsel to each Guarantor, addressed to the Lender and counsel to the Lender with respect to, *inter alia*, the existence of such Guarantor and the due authorization, execution, delivery and enforceability of the Documents executed by such Guarantor.
- 26. **Waiver of a Condition Precedent:** The conditions referred to in sections 24 and 25 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part, with or without terms or conditions, in respect of all or any portion of the Borrowings, without affecting the right of the Lender to assert terms and conditions in whole or in part in respect of any other Borrowings.
- 27. **Letter of Credit Notice Requirements:** The Borrower shall deliver to the Lender, at least two Business Days before the issue of any Letter of Credit, a written request for such Letter of Credit and all information required by the Lender with respect thereto.
- 28. **Letters of Credit Indemnity:** The Borrower shall pay to, indemnify and save harmless the Lender from and against any and all amounts, liabilities and expenses paid, incurred or suffered by the Lender pursuant to or as a result of the issue of a Letter of Credit or any draw or draws made under such Letter of Credit, and such liability and obligations of the Borrower shall be unconditional and irrevocable regardless of any claim, set-off, defence or other right which the Borrower may have at any time against a beneficiary or a transferee of any Letter of Credit.
- 29. **General Indemnity and Limitation of Liability:** Regardless of whether any principal amount of the DIP Facility is advanced, the Borrower agrees to indemnify and hold the Lender, its affiliates, and the directors, officers, employees, and representatives of any of them (each, an "Indemnified Person"), harmless from and against all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including, but not limited to, legal costs) of any kind which may be incurred by, or asserted against, any such person in connection with, or arising out of, this Agreement, any of the Documents, the DIP Facility, or any commitment relating thereto, any other related financing, documentation, disputes or environmental liabilities, or any related investigation, litigation, or proceeding. Under no circumstances shall the Lender or any of its affiliates be liable for any punitive, exemplary, consequential or indirect damages which may be alleged to result in connection with this Agreement, the DIP Facility, or any commitment relating thereto, any document related thereto, or any other financing, regardless of whether any principal amount of the DIP Facility is advanced.
- 30. **Whole Agreement:** This Agreement, the Documents and any agreements delivered pursuant to or referenced herein and therein, constitute the whole and entire agreement among the parties. No amendment or waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the parties hereto.

31. **Expenses:** All fees (including, but not limited to, all fees of the Lender's counsel on a solicitor and client basis), costs and expenses incurred by the Lender in connection with the preparation, negotiation, documentation and enforcement of the DIP Facility, this Agreement and Documents are for the account of and shall be paid by the Borrower on demand by the Lender for payment. Regardless of whether any amount of the DIP Facility is advanced, the Borrower agrees to pay to the Lender, on demand by the Lender, all out-of-pocket expenses (including all legal, and consulting fees and expenses) incurred by the Lender in connection with the Borrower, the DIP Facility, this Agreement or the Documents and whether or not incurred before, on or after the date of the Initial Order.
32. **Currency Conversion:** If, for the purpose of obtaining judgment in any court, determining the amount outstanding under any of the Documents or for any other purpose, it is necessary to convert an amount in one currency (the "Original Currency") to another currency (the "Second Currency"), the Equivalent Amount of the Second Currency shall be used. If the conversion relates to a judgment, the conversion shall be performed as of the date two Business Days preceding that on which judgment is given. For all other purposes, the conversion shall be performed as of the date and time of determination. The Borrower agrees that any obligations in respect of any Original Currency due from it to the Lender shall, notwithstanding any judgment or payment in any Second Currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due in the Second Currency, the Lender may, in accordance with its normal banking procedures, purchase, in the Toronto foreign exchange market, the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount of the Original Currency due to the Lender, the Borrower agrees, as a separate obligation and notwithstanding any such payment or judgment, to pay the Lender the amount of the Second Currency required to purchase the amount of the Original Currency necessary to make up such difference on such date together with interest (at Prime per annum) and expenses (including legal fees on a solicitor and client basis) from such date to the date of payment.
33. **No Further Extensions of Credit:** The Borrower shall not be entitled to any extension of credit under the Senior Credit Facility on or after August 1, 2008 and 383301 Ontario Limited shall not be entitled to any extension of credit on or after August 1, 2008.
34. **Assignment and Participation:** This Agreement shall be binding on and enure to the benefit of the Lender and the Borrower and their respective successors and permitted assigns. The Lender may syndicate, sell, assign, transfer or participate its rights, benefits and obligations under the Documents to any other Person (the "Assignee"). After any such syndication, sale, assignment, transfer or participation, the term "Lender" as used in this Agreement shall be deemed to include or be, as applicable, the Assignee to the extent of its interest.
35. **References.** Time shall be of the essence in all provisions of this Agreement. Unless otherwise expressly provided, all accounting terms used in this Agreement shall be interpreted, all financial information shall be prepared and all financial calculations shall

be made in accordance with GAAP, consistently applied. The division of this Agreement into sections, the insertion of headings and the provision of any table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. Unless otherwise specified, references in this Agreement to Sections and Schedules are to sections, and schedules of this Agreement.

36. **Severability:** If any provision of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction and it shall not invalidate, affect or impair any of the remaining provisions of this Agreement. This Agreement and the Documents may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute, as applicable, one and the same instrument.
37. **Governing Law and Attornment:** This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and of Canada applicable therein and the parties attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

WINDSOR MACHINE & STAMPING LIMITED

By: 
 Name: Lionel J. Peltier
 Title: President

By: _____
 Name: _____
 Title: _____

BANK OF MONTREAL

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TO: **BANK OF MONTREAL**

AGREEMENT BY GUARANTORS

Each of the undersigned Guarantors consents to the foregoing and agrees to deliver to the Lender all guarantees, security and other documents to be provided by it pursuant to the foregoing agreement.

DATED as of the 5th day of August, 2008.

LIPEL INVESTMENTS LTD.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

WMSL HOLDINGS LTD.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

442260 ONTARIO LTD.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

WINMACH CANADA LTD.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

PRODUCTION MACHINE SERVICES LTD.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

538185 ONTARIO LTD. (ELLIS TOOL)

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

SOUTHERN WIRE PRODUCTS LIMITED

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

PELLUS MANUFACTURING LTD.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

TILBURY ASSEMBLY LTD.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

ST. CLAIR FORMS INC.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

CENTROY ASSEMBLY LTD.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

PIONEER POLYMERS INC.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

G&R COLD FORGING INC.

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

WINDSOR MACHINE DE MEXICO

By: _____

Name: _____

Title: _____

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

WINMACH, INC.

By: 

Name:

Title:

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

WINDSOR MACHINE PRODUCTS, INC.

By: 

Name:

Title:

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

WAYNE MANUFACTURING, INC.

By: 

Name:

Title:

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

383301 ONTARIO LIMITED

By: 

Name:

Title:

*Lionel Peltier
President*

By: _____

Name: _____

Title: _____

SCHEDULE "A"

DEFINITIONS

"Accommodation Agreement Date" means the date on which the Lender receives copies of the fully executed Accommodation Agreements in form and substance satisfactory to the Lender and such Accommodation Agreements have been approved by the Court.

"Accommodation Agreements" means agreements among the Borrower, the Lender, and each of Ford Motor Company, Lear Corporation, Magna Group, Flexible Rubber Products Inc. and JCI-Johnson Controls (and their applicable affiliates), respectively, with respect to *inter alia* the continuing supply of tooling and inventory by the Borrower to them, the payment by them of amounts owing by them to the Borrower, restrictions on set-offs which may be claimed by them and such other matters as may be required by the Lender.

"Adverse Event" has the meaning assigned to it by subsection 18(g).

"Aggregate DIP Commitment" means:

- (a) prior to the Accommodation Agreement Date, Cdn. \$1,000,000; or
- (b) on and after the Accommodation Agreement Date, Cdn. \$2,000,000,

subject to any reductions effected from time to time pursuant to this Agreement.

"BA Rate" means the rate per annum quoted from time to time by the Lender as being its reference rate then in effect for determining the bankers' acceptance discount rate and fees payable to the Lender with respect to Canadian Dollar denominated bills of exchange accepted by the Lender.

"Borrowing Date" means the date on which a Borrowing is made.

"Business Day" means a day, other than Saturday, Sunday or a statutory holiday in Ontario, on which the Lender is open for normal banking business.

"CCAA" means the Companies' Creditors Arrangement Act (Canada).

"CCAA Order" means any order made by the Court in the CCAA Proceedings.

"CCAA Proceedings" means the proceedings before the Court initiated by the Applicants under the CCAA.

"Canadian Dollars" and the symbols "Cdn\$" and "\$" each means lawful money of Canada.

"Cash Flow Projections" mean the cash flow projections of the Applicants and any amendments thereto provided the Lender consents to such amendments in writing.

"Collateral" means all existing and after-acquired assets and undertaking of the Borrower and of any of the Guarantors.

"Obligations" means all present and future indebtedness, liability and obligations now or hereafter owing by the Borrower to the Lender including, without limitation, all loans, advances, (including Borrowings) and obligations for the performance of covenants, tasks or duties or for the payment of monetary amounts (whether or not performance is then required or contingent, or whether or not those amounts are liquidated or determinable) owing to the Lender under any or all of the Documents and all covenants and duties regarding those amounts, of any kind or nature, present or future, whether or not evidenced by any agreement or other instrument, owing under any or all of the Documents including all obligations owed under or in connection with the DIP Facility.

"Permitted Liens" mean Permitted Priority Liens, other Liens created by the Initial Order, and Liens existing prior to the date of the Initial Order and consented to or agreed to by the Lender in the Senior Credit Agreement or otherwise.

"Permitted Priority Liens" means and is restricted to:

- (a) an administration charge in the maximum total amount of \$750,000 to secure payment of the fees and expenses of the Monitor, the fees and expenses of the Monitor's legal counsel and the fees and expenses of the Applicants' legal counsel; and
- (d) statutory liens in respect of Collateral or an Applicant that arise by operation of law (but not as a consequence of a default by an Applicant to pay or perform an obligation) without the grant of any security interest by such Applicant and that are, by statute, given priority over the DIP Charge.

"Person" means any natural person, sole proprietorship, partnership, syndicate, trust, joint venture, governmental authority or any incorporated or unincorporated entity or association of any nature.

"Prime" means, on any day, the greater of:

- (a) the annual rate of interest announced by the Lender from time to time as being its reference rate then in effect for determining interest rates on Canadian Dollar commercial loans made by the Lender in Canada; and
- (b) the rate of interest established by the Lender as its 30 day BA Rate applicable on such day plus 100 basis points.

"Senior Credit Agreement" means the Second Amended and Restated Credit Agreement dated as of July 31, 2005 between the Borrower and the Lender, as amended.

"Senior Credit Facility" means the credit facilities provided by the Lender to the Borrower pursuant to Senior Credit Agreement.

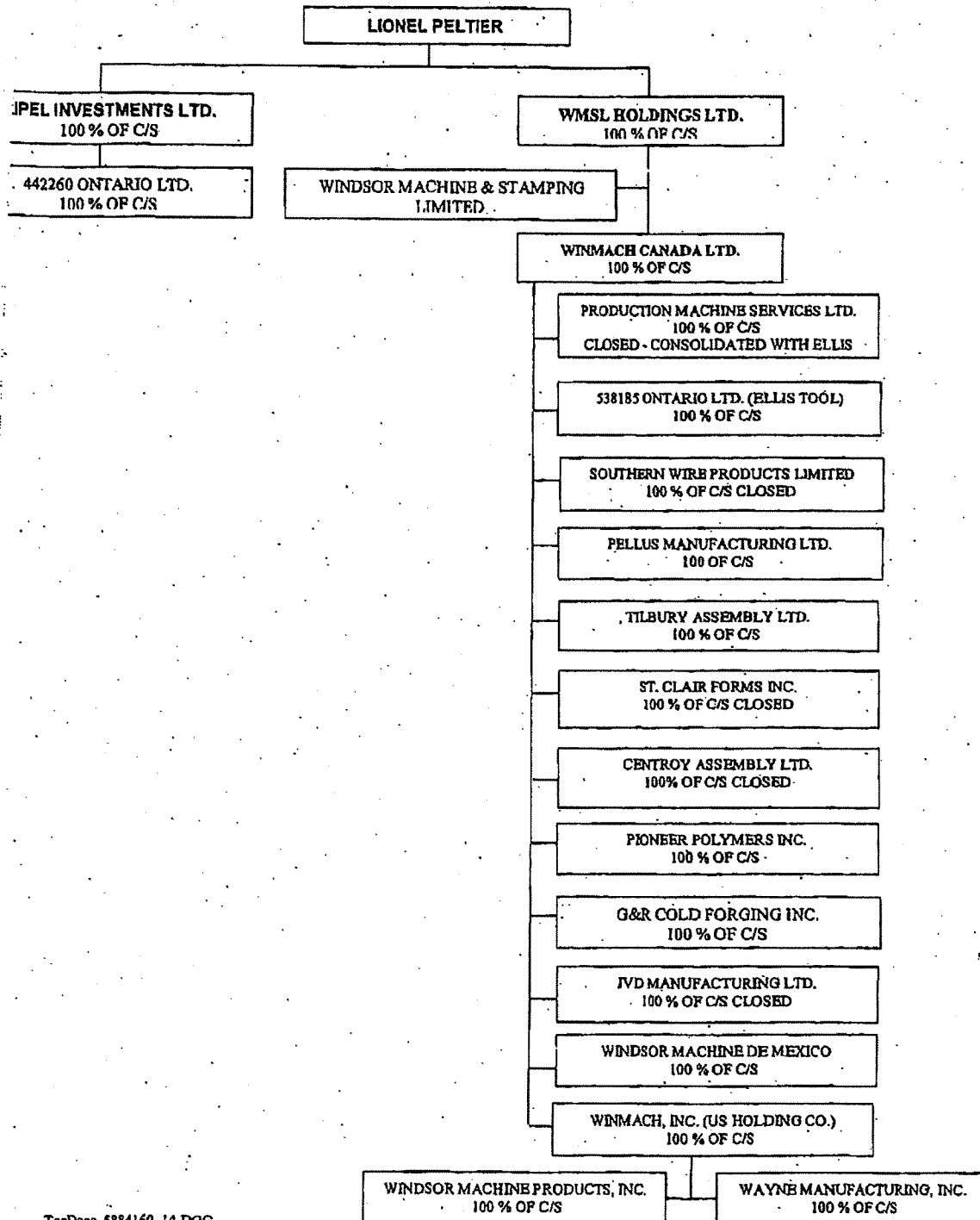
"Termination Date" has the meaning set out in section 11.

"US Base Rate" means, on any day, the greater of:

- (a) the annual rate of interest announced by the Lender from time to time as being its reference rate then in effect for determining interest rates on US Dollar commercial loans made by the Lender in Canada; and
- (b) the Federal Funds Effective Rate in effect from time to time (multiplied by 365/360 if the rate is calculated on the basis of a 360 day year) plus 100 basis points per annum.

"US Dollars" and **"US\$"** each means lawful money of the United States of America.

SCHEDULE "B"
THE APPLICANTS AND THEIR SUBSIDIARIES
WINDSOR MACHINE GROUP
CORPORATE OWNERSHIP STRUCTURE
EFFECTIVE APRIL 30, 2008



SCHEDULE "C"**LOCATIONS**

<u>Name</u>	<u>Locations</u>
Windsor Machine & Stamping Limited Lipel Investments Ltd. 442260 Ontario Ltd. 383301 Ontario Ltd. WMSL Holdings Ltd. Winnach Canada Ltd.	5725 Outer Drive, Tecumseh, Ontario
538185 Ontario Ltd. (Ellis Tool) Production Machine Services Ltd.	5475 Outer Drive, Tecumseh, Ontario
Pellus Manufacturing Ltd.	7025, 7035 and 7045 Industrial Drive, Comber, Ontario
Tilburg Assembly Ltd.	147 Queen St. North, Tilbury, Ontario
G & R Cold Forging Inc.	7072 and 7084 Smith Industrial Drive, McGregor, Ontario
Windsor Machine Products, Inc. Wayne Manufacturing, Inc.	26655 Northline Road, Taylor, Michigan
Pioneer Polymers Inc.	14 Industrial Park Drive, Tilbury, Ontario
Windsor Machine de Mexico	Bld. Fundadores 7276-6 Parque Industrial Cormoran, San Jose de los Cerritos, Saltillo, Coahuila, Mexico

SCHEDULE "D"

LIST OF OTHER APPLICANTS AND GUARANTORS

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing Inc.

383301 Ontario Limited

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

Court File No: CV-08-7672-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto


AFFIDAVIT

DUCHARME FOX LLP
800 University Avenue West
Windsor, Ontario N9A 5R9
Gerrald E. Skillings LSCU# 21457T
Tel: 519-259-1805
Fax: 519-259-1835

MILLER THOMSON LLP
Scotia Plaza,
40 King Street West, Suite 5800
Toronto, ON M5H 3S1
Joseph Marin LSUC# 16957R
Tel: 416-595-8579
Fax: 416-595-8695

Solicitors for the Applicants

Exhibit "B" to the Affidavit of Lionel J. Peltier sworn before me this
27th day of August, 2008.

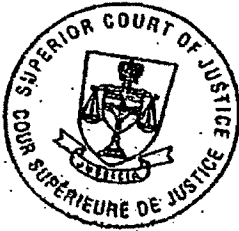

A Commissioner, etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEDNESDAY, THE 6TH
)
JUSTICE HOY) DAY OF AUGUST, 2008

**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 WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**



INITIAL ORDER

THIS APPLICATION, made by Windsor Machine & Stamping Limited and the corporations listed in Schedule "A" (collectively, the "Companies" and individually, a "Company"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Lionel Peltier sworn August 6, 2008 (the "Affidavit") and the Exhibits thereto and on hearing the submissions of counsel for the Companies, counsel for Bank of Montreal, and counsel for RSM Richter Inc. in its capacity as proposed monitor, and on reading the consent of RSM Richter Inc. to act as the Monitor (the "Monitor"),

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Companies are companies to which the CCAA applies.

FURTHER HEARING

3. THIS COURT ORDERS that a further hearing in this Application shall be held on September 4, 2008 or such alternate date as this Court may fix, at which time this Order may be supplemented or otherwise varied, and the Stay Period (as herein defined) extended or terminated. The Companies and the Monitor shall serve their materials for this further hearing on all parties who serve a Notice of Appearance on the Companies and the Monitor, such materials to be served by no later than five days prior to the date scheduled for the further hearing.

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Companies shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Companies shall continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property. The Companies are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order, provided the expense of all such Assistants is included in the cash flow projections prepared by the Companies.

5. THIS COURT ORDERS that each Company which uses the central cash management system currently in place with Bank of Montreal may continue to use it or replace it with another substantially similar central cash management system with Bank of Montreal (the "Cash Management System") and that Bank of Montreal shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other

action taken under the Cash Management System, or as to the use or application by any of the Companies of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Companies, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System after the date hereof, an unaffected creditor under any plan of compromise or arrangement among the Companies (or any one or more of them) and one or more classes of creditors (a "Plan") with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that all amounts deposited to the accounts of the Companies with Bank of Montreal after the effective date and time of this Order may be used by the Companies to pay expenses and other amounts to the extent permitted by this Order and the DIP Loan Agreement (as hereinafter defined) by drawing on funds in such accounts.

7. THIS COURT ORDERS that the Companies shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, regularly scheduled contributions that are due or that become due to any registered pension plan, vacation pay and employee reimbursement expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the reasonable fees and disbursements of any Assistants retained or employed by the Companies in respect of these proceedings, at their standard rates.

8. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Companies shall be entitled but not required to pay all reasonable expenses incurred by the Companies in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services;
- (b) payment of current rent for the use of machinery and equipment pursuant to true operating leases but not under leases that are security agreements; and
- (c) payment for goods or services actually supplied to the Companies following August 1, 2008, the date on which certain of the Companies filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA").

9. THIS COURT ORDERS that the Companies shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Companies in connection with the sale of goods and services by the Companies, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Companies.

10. THIS COURT ORDERS that, except as specifically permitted herein, each of the Companies is hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by such Company to any of its creditors as of August 1, 2008 (other than to Bank of Montreal pursuant to paragraphs 6) without the prior written consent of the Monitor and Bank of Montreal;
- (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property;
- (c) to not grant credit or incur liabilities except in the ordinary course of the Business; and
- (d) to not, without the prior written consent of the Monitor and Bank of Montreal, pay any amount to any entity related to or affiliated with such Company (except to any Company which is a party to these proceedings).

RESTRUCTURING

11. THIS COURT ORDERS that the Companies shall, subject to such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right, provided Bank of Montreal consents thereto in writing, to:

- (a) dispose of redundant or non-material assets (including real property) not exceeding \$600,000 in the aggregate, and the net proceeds of such dispositions shall be paid to Bank of Montreal to permanently reduce indebtedness owing by Windsor Machine & Stamping Limited to Bank of Montreal as at August 5, 2008; and
- (b) provided it has given not less than ten (10) days notice to affected parties, repudiate such of its arrangements or agreements of any nature whatsoever,

whether oral or written, as the Company deems appropriate on such terms as may be agreed upon between the Company and the applicable counterparties or, failing such agreement, to deal with the consequences thereof in the Plan.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

12. THIS COURT ORDERS that until and including September 4, 2008, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Companies or the Monitor, or affecting the Business or the Property, except with the written consent of the Companies and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Companies or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

13. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing collectively being "Persons" and each being a "Person") against or in respect of the Companies or the Monitor, or affecting the Business or the Property, or affecting any tooling or other equipment in the possession of a Company on the date of this Order, are hereby stayed and suspended except with the written consent of the Companies and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Companies to carry on any business which the Companies are not lawfully entitled to carry on; (ii) exempt the Companies from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

14. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Companies, except with the written consent of the Companies and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

15. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with any or all of the Companies or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, shipping services, custom brokerage services (or similar), tooling, utility or other services to the Business or any of the Companies, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Companies, and that the Companies shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Companies in accordance with normal payment practices of the Companies, or such other practices as may be agreed upon by the supplier or service provider and each of the Companies and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

16. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Companies shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Companies. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA provided however that any customer of the Companies (and Bank of Montreal shall not, for greater certainty, constitute a customer) who seeks to advance a claim of, or analogous to setoff or equitable setoff to seek to justify the non-payment of an existing or accruing debt to the Companies, shall advise the Companies and the Monitor in writing prior to doing so as to enable the Companies to seek to have the validity of the setoff adjudicated upon by this Honourable Court on an urgent basis if so advised.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

17. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of

the former, current or future directors or officers of the Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Companies whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the Companies or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

18. THIS COURT ORDERS that the Companies shall indemnify their directors and officers from all claims, costs, charges and expenses relating to any failure of the Companies to make payments of the nature referred to in subparagraphs 8(a), 10(a), 10(b) and 10(c) of this Order or which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Companies except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

19. THIS COURT ORDERS that the directors and officers of the Companies shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge:

- (a) with respect to payments of the nature referred to in subparagraphs 8(a) and 10(a) of this Order shall not exceed an aggregate amount of \$500,000; and
- (b) with respect to payments of any other nature referred to in paragraph 23 of this Order shall not exceed the aggregate amount of \$250,000,

as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 46 and 48 herein.

20. THIS COURT ORDERS that, notwithstanding any provision of any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Companies' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors'

and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

APPOINTMENT OF MONITOR

21. THIS COURT ORDERS that RSM Richter Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Companies' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Companies and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Companies pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

22. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Companies' receipts and disbursements and review and comment on variances from budget and cash flow projections;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Companies to the extent they require in their daily operating activities and to negotiate accommodation agreements with customers of the Companies;
- (d) assist the Companies, to the extent required by the Companies, in their dissemination to the DIP Lender (defined below) and its counsel on at least a weekly basis, of financial and other information as agreed to between the Companies and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (e) advise the Companies in their preparation of the Companies' cash flow statements and budgets and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a

periodic basis, but not less than at least a weekly basis, or as otherwise agreed to by the DIP Lender from time to time;

- (f) assist the Companies and the CRA with the Companies' restructuring activities and the development of a Plan and any amendments to a Plan;
- (g) have full and complete access to the books, records and management, employees and advisors of the Companies and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (h) report to the DIP Lender at such times and intervals as the DIP Lender may require, acting reasonably, with respect to any and all matters pertaining to the Companies, the Business, any Property, or any other matter required by the DIP Lender;
- (i) review all payments and disbursements to be made by a Company on or after the date of this Order before such payments and disbursements are made to ensure that they are in accordance and consistent with the cash flow statement and the reporting required by the DIP Lender;
- (j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

23. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or

collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. THIS COURT ORDERS THAT the Monitor shall provide any creditor of the Companies and the DIP Lender with information provided by a Company in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by a Company is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and such Company may agree.

26. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

PAYMENT OF FEES AND THE ADMINISTRATION CHARGE

27. THIS COURT ORDERS that the Monitor, the chief restructuring advisor (the "CRA") to the Companies referred to in paragraph 53 of this Order, counsel to the Monitor, counsel to Bank of Montreal and counsel retained by the Companies shall be paid their reasonable fees and disbursements (including, in the case of the Monitor and the CRA, their reasonable legal fees), in each case at their standard rates and charges related to the CCAA proceedings, including preparing therefor, and the accounts of the counsel to the Monitor and counsel to Bank of Montreal incurred prior to the date of this Order), by the Companies as part of the costs of these proceedings. The Companies are hereby authorized and directed to pay on a weekly basis the accounts of the Monitor, the CRA, counsel to the Monitor, counsel to Bank of Montreal and counsel retained by the Companies.

28. THIS COURT ORDERS that the Monitor and its legal counsel and the CRA and its legal counsel shall pass their accounts from time to time, and for this purpose, the accounts of the Monitor and its legal counsel and the CRA and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

29. THIS COURT ORDERS that the Monitor, the CRA, counsel to the Monitor, counsel to Bank of Montreal, counsel to the Companies and counsel to the CRA shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$750,000 as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor, such counsel and the CRA, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 46 and 48 hereof.

DIP FINANCING

30. THIS COURT ORDERS that the Companies are hereby authorized and empowered to obtain and borrow under a revolving credit facility (the "DIP Facility") from Bank of Montreal (the "DIP Lender") in order to finance the Companies' working capital requirements and other general corporate purposes and maintenance capital expenditures, provided that the total

principal amount owing under the DIP Facility shall not at any time exceed \$2,000,000, unless permitted by further Order of this Court.

31. THIS COURT ORDERS that the DIP Facility shall be on such terms and subject to such conditions as set forth in the DIP Loan Agreement dated as of August 5, 2008 among the Companies and the DIP Lender (as amended from time to time with the Monitor's consent, the "DIP Loan Agreement").

32. THIS COURT ORDERS AND DECLARES that all Property is hereby charged by:

- (a) a charge, mortgage, hypothec, lien and security interest; and
- (b) any charge, mortgage, hypothec, lien or security interest contemplated by the DIP Loan Agreement,

(the charges, mortgages, hypothecs, liens and security interests referred to in the foregoing paragraphs (a) and (b) being collectively referred to as the "DIP Lender's Charge") in favour of the DIP Lender, as security for payment of all present and future indebtedness, obligations and liabilities of the Companies (and of any one or more of them) to the DIP Lender pursuant to or in respect of the DIP Loan Agreement or any and all guarantees, security agreements, debentures and other agreements and documents (collectively, the "Definitive Documents") contemplated by or delivered to the DIP Lender pursuant to the DIP Loan Agreement or this Order. The DIP Lender's Charge shall not exceed the aggregate amount owed to the DIP Lender under the Definitive Documents. The DIP Lender's Charge shall have the priorities set out in paragraphs 46 and 48 hereof. Nothing in this Order shall prevent any existing guarantees or security previously granted by any Company to Bank of Montreal from guaranteeing or securing payment of the DIP Facility in accordance with the terms of such guarantee or security.

33. THIS COURT ORDERS that notwithstanding any other provision of this Order, the DIP Lender shall be permitted to exercise the following rights:

- (a) to take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of a Default (as defined by the DIP Loan Agreement) to refrain from extending any further credit pursuant to the DIP Loan Agreement;
- (c) upon the occurrence of an Event of Default (as defined by the DIP Loan Agreement) to:
 - (i) refrain from extending any further credit pursuant to the DIP Loan Agreement;
 - (ii) demand payment by Windsor Machine & Stamping Limited and any of the other Companies of all amounts then owing by them to the DIP Lender pursuant to or in respect of the DIP Loan Agreement or any of the Definitive Documents;
 - (iii) set off and combine any amounts then owing by the DIP Lender to one or more of the Companies against the obligations of any or all of the Companies to the DIP Lender;
 - (iv) subject to the further order of this Court, realize on the DIP Lender's Charge and any and all other security delivered by the Companies (or any of them) to the DIP Lender;
 - (v) subject to the further order of this Court, exercise any and all other rights and remedies of the DIP Lender against the Companies or their respective Property pursuant to the DIP Loan Agreement, the DIP Lender's Charge and the Definitive Documents;
 - (vi) apply to the Court for the appointment of a receiver, receiver and manager or interim receiver of all or any of the assets of the Companies; and

- (vii) seek the issue of a bankruptcy order against one or more of the Companies and the appointment of a trustee in bankruptcy of one or more of the Companies,

subject to the priorities set out in paragraph 46 of this Order. The foregoing rights and remedies shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of any or all of the Companies or of any or all of the Property.

34. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by any of the Companies under the CCAA or any proposal filed by the Companies under the BIA with respect to all indebtedness owing by the Companies to the DIP Lender pursuant to or in respect of the DIP Loan Agreement, the Definitive Documents or the DIP Lender's Charge.

35. THIS COURT ORDERS that, notwithstanding any other provision of this Order, each Company is hereby authorized and directed:

- (a) to execute and deliver such guarantees, mortgages, charges, hypothecs, security agreements, debentures and other agreements and documents as are contemplated by the DIP Loan Agreement or as may be reasonably required by the DIP Lender from time to pursuant to the terms thereof; and
- (b) to cause any and all of the direct and indirect subsidiaries of such Company, to the extent required by the DIP Lender, to execute and deliver to the DIP Lender, guarantees of payment of all present and future indebtedness and liability now or hereafter owing by the Companies (or by any one or more of them) to the DIP Lender pursuant to or with respect to the DIP Facility, charges of all their respective existing and after-acquired assets and undertaking as security for their respective guarantees, and all related documents required by the DIP Lender with respect thereto, all in form and substance satisfactory to the DIP Lender.

36. THIS COURT ORDERS that no order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the DIP Facility, the DIP Loan Agreement, the DIP Lender's Charge or any of the Definitive Documents unless either:

- (a) notice of a motion for such order is served on the DIP Lender by the moving party within 10 days after such moving party is served with a copy of this Order; or
- (b) the DIP Lender applies for or consents to such order.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$750,000);

Second – DIP Lender's Charge; and

Third – Directors' Charge (to the maximum amounts set out in paragraph 24).

38. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. THIS COURT ORDERS that each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on all Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

40. THIS COURT ORDERS that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Companies shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Companies also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

41. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the DIP Loan Agreement, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan document, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds any of the Companies, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Loan Agreement or the Definitive Documents shall create or be deemed to constitute a breach by any of the Companies of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Companies' entering into the DIP Loan Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

- (c) the payments made by the Companies pursuant to this Order, the DIP Loan Agreement or the Definitive Documents, and the granting of the DIP Loan Agreement, Definitive Documents and the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SALES AND RESTRUCTURING PROCESS

42. THIS COURT ORDERS that any marketing and sales process hereinafter embarked upon shall be conducted by the Monitor, and not the Companies, and shall be subject to Court approval.

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

43. THIS COURT ORDERS that Doyle Salewski Inc. is appointed to be the chief restructuring advisor to the Companies to assist the Companies with the restructuring of the Companies as an officer of this Court with the powers and obligations set out in this Order.

44. THIS COURT ORDERS that the Companies and their respective shareholders, officers, directors, employees, agents and representatives shall co-operate fully with, and assist the CRA in the exercise of its powers and the discharge of its obligations, including providing the CRA with such access to the Companies' books, records, assets and premises as the CRA requires.

45. THIS COURT ORDERS that the CRA shall be and it is hereby authorized to assist the Companies with the restructuring of the Companies including, without limiting the generality of the foregoing:

- (a) to participate in discussions and negotiations with creditors, investors, customers or others;
- (b) to review the Companies' businesses and assess opportunities for cost reduction and revenue enhancement;

- (c) to assist the Companies in their preparation of cash flow statements and in their dissemination of financial and other information which may be used in these proceedings or which are required pursuant to the provisions of the DIP Loan Agreement and the Definitive Documents;
- (d) to assist the Companies with any shut-down or any disposal, sale or other disposition of any of the redundant or non-essential assets (including real property) of the Companies hereinafter approved by any Order of this Court;
- (e) to have full access to the books, records and key personnel of the Companies as may be necessary for the completion of its duties under this Order;
- (f) to report to this Court, Bank of Montreal, Export Development Canada and other stakeholders as the CRA, in its absolute discretion, considers appropriate; and
- (g) to perform such other duties as are required to perform the powers and obligations conferred on the CRA by this Order or any further Order of this Court.

46. THIS COURT ORDERS that the CRA may apply to this Court for advice and directions in connection with the discharge or variation of its powers and duties under this Order.

47. THIS COURT ORDERS that the CRA shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order except for any gross negligence or wilful misconduct of the CRA.

SERVICE AND NOTICE

48. THIS COURT ORDERS that the Companies shall, within ten (10) business days after the date of entry of this Order, send a letter to their known creditors, other than employees and creditors to which the Companies owe less than \$500, at their addresses as they appear on the Companies' records advising of this Order, specifying that a copy of the Order and other materials are available on the Monitor's website and disclosing such website, and that the Companies shall promptly send a copy of this Order (a) to all parties filing a Notice of Appearance in respect of this Application, and (b) to any other interested Person requesting a

copy of this Order; and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process and to maintain a copy of this Order on such website.

49. THIS COURT ORDERS that the Companies and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Companies' creditors or other interested parties at their respective addresses as last shown on the records of the Companies and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

50. THIS COURT ORDERS that the Companies, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at www.rsmrichter.com.

BIA-CCAA TRANSITION

51. THIS COURT ORDERS that the proceedings commenced by Windsor Machine & Stamping Limited and certain other Companies by the filing under the BIA on August 1, 2008 of notices of intention to make a proposal are hereby stayed. The proposal trustee is hereby discharged, subject to the approval of the activities of the proposal trustee as set out in its first report as filed with the Court. The proposal trustee and its legal counsel shall pass their accounts at the same time they pass their accounts in accordance with paragraph 33 of this Order.

GENERAL

52. THIS COURT ORDERS that any of the Companies or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

53. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Companies, the Business or the Property.

54. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or Mexico, to give effect to this Order and to assist the Companies, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Companies and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Companies and the Monitor and their respective agents in carrying out the terms of this Order.

55. THIS COURT ORDERS that each of the Companies and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

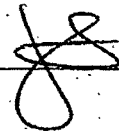
56. THIS COURT ORDERS that any interested party (including the Companies and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

57. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG 07 2008

PER/PAR: *SSN*



Joanne Nicoara
Registrar, Superior Court of Justice

SCHEDULE "A"

LIST OF ADDITIONAL APPLICANTS

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing, Inc.

383301 Ontario Limited

Court File No. CV-08-7672-00CL

**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 WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INITIAL ORDER

DUCHARME FOX LLP
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Windsor, Ontario
N9A 5R9 Canada

Gerald E. Skillings
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Telephone: (519) 259-1805
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-and-

MILLER THOMSON LLP
Scotia Plaza, 40 King Street West
Suite 5800, P.O. Box 1011
Toronto, Ontario, M5H 3S1
Canada

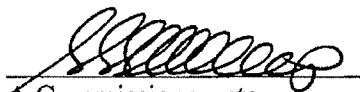
Joseph Marin
LSUC#16957R
Email: jmarin@millერთhompson.com
Telephone: (416) 595-8579
Facsimile: (416) 595-8695

*Solicitors For Windsor Machine &
Stamping Limited And The Corporations
Listed In Schedule "A"*

2447807.2

2447807_2.DOC

Exhibit "C" to the Affidavit of Lionel J. Peltier sworn before me this
27th day of August, 2008.


A Commissioner, etc.

August 6 2008

See counsel sheet.

The Applicants, which filed NOI's under the BIA on August 1, 2008, seek to convert their proceedings to ~~an~~ ^{an} application governed by the CCAA. Aggregate indebtedness to BAO exceeds \$18M; unaudited financial statements filed evidence a working capital deficiency, & counsel advise that the NOI filings were triggered by the need of the applicants to default in payment to suppliers ^{to} meet payroll. The Applicants have acknowledged insolvency.

I am satisfied that circumstances exist making an initial order under the CCAA appropriate. In addition to the above, the First Report of the Proposal Trustee depicts companies squeezed by increasing raw materials costs, & fixed pricing contracts, w/ a realistic possibility of restructuring.

2443804.2

to issue
Initial order in form in which I have endorsed

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

APPLICATION RECORD

DUCHARME FOX LLP

800 University Avenue West
Windsor, Ontario N9A 5R9

Gerrald E. Skillings LSUC# 21457T

Tel: 519-259-1805

Fax: 519-259-1835

MILLER THOMSON LLP

Scotia Plaza,
40 King Street West, Suite 5800
Toronto, ON M5H 3S1

Joseph Marin LSUC# 16957R

Tel: 416-595-8579

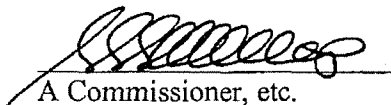
Fax: 416-595-8695

Solicitors for the Applicants

(B) Stenohalo

my bird. Applicant will need
a long term order, after
notice is given.

Exhibit "D" to the Affidavit of Lionel J. Peltier sworn before me this
27th day of August, 2008.

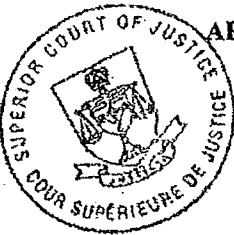

A Commissioner, etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) TUESDAY, THE 12TH
)
JUSTICE NEWBOULD) DAY OF AUGUST, 2008

**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 WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**



AMENDED INITIAL ORDER

THIS APPLICATION, made by Windsor Machine & Stamping Limited and the corporations listed in Schedule "A" (collectively, the "Companies" and individually, a "Company"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Lionel Peltier sworn August 6, 2008 (the "Affidavit") and the Exhibits thereto and on hearing the submissions of counsel for the Companies, counsel for Bank of Montreal, and counsel for RSM Richter Inc. in its capacity as proposed monitor, and on reading the consent of RSM Richter Inc. to act as the Monitor (the "Monitor"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Companies are companies to which the CCAA applies.

FURTHER HEARING

3. THIS COURT ORDERS that a further hearing in this Application shall be held on September 2, 2008 or such alternate date as this Court may fix, at which time this Order may be supplemented or otherwise varied, and the Stay Period (as herein defined) extended or terminated. The Companies and the Monitor shall serve their materials for this further hearing on all parties who serve a Notice of Appearance on the Companies and the Monitor, such materials to be served by no later than five days prior to the date scheduled for the further hearing.

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Companies shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Companies shall continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property. The Companies are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order, provided the expense of all such Assistants is included in the cash flow projections prepared by the Companies.

5. THIS COURT ORDERS that each Company which uses the central cash management system currently in place with Bank of Montreal may continue to use it or replace it with another substantially similar central cash management system with Bank of Montreal (the "Cash Management System") and that Bank of Montreal shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other

action taken under the Cash Management System, or as to the use or application by any of the Companies of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Companies, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System after the date hereof, an unaffected creditor under any plan of compromise or arrangement among the Companies (or any one or more of them) and one or more classes of creditors (a "Plan") with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that all amounts deposited to the accounts of the Companies with Bank of Montreal after the effective date and time of this Order may be used by the Companies to pay expenses and other amounts to the extent permitted by this Order and the DIP Loan Agreement (as hereinafter defined) by drawing on funds in such accounts.

7. THIS COURT ORDERS that the Companies shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, regularly scheduled contributions that are due or that become due to any registered pension plan, vacation pay and employee reimbursement expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the reasonable fees and disbursements of any Assistants retained or employed by the Companies in respect of these proceedings, at their standard rates.

8. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Companies shall be entitled but not required to pay all reasonable expenses incurred by the Companies in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services;
- (b) payment of current rent for the use of machinery and equipment pursuant to true operating leases but not under leases that are security agreements; and
- (c) payment for goods or services actually supplied to the Companies following August 1, 2008, the date on which certain of the Companies filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA").

9. THIS COURT ORDERS that the Companies shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Companies in connection with the sale of goods and services by the Companies, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Companies.

10. THIS COURT ORDERS that, except as specifically permitted herein, each of the Companies is hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by such Company to any of its creditors as of August 1, 2008 (other than to Bank of Montreal pursuant to paragraph 5) without the prior written consent of the Monitor and Bank of Montreal;
- (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property;
- (c) to not grant credit or incur liabilities except in the ordinary course of the Business; and
- (d) to not, without the prior written consent of the Monitor and Bank of Montreal, pay any amount to any entity related to or affiliated with such Company (except to any Company which is a party to these proceedings).

RESTRUCTURING

11. THIS COURT ORDERS that the Companies shall, subject to such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right, provided Bank of Montreal consents thereto in writing, to:

- (a) dispose of redundant or non-material assets (including real property) not exceeding \$600,000 in the aggregate, and the net proceeds of such dispositions shall be paid to Bank of Montreal to permanently reduce indebtedness owing by Windsor Machine & Stamping Limited to Bank of Montreal as at August 5, 2008; and
- (b) provided it has given not less than ten (10) days notice to affected parties, repudiate such of its arrangements or agreements of any nature whatsoever,

whether oral or written, as the Company deems appropriate on such terms as may be agreed upon between the Company and the applicable counterparties or, failing such agreement, to deal with the consequences thereof in the Plan.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

12. THIS COURT ORDERS that until and including September 2, 2008, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Companies or the Monitor, or affecting the Business or the Property, except with the written consent of the Companies and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Companies or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

13. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing collectively being "Persons" and each being a "Person") against or in respect of the Companies or the Monitor, or affecting the Business or the Property, or affecting any tooling or other equipment in the possession of a Company on the date of this Order, are hereby stayed and suspended except with the written consent of the Companies and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Companies to carry on any business which the Companies are not lawfully entitled to carry on; (ii) exempt the Companies from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

14. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Companies, except with the written consent of the Companies and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

15. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with any or all of the Companies or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, shipping services, custom brokerage services (or similar), tooling, utility or other services to the Business or any of the Companies, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Companies, and that the Companies shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Companies in accordance with normal payment practices of the Companies, or such other practices as may be agreed upon by the supplier or service provider and each of the Companies and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

16. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Companies shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Companies. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA provided however that any customer of the Companies (and Bank of Montreal shall not, for greater certainty, constitute a customer) who seeks to advance a claim of, or analogous to setoff or equitable setoff to seek to justify the non-payment of an existing or accruing debt to the Companies, shall advise the Companies and the Monitor in writing prior to doing so as to enable the Companies to seek to have the validity of the setoff adjudicated upon by this Honourable Court on an urgent basis if so advised.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

17. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of

the former, current or future directors or officers of the Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Companies whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the Companies or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

18. THIS COURT ORDERS that the Companies shall indemnify their directors and officers from all claims, costs, charges and expenses relating to any failure of the Companies to make payments of the nature referred to in subparagraphs 7(a), 9(a), 9(b) and 9(c) of this Order or which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Companies except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

19. THIS COURT ORDERS that the directors and officers of the Companies shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge:

- (a) with respect to payments of the nature referred to in subparagraphs 7(a) and 9(a) of this Order shall not exceed an aggregate amount of \$500,000; and
- (b) with respect to payments of any other nature referred to in paragraph 18 of this Order shall not exceed the aggregate amount of \$250,000,

as security for the indemnity provided in paragraph 18 of this Order. The Directors' Charge shall have the priority set out in paragraphs 37 and 39 herein.

20. THIS COURT ORDERS that, notwithstanding any provision of any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Companies' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors'

and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 18 of this Order.

APPOINTMENT OF MONITOR

21. THIS COURT ORDERS that RSM Richter Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Companies' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein, and that the Companies and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Companies pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

22. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Companies' receipts and disbursements and review and comment on variances from budget and cash flow projections;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Companies to the extent they require in their daily operating activities and to negotiate accommodation agreements with customers of the Companies;
- (d) assist the Companies, to the extent required by the Companies, in their dissemination to the DIP Lender (defined below) and its counsel on at least a weekly basis, of financial and other information as agreed to between the Companies and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (e) advise the Companies in their preparation of the Companies' cash flow statements and budgets and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a

periodic basis, but not less than at least a weekly basis, or as otherwise agreed to by the DIP Lender from time to time;

- (f) assist the Companies and the CRA with the Companies' restructuring activities and the development of a Plan and any amendments to a Plan;
- (g) have full and complete access to the books, records and management, employees and advisors of the Companies and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (h) report to the DIP Lender at such times and intervals as the DIP Lender may require, acting reasonably, with respect to any and all matters pertaining to the Companies, the Business, any Property, or any other matter required by the DIP Lender;
- (i) review all payments and disbursements to be made by a Company on or after the date of this Order before such payments and disbursements are made to ensure that they are in accordance and consistent with the cash flow statement and the reporting required by the DIP Lender;
- (j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

23. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or

principal amount owing under the DIP Facility shall not at any time exceed \$2,000,000, unless permitted by further Order of this Court.

31. THIS COURT ORDERS that the DIP Facility shall be on such terms and subject to such conditions as set forth in the DIP Loan Agreement dated as of August 5, 2008 among the Companies and the DIP Lender (as amended from time to time with the Monitor's consent, the "DIP Loan Agreement").

32. THIS COURT ORDERS AND DECLARES that all Property is hereby charged by:

- (a) a charge, mortgage, hypothec, lien and security interest; and
- (b) any charge, mortgage, hypothec, lien or security interest contemplated by the DIP Loan Agreement,

(the charges, mortgages, hypothecs, liens and security interests referred to in the foregoing paragraphs (a) and (b) being collectively referred to as the "DIP Lender's Charge") in favour of the DIP Lender, as security for payment of all present and future indebtedness, obligations and liabilities of the Companies (and of any one or more of them) to the DIP Lender pursuant to or in respect of the DIP Loan Agreement or any and all guarantees, security agreements, debentures and other agreements and documents (collectively, the "Definitive Documents") contemplated by or delivered to the DIP Lender pursuant to the DIP Loan Agreement or this Order. The DIP Lender's Charge shall not exceed the aggregate amount owed to the DIP Lender under the Definitive Documents. The DIP Lender's Charge shall have the priorities set out in paragraphs 37 and 39 hereof. Nothing in this Order shall prevent any existing guarantees or security previously granted by any Company to Bank of Montreal from guaranteeing or securing payment of the DIP Facility in accordance with the terms of such guarantee or security.

33. THIS COURT ORDERS that notwithstanding any other provision of this Order, the DIP Lender shall be permitted to exercise the following rights:

- (a) to take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of a Default (as defined by the DIP Loan Agreement) to refrain from extending any further credit pursuant to the DIP Loan Agreement;
- (c) upon the occurrence of an Event of Default (as defined by the DIP Loan Agreement) to:
 - (i) refrain from extending any further credit pursuant to the DIP Loan Agreement;
 - (ii) demand payment by Windsor Machine & Stamping Limited and any of the other Companies of all amounts then owing by them to the DIP Lender pursuant to or in respect of the DIP Loan Agreement or any of the Definitive Documents;
 - (iii) set off and combine any amounts then owing by the DIP Lender to one or more of the Companies against the obligations of any or all of the Companies to the DIP Lender;
 - (iv) subject to the further order of this Court, realize on the DIP Lender's Charge and any and all other security delivered by the Companies (or any of them) to the DIP Lender;
 - (v) subject to the further order of this Court, exercise any and all other rights and remedies of the DIP Lender against the Companies or their respective Property pursuant to the DIP Loan Agreement, the DIP Lender's Charge and the Definitive Documents;
 - (vi) apply to the Court for the appointment of a receiver, receiver and manager or interim receiver of all or any of the assets of the Companies; and

- (vii) seek the issue of a bankruptcy order against one or more of the Companies and the appointment of a trustee in bankruptcy of one or more of the Companies,

subject to the priorities set out in paragraph 37 of this Order. The foregoing rights and remedies shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of any or all of the Companies or of any or all of the Property.

34. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by any of the Companies under the CCAA or any proposal filed by the Companies under the BIA with respect to all indebtedness owing by the Companies to the DIP Lender pursuant to or in respect of the DIP Loan Agreement, the Definitive Documents or the DIP Lender's Charge.

35. THIS COURT ORDERS that, notwithstanding any other provision of this Order, each Company is hereby authorized and directed:

- (a) to execute and deliver such guarantees, mortgages, charges, hypothecs, security agreements, debentures and other agreements and documents as are contemplated by the DIP Loan Agreement or as may be reasonably required by the DIP Lender from time to time pursuant to the terms thereof; and
- (b) to cause any and all of the direct and indirect subsidiaries of such Company, to the extent required by the DIP Lender, to execute and deliver to the DIP Lender, guarantees of payment of all present and future indebtedness and liability now or hereafter owing by the Companies (or by any one or more of them) to the DIP Lender pursuant to or with respect to the DIP Facility, charges of all their respective existing and after-acquired assets and undertaking as security for their respective guarantees, and all related documents required by the DIP Lender with respect thereto, all in form and substance satisfactory to the DIP Lender.

36. THIS COURT ORDERS that no order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the DIP Facility, the DIP Loan Agreement, the DIP Lender's Charge or any of the Definitive Documents unless either:

- (a) notice of a motion for such order is served on the DIP Lender by the moving party within 10 days after such moving party is served with a copy of this Order; or
- (b) the DIP Lender applies for or consents to such order.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$750,000);

Second – DIP Lender's Charge; and

Third – Directors' Charge (to the maximum amounts set out in paragraph 19).

38. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. THIS COURT ORDERS that each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on all Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

40. THIS COURT ORDERS that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Companies shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Companies also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

41. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the DIP Loan Agreement, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan document, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds any of the Companies, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Loan Agreement or the Definitive Documents shall create or be deemed to constitute a breach by any of the Companies of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Companies' entering into the DIP Loan Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

- (c) the payments made by the Companies pursuant to this Order, the DIP Loan Agreement or the Definitive Documents, and the granting of the DIP Loan Agreement, Definitive Documents and the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SALES AND RESTRUCTURING PROCESS

42. THIS COURT ORDERS that any marketing and sales process hereinafter embarked upon shall be conducted by the Monitor, and not the Companies, and shall be subject to Court approval.

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

43. THIS COURT ORDERS that Doyle Salewski Inc. is appointed to be the chief restructuring advisor to the Companies to assist the Companies with the restructuring of the Companies as an officer of this Court with the powers and obligations set out in this Order.

44. THIS COURT ORDERS that the Companies and their respective shareholders, officers, directors, employees, agents and representatives shall co-operate fully with, and assist the CRA in the exercise of its powers and the discharge of its obligations, including providing the CRA with such access to the Companies' books, records, assets and premises as the CRA requires.

45. THIS COURT ORDERS that the CRA shall be and it is hereby authorized to assist the Companies with the restructuring of the Companies including, without limiting the generality of the foregoing:

- (a) to participate in discussions and negotiations with creditors, investors, customers or others;
- (b) to review the Companies' businesses and assess opportunities for cost reduction and revenue enhancement;

- (c) to assist the Companies in their preparation of cash flow statements and in their dissemination of financial and other information which may be used in these proceedings or which are required pursuant to the provisions of the DIP Loan Agreement and the Definitive Documents;
- (d) to assist the Companies with any shut-down or any disposal, sale or other disposition of any of the redundant or non-essential assets (including real property) of the Companies hereinafter approved by any Order of this Court;
- (e) to have full access to the books, records and key personnel of the Companies as may be necessary for the completion of its duties under this Order;
- (f) to report to this Court, Bank of Montreal, Export Development Canada and other stakeholders as the CRA, in its absolute discretion, considers appropriate; and
- (g) to perform such other duties as are required to perform the powers and obligations conferred on the CRA by this Order or any further Order of this Court.

46. THIS COURT ORDERS that the CRA may apply to this Court for advice and directions in connection with the discharge or variation of its powers and duties under this Order.

47. THIS COURT ORDERS that the CRA shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order except for any gross negligence or wilful misconduct of the CRA.

SERVICE AND NOTICE

48. THIS COURT ORDERS that the Companies (or the Monitor, on the Companies' behalf) shall, within ten (10) business days after the date of entry of this Order, send a letter to their known creditors, other than employees and creditors to which the Companies owe less than \$500, at their addresses as they appear on the Companies' records advising of this Order, specifying that a copy of the Order and other materials are available on the Monitor's website and disclosing such website, and that the Companies (or the Monitor, on the Companies' behalf) shall promptly send a copy of this Order (a) to all parties filing a Notice of Appearance in respect

of this Application, and (b) to any other interested Person requesting a copy of this Order; and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process and to maintain a copy of this Order on such website.

49. THIS COURT ORDERS that the Companies and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Companies' creditors or other interested parties at their respective addresses as last shown on the records of the Companies and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

50. THIS COURT ORDERS that the Companies, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at www.rsmrichter.com.

BIA-CCAA TRANSITION

51. THIS COURT ORDERS that the proceedings commenced by Windsor Machine & Stamping Limited and certain other Companies by the filing under the BIA on August 1, 2008 of notices of intention to make a proposal are hereby stayed. The proposal trustee is hereby discharged, subject to the approval of the activities of the proposal trustee as set out in its first report as filed with the Court. The proposal trustee and its legal counsel shall pass their accounts at the same time they pass their accounts in accordance with paragraph 28 of this Order.

GENERAL

52. THIS COURT ORDERS that any of the Companies or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

53. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Companies, the Business or the Property.

54. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or Mexico, to give effect to this Order and to assist the Companies, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Companies and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Companies and the Monitor and their respective agents in carrying out the terms of this Order.

55. THIS COURT ORDERS that each of the Companies and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

56. THIS COURT ORDERS that any interested party (including the Companies and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

57. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the 6th day of August, 2008.

Toni Vecchiola

*Toni Vecchiola Registrar,
Superior Court of Justice*

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG 12 2008

PER/PAR: *ev*

SCHEDULE "A"

LIST OF ADDITIONAL APPLICANTS

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winnach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winnach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing, Inc.

383301 Ontario Limited

Court File No. CV-08-7672-00CL

**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 WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN
SCHEDULE "A"**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

AMENDED INITIAL ORDER

DUCHARME FOX LLP

800 University Avenue West
Windsor, Ontario
N9A 5R9 Canada

Gerald E. Skillings

LSUC#:21457T
Telephone:(519) 259-1805
Facsimile: (519) 259-1835
Email: gskillings@ducharmefox.com

MILLER THOMSON LLP

Scotia Plaza , 40 King Street West
Suite 5800, P.O. Box 1011
Toronto, Ontario, M5H 3S1
Canada

Joseph Marin

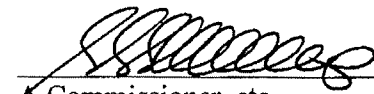
LSUC#:16957R
Telephone:(416) 595-8579
Facsimile: (416) 595-8695
Email: jmarin@millerthomson.com

*Solicitors For Windsor Machine &
Stamping Limited And The Corporations
Listed In Schedule "A"*

2447807.4

2447807_4.DOC

Exhibit "E" to the Affidavit of Lionel J. Peltier sworn before me this
27th day of August, 2008.


A Commissioner, etc.

RSM Richter

August 14, 2008

RSM Richter Inc.
200 King St. W., P.O. Box 48
Toronto, ON M5H 5T4
Tel: 416.932.8000 Fax: 416.932.6200
www.rsmrichter.com

TO: CREDITORS OF WINDSOR MACHINE & STAMPING LIMITED, ET AL.

Re: **Windsor Machine & Stamping Limited and the Corporations Listed in Schedule "A"**
(collectively the "Company")
Our File No.: 08-0701

Take notice that on August 6, 2008, the Company made an application under the *Companies' Creditors Arrangement Act* ("CCAA"). Pursuant to the order issued by the Ontario Superior Court of Justice – Commercial List (the "Initial Order"), RSM Richter Inc. was appointed the Company's Monitor ("Monitor").

A copy of the Initial Order is available at: <http://www.rsmrichter.com/restructuring.aspx>

Prior to the CCAA filing, on August 1, 2008 the Company filed a Notice of Intention to Make a Proposal ("NOI") under the *Bankruptcy and Insolvency Act*. The NOI proceedings were stayed upon commencement of the CCAA proceedings.

Should you wish to receive a copy of the Initial Order, by mail, please contact Raj Kashyap of the Monitor's office at: 416-932-6012.

At present, creditors are not required to file a proof of claim. The Company and/or the Monitor will provide you with further information in due course.

Please note that:

- During the Company's restructuring proceedings, the Company is continuing to carry on its operations in the normal course under the direction of its management;
- Pursuant to paragraph 10(a) of the Initial Order, the payment of all amounts owing by the Company to its creditors as at the date of the NOI filing (August 1, 2008) has been stayed; however, the Company intends to pay for all goods and services provided to it throughout the restructuring period;
- Pursuant to paragraph 15 of the Initial Order, vendors are required to continue to supply the Company with goods and/or services throughout the restructuring period; however, they are not required to extend credit to the Company; and
- During these restructuring proceedings, suppliers should discuss directly with the Company the terms of payment for goods and/or services that they provide to the Company.

Yours very truly,



**RSM RICHTER INC.
IN ITS CAPACITY AS CCAA MONITOR OF
WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"
AND NOT IN ITS PERSONAL CAPACITY**

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

SCHEDULE "A"

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico


Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing Inc.

383301 Ontario Limited

Exhibit "F" to the Affidavit of Lionel J. Peltier sworn before me this
27th day of August, 2008.


A Commissioner, etc.



"Demetrios Yiokaris"
<dyiokaris@kmlaw.ca>
08/21/2008 10:24 AM

To <jmarin@millerthomson.com>
cc "Andrew J. Hatnay" <ahatnay@kmlaw.ca>, "Elizabeth M.
Mitchell" <emitchell@kmlaw.ca>
bcc

Subject RE: Windsor Machines & Stamping Limited - CCAA

History: This message has been forwarded.

Dear Mr. Marin,

Further to my email below, we understand that with respect to the Pension Contributions that Pellus Manufacturing has reported its hours for July and remitted the corresponding contribution. Tilbury Assembly Limited has reported its July hours but has not remitted the contribution cheque yet. We understand that Tilbury's amounts become past due on August 31, 2008.

Regards;

> -----Original Message-----

> From: Demetrios Yiokaris
> Sent: August 20, 2008 3:49 PM
> To: 'jmarin@millerthomson.com'
> Cc: Andrew J. Hatnay; Elizabeth M. Mitchell
> Subject: Windsor Machines & Stamping Limited - CCAA

> Dear Mr. Marin,

> We write further to Mr. Hatnay's August 15, 2008 facsimile and our conversations of that day and today. We understand that you should be able to advise shortly whether your clients will confirm that the companies will pay the employees' wages and all remittances.

> We confirm that there are, at least, Union Dues and Paid Education Leave currently outstanding. Our clients will advise shortly with respect to Pension Contributions. Please note that for the amounts owing, the documentation regarding how much is owed is in the possession of your clients and the exact amount is currently not available to our client.

> UNION DUES

> We understand that these dues are paid monthly and are payable by the 10th or the 15th of the following month in which the dues were deducted (depending on the Collective Agreement). The month listed in the left hand column is the last month that the dues were paid.

> G & R Cold Forging > -> June 2008 (owes July)

> Pellus Manufacturing > -> June 2008 (owes July)

> Pioneer Polymers > -> July 2008

> Tilbury Assembly > -> May 2008 (owes June and July)

> PAID EDUCATION LEAVE

> We understand that Paid Education Leave is paid quarterly as per the Collective Agreements and is not due until that quarter is over. The month listed in the left hand column is the last month (quarter) that the dues were paid.

>
> G & R Cold Forging > -> September 2007 (owes 3 quarters)
> Pellus Manufacturing > -> June 2008
> Pioneer Polymers > -> June 2008
> Tilbury Assembly > -> June 2008
>

> Note: We understand that in the normal course, the next quarterly payment for months of July/August/September is not payable until October 2008. However, since the amount owed is based on hours worked, in the case of a plant closure, the payment should be sent sooner [i.e. if a plant closed August 30, 2008, that payment for the two months of the third quarter should be sent in September 2008 (based on hours to the closure date)].

>
> Regards
>

> Demetrios Yiokaris
> Koskie Minsky LLP
> Suite 900-20 Queen Street West
> Toronto, ON M5H 3R3
> E-mail: dyiokaris@kmlaw.ca
> Tel: 416-595-2130
> Fax: 416-204-2810
> www.kmlaw.ca
>

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> Le contenu du présent courrier est privilégié, confidentiel et soumis à des droits d'auteur. Il est interdit de l'utiliser ou de le divulguer sans autorisation.
>
>

MILLER THOMSON LLP

Barristers & Solicitors
Patent & Trade-Mark Agents

Scollia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1
T: 416.595.8500
F: 416.595.8895
www.millerthomson.com

August 22, 2008

Koskie Minsky LLP
20 Queen Street West
Suite 900
Box 52
Toronto, Ontario M5H 3R3

Joe Marin
Direct Line: 416.595.8679
jmarin@millerthomson.com

Attention: Mr. Demetrios Yiokaris

Dear Sirs:

Re: Windsor Machine & Stamping Limited *et al.* CCAA

We acknowledge receipt of your correspondence of August 15 and your e-mails of August 20 and 22 in response to our request for confirmation of the status of remittance of pension contributions, union dues, paid education leave and other amounts which Pellus Manufacturing Ltd., Tilbury Assembly Ltd., Pioneer Polymers Inc. and G & R Cold Forging Inc. (the "Represented CCAA Companies") are required to remit under the respective collective agreements for employees represented by your client, United Autoworkers, Local 251, at those CCAA Applicants' facilities.

We confirm that the Represented CCAA Companies:

- (a) will continue to pay the employee wages and remittances in respect of pension benefits, health benefits and other amounts that are prescribed by the respective collective agreements (the "Remittance Amounts") in the ordinary course of business; and
- (b) has paid all Remittance Amounts identified in your noted e-mails as being payable in accordance with the Represented CCAA Companies' books and records.

The Represented CCAA Companies will, at your client's convenience, reconcile the calculation of the quantum of the Remittance Amounts identified in your e-mails with that calculated by your client as being due under the respective collective agreements.

We would note that the Represented CCAA Companies will consult with your client in advance of any restructuring efforts that involve the permanent or temporary cessation, downsizing, shut-down or consolidation of any of their businesses or operations to achieve

Toronto Vancouver Calgary Edmonton London Kitchener-Waterloo Guelph Markham Montréal

Affiliations Worldwide

MILLER
THOMSON LLP

Page 2

reductions of overall costs and improvements to the operating efficiencies of the Represented CCAA Companies with the continued support of your client.

Yours truly,



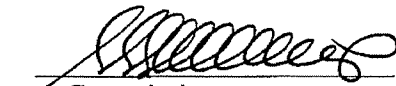
Joe Marin
JM/ed

cc. Gerald E. Skillings,
Ducharme Fox LLP

Bobby D. Kofman,
RSM Richter Inc.

Leonard Peltier and Dave Zultek,
Windsor Machine & Stamping Limited

Exhibit "G" to the Affidavit of Lionel J. Peltier sworn before me this
27th day of August, 2008.


A Commissioner, etc.

Windsor Machine & Stamping Ltd.

5725 OUTER DR. R R #1
WINDSOR, ONT. CANADA
N9A 6J3
PHONE 519-737-7155
FAX 519-737-7102

August 22, 2008

Dan Kane Leasing
500 Division Road
P.O. Box 510
Windsor, Ontario
N9A 6M9

Attention: C. Santorossa

Dear Mr Santorossa:

**Re: Windsor Machine & Stamping Limited and the corporations listed in Exhibit
"A" attached (collectively, the "Company")**

On August 1, 2008, the Company filed a notice of intention for make a proposal ("NOI") pursuant to the *Bankruptcy and Insolvency Act*.

On August 6, 2008, the Company filed for protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA"). Pursuant to the order issued by the *Ontario Superior Court of Justice* (the "Court") (the "Initial Order"), RSM Richter Inc. was appointed the Company's monitor. The NOI proceedings were stayed pursuant to the terms of the Initial Order. A copy of the Initial Order is attached to this letter.

Pursuant to paragraph 11(b) of the Initial Order, the Company is authorized "provided it has given not less than ten (10) days notice to affected parties, to repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Company deems appropriate..."

Accordingly, we are writing to advise that effective September 1, 2008 in accordance with paragraph 11(b) of the Initial Order, we are repudiating the leases and all related agreements described in Exhibit "B".

Should you have any questions or require any further information please contact the undersigned.

Yours very truly,

**WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED ON EXHIBIT "A"**



Dava Zultek

c.c. Joe Marin (Miller Thompson)
Lana Bezner (RSM Richter Inc.)
Tony Reyes (Ogilvy Renault LLP)

EXHIBIT "A"

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing Inc.

383301 Ontario Limited

EXHIBIT "B"

Lease No.	VIN No.	Make	Model	Lessor	Lessee
6695	1GTHC24U57E134552	GMC	Sierra	Dan Kane Leasing	Windsor Machine & Stamping Ltd.
7276	1GCHC24U16E122655	Chevrolet	Silverado	Dan Kane Leasing	Pellus Manufacturing Ltd.
6695	1GCEC14X46Z265972	Chevrolet	LT 1500	Dan Kane Leasing	Windsor Machine & Stamping Ltd.
7126	1FTYR1OU16PA71774	Ford	Ranger	Dan Kane Leasing	538185 Ontario Limited
6695	3GCEC14X66G198785	Chevrolet	LT 1500	Dan Kane Leasing	Windsor Machine & Stamping Ltd.
6695	1FTRF12257NA58936	Ford	F150	Dan Kane Leasing	Windsor Machine & Stamping Ltd.
6695	3GCEC14X96G198205	Chevrolet	LT 1500	Dan Kane Leasing	Windsor Machine & Stamping Ltd.
6695	1G1AL52f657623382	Chevrolet	Cobalt	Dan Kane Leasing	Windsor Machine & Stamping Ltd.
7276	3GCEC14X06G188906	Chevrolet	LT 1500	Dan Kane Leasing	Pellus Manufacturing Ltd.

Windsor Machine & Stamping Ltd.

5725 OUTER DR. R R #1
WINDSOR, ONT. CANADA
N9A 6J3
PHONE 519-737-7155
FAX 519-737-7102

August 22, 2008

DELIVERED BY EMAIL AND BY MAIL

GMAC
P.O. Box 5000
Station D
Toronto, ON
M9A 5E3

Attention: Customer Service

Re: Windsor Machine & Stamping Limited and the corporations listed in Exhibit
"A" attached (collectively, the "Company")

On August 1, 2008, the Company filed a notice of intention for make a proposal ("NOI") pursuant to the *Bankruptcy and Insolvency Act*.

On August 6, 2008, the Company filed for protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA"). Pursuant to the order issued by the Ontario Superior Court of Justice (the "Court") (the "Initial Order"), RSM Richter Inc. was appointed the Company's monitor. The NOI proceedings were stayed pursuant to the terms of the Initial Order. A copy of the Initial Order is attached to this letter.

Pursuant to paragraph 11(b) of the Initial Order, the Company is authorized "provided it has given not less than ten (10) days notice to affected parties, to repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Company deems appropriate..."

Accordingly, we are writing to advise that effective September 1, 2008 in accordance with paragraph 11(b) of the Initial Order, we are repudiating the lease between Terry Linton Chevrolet Oldsmobile Ltd. and St. Clair Forms Inc. and all related agreements for the asset(s) listed on Exhibit "B".

Should you have any questions or require any further information please contact the undersigned.

Yours very truly,

**WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED ON EXHIBIT "A"**



Dave Zultek

c.c. Joe Marin (Miller Thompson)
Lana Bezner (RSM Richter Inc.)
Tony Reyes (Ogilvy Renault LLP)

EXHIBIT "A"

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing Inc.

383301 Ontario Limited

EXHIBIT "B"

VIN No.	Make	Model
1GCBC14V16Z125991	Chevrolet	Silverado 1500

Windsor Machine & Stamping Ltd.

5725 OUTER DR. R.R. #1
WINDSOR, ONT. CANADA
N9A 6J3
PHONE 519-737-7155
FAX 519-737-7102

August 22, 2008

Pinnacle Chrysler Jeep Dodge Inc.
2300 Tecumseh Road East
Windsor, ON
N8W 1E5

Attention: Jeff Hamlin

Dear Mr. Hamlin:

**Re: Windsor Machine & Stamping Limited and the corporations listed in Exhibit
"A" attached (collectively, the "Company")**

On August 1, 2008, the Company filed a notice of intention to make a proposal ("NOI") pursuant to the *Bankruptcy and Insolvency Act*.

On August 6, 2008, the Company filed for protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA"). Pursuant to the order issued by the Ontario Superior Court of Justice (the "Court") (the "Initial Order"), RSM Richter Inc. was appointed the Company's monitor. The NOI proceedings were stayed pursuant to the terms of the Initial Order. A copy of the Initial Order is attached to this letter.

Pursuant to paragraph 11(b) of the Initial Order, the Company is authorized "provided it has given not less than ten (10) days notice to affected parties, to repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Company deems appropriate..."

Accordingly, we are writing to advise that effective September 1, 2008 in accordance with paragraph 11(b) of the Initial Order, we are repudiating the lease between Pinnacle Chrysler Jeep Dodge Inc. and Windsor Machine & Stamping Limited and all related agreements for the asset(s) listed on Exhibit "B".

Should you have any questions or require any further information please contact the undersigned.

Yours very truly,

**WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED ON EXHIBIT "A"**


Dave Zultek

c.c. Joe Marin (Miller Thompson)
Lana Bezner (RSM Richter Inc.)
Tony Reyes (Ogilvy Renault LLP)

EXHIBIT "A"

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing Inc.

383301 Ontario Limited

EXHIBIT "B"

Lease No.	VIN No.	Make	Model
8135	1J4HR48NX5C705713	Jeep	Grand Cherokee
84690	2B3KA43G66H437769	Dodge	Charger
77950	2B3KA43G16H237351	Dodge	Charger

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 WINDSOR MACHINE &
STAMPING LIMITED AND THE CORPORATIONS LISTED IN SCHEDULE "A"

Court File No: CV-08-7672-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT

DUCHARME FOX LLP

800 University Avenue West
Windsor, Ontario N9A 5R9

Gerald E. Skillings

Tel: 519-259-1805

Fax: 519-259-1835

Email: gskillings@ducharmefox.com

MILLER THOMSON LLP

Scotia Plaza,
40 King Street West, Suite 5800
Toronto, ON M5H 3S1

Joseph Marin LSUC# 16957R

Tel: 416-595-8579

Fax: 416-595-8695

Email: jmarin@millerthomson.com

Solicitors for the Applicants