

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ACS PRECISION COMPONENTS PARTNERSHIP

Respondent

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C-43, as amended

APPLICATION RECORD

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# INDEX

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APPLICATION RECORD INDEX

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I	Exhibit "I" – Agreement Regarding Receivership

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TAB "1"

Court File No.

10-8702-000

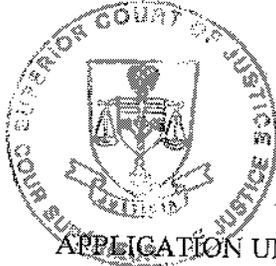
**ONTARIO  
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**NOTICE OF APPLICATION**

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on Thursday, May 6, 2010 at 10:00, at the Court House, 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date May 4, 2010

Issued by   
Local registrar  
**Toni Vecchiola**  
Registrar, Superior Court of Justice

Address of 330 University Avenue  
court office Toronto, ON M5G 1R7

TO: ACS Precision Components Partnership  
250 Royal Oak Road  
Cambridge, ON N3H 5M3

TO: ATS Automation Tooling Systems Inc.  
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*Lawyers for ATS Automation Tooling Systems Inc.*

## APPLICATION

1. The Applicant makes application for:
  - (a) an Order abridging the time for, and validating service of the within Application;
  - (b) an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA") and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C-43, as amended (the "CJA") substantially in the form of the draft Order attached hereto as Schedule "A" appointing Zeifman Partners Inc. ("ZP") as receiver and manager (in such capacities the "Receiver"), without security, of all of the assets, undertakings and properties of ACS Precision Components Partnership (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor;
  - (c) an Order ratifying and approving the Agreement Regarding Receivership entered into by ZP, the Applicant and the Debtor in the form attached as Exhibit I to the Affidavit of Alex McIntosh sworn and filed on this Application; and
  - (d) such further and other relief as counsel may advise and this Honourable Court may permit.
  
2. The grounds for the application are:
  - (a) The Debtor is indebted to Bank of Montreal ("BMO") in the amount of approximately \$3.7 million as at April 22, 2010, plus interest and costs after such date, in respect of certain credit facilities extended by BMO to the Debtor and as guarantor of certain credit facilities extended by BMO to a related company, Omex Manufacturing ULC;
  - (b) BMO holds a security interest over all of the assets and property of the Debtor pursuant to a General Security Agreement and security under Section 427 of the *Bank Act*;

- (c) On April 27, 2010, BMO demanded payment from the Debtor and delivered to the Debtor a Notice of Intention to Enforce Security pursuant to Section 244(1) of the BIA;
  - (d) The appointment of a receiver is necessary to maximize the value of the Debtor's assets for the benefit of the creditors and to provide an opportunity for the Debtor's customers to orderly resource their production to other suppliers;
  - (e) The consent of the Debtor;
  - (f) The appointment of a receiver is just and convenient;
  - (g) Sections 243 of the BIA and 101 of the CJA;
  - (h) Rules 2.03, 3.02, 14.05 and 16.03 of the Rules of Civil Procedure; and
  - (i) Such further and other grounds as counsel may advise and this Honourable Court may permit.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the Affidavit of Alex McIntosh sworn and the Exhibits referred to therein;
  - (b) the Consent of ZP to act as receiver; and

- (c) such further and other documentary evidence as counsel may advise and this Honourable Court may permit.

May 4, 2010

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Lawyers for the Applicant

**BANK OF MONTREAL**  
Applicant

**ACS PRECISION COMPONENTS**  
and  
**PARTNERSHIP**  
Respondent

Court File No:

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**NOTICE OF APPLICATION**

**MILLER THOMSON LLP**  
**ONE LONDON PLACE**  
**255 QUEENS AVENUE, SUITE 2010**  
**LONDON, ON CANADA N6A 5R8**

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Lawyers for the Applicant

**SCHEDULE "A"**

Court File No. \_\_\_\_\_

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

THE HONOURABLE ) THURSDAY, THE 6<sup>TH</sup> DAY  
JUSTICE ) OF MAY, 2010  
)  
)

**BANK OF MONTREAL**

Applicant

- and -

**ACS PRECISION COMPONENTS PARTNERSHIP**

Respondent

**ORDER**

THIS APPLICATION made by the Applicant for, *inter alia*, an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Zeifman Partners Inc. ("ZP") as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of ACS Precision Components Partnership (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Alex McIntosh sworn May 4, 2010 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and the Debtor, no one else appearing although duly served as appears from the affidavit of service of Lisa Massey sworn May 4, 2010 and on reading the consent of ZP to act as the Receiver,

**SERVICE**

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

**APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, ZP is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

**RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and

negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (s) to file an assignment for the general benefit of the creditors of the Debtor or consent to the making of a Bankruptcy Order on behalf of the Debtor; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **SPECIFIC PROVISIONS**

4. THIS COURT ORDERS that the Agreement Regarding Receivership dated May 4, 2010 (the "Agreement") among the Applicant, the Debtor and ZP, a copy of which is attached hereto as Schedule "A", including Exhibits "A" and "B" attached thereto, be and it is hereby ratified and approved, and shall have full force and effect in the within proceedings. In the event of any inconsistency between the terms of the Agreement and the provisions of this Order, the terms of the Agreement shall govern.

5. THIS COURT ORDERS that, without limiting paragraph 4 above, the Receiver is authorized to do all things contemplated to be done by the Receiver in the Agreement, as and when contemplated to be done therein. For certainty, the Receiver shall be under no obligation to cause the Debtor to produce component parts for any customers of the Debtor save and except in accordance with the Agreement.

**DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

6. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former officers, employees, agents, accountants, legal counsel and partners, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

7. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 7 or in paragraph 8 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

8. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate

access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

**NO PROCEEDINGS AGAINST THE RECEIVER**

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

11. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor 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 THE RECEIVER**

12. THIS COURT ORDERS that 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 the Debtor, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor 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 services, utility or other services to the Debtor 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current 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 Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

### **EMPLOYEES**

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in

respect of its obligations under sections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

#### **PIPEDA**

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in

pursuance of the Receiver'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.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

## **FUNDING OF THE RECEIVERSHIP**

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

## **GENERAL**

26. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. THIS COURT ORDERS that the Receiver 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

30. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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

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## SCHEDULE "A"

### AGREEMENT REGARDING RECEIVERSHIP

ACS Precision Components Partnership, an Ontario partnership ("Borrower"), Bank of Montreal ("Lender") and Zeifman Partners Inc. ("ZP") enter into this Agreement Regarding Receivership (this "Agreement") on May 4, 2010.

### BACKGROUND

A. Pursuant to a Commitment Letter dated December 16, 2008 and related loan and security documents (together, the "Loan Documents"), Lender provided secured financing to Borrower. Borrower is in default of its obligations to Lender and Lender has demanded repayment of the obligations outstanding under the Loan Documents and issued a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (the "Act").

B. Borrower acknowledges that as of April 22, 2010, its obligations to Lender (inclusive of its obligations arising from Borrower's guarantee of the obligations of OMEX Manufacturing ULC) totalled \$3,704,134.28 plus accrued but unpaid interest from and after April 22, 2010 and costs and expenses called for by the Loan Documents (the "Loans").

C. In an effort to maximize the value of its assets and provide an opportunity for its customers to orderly re-source their production to other suppliers, subject to the terms of this Agreement, Borrower has agreed to consent to the appointment of a receiver and manager over its assets and operations.

Based on the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

### TERMS AND CONDITIONS

1. Borrower consents to each of the following:
  - (a) the granting of an Order (the "Order") by the Ontario Superior Court of Justice, Commercial List (the "Court") on the application of the Lender for the appointment of a receiver (the "Receiver") of all of the assets, undertakings and properties of the Borrower under Section 243 of the Act and Section 101 of the Courts of Justice Act; and
  - (b) the appointment in the Order of ZP as Receiver.
2. Borrower acknowledges that it is in default under the Loan Documents and pursuant to Section 244 of the Act hereby waives the 10 day notice period prescribed thereby.

3. In consideration of Borrower's consents and waivers set forth in this Agreement, Lender agrees to allow the Receiver, in acting pursuant to the Order, to use cash proceeds of accounts receivable and inventory ("Cash Collateral") on the following terms:

- (a) the Receiver will not be allowed to use any cash proceeds from fixed asset sales (such proceeds will be segregated by the Receiver in a separate account pending Court approval for the distribution of such proceeds).
- (b) Cash Collateral may be used only to the extent the following formula is satisfied (the "Formula"):
  - (i) remaining Cash Collateral being held by Receiver in a segregated deposit account; plus
  - (ii) 90% of accounts subject to a setoff limitation substantially in the form of paragraph 3 of the form Accommodation Agreement attached as Exhibit A (the "Form Accommodation Agreement"); plus
  - (iii) 70% of raw materials and finished goods inventory which are subject to a purchase obligation under a Form Accommodation Agreement or Letter Agreement; plus
  - (iv) 85% of the amount of any tooling accounts that customers agree in writing to pay within 30 days without setoff or reduction on any basis;

is equal to or greater than the sum of the following:

- (i) the balance of the Loans (inclusive of unpaid interest and fees), plus
  - (ii) a reserve of \$100,000 (the "Wind Down Reserve"), plus
  - (iii) a reserve of \$300,000 (the "Employee Claim Reserve"), plus
  - (iv) a reserve equal to Receiver's good faith estimate of unpaid professional fees and costs owing to Receiver and its counsel (the "Fee Reserve").
- (c) The Formula will be calculated on a daily basis based on Cash Collateral, accounts receivable and inventory balances, with all amounts [other than inventory values] updated daily. [Inventory values adjusted on Tuesday of each week based on actual inventory levels as of the close of business on the prior Friday].

- (d) the Receiver will not be allowed to use any Cash Collateral for production after May 13, 2010 for any customer representing 4% or more of Borrower's historical sales unless the customer agrees to the accommodations outlined in the Form Accommodation Agreement.
- (e) Subject to the Formula and there being sufficient Cash Collateral available to fund such expenses, the Receiver may use (i) the Employee Claim Reserve to fund vacation pay and accrued but unpaid wages owing to Borrower's employees as of the effective date of the receivership, (ii) the Wind Down Reserve to fund costs and expenses incurred by Receiver after production ceases for all customers, and (iii) the Fee Reserve to pay professional fees owing to Receiver and its legal counsel.
- (f) For certainty, any "Surcharges" (as that term is defined in the Form Accommodation Agreement or the Letter Agreement, as defined below) paid by Customers will be Cash Collateral.
- (g) Lender will have no obligation to make any new advances to Borrower or the Receiver.

4. Lender will:

- (a) promptly seek the appointment of ZP as Receiver; and
- (b) consent to the Receiver's sale of dedicated machinery, equipment, tooling and fixtures owned by Borrower ("Dedicated Assets") for an amount not less than 90% of appraised fair market value as provided for in the Corporate Assets Valuations Appraisal dated April 23, 2010; for certainty, "dedicated" means used solely by Borrower in producing component parts for a particular customer and not reasonably useable in producing component parts for third parties).

5. Subject to being appointed as Receiver and this Agreement and the exhibits hereto being approved by the Court, and subject to any further Order of the Court, ZP agrees that it will:

- (a) use its best efforts to cause Borrower to produce parts banks for customers who execute the Form Accommodation Agreements substantially in the form of Exhibit "A" ("Participating Customers") and to otherwise cooperate with the Participating Customers in their re-sourcing activities;

- (b) seek expedited court approval, if necessary, to sell Dedicated Assets on the terms of subsection 4(b) above;
- (c) not allow any customer to remove Tooling (as defined in the Form Accommodation Agreement) from Borrower's possession unless (i) required to do so by court order, or (ii) the customer pays (or agrees to pay in a written agreement satisfactory to Receiver) all accounts payable owing to Borrower subject to the setoff limitations provided in the Form Accommodation Agreement (regardless of whether the customer has executed a Form Accommodation Agreement);
- (d) use Cash Collateral consistent with the terms of this Agreement;
- (e) use the Employee Claim Reserve to fund vacation pay and accrued but unpaid wages owing to Borrower's employees as of the effective date of the receivership; and
- (f) use its best efforts to get all customers representing less than 4% of Borrower's historical sales to execute and deliver a letter agreement substantially in the form of Exhibit B (the "Letter Agreement") in exchange for the Receiver allowing Borrower to produce goods for such customers.

6. ZP will have no obligations or duties under this Agreement unless and until it is appointed Receiver and this Agreement and the Exhibits hereto being approved by the Court.

7. This Agreement sets forth the entire agreement and understanding of the parties, and supersedes all prior agreements and understandings between the parties with respect to the assignment. This Agreement will be binding on, and inure to the benefit of, the parties and their successors and assigns.

8. This Agreement may be signed in counterparts, each of which will be an original and both of which taken together will constitute one agreement, and facsimile signatures will be treated as original for all purposes.

9. This Agreement may not be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

**[End of document –signatures are set forth on the next page]**

[Signature page to Agreement Regarding Receivership dated May 4, 2010]

**BANK OF MONTREAL**

By: \_\_\_\_\_  
Name: Dave Coutts  
Title: Account Manager  
I have authority to bind the Bank

**ZEIFMAN PARTNERS INC.**

By: \_\_\_\_\_  
Name: Allan Rutman  
Title: President  
I have authority to bind the  
Company

**ACS PRECISION COMPONENTS  
PARTNERSHIP**

By: \_\_\_\_\_  
Name: Matthew Richey  
Title: Chief Executive Officer

And  
By: \_\_\_\_\_  
Name: Douglas Spittal  
Title: Executive V-P  
We have authority to bind the  
Partnership

## EXHIBIT A

### CUSTOMER ACCOMMODATION AGREEMENT

Zeifman Partners Inc., solely in its capacity as receiver and manager of ACS Precision Components Partnership, an Ontario partnership ("ACS") and \_\_\_\_\_ ("Customer") enter into this Customer Accommodation Agreement (this "Agreement") as of May \_\_, 2010.

#### BACKGROUND

A. ACS manufactures component parts for Customer (the "Component Parts") pursuant to various purchase orders and supply contracts (each a "Purchase Order" and collectively, the "Purchase Orders").

B. ACS defaulted on its obligations to its senior lender, Bank of Montreal ("BMO") and BMO demanded payment of all outstanding obligations on April 27, 2010.

C. On May 6, 2010 at approximately \_\_\_\_\_ p.m. E.D.T. (the "Effective Date"), the Ontario Superior Court of Justice, Commercial List (the "Receivership Court") entered an order (the "Receivership Order") appointing Zeifman Partners Inc. as receiver and manager of ACS (the "Receiver").

D. The Receivership Order provides that the Receiver is under no obligation to allow ACS to continue to produce Component Parts for any customer unless such customer enters into acceptable arrangements with the Receiver.

E. Subject to the terms and conditions of this Agreement, Receiver has agreed to allow ACS to manufacture and supply Component Parts to Customer.

**BASED** on the foregoing background and for good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

#### TERMS AND CONDITIONS

1. Payment of Existing Accounts. For convenience, all amounts owing by Customer to ACS for Component Parts shipped on or before the Effective Date or for tooling that has received so-called "PPAP" or equivalent approval on or before the Effective Date are collectively referred to as the "Pre-Effective Date Payables". Customer acknowledges and agrees that the Pre-Effective Date Payables are equal to at least CDN \$ \_\_\_\_\_ and that subject to any Allowed Setoffs (defined below), Customer claims no rights of setoff or any other claim of any nature whatsoever and that the foregoing amount is due and owing, in full, by the Customer to ACS. By May \_\_, 2010 Customer will pay all Pre-Effective Date Payables subject to the terms of Section 3 below; payment will be made by cheque and must be received by the

Receiver on or before May \_\_\_\_\_, 2010 at the address set forth under the Receiver's signature below or via wire transfer as follows:

\_\_\_\_\_, Toronto Canada

SWIFT No: \_\_\_\_\_

Account No: \_\_\_\_\_

Account Name: Zeifman Partners, as receiver and manger of  
ACS Precision Components Partnership

2. Expedited Payment Terms. For shipments of Component Parts to Customer after the Effective Date (the "Post-Effective Date Payables"), Customer will pay for shipments on terms of net 7 days or better.

3. Limitation of Setoff Rights. With respect to all accounts payable owing to ACS, whether arising before or after the Effective Date, Customer agrees to suspend and not assert any defenses, rights and claims for setoffs, deductions and/or recoupment other than for Allowed Setoffs. For purposes of this Agreement, "Allowed Setoffs" means setoffs, recoupments or deductions for defective or nonconforming products, short shipments, misshipments, or *bona fide* billing errors (improper invoices or mispricing). Provided further that under no circumstances will (a) Allowed Setoffs exceed ten percent (10%) of the face amount of any *bona fide* invoice, or (b) setoffs or recoupments, including Allowed Setoffs, be taken against the Surcharge (as defined below).

4. Surcharges. For all Component Parts shipped to Customer after the Effective Date, Customer agrees to pay a thirty percent (30%) surcharge (the "Surcharge") in excess of the applicable Purchase Order price. Additionally, Customer will bear the cost of premium freight to the extent it is incurred in connection with delivery of Component Parts to Customer. If Receiver, acting reasonably, believes that the Surcharge is insufficient to fully fund Customer's pro-rata share of all cash losses incurred or to be incurred in producing Component Parts for Customer (including Receiver's and its counsel's professional fees and costs, the cost of winding down the operations of ACS when all production ceases and payment of any employee claims other than termination and severance pay), on 5 days' written notice to Customer, unless Customer agrees in writing to increase its Surcharge to the level requested by Receiver, Receiver will have the right to cause ACS to cease production for Customer.

5. Tooling Purchase Orders. Customer previously entered into purchase orders or other agreements (the "Tooling Purchase Orders") with ACS for the tooling, gauges, molds, fixtures, and appurtenances thereto described on Schedule A (collectively, the "Tooling"). In turn, ACS entered into agreements with third parties to manufacture the Tooling (the "Tool Vendor"); as of the Effective Date, the Tooling was not completed such that payment was not due under the applicable Tooling Purchase Order. In respect of the Tooling Purchase Orders, Customer agrees to (a) assume full responsibility for dealing with Tool Vendors (by assuming ACS' obligations to Tool Vendor or entering into a new contract with Tool Vendor(s)), (b) within 10 days after

receipt of reasonable documentation from the Receiver to evidence the amount due, pay to Receiver an amount equal to the sum of any payments previously made by ACS to the Tool Vendors in respect of the Tooling, with such payments made without setoff, recoupment or deduction for any reason, and (c) upon the Tooling receiving final PPAP approval, pay to the Receiver (without setoff or deduction on any basis) an amount equal to the difference between (i) the applicable ACS Tooling Purchase Order price, minus (ii) amounts paid by Customer to Tool Vendors in respect of the Tooling, minus (iii) amounts paid to Receiver under subpart (b) above. Upon Customer's payment of the foregoing amounts, any right, title or interest of the Receiver or ACS to the subject Tooling will pass to Customer and Customer will thereafter be released from any further payment obligation to the Receiver or ACS on account of the Tooling Purchase Order.

6. Inventory Purchase. At the earlier of the time Customer re-sources any Component Part from ACS or when ACS ceases production of Component Parts, Customer agrees to purchase from Receiver (free and clear of all liens, security interests and charges), all raw materials, work in process and finished goods inventory related to the manufacture, production or assembly of the subject Component Part (the "Customer Inventory") that is "useable" and in a "merchantable" condition. The price for the Customer Inventory to be purchased under this Paragraph 6 will be calculated as follows:

- (a) for raw material – 100% of the cost of the raw material, with cost based on ACS' actual landed cost;
- (b) for work-in-process – 100% of the applicable Purchase Order price plus the Surcharge, with such amount pro-rated on a percentage of completion basis; and
- (c) for finished Component Parts – 100% of the applicable Purchase Order price plus the Surcharge.

For the purpose of this Agreement, the term "useable" means inventory in quantities that are reasonably useable by Customer or Customer's new suppliers in the production of Component Parts. The term "merchantable" as used in this Agreement means of good quality and in conformance with any applicable Purchase Order specifications. Customer will pay the purchase price for the Customer Inventory without setoff, recoupment or other deduction of any kind or nature prior to taking delivery of such Customer Inventory.

7. Continue to manufacture; allocation of resources. Subject to the availability of sufficient financing, raw materials, labor, machine capacity and the terms of Paragraph 4 above, Receiver will use its best efforts to cause ACS to continue to manufacture Component Parts in accordance with Customer's requirements. Production capacity and available resources will be allocated equitably among all customers providing accommodations substantially equivalent to those provided in this

Agreement (such customers are referred to collectively as the "Participating Customers").

8. Inventory Bank. Upon Customer's reasonable request and subject to availability of sufficient financing, raw materials, labor, machine capacity and the terms of Paragraph 4 above, Receiver will use its best efforts to cause ACS to build inventory banks of Component Parts ("Inventory Banks"). Inventory Banks will be shipped as produced and Customer will pay for same in accordance with Paragraphs 2, 3, and 4. Receiver will use its best efforts to cause ACS to allocate available capacity and resources equitably among the Participating Customers. For purposes of Paragraph 7 and this Paragraph 8, an "equitable allocation" means that Customer's production will receive at least a pro-rata share of available resources or capacity (including any excess capacity used to produce parts banks) based on the dollar value of Customer's and other Participating Customers' respective purchases from ACS during the one (1) year period prior to the Effective Date.

9. Cooperation in Re-Sourcing. Receiver will cause ACS to provide Customer and its new supplier(s) reasonable access to ACS' manufacturing operations to facilitate the transfer of production of the Component Parts provided such access does not unreasonably interfere with production for other Participating Customers. Further, Customer agrees to give Receiver as much advance notice as possible, and in no event less than twenty-one (21) days' notice, regarding Customers re-sourcing plans so Receiver can manage ACS' operations in an efficient and economical manner.

10. Tooling Acknowledgement.

- (a) Within ten (10) days of execution of this Agreement, Customer will provide Receiver a list of all tooling, dies, test and assembly fixtures, jigs, gauges, paint racks, patterns, casting patterns, cavities, molds and documentation including engineering specifications and test reports together with any accessions, attachments, parts, accessories, substitutions, replacements, and appurtenances used by ACS in connection with its manufacture of Component Parts for the Customer (collectively "Tooling") and claimed to be owned by the Customer. Customer and Receiver will exercise best efforts in good faith to resolve any discrepancy or dispute relating to the ownership of such Tooling.
- (b) As soon as practicable, but in any event no later than forty-five (45) days after the execution of this Agreement, Receiver will attach to this Agreement Schedule B listing all Tooling Customer claims to be owned by Customer and to which the Receiver acknowledges and agrees are owned by Customer (the "Customer's Tooling"). By appending Schedule B, Receiver acknowledges and agrees that Customer's Tooling is owned by the Customer and that no person or entity other than Customer has any right, title or interest in

Customer's Tooling other than ACS' right, subject to Customer's unfettered discretion, to utilize Customer's Tooling in the manufacture of Component Parts pursuant to the terms of the Purchase Orders (as amended by this Agreement). Subject to Customer's compliance with the terms of this Agreement, Customer will have the right to take immediate possession of the Customer's Tooling at any time, should Customer elect to exercise such right, and Receiver agrees to cooperate with Customer in its taking possession of the Customer's Tooling.

- (c) In the event of a dispute as to the ownership of any one or more items of Tooling, Customer will have the right to apply to the Ontario Superior Court of Justice, Commercial List in the receivership proceeding of ACS to determine ownership of such Tooling.

11. No liability. The Receiver will not be deemed to be a successor to ACS in respect of any obligations under the Purchase Orders or the Tooling Purchase Orders (collectively, the "Customer Agreements") and Receiver is acting solely in its capacity of receiver and manager of ACS and with no personal or corporate liability. Subject to the Allowed Setoffs, Customer further agrees that Receiver will have no liability to Customer for, and Customer will indemnify and hold Receiver harmless from and against any claims of third parties for, (a) any failure to supply Component Parts, including without limitation, in the quantities or at the times requested by Customer, (b) breaches by ACS of any agreements it has with Customer, and (c) any liability for non-conforming or defective Component Parts sold to Customer, including in respect of product liability claims and claims for latent defects in such Component Parts. **FURTHER, RECEIVER HAS NOT GIVEN AND WILL NOT BE DEEMED TO HAVE GIVEN ANY CUSTOMER OR ITS SUCCESSORS OR PERMITTED ASSIGNS ANY WARRANTIES (INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), IN RESPECT OF ANY COMPONENT PARTS OR CUSTOMER INVENTORY. ALL CONDITIONS AND WARRANTIES EXPRESSED OR IMPLIED BY THE SALE OF GOODS ACT OF ONTARIO DO NOT APPLY HERETO AND HAVE BEEN WAIVED BY THE CUSTOMER.**

12. General Terms.

A. Authorization. The parties executing this Agreement warrant that they have the corporate power and authority to execute this Agreement and this Agreement has been duly authorized by the parties.

B. Cooperation. Each party agrees to cooperate fully and in good faith with the other parties and to take all additional actions that may be necessary to give full force and effect to this Agreement.

C. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation of this Agreement.

D. No Waiver; Cumulative Remedies; Unenforceability. No party to this agreement will by any act, delay, indulgence, omission, or otherwise be deemed to have waived any right or remedy under this Agreement, or any other agreement between the parties or between Customer and ACS, or of any breach of the terms and conditions of this Agreement or any other agreement between the parties or between Customer and ACS. A waiver by any party of any right or remedy under this Agreement on any one occasion will not be construed as a bar to any right or remedy which that party would otherwise have had on a subsequent occasion. No failure to exercise, nor any delay in exercising, any right, power, or privilege under this Agreement, by any party will operate as a waiver, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies under this Agreement are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by any other agreements or applicable law. If any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement will not be affected thereby.

E. Reservation of Rights. Subject to the terms of this Agreement, Customer expressly reserves and does not waive any claims it has against ACS, including without limitation, for breaches of any Purchase Order, or obligations under any other agreements between Customer and ACS.

F. Waivers and Amendments; Successors and Assigns. No term or provision of this Agreement may be waived, altered, modified, or amended except by a written instrument, duly executed by the parties hereto. This Agreement and all of the parties' obligations are binding upon their respective successors, and together with the rights and remedies of the parties under this Agreement, inure to the benefit of the parties and their respective successors; provided, further, no party will assign any of its rights under this Agreement.

G. Counterparts. This Agreement may be executed in any number of counterparts and by each party hereto on separate counterparts, each of which when so executed and delivered will be an original, but all of which together will constitute one and the same instrument, and it will not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. For purposes of this Agreement, facsimile signatures will be treated as originals.

H. Jurisdiction. Customer agrees to submit to the jurisdiction of the Ontario Superior Court of Justice, Commercial List in connection with any dispute under this Agreement and agrees that if the Receiver is required to seek the assistance of the Receivership Court to enforce this Agreement, in addition to any other remedies

available under applicable law, the Receiver will be entitled to recover its reasonable lawyer's fees and costs so incurred.

I. Entire Agreement; Conflicts; Ambiguous Language. This Agreement, together with any other agreements and schedules referenced to herein or executed in connection with this Agreement, constitutes the entire understanding of the parties in connection with the subject matter hereof. To the extent any term or condition of this Agreement is inconsistent or in conflict with the terms of any other agreements between ACS or the Receiver and the Customer, the terms of this Agreement will govern and control to the extent necessary to resolve such inconsistency or conflict. This Agreement is being entered into among competent persons who are experienced in business and represented by counsel, and has been reviewed by the parties and their respective counsel. Therefore, any ambiguous language in this Agreement will not necessarily be construed against any particular party as the drafter of such language.

J. Governing Law. This Agreement is made in the Province of Ontario and shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and of Canada applicable therein and the parties irrevocably attorn to the jurisdiction of the Court and other appropriate courts of the Province of Ontario in respect of any matters and disputes arising in connection with this Agreement.

K. CONSULTATION WITH COUNSEL. THE PARTIES ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO CONSULT WITH COUNSEL BEFORE EXECUTING THIS AGREEMENT AND ARE EXECUTING SUCH AGREEMENT WITHOUT DURESS OR COERCION AND WITHOUT RELIANCE ON ANY REPRESENTATIONS, WARRANTIES OR COMMITMENTS OF THE RECEIVER, OTHER THAN THOSE SPECIFICALLY SET FORTH IN THIS AGREEMENT.

[Intentionally left blank, signature page continued on following page]

**[Signature page to Customer Accommodation Agreement]**

“Receiver”

**ZEIFMAN PARTNERS INC.**, solely in its capacity as Receiver and Manager of ACS Precision Components Partnership and with no personal or corporate liability

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Address for notices:**

One Toronto Street  
PO Box 28  
Suite 910  
Toronto, Ontario M5C 2C6 Canada

**“CUSTOMER”**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Address for notices:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT B**

**[ZEIFMAN PARTNERS INC. LETTERHEAD]**

May \_\_\_\_, 2010

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Re: ACS Precision Components Partnership ("ACS")**

Dear Customer:

ACS manufactures various component parts (the "Component Parts") for \_\_\_\_\_ ("Customer" or "you") pursuant to various purchase orders and supply contracts (each a "Purchase Order" and collectively the "Purchase Orders"). At approximately \_\_\_\_ p.m. E.D.T. on May 6, 2010 (the "Effective Date"), the Ontario Superior Court of Justice, Commercial List, entered an order (the "Receivership Order") appointing Zeifman Partners Inc. as receiver and manager (the "Receiver") of ACS.

The Receivership Order provides that the Receiver is under no obligation to allow ACS to continue to produce Component Parts for any customer unless such customer enters into acceptable arrangements with the Receiver. The purpose of this letter agreement is to set forth the terms and conditions pursuant to which the Receiver will allow ACS to manufacture Component Parts for you.

Subject to the availability of sufficient financing, raw materials, labor and machine capacity and subject to the following terms, the Receiver will use its best efforts to cause ACS to continue to manufacture Component Parts in accordance with Customer's requirements:

1. **Payment of Existing Accounts**. You acknowledge and agree that the aggregate amount owing by you to ACS for Component Parts shipped on or before the Effective Date (the "Pre-Effective Date Payables") is no less than CDN \$\_\_\_\_\_. By May \_\_\_\_, 2010, you will pay all Pre-Effective Date Payables in accordance with the terms of Section 3 below.
2. **Expedited Payment Terms**. For shipments of Component Parts to you after the Effective Date (the "Post-Effective Date Payables"), you will pay for all invoices provided by ACS on terms of net seven (7) days or better.

3. **Limitation of Setoff Rights.** With respect to Pre-Effective Date Payables and Post-Effective Date Payables, you agree to suspend and not assert any defenses, rights and claims for setoffs, deductions and/or recoupment other than for Allowed Setoffs. For purposes of this letter agreement, "Allowed Setoffs" means setoffs, recoupments or deductions for defective or nonconforming products, short shipments, misshipments, or billing errors (improper invoices or mispricing). Provided further that under no circumstances shall (a) Allowed Setoffs exceed ten percent (10%) of the face amount of any *bona fide* invoice, or (b) setoffs or recoupments, including Allowed Setoffs, be taken against the Surcharge (as defined below).
4. **Surcharge.** For all Component Parts shipped to you after the Effective Date, you agree to pay a [thirty percent (30%)] increase (the "Surcharge") in excess of current Purchase Order prices.
5. **Inventory Purchase.** You agree to purchase from Receiver, at the time of resourcing any Component Part, all raw materials, work in process and finished goods inventory related to the manufacture, production or assembly of the subject Component Part (collectively, the "Customer Inventory") that is "useable" and in a "merchantable" condition. The price for the Customer Inventory to be purchased under this Section will be calculated as follows:
  - (a) for raw material – 100% of the cost of the raw material, with cost based on ACS' actual landed cost;
  - (b) for work-in-process – 100% of the applicable Purchase Order price plus the Surcharge, with such amount pro-rated on a percentage of completion basis; and
  - (c) for finished Component Parts – 100% of the applicable Purchase Order price plus the Surcharge.

For the purpose of this Agreement, the term "useable" means inventory in quantities that are reasonably useable by you or your new suppliers in the production of Component Parts. The term "merchantable" as used in this Agreement means of good quality and in conformance with any applicable Purchase Order specifications. You agree to pay the purchase price for the Customer Inventory without setoff, recoupment or other deduction of any kind or nature within three (3) days of taking delivery of such Customer Inventory.

6. **No Liability.** Receiver is acting solely in its capacity of receiver and manager of ACS and with no personal or corporate liability. Further, Receiver will not be deemed to be successors to ACS in respect of any obligations under the Purchase Orders. You also agree that the Receiver will have no liability to you for, (a) any failure to supply Component Parts, including without limitation, in the quantities or at the times requested by you, (b) breaches by ACS of any agreements it has with you, and (c) Component Parts sold to you (including in respect of product liability claims and claims for latent defects in such Component Parts).
7. **No Warranty.** RECEIVER HAS NOT GIVEN AND WILL NOT BE DEEMED TO HAVE GIVEN ANY CUSTOMER OR ITS SUCCESSORS OR PERMITTED ASSIGNS ANY WARRANTIES (INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), IN RESPECT OF ANY COMPONENT PARTS OR CUSTOMER INVENTORY. ALL CONDITIONS AND WARRANTIES EXPRESSED OR IMPLIED BY THE SALE OF GOODS ACT OF ONTARIO DO NOT APPLY HERETO AND HAVE BEEN WAIVED BY THE CUSTOMER.

Please acknowledge your agreement to these terms by signing in the space provided. This letter may be signed in counterparts and facsimile copies of signatures will constitute originals for all purposes. This letter sets forth the entire understanding of the parties with respect to the subject matter hereof.

**ZEIFMAN PARTNERS INC.**, solely in its capacity as Receiver and Manager of ACS Precision Components Partnership and with no personal or corporate liability

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Acknowledged and agreed:**  
**[CUSTOMER]**

By: \_\_\_\_\_

Its: \_\_\_\_\_  
an authorized representative

**SCHEDULE "B"**

**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Zeifman Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties ACS Precision Components Partnership acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Order") made in an action having Court file number \_\_\_-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Zeifman Partners Inc., solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

Per: \_\_\_\_\_

Name:

Title:

BANK OF MONTREAL  
Applicant

ACS PRECISION COMPONENTS  
and  
PARTNERSHIP  
Respondent

Court File No:

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**ORDER**

**MILLER THOMSON LLP  
ONE LONDON PLACE  
255 QUEENS AVENUE, SUITE 2010  
LONDON, ON CANADA N6A 5R8**

Tony Van Klink LSUC#: 29008M  
Tel: 519.931-3509  
Fax: 519.858.8511

Lawyers for the Applicant

BANK OF MONTREAL  
Applicant

and  
ACS PRECISION COMPONENTS  
PARTNERSHIP  
Respondent

Court File No:

10-8702-0001

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto.

**NOTICE OF APPLICATION**

**MILLER THOMSON LLP  
ONE LONDON PLACE  
255 QUEENS AVENUE, SUITE 2010  
LONDON, ON CANADA N6A 5R8**

Tony Van Klink LSUC#: 29008M  
Tel: 519.931-3509  
Fax: 519.858.8511

Lawyers for the Applicant

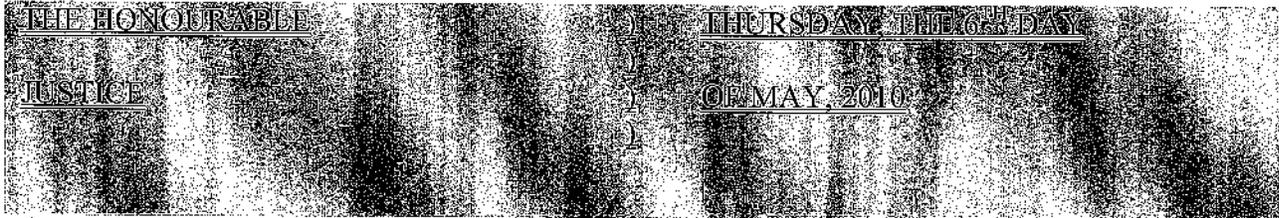
TAB "2"

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

THE HONOURABLE \_\_\_\_\_ ) \_\_\_\_\_ DAY, THE \_\_\_\_ DAY  
\_\_\_\_\_) \_\_\_\_\_  
JUSTICE \_\_\_\_\_ ) \_\_\_\_\_ OF \_\_\_\_\_, 20\_\_

**PLAINTIFF**

Plaintiff



**BANK OF MONTREAL**

Applicant

- and -

**DEFENDANT**

Defendant

**ACS PRECISION COMPONENTS PARTNERSHIP**

Respondent

**ORDER**

THIS ~~MOTION~~APPLICATION made by the PlaintiffApplicant for, *inter alia*, an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing ~~{RECEIVER'S NAME}~~Zeifman Partners Inc. ("ZP") as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of ~~{DEBTOR'S NAME}~~ACS Precision Components Partnership (the "Debtor")

acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Alex McIntosh sworn ~~[DATE]~~May 4, 2010 and the Exhibits thereto and on hearing the submissions of counsel for ~~[NAMES]~~the Applicant and the Debtor, no one else appearing for ~~[NAME]~~ although duly served as appears from the affidavit of service of ~~[NAME]~~Lisa Massey sworn ~~[DATE]~~May 4, 2010 and on reading the consent of ~~[RECEIVER'S NAME]~~ZP to act as the Receiver,

**SERVICE**

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

**APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, [RECEIVER'S NAME]ZP is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

**RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect ~~of~~ the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and

negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$          ,250,000, provided that the aggregate consideration for all such transactions does not exceed \$          1,000,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [~~or section 31 of the Ontario *Mortgages Act*, as the case may be,~~] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (s) to file an assignment for the general benefit of the creditors of the Debtor or consent to the making of a Bankruptcy Order on behalf of the Debtor;  
and
- (t) ~~(s)~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

**SPECIFIC PROVISIONS**

4. THIS COURT ORDERS that the Agreement Regarding Receivership dated May 4, 2010 (the "Agreement") among the Applicant, the Debtor and ZP, a copy of which is attached hereto as Schedule "A", including Exhibits "A" and "B" attached thereto, be and it is hereby ratified and approved, and shall have full force and effect in the within proceedings. In the event of any inconsistency between the terms of the Agreement and the provisions of this Order, the terms of the Agreement shall govern.

5. THIS COURT ORDERS that, without limiting paragraph 4 above, the Receiver is authorized to do all things contemplated to be done by the Receiver in the Agreement, as and when contemplated to be done therein. For certainty, the Receiver shall be under no obligation

to cause the Debtor to produce component parts for any customers of the Debtor save and except in accordance with the Agreement.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

6. ~~4-~~ THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former ~~directors,~~ officers, employees, agents, accountants, legal counsel and ~~shareholders~~ partners, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

7. ~~5-~~ THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph ~~57~~ or in paragraph ~~68~~ of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

8. ~~6-~~ THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the

information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

**NO PROCEEDINGS AGAINST THE RECEIVER**

9. ~~7-~~ THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

10. ~~8-~~ THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

11. ~~9-~~ THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor 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 THE RECEIVER**

12. ~~10.~~ THIS COURT ORDERS that 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 the Debtor, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

13. ~~11.~~ THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor 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 services, utility or other services to the Debtor 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current 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 Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

14. ~~12.~~ THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

15. ~~13.~~ THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

## **PIPEDA**

16. ~~14.~~ THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

17. ~~15.~~ THIS COURT ORDERS that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

18. ~~16.~~ THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

19. ~~17.~~ THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

21. ~~19.~~ THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

## FUNDING OF THE RECEIVERSHIP

22. ~~20.~~ THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$          1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. ~~21.~~ THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. ~~22.~~ THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "AB" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

25. ~~23.~~ THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

## GENERAL

26. ~~24.~~ THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. ~~25.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. ~~26.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. ~~27.~~ THIS COURT ORDERS that the Receiver 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

30. ~~28.~~ THIS COURT ORDERS that the PlaintiffApplicant shall have its costs of this ~~motion~~application, up to and including entry and service of this Order, provided for by the terms of the PlaintiffApplicant's security or, if not so provided by the PlaintiffApplicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

31. ~~29.~~

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

---

**SCHEDULE "A"**

**AGREEMENT REGARDING RECEIVERSHIP**

SCHEDULE "B"

**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that [~~RECEIVER'S NAME~~] Zeifman Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties [~~DEBTOR'S NAME~~] ACS Precision Components Partnership acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 20\_\_\_ (the "Order") made in an action having Court file number \_\_-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [~~daily~~][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

[RECEIVER'S NAME] Zeifman Partners Inc.,  
solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

Per: \_\_\_\_\_

Name:

Title:

Document comparison by Workshare Professional on Tuesday, May 04, 2010 12:26:59 PM

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Description	#4617032v1<Legal> - ACS - Receiver Order
Rendering set	standard

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Total changes	127

TAB "3"

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ACS PRECISION COMPONENTS PARTNERSHIP

Respondent

**AFFIDAVIT OF ALEX MCINTOSH  
(Sworn May 4, 2010)**

I, ALEX MCINTOSH, of the City of Waterloo, in the Regional Municipality of Waterloo, Province of Ontario, MAKE OATH AND SAY

**INTRODUCTION**

1. I am an account manager with Bank of Montreal ("BMO") and have been personally involved in the administration of the loan facilities made available to ACS Precision Components Partnership ("ACS") by BMO and, as such, have knowledge of the matters to which I hereinafter depose unless otherwise indicated. Where I do not have personal knowledge of the matters to which I depose I have identified the source of my information and do verily believe same to be true.
2. This Affidavit is sworn in support of BMO's Application for an Order appointing Zeifman Partners Inc. ("ZP") as receiver, without security, of all of the assets, undertakings and properties of ACS acquired for, or used in relation to a business carried on by ACS pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* and Section 101 of the *Courts of Justice Act*.

### **BACKGROUND**

3. ACS is a registered Ontario partnership of A-C (Plastics) Holdings Inc. ("Plastics") (as to a 51% interest) and 2178124 Ontario Inc. ("217") (as to a 49% interest). Plastics is in turn owned by Anderson-Cook, Inc., an American manufacturing company with operations in four countries. 217 is in turn ultimately owned and controlled by Douglas Spittal, a businessman with turnaround expertise in the automotive industry.
4. ACS carries on a plastics injection moulding business including the design, fabrication and assembly of injection mould tooling from leased premises located at 1574 Eagle Street North, Cambridge, Ontario.
5. ACS currently employs approximately 180 employees, none of which are unionized.
6. In July, 2008 217 entered into an Asset Purchase Agreement with ATS Automation Tooling Systems Inc. ("ATS") to purchase the precision components manufacturing business and operations of ATS carried on by ATS through its Plastics, Omex and AMD automotive divisions and China operations.
7. ACS was formed to complete the purchase of the ATS Plastics division. A related British Columbia company, Omex Manufacturing ULC ("Omex"), was formed to complete the purchase of the Omex and AMD automotive divisions.

### **BMO'S LOANS AND SECURITY**

8. BMO has provided credit facilities to both ACS and Omex to assist in the financing of the purchase of the assets from ATS and day to day business operations. ACS has guaranteed payment of the loans made by BMO to Omex and vice versa. BMO holds security over all of the property of ACS as security for its obligations, both as principal borrower and guarantor.
9. BMO has made the following loans (the "Loans") to ACS:
  - (a) a \$2 million operating loan, subject to margin, pursuant to the terms of a combined Canadian &/or US Dollar Operating Loan Agreement dated December 31, 2008 as amended by Amendment Agreement #1 dated April 2,

2009 and Amendment Agreement #2 dated May 15, 2009 (the "Operating Loan Agreement"); and

- (b) a \$1.7 million non-revolving demand loan evidenced by promissory notes dated December 31, 2008 and May 15, 2009 (the "Demand Loan").

10. Attached to this Affidavit as **Exhibits "A" and "B"** respectively are true copies of the Operating Loan Agreement and promissory notes for the Demand Loan executed by ACS.

11. As at April 22, 2010, the following amounts were outstanding on the Loans:

**Operating Loan**

Principal	\$1,447,387.26
Interest	\$ 4,289.42

**Demand Loan**

Principal	\$1,274,999.76
Interest	\$ 3,266.10

12. As at April 23, 2010, the sum of \$1,112,043.84 was outstanding on Omex's credit facilities with BMO.

13. As security for its obligations to BMO, ACS has granted to BMO the following:

- (a) General Security Agreement dated December 31, 2008, a true copy of which is attached as **Exhibit "C"** to this Affidavit; and
- (b) Security pursuant to Section 427 of the *Bank Act* dated December 31, 2008, a true copy of which is attached as **Exhibit "D"** to this Affidavit.

**OTHER SECURED CREDITORS OF ACS**

14. Attached as **Exhibit "E"** to this Affidavit is a true copy of a search of registrations under the *Personal Property Security Act* of Ontario ("PPSA") against ACS as of April 19, 2010. As shown on that search, there are three PPSA registrations against ACS. Those registrations are in favour of BMO, ATS and De Lage Landen Financial Services Canada Inc. ("De Lage").

15. I am advised by Peter Beynon ("Beynon"), the general manager of ACS that the De Lage registration relates to the lease of a fork lift.

16. The ATS registration relates to a vendor take back debt owing to ATS for which ATS holds security over the assets of ACS. I am advised by Beynon that there is approximately \$1.87 million owing by ACS to ATS on that debt. ATS has postponed and subordinated that debt and the security held for that debt to the BMO loans and security. Attached as **Exhibit "F"** to this Affidavit is a true copy of a Postponement and Subordination Agreement dated December 31, 2008 executed by ATS.

17. Attached as **Exhibit "G"** to this Affidavit is a true copy of a search of registrations registered in the Province of Ontario under the *Bank Act* as of April 20, 2010. The only registration disclosed by that search is the registration in favour of BMO.

#### **UNSECURED CREDITORS**

18. Based on financial information provided by ACS to the Bank, ACS has approximately \$4.2 million of unsecured creditors as of March 31, 2010.

#### **ACS FINANCIAL DIFFICULTIES**

19. ACS has encountered significant financial difficulties since commencing operations. Substantial operating losses have been incurred and ACS is in breach of its debt to tangible net worth covenant to BMO.

20. While the 2009 year end financial statements for ACS have not yet been finalized, based on the financial information provided by ACS to the Bank it is estimated that for its fiscal year ending December 31, 2009 ACS suffered an operating loss of approximately \$2.1 million. Operating losses have continued in 2010. Based on in-house financial information provided by ACS to the Bank, for the first three months of 2010 ACS lost a further \$1.656 million (\$560,000 in January, \$608,000 in February and \$488,000 in March).

21. As a result of ACS's financial difficulties, Anderson-Cook engaged Scott McVeigh and Dennis Meagher as consultants (the "Anderson-Cook Consultants") to complete a review of ACS's operations and to assess its ongoing financial viability.

22. The Anderson-Cook Consultants have advised BMO as follows:

- (a) there is no realistic prospect of a near term turnaround in ACS's financial prospects;
- (b) ACS will continue to suffer substantial operating losses for an extended period;
- (c) Anderson-Cook is not prepared or able to inject additional funds to support ACS;
- (d) ACS is coming under increasing supplier pressure and will run out of cash in the near future;
- (e) given the financial performance of ACS and the problems in the automotive parts industry generally, it is unlikely that a going concern purchaser can be found;
- (f) certain customers have already requested that ACS begin production of parts banks, a possible indicator of an intention to resume production; and
- (g) to maximize the value of the assets of ACS for the benefit of ACS's creditors and provide an opportunity for ACS's customers to orderly resume their production to other suppliers, an orderly wind down of the operations of ACS is appropriate.

#### **BMO DEMANDS PAYMENT**

23. By virtue of ACS's deteriorating financial position and indicated desire to wind down its operations, BMO by letter dated April 27, 2010 made a demand for repayment (the "Demand") of the Loans and for payment under the guarantee given by ACS for the loans made by BMO to Omex. On that same date BMO also served on ACS a notice of intention to enforce security under Section 244 of the *Bankruptcy and Insolvency Act* (the "BIA Notice"). A true copy of the Demand and BIA Notice is attached as **Exhibit "H"** to this Affidavit. Concurrently with BMO demanding payment of the Loans, BMO also demanded payment of its loans from Omex.

## RECEIVERSHIP AGREEMENT

24. BMO, ACS and ZP have entered into an Agreement Regarding Receivership (the "Receivership Agreement") dated May 4, 2010, a true copy of which is attached as **Exhibit "I"** to this Affidavit.

25. The Receivership Agreement provides for the funding of the receivership from current assets and the orderly re-sourcing of production to other suppliers with a view to maximizing the value of ACS's assets.

26. In the Receivership Agreement, ACS consents to the appointment of ZP as Receiver in this Application.

27. In the Receivership Agreement BMO agrees that cash proceeds of accounts receivable and inventory ("Cash Collateral") may be used by ZP as receiver in the course of the receivership in accordance with the following formula:

- (a) remaining Cash Collateral being held by Receiver in a segregated deposit account; plus
- (b) 90% of accounts subject to a setoff limitation substantially in the form of paragraph 3 of the Form Accommodation Agreement; plus
- (c) 70% of raw materials and finished goods inventory which are subject to a purchase obligation under a Form Accommodation Agreement or Letter Agreement; plus
- (d) 85% of amount of any tooling accounts that customers agree in writing to pay without setoff within 30 days without setoff or reduction on any basis;
- (e) is equal to or greater than the sum of the following:
  - (i) the balance owing by ACS to BMO, both as principal borrower and guarantor (inclusive of unpaid interest and fees); plus
  - (ii) a reserve of \$100,000 (the "Wind Down Reserve"); plus

- (iii) a reserve of \$300,000 (the "Employee Claim Reserve"); plus
- (iv) a reserve equal to Receiver's good faith estimate of unpaid professional fees and costs owing to Receiver and its counsel (the "Fee Reserve").

28. The Receivership Agreement also provides that ZP as Receiver, subject to Court approval of the Receivership Agreement and further Court Order, will do the following:

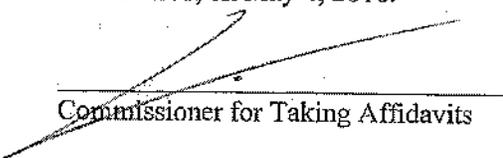
- (a) use its best efforts to cause ACS to produce parts banks for customers who execute an Accommodation Agreement in the form attached to the Receivership Agreement and to otherwise cooperate with those customers in their re-sourcing activities. The Form Accommodation Agreement includes a 30% surcharge on purchase orders for goods produced for customers during the receivership;
- (b) seek expedited court approval, if necessary, to sell at no less than 90% of appraised value assets used for the sole purpose of specific customers;
- (c) not allow any customer to remove Tooling (as defined in the Form Accommodation Agreement) from ACS's possession unless (i) required to do so by court order, or (ii) the customer pays (or agrees to pay in an written agreement satisfactory to ZP) all accounts owing to ACS subject to the setoff limitations provided in the Form Accommodation Agreement (regardless of whether the customer has executed a Form Accommodation Agreement);
- (d) use Cash Collateral consistent with the terms of the Receivership Agreement;
- (e) use the Employee Claim Reserve to fund vacation pay and accrued but unpaid wages owing to ACS's employees as of the effective date of the receivership; and
- (f) use its best efforts to get all customers representing less than 4% of ACS's historical sales to execute and deliver a letter agreement in the form attached to the Receivership Agreement in exchange for ZP allowing ACS to produce goods for such customers.

**NEED FOR APPOINTMENT OF RECEIVER**

29. Faced with the partners' decision to not invest or inability to invest further in ACS, ACS's financial circumstances, industry circumstances generally, BMO's demand for payment and delivery of the Section 244 Notice and the need to act quickly to preserve the value of ACS's assets and to allow for the orderly re-sourcing by ACS's customers, BMO is of the view that the immediate appointment of a receiver by the Court is just, equitable and in the interests of all persons having an interest in ACS's assets and other stakeholders.

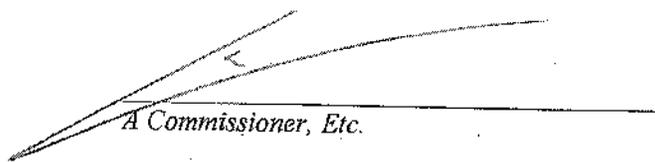
30. ZP is qualified and has agreed to act as receiver of ACS.

SWORN BEFORE ME at the City of  
Waterloo, in the Regional Municipality  
of Waterloo, on May 4, 2010.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits

  
\_\_\_\_\_  
ALEX MCINTOSH

ATTACHED ARE EXHIBITS "A" to "I"  
TO THE AFFIDAVIT OF ALEX MCINTOSH  
SWORN THE 4<sup>TH</sup> DAY OF MAY, 2010

A handwritten signature in black ink, consisting of several overlapping, sweeping lines that form a stylized, somewhat abstract shape. The signature is positioned above a horizontal line.

*A Commissioner, Etc.*

**EXHIBIT "A"**

Combined Canadian & / or US  
Dollar Operating Loan Agreement

19(a)

To: Bank of Montreal

Date: December 31, 2008

The undersigned hereby requests Bank of Montreal (the "Bank") to provide a credit facility to the undersigned, subject to the following terms and conditions:

1. DEFINED TERMS

In this Agreement:

- 1.01 "Account" shall mean either the Canadian Dollar Account or the U.S. Dollar Account, and "Accounts" shall mean both.
- 1.02 "Canadian Dollar Account" shall mean Account No. 24-1073-091 at the Bank
- 1.03 "Canadian Dollar Availment" shall mean, at any time, the aggregate of all amounts debited to the Canadian Dollar Account (including, without limitation, cheques, transfers, withdrawals, interest, costs, charges and fees) in excess of the aggregate of all amounts credited to the Canadian Dollar Account for which the Bank has given value.
- 1.04 "Canadian Dollar Availment Limit" shall mean, at any time, that portion of the Loan Limit which the undersigned advises the Bank by notice as herein provided is to be available for the Canadian Dollar Availment, subject to Bank approval, or such other amount as the Bank may determine from time to time. If it is necessary to change the Canadian Dollar Availment Limit more than four times in any one calendar-month period (whether on account of a request by the undersigned or due to activity on the Accounts, or as otherwise deemed necessary by the Bank) a fee of Cdn\$ 150.00 will be charged for each additional change that month.
- 1.05 "Canadian Dollar Equivalent Amount" shall mean, at any time, the amount of Canadian dollars into which U.S. dollars may be converted at the Bank's applicable selling rate at such time.
- 1.06 "Facility Fee" shall mean a fixed monthly fee of \$750.00.
- 1.07 "Loan" shall mean, the credit facility (if any) provided pursuant to this Agreement, and the amount of the Loan shall be, at any time, the aggregate amount of any Canadian Dollar Availment and of the Canadian Dollar Equivalent Amount of any U.S. Dollar Availment at such time. For greater certainty, it is understood that such aggregate amount shall only be comprised of debit balances for the Canadian Dollar Availment and the Canadian Dollar Equivalent Amount of any U.S. Dollar Availment.
- 1.08 "Loan Limit" shall mean Three Million Canadian Dollars (\$3,000,000.00) or such lesser amount as may be determined by the Bank from time to time including, without limitation, pursuant to a calculation under the Lending Margin Calculation, if any, set out in the Addendum hereto. 518 \$2,000,000.00
- 1.09 "Loan Rate" shall mean (a) in respect of a Canadian Dollar Availment, a rate equal to the Bank's Prime Rate plus one and one quarter per cent (1.25%) per annum; and (b) in respect of a U.S. Dollar Availment, a rate equal to the Bank's U.S. Base Rate plus one and one quarter per cent (1.25%) per annum.
- 1.10 "Overdraft Rate" shall mean the annual rate of interest established from time to time by the Bank as the interest rate it will use to calculate the interest payable on overdrawn accounts and designated by the Bank as the "Overdraft Rate". The Overdraft Rate on the date hereof is twenty one per cent (21.0 %) per annum.
- 1.11 "Prime Rate" shall mean the floating annual rate of interest established from time to time by the Bank as the reference rate it will use to determine the rate of interest payable to the Bank by borrowers from the Bank in Canadian dollars in Canada and designated by the Bank as its Prime Rate. The Prime Rate on the date hereof is three and one-half per cent (3.50 %) per annum.

- 1.12 "U.S. Base Rate" shall mean the floating annual rate of interest established from time to time by the Bank as the reference rate it will use to determine the rate of interest payable to the Bank by borrowers from the Bank in U.S. dollars in Canada and designated by the Bank as its U.S. Base Rate. The U.S. Base Rate on the date hereof is three and three-quarters percent ( 3.75 %) per annum.
- 1.13 "U.S. Dollar Account" shall mean Account No.: 24-4606-892 at the Bank.
- 1.14 "U.S. Dollar Availment" shall mean, at any time, the aggregate of all amounts debited to the U.S. Dollar Account (including without limitation cheques, transfers, withdrawals, interest, costs, charges and fees) in excess of the aggregate of all amounts credited to the U.S. Dollar Account for which the Bank has given value.
- 1.15 "U.S. Dollar Availment Limit" shall mean, at any time, that portion of the Loan Limit in Canadian dollars which the undersigned advises the Bank by notice as herein provided is to be available for the U.S. Dollar Availment, subject to Bank approval, or such other amount as the Bank may determine from time to time. If it is necessary to change the U.S. Dollar Availment Limit more than four times in any one calendar-month period (whether on account of a request by the undersigned or due to activity on the Accounts, or as otherwise deemed necessary by the Bank) a fee of Cdn\$ 150.00 will be charged for each additional change that month.

## 2. ACCOUNT

- 2.01 Cheques drawn and debits of other kinds made (including, without limitation, transfers and withdrawals), (a) on the Canadian Dollar Account shall be drawn in Canadian dollars, and (b) on the U.S. Dollar Account shall be drawn in U.S. dollars.
- 2.02 The undersigned shall use each of the Accounts for business purposes only.
- 2.03 The Bank is authorized to debit (a) the Canadian Dollar Account for all fees and interest relating to the Canadian Dollar Availment; (b) the U.S. Dollar Account for all fees and interest relating to the U.S. Dollar Availment; and (c) either of the Accounts for any costs, charges and expenses relating to the Loan and/or the Accounts including without limitation those referred to in (a) and (b) above and those referred to in paragraph 7.01.

## 3. PAYMENT/CHARGING OF FEES

- 3.01 The undersigned shall pay the Facility Fee to the Bank on the last day of each month, in addition to all other fees applicable to the Accounts. Notwithstanding paragraph 1.06, the amount of the Facility Fee may be revised by the Bank from time to time and the revised fee will be effective once the Bank advises the undersigned by notice as herein provided. The Facility Fee shall be payable for the credit facility provided hereunder and other standard reporting services provided by the Bank in connection with each of the Accounts.
- 3.02 Fees charged in respect of changes to the Canadian Dollar Availment Limit, or the U.S. Dollar Availment Limit, pursuant to paragraphs 1.04 and 1.15 respectively, may be charged to either Account at any time. It is the responsibility of the undersigned to contact the Bank prior to requesting changes pursuant to paragraphs 1.04 and 1.15 to determine whether or not the requested change would incur in a fee.

## 4. INTEREST

- 4.01 The undersigned shall, both before and after demand or judgment, pay interest at the applicable Loan Rate on the daily closing balance of the Canadian Dollar Availment, such interest to be calculated and payable monthly on the last day of each month.
- 4.02 The undersigned shall, both before and after demand or judgment, pay interest at the applicable Loan Rate on the daily closing balance of the U.S. Dollar Availment, such interest to be calculated and payable monthly on the last day of each month.
- 4.03 The Bank may in its discretion charge interest at the Overdraft Rate on the amount of the Loan that exceeds the Loan Limit daily, and the undersigned shall, both before and after demand or judgement, pay such interest, which interest will be calculated and payable monthly on the last day of each month.

4.04 Nothing herein shall oblige the Bank to permit (a) the Canadian Dollar Availment to exceed the Canadian Dollar Availment Limit, (b) the US Dollar Availment to exceed the US Dollar Availment Limit or (c) the Loan to exceed the Loan Limit. In the event the Loan exceeds the Loan Limit, (i) the Bank may at any time terminate the Loan hereunder and immediately demand payment of the Loan by notice as herein provided and (ii) for each occurrence the undersigned will be charged a fee of 1% per annum calculated on the amount of excess over the Loan Limit or \$100, whichever is greater, and a \$5 overdraft handling charge.

**5. DEMAND AND TERMINATION**

5.01 The undersigned shall pay the Loan to the Bank ON DEMAND, regardless of any covenants, conditions, obligations or events of default set out herein including, without limitation; any provisions set out in the Addendum hereto. The Bank may at any time terminate the Loan hereunder and demand payment of the Loan by notice as herein provided.

5.02 THE BANK MAY REFUSE TO HONOUR ANY CHEQUE OR PERMIT ANY TRANSFER OR WITHDRAWAL FROM EITHER OR BOTH OF THE ACCOUNTS UPON (A) ANY DEFAULT BY THE UNDERSIGNED IN THE PERFORMANCE OF ANY OBLIGATION OF THE UNDERSIGNED TO THE BANK WHETHER CONTAINED HEREIN OR IN ANY OTHER AGREEMENT BETWEEN THE UNDERSIGNED AND THE BANK, (B) THE DEATH OF ANY GUARANTOR OF ANY INDEBTEDNESS OF THE UNDERSIGNED OR RECEIPT BY THE BANK OF NOTICE OF TERMINATION OF ANY GUARANTEE OF ANY INDEBTEDNESS OF THE UNDERSIGNED, (C) THE LOAN EXCEEDING THE LOAN LIMIT, OR (D) ANY DEMAND BEING MADE FOR PAYMENT OF THE LOAN, WHETHER OR NOT ANY TIME PERIOD HAS LAPSED AFTER THE TIME OF THE DEMAND.

**6. DOCUMENTATION**

6.01 The undersigned shall deliver to the Bank from time to time, promptly on request, in form and substance satisfactory to the Bank

- (a) any security required by the Bank; and
- (b) all other documents and information required by the Bank.

6.02 Any security document delivered hereunder shall be held as additional security for the indebtedness of the undersigned for the Loan, and not in substitution or in satisfaction thereof.

**7. COSTS**

7.01 The undersigned shall pay all reasonable costs, charges and expenses incurred by the Bank in the preparation or enforcement of this Agreement or any security required in connection with the Loan.

**8. NOTICES**

8.01 The Bank shall not be required to notify the undersigned of changes to the Prime Rate, the U.S. Base Rate or the Overdraft Rate or in the Bank's calculations of the Lending Margin Calculation, if any, or of any change to the Canadian Dollar Availment Limit or the U.S. Dollar Availment Limit, if any. It is the responsibility of the undersigned to contact the Bank prior to requesting changes pursuant to paragraphs 1.04 and 1.15 to determine whether or not the requested change would incur a fee.

8.02 Any request for any document or information, notice of termination, demand for payment or other notice to be sent in connection with this Agreement or either of the Accounts may be delivered, or mailed by prepaid ordinary mail or transmitted by facsimile if to the undersigned (or any one of them, if more than one) at the last known address or facsimile number for the undersigned (or any one of them, if more than one) in the Bank's records or if to the Bank at the Branch where the Canadian Dollar Account is maintained. The undersigned or the Bank, as applicable, shall be deemed to have received such request or notice on the date of delivery, if delivered, on the first business day following the date of transmission if transmitted by facsimile, and four (4) days after mailing, if mailed.

**9. AMENDED AND RESTATED AGREEMENT**

9.01 This Agreement hereby amends and restates the \_\_\_\_\_  
(Insert name of agreement)

Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_ as heretofore amended and supplemented from time to time (the "Existing Agreement"), between the undersigned and the Bank with effect as and from the date hereof (the "Effective Date"), the whole without any novation whatsoever.

- 9.02 The parties hereby expressly agree that as and from the Effective Date all of the undersigned's obligations, indebtedness and liabilities to the Bank under or pursuant to the Existing Agreement, including, without limitation, the outstanding principal amount of the loan thereunder, all interest accrued thereon, all interest on overdue interest and all other amounts owing by the undersigned to the Bank under or pursuant to the Existing Agreement shall be governed by the terms hereof.
- 9.03 The undersigned hereby ratifies, confirms, acknowledges and agrees that it is and continues to be bound by all of the obligations, indebtedness and liabilities of and grants of security made by it under each of the security documents under, pursuant to or in connection with the Existing Agreement, including without limitation any agreement or instrument creating or granting a hypothec, security under the Bank Act (Canada), mortgage, pledge, fixed or floating charge, assignment by way of security or any other security interest securing payment or performance of an obligation under or pursuant to the Existing Agreement (herein, collectively, the "Security Documents") and each certificate or other document delivered pursuant to or in connection with the Existing Agreement or the Security Documents (the Security Documents and such certificates or other documents are herein, collectively, the "Loan Documents"), and the undersigned acknowledges that Bank is relying expressly upon the Loan Documents and such ratifications, confirmations, acknowledgements and agreements by the undersigned herein in entering into this Agreement and providing any accommodations hereunder, notwithstanding the amendment and restatement set forth herein.
- 9.04 As and from the Effective Date, all references to the Existing Agreement in any of the Loan Documents shall be construed as being a reference to the Existing Agreement as amended and restated by this Agreement.
- 9.05 This Article 9 is made under express reserve of all the terms and conditions of this Agreement and the Loan Documents and all rights in favour of the Bank hereunder and thereunder and without novation of any kind or derogation from the rank and priority of the Security Documents. Without derogating from or restricting in any way the Security Documents, all obligations under or pursuant to the Existing Agreement and hereunder shall continue to be secured by the Security Documents. All of the provisions of this Article 9 are without novation.

## 10. GENERAL

- 10.01 The provisions of the attached Addendum, if any, shall be incorporated into this Agreement and form part hereof.
- 10.02 The Bank's statements for the Canadian Dollar Account at any time shall constitute prima facie evidence of the Canadian Dollar Availment and the Bank's statements for the U.S. Dollar Account at any time shall constitute prima facie evidence of the U.S. Dollar Availment.
- 10.03 The undersigned will immediately notify the Bank if any guarantor of the indebtedness of the undersigned to the Bank dies.
- 10.04 This Agreement shall be binding upon the undersigned and the respective executors, administrators, successors and assigns of the undersigned, but the undersigned shall not assign any of the rights or obligations of the undersigned hereunder without the prior written consent of the Bank.
- 10.05 The failure of either the undersigned or the Bank to require performance by the other of any provision hereof shall in no way affect the right thereafter to enforce such provision; nor shall the waiver by either party of any breach of any covenant, condition or proviso of this Agreement or any other agreement between the Bank and the undersigned be taken or held to be a waiver of any further breach of the same covenant, condition or proviso.
- 10.06 Subject to Article 9 above (if applicable), this Agreement shall be in addition to and not in substitution for any other agreement between the undersigned and the Bank.

- 10.07. The undersigned agrees that the balance shown in any statement of: (a) the Canadian Dollar Account provided to the undersigned shall be deemed to be a correct and accurate statement of the Canadian Dollar Availment as at the date of the statement; and (b) the U.S. Dollar Account provided to the undersigned shall be deemed to be a correct and accurate statement of the U.S. Dollar Availment as at the date of the statement.
- 10.08. All payments relating to the Canadian Dollar Availment made by the undersigned pursuant to this Agreement shall be paid in Canadian dollars and all payments relating to the U.S. Dollar Availment made by the undersigned pursuant to this Agreement shall be paid in U.S. dollars. All other amounts owing hereunder shall be paid in Canadian dollars except as otherwise provided herein.
- In the event the Bank is required to recover any amount owing hereunder by way of judicial proceeding, or otherwise, all amounts owing hereunder shall be payable in Canadian dollars. Notwithstanding the foregoing, any obligation of the undersigned under this Agreement to make payments in U.S. dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into Canadian dollars except to the extent that such tender or recovery shall result in the effective receipt by the Bank of the full equivalent amount of U.S. dollars so payable hereunder. Accordingly, the obligation of the undersigned shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Canadian dollars of the amount (if any) by which such payment of a U.S. dollar obligation hereunder in a currency other than U.S. dollars shall fall short of the full amount of U.S. dollars payable hereunder and shall not be affected by any judgment being obtained for any other sums due hereunder.
- For purposes of recovery by the Bank of amounts debited to the U.S. Dollar Account, the Canadian Dollar Equivalent Amount shall apply, with the applicable rate of currency conversion being no less than the rate of conversion at the time of default hereunder or the time of demand hereunder, whichever is greater.
- 10.09. If any other provision of this Agreement would oblige the undersigned to pay or entitle the Bank to receive any amount that is prohibited by law, then, notwithstanding such provision, such amount shall be deemed to have been adjusted with retroactive effect to the maximum permitted amount by law. Notwithstanding the foregoing, if the Bank receives an amount in excess of the maximum permitted, then the undersigned shall be entitled, on providing written notice to the Bank, to obtain reimbursement of such excess. Pending reimbursement, such excess shall be deemed to be payable by the Bank. The Bank and the undersigned disavow any intent to receive or pay any amount in excess of that is permitted by law.
- 10.10. Time shall be of the essence of this Agreement.
- 10.11. If more than one party signs this Agreement, the obligations of the undersigned are joint and several.
- 10.12. It is the express wish of the parties that this Agreement and any related documents be drawn up and executed in English. *Les parties conviennent que la presente convention et tous les documents s'y rattachant soient rediges et signes en anglais.*

[SIGNATURE PAGE FOLLOWS]

By executing this Agreement below the undersigned hereby agrees to foregoing terms and conditions.

DATED as of the date set forth above

Witness  
required for  
each  
individual  
(e.g., natural  
person)  
Borrower who  
signs. Witness  
not required if  
the borrower  
is a  
corporation or  
other entity.

Witnesses:

ACS Precision Components Partnership by its managing partner A-C  
(PLASTICS) HOLDINGS, INC.

(Name of Entity)

Name \_\_\_\_\_  
Address \_\_\_\_\_

By: Matthew Ridgway  
Name Matthew Ridgway  
Title CEO

Name \_\_\_\_\_  
Address \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Name \_\_\_\_\_  
Address \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Name \_\_\_\_\_  
Address \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Name \_\_\_\_\_  
Address \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

ADDENDUM TO THE COMBINED CANADIAN & / OR US DOLLAR OPERATING LOAN

AGREEMENT

Lending Margin Calculation and/or Additional Provisions

The Bank may in its discretion reduce the Loan Limit by the amount of any other indebtedness or liability of the undersigned (or any one of them, if more than one) to the Bank including, without limitation, the amount of any bankers acceptances or letters of credit.

Without limiting the foregoing, the following Lending Margin Calculation is applicable to the attached Combined Canadian &/or US Dollar Operating Loan Agreement. The calculation and the amount of the Lending Margin Calculation is in the sole and complete discretion of the Bank, and in cases of dispute, the Lending Margin Calculation calculated by the Bank shall prevail.

The Lending Margin Calculation (if applicable) shall be an amount equal to:

Overdraft Lending (ODL) account and/or U.S. Dollar Overdrafts (Maximum \$1,500,000.00 U.S.) and/or Foreign Exchange Forward Contracts (FEFC) maximum \$500,000.00 (Maximum 10% of \$5,000,000.00 Canadian equivalent book value), and/or Commercial Letters of Credit (CLC) (Maximum one year term).

Total Advances, including Foreign Exchange Forward Contracts (FEFC) and Commercial Letter of Credits (CLC), are at all times to be contained within the aggregate of:

75% of the Account Manager's estimated worth of good quality assigned Canadian domiciled and Bank approved U.S. accounts receivable;

Plus: 60% of the Account Manager's estimated worth of other good quality assigned U.S. domiciled accounts receivable;

Plus: 90% of the Account Manager's estimated worth of good EDC insured and assigned foreign and/or domestic accounts receivable.

Plus: 100% of the Account Manager's estimated worth of good quality assigned foreign accounts receivable supported by Letters of Credit (L/C) satisfactory to the Bank.

Each of the preceding categories, excepting EDC insured accounts, shall be determined after deducting accounts past due 61 days and over, foreign accounts (other than as included above), inter-company accounts, deemed trusts arising from past due taxes and government remittances, contra accounts, accounts in dispute, and any other unacceptable accounts.

Plus:

50% of the Lender's valuation of eligible inventory located on site at company locations in Ontario, which is free and clear and over which the Bank has a valid first ranking security interest. Inventory is to be valued at the lower of cost and/or net realizable value and must exclude all prior claims (including 30 day Payables related to Inventory purchases) and consignment inventory. Eligible Inventory will include all Raw Materials and Finished Goods but exclude Work-In-Process. Operating advances margined by inventory will be capped at 50% of the overall margin limit.

Notes:

a) Satisfactory D&B and/or Banker's reports are to be obtained on all uninsured Account Receivables (A/R) exceeding \$100,000.00.

b) The maximum margin value cap for uninsured A/R (i.e. non EDC insured or L/C) is \$300,000.00.

Reporting

1. Signed, aged lists of accounts receivable, accounts payable (including declaration of any deemed trusts and 30 day supplier payables related to Inventory purchases.) and inventory are to be provided by the 30th day of each month.
2. Monthly in-house financial statements of the borrowers on a consolidated and non-consolidated basis to be provided within 30 days of month end and compared to budget and projections with action plan provided.
3. Annual Audited financial statements of the borrowers on a consolidated and non-consolidated basis are to be provided within 120 days of fiscal year end.
4. Annual forecast to be provided at time of annual review including Monthly income statement, balance sheet and cash flow.



To: Bank of Montreal

District Kitchener		Amendment No. 1
Branch of Account Kitchener Main	Account No. 0024 1073-091	Date April 2 2009

WHEREAS the undersigned has entered into a Combined Canadian &/or US Dollar Operating Loan Agreement (insert actual name of the Agreement to be amended) dated the 31st day of December, 2008 as amended and supplemented from time to time (the "Existing Agreement") with Bank of Montreal (the "Bank");

AND WHEREAS the undersigned and the Bank wish to amend the terms of the Existing Agreement in accordance herewith;

NOW THEREFORE, the undersigned agree with the Bank that the Existing Agreement be amended effective from the date hereof as follows:

1. Paragraph(s) 1.08 of the Existing Agreement is/are amended to read as follows:

"Loan Limit" shall be limited to ~~TWO MILLION~~ ~~00/xx~~ Canadian Dollars (~~\$2,000,000.00~~), or such lesser amount as may be determined by the Bank from time to time including, without limitation pursuant to a calculation under the Lending Margin Calculation, if any, set out in the Addendum hereto. Increased to **THREE MILLION** ~~00/xx~~ Canadian Dollars (~~\$3,000,000.00~~) subject to review by the Bank at the next Annual Review or earlier, in the event of demonstrated need, based on satisfactory current in-house Financial Statement information and all terms, conditions, and ratio covenants of the Bank being met as agreed.

2. The Addendum to the Agreement is amended to read as follows:
3. The undersigned hereby ratifies, confirms, acknowledges and agrees that it is and continues to be bound by all of the obligations, indebtedness and liabilities of and grants of security made by it under each of the security documents under, pursuant to or in connection with the Existing Agreement, including without limitation any agreement or instrument creating or granting a hypothec, security under the *Bank Act* (Canada), mortgage, pledge, fixed or floating charge, assignment by way of security or any other security interest securing payment or performance of an obligation under or pursuant to the Existing Agreement (herein, collectively, the "Security Documents") and each certificate or other document delivered pursuant to or in connection with the Existing Agreement or the Security Document (the Security Documents and such certificates or other documents are herein, collectively, the "Loan Documents"), and the undersigned acknowledges that the Bank is relying expressly upon the Loan Documents and such ratifications, confirmations, acknowledgements and agreements by the undersigned herein in entering into this Agreement and providing any accommodations under the Existing Agreement, as hereby amended, notwithstanding any amendment or restatement set forth herein.
4. As and from the date hereof, all references to the Existing Agreement in any of the Loan Documents shall be construed as being a reference to the Existing Agreement, as hereby amended and restated.
5. This Agreement is made under express reserve of all the terms and conditions of the Loan Documents and all rights in favour of the Bank hereunder and thereunder and without novation of any kind or derogation from the rank and priority of the Security Documents. Without derogating from or restricting in any way the

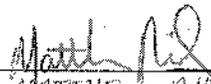
Security Documents, all present and future obligations under or pursuant to the Existing Agreement, as hereby amended, shall continue to be secured by the Security Documents. All of the provisions hereof are without novation.

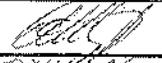
- 6. All other terms and conditions of the Existing Agreement remain in full force and effect, unamended.
- 7. The undersigned declares that it is his/its express wish that this document and all related documents be drawn up in English. *Le soussigné déclare que le présent document ainsi que tous les documents qui s'y rattachent, sont rédigés en anglais selon sa volonté expresse.*

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date set forth above.

**ACS Precision Components Partnership**

(Name of Entity)

By:  X  
Name: MATTHEW RICHEY  
Title: CEO

By:  Y  
Name: DOUGLAS W. SPITTAL  
Title: EXECUTIVE VICE-PRESIDENT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

To: Bank of Montreal

District Kitchener	Amendment No. 2
Branch of Account 2 King St. West Kitchener, ON	Account No. 0024 1073-091
	Date <i>May 15, 2009</i>

WHEREAS the undersigned has entered into a Combined Canadian &/or US Dollar Operating Loan Agreement  
(insert actual name of the Agreement to be amended)  
 dated the 31st day of December, 2008 as amended and supplemented from time to time (the "Existing Agreement") with Bank of Montreal (the "Bank");

**AND WHEREAS** the undersigned and the Bank wish to amend the terms of the Existing Agreement in accordance herewith;

**NOW THEREFORE**, the undersigned agree with the Bank that the Existing Agreement be amended effective from the date hereof as follows:

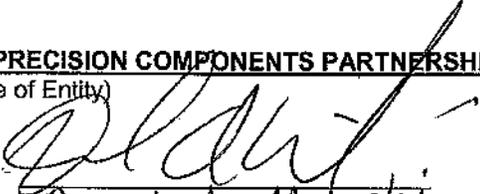
1. Paragraph(s) 1.09 of the Existing Agreement is/are amended to read as follows:  
  
 "Loan Rate" shall mean (a) in respect of a Canadian Dollar Availment, a rate equal to the Bank's Prime Rate plus **TWO** per cent (**2.00%**) per annum; and (b) in respect of a U.S. Dollar Availment, a rate equal to the Bank's U.S. Base Rate plus **TWO** per cent (**2.00%**) per annum.
2. The Addendum to the Agreement is amended to read as follows:
3. The undersigned hereby ratifies, confirms, acknowledges and agrees that it is and continues to be bound by all of the obligations, indebtedness and liabilities of and grants of security made by it under each of the security documents under, pursuant to or in connection with the Existing Agreement, including without limitation any agreement or instrument creating or granting a hypothec, security under the *Bank Act* (Canada), mortgage, pledge, fixed or floating charge, assignment by way of security or any other security interest securing payment or performance of an obligation under or pursuant to the Existing Agreement (herein, collectively, the "Security Documents") and each certificate or other document delivered pursuant to or in connection with the Existing Agreement or the Security Document (the Security Documents and such certificates or other documents are herein, collectively, the "Loan Documents"), and the undersigned acknowledges that the Bank is relying expressly upon the Loan Documents and such ratifications, confirmations, acknowledgements and agreements by the undersigned herein in entering into this Agreement and providing any accommodations under the Existing Agreement, as hereby amended, notwithstanding any amendment or restatement set forth herein.
4. As and from the date hereof, all references to the Existing Agreement in any of the Loan Documents shall be construed as being a reference to the Existing Agreement, as hereby amended and restated.
5. This Agreement is made under express reserve of all the terms and conditions of the Loan Documents and all rights in favour of the Bank hereunder and thereunder and without novation of any kind or derogation from the rank and priority of the Security Documents. Without derogating from or restricting in any way the Security Documents, all present and future obligations under or pursuant to the Existing Agreement, as hereby amended, shall continue to be secured by the Security Documents. All of the provisions hereof are without novation.

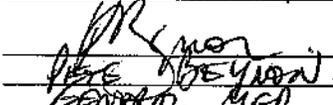
- 6. All other terms and conditions of the Existing Agreement remain in full force and effect, unamended.
- 7. The undersigned declares that it is his/his express wish that this document and all related documents be drawn up in English. *Le soussigné déclare que le présent document ainsi que tous les documents qui s'y rattachent, sont rédigés en anglais selon sa volonté expresse.*

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date set forth above.

**ACS PRECISION COMPONENTS PARTNERSHIP**

(Name of Entity)

By:   
Name: Daniel A. Nowinski  
Title: Chief Financial Officer

By:   
Name: Gene Meylan  
Title: General Mgr

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT "B"

**BMO**  **Bank of Montreal**

December 31, 2008  
Date

\$1,700,000.00

2 King Street West, Kitchener, ON  
Branch

On demand I promise to pay to the order of Bank of Montreal the sum of **One Million Seven Hundred Thousand**---xx/100 Dollars and to pay interest monthly at a rate of **1.50** per cent per annum above the Bank of Montreal's prime interest rate per annum in effect from time to time, up to and after maturity, compounded monthly from the due date of such interest until actual payment at the above mentioned branch of the Bank of Montreal. At the date of this note such prime interest rate per annum is 3.50 per cent. Value received.

A-C Precision Components Partnership by its  
managing partner A-C (Plastics) Holdings, Inc.

FOR INTERNAL BANK USE ONLY

Credit Deposit Account No.	Loan Account No.	Initials
007A-1073-091	007A-6141-997	X

Per: Matthew Richey

Name: **Matthew Richey**  
Position Held: **CEO**

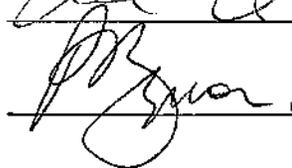
I have the authority to bind  
the partnership.

Date May 15, 2009

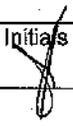
\$1,664,583.02

2 King St. W.  
Kitchener, ON  
N2G 1A3  
Branch

On demand I promise to pay to the order of Bank of Montreal the sum of ONE MILLION, SIX HUNDRED AND SIXTY-FOUR THOUSAND, FIVE HUNDRED & EIGHTY THREE-----02/100 Dollars and to pay interest monthly at a rate of 2.00 per cent per annum above the Bank of Montreal's prime interest rate per annum in effect from time to time, up to and after maturity, compounded monthly from the due date of such interest until actual payment at the above mentioned branch of the Bank of Montreal. At the date of this note such prime interest rate per annum is 2.75 per cent. Value received.

ACS PRECISION COMPONENTS PARTNERSHIP  
  


**FOR INTERNAL BANK USE ONLY**

Credit Deposit Account No.	Loan Account No.	Initials
0024 1073-091	0024 6141-997	

## EXHIBIT "C"



SECURITY AGREEMENT

The undersigned (hereinafter called the "Debtor") hereby enters into this Security Agreement with Bank of Montreal (hereinafter called the "Bank") for valuable consideration and as security for the repayment of all present and future indebtedness of the Debtor to the Bank and interest thereon and for the payment and discharge of all other present and future liabilities and obligations, direct or indirect, absolute or contingent, of the Debtor to the Bank (all such indebtedness, interest, liabilities and obligations being hereinafter collectively called the "Obligations"). This Security Agreement is entered into pursuant to and is governed by the Personal Property Security Act (Ontario) insofar as it affects personal property located in Ontario.

1. The Debtor hereby represents and warrants to the Bank that it has assets at the following locations in Ontario:

730 Fountain Street North, Building #1, Cambridge, Ontario

List all premises and asset locations, by schedule, if necessary

2. The Debtor hereby:

- (a) mortgages and charges to the Bank as and by way of a fixed and specific mortgage and charge, and grants to the Bank a security interest in, all its present and future equipment and any proceeds therefrom, including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired or in respect of which the Debtor has rights now or in the future and any equipment specifically listed or otherwise described in any Schedule hereto ;
- (b) mortgages and charges to the Bank, and grants to the Bank a security interest in, all its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ;
- (c) assigns, transfers and sets over to the Bank and grants to the Bank a security interest in, all its present and future intangibles and any proceeds therefrom, including, without limiting the generality of the foregoing, all its present and future accounts, accounts receivable, client lists, client records, client files, contract rights and other choses in action of every kind or nature now due or hereafter to become due, including insurance rights arising from or out of the assets referred to in sub-clauses (a) and (b) above ;
- (d) grants, mortgages, charges, transfers and assigns to the Bank a security interest in, all its present and future chattel papers, documents of title, instruments, money and securities, and any proceeds therefrom ; and

Attach a schedule, if equipment is to be listed

(e) charges in favour of the Bank as and by way of a floating charge its undertaking and all its property and assets, real and personal, moveable or immovable, of whatsoever nature and kind, both present and future (other than property and assets hereby validly assigned or subjected to a specific mortgage and charge and to the exceptions hereinafter contained). For the purposes of this Security Agreement, the equipment, inventory, intangibles, undertaking and all other property and assets of the Debtor referred to in this clause 2 are hereinafter sometimes collectively called the "Collateral". Without limiting the generality of the description of Collateral as set out in this clause 2, and for the greater certainty, the Collateral shall include all present and future personal property of the Debtor of the type described in any schedule attached hereto. The Debtor agrees that it shall promptly advise the Bank in writing of any acquisition of personal property which is not of the type herein described. The Debtor agrees to execute and deliver from time to time, at its own expense, amendments to this Security Agreement or additional security agreements, which may be reasonably required by the Bank to ensure attachment of security interests in such personal property.

3. The Collateral is on the date hereof primarily situate or located at the location(s) set out in clause 1 hereof but may from time to time be located at other premises of the Debtor. The Collateral may also be located at other places while in transit to and from such locations and premises; and the Collateral may from time to time be situated or located at any other place when on lease or consignment to any lessee or consignee from the Debtor.

4. It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby or shall be excepted out of the mortgages, charges and security interests hereby created, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term of years, for the time being demised, as aforesaid upon trust to assign and dispose of the same as any purchaser of such term of years shall direct. There shall also be excluded from the security created by this Security Agreement any property of the Debtor that constitutes consumer goods for the personal use of the Debtor.

5. The Debtor shall not without the prior written consent of the Bank sell or dispose of any of the Collateral other than that described in sub-clause (b) of clause 2 above which may be sold only in the ordinary course of business and for the purpose of carrying on the same; and if the amounts of any of the intangibles referred to in sub-clause (c) of clause 2 above or any proceeds arising from the Collateral described in sub-clauses (a) and (b) of clause 2 above shall be paid to the Debtor, the Debtor shall receive the same as agent of the Bank and forthwith pay over the same to the Bank. The Debtor shall not without the prior written consent of the Bank create any liens upon or assign or transfer as security or pledge or hypothecate as security or create a security interest in the Collateral except to the Bank. The Debtor agrees that the Bank may require any account debtor to the Debtor to make payment to the Bank and the Bank may take control of any proceeds referred to in sub-clauses (a), (b) and (c) of clause 2 hereof and may hold all amounts received from any account debtors and any proceeds as cash collateral as part of the Collateral and as security for the Obligations of the Debtor to the Bank.

6. The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further acts, deeds, transfers, assignments, security agreements and assurances as the Bank may reasonably require for the better granting, transferring, assigning, charging, setting over, assuring and confirming unto the Bank the property and assets hereby mortgaged and charged or subjected to security interests or intended so to be or which the Debtor may hereafter become bound to mortgage, charge, transfer, assign or subject to a security interest in favour of the Bank and for the better accomplishing and effectuating of this Security Agreement.

7. The Debtor shall at all times have and maintain insurance over the Collateral against risks of fire (including so-called extended coverage), theft, and such other risks as the Bank may reasonably require in writing, containing such terms, in such form, for such periods and written by such companies as may be reasonably satisfactory to the Bank. The Debtor shall duly and seasonably pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Bank as its interest hereunder may appear and shall, if required, furnish the Bank with certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions.

8. The Debtor shall at all times upon request by the Bank furnish the Bank with such information concerning the Collateral and the Debtor's affairs and business as the Bank may reasonably request, including lists of inventory and equipment and lists of accounts and accounts receivable showing the amounts owing upon each account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing or relating to the account.

9. The Debtor shall be in default under this Security Agreement upon the occurrence of any one of the following events:

- (a) the Debtor shall default under any of the Obligations;
- (b) the Debtor shall default in the due observance or performance of any covenant, undertaking or agreement heretofore or hereafter given to the Bank, whether contained herein or not and including any covenant or undertaking set out in any Schedule to this Security Agreement;
- (c) an execution or any other process of any court shall become enforceable against the Debtor or a distress or analogous process shall be levied upon the property of the Debtor or any part thereof;
- (d) the Debtor shall become insolvent or commit an act of bankruptcy, or make an assignment in bankruptcy or a bulk sale of its assets or a bankruptcy petition shall be filed or presented against the Debtor and not be *bona fide* opposed by the Debtor;
- (e) the Debtor shall cease to carry on business.

10. Upon any default under this Security Agreement, the Bank may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Bank or not, and the Bank may remove any receiver or receivers so appointed and appoint another or others in his or their stead, or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Bank shall not be responsible for his or their actions.

In addition, the Bank may enter upon the applicable premises and lease or sell the whole or any part or parts of the Collateral. The Debtor agrees that considering the nature of that part of the Collateral that is not perishable it will be commercially reasonable to sell such part of the Collateral:

- (a) as a whole or in various lots;
- (b) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and
- (c) by private sale after the receipt by the Bank of at least two offers from prospective purchasers who may include persons related to or affiliated with the Debtor or other customers of the Bank.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Bank in its sole discretion may seem advantageous and such sale may take place whether or not the Bank has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and manager.

11. Any and all payments made in respect of the Obligations from time to time and moneys realized from any securities held therefor (including moneys realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Bank may see fit, and the Bank shall at all times and from time to time have the right to change any appropriation as the Bank may see fit.

12. The Debtor agrees to pay all reasonable expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Bank in the preparation, perfection and enforcement of this Security Agreement, including all expenses incurred by the Bank and its agents to put into place and confirm the priority of any security interest in this Security Agreement and the payment of such expenses shall be secured hereby.

13. The Bank may waive any default herein referred to; provided always that no act or omission by the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or rights resulting therefrom.

14. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Security Agreement.

15. The security hereof is in addition to and not in substitution for any other security now or hereafter held by the Bank and shall be general and continuing security notwithstanding that the Obligations of the Debtor shall at any time or from time to time be fully satisfied or paid.

16. Nothing herein shall obligate the Bank to make any advance or loan or further advance or loan or to renew any note or extend any time for payment or any indebtedness or liability of the Debtor to the Bank.

17. This Security Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Debtor and the Bank.

18. This Security Agreement is a security agreement within the meaning of the Personal Property Security Act (Ontario) and does not constitute an acknowledgement of any particular indebtedness or liability of the Debtor to the Bank.

19. The Debtor acknowledges receipt of a copy of this agreement.

20. In construing this Security Agreement, terms herein shall have the same meaning as defined in the *Personal Property Security Act* (Ontario), unless the context otherwise requires. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply and be binding upon each of them severally. The term "successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation and, where the Debtor is a partnership, any new partnership resulting from the admission of new partners or any other change in the Debtor, including, without limiting the generality of the foregoing, the death of any or all of the partners.

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor on  
31st day of December, 2008.

**ACS PRECISION COMPONENTS  
PARTNERSHIP** by its managing partner  
**A-C (PLASTICS) HOLDINGS, INC.**

Per: Matthew Richey  
Matthew Richey, Chief Executive  
Officer  
I have authority to bind the partnership.

#### PARTNERSHIP AUTHORIZING RESOLUTION

"WHEREAS it is in the interests of the Partnership to enter into a security agreement with the Bank of Montreal as security for its present and future obligations to the Bank of Montreal and therein mortgage, charge, assign and otherwise transfer and encumber and grant security interests in all its present and future property and assets;

#### NOW THEREFORE BE IT RESOLVED THAT:

1. the Partnership do enter into, execute and deliver to the Bank of Montreal a security agreement substantially in the form of the draft security agreement presented to the officers, subject to such alternations, amendments or additions to which the officers of the Partnership may agree;
2. the Partnership do mortgage, charge, assign and otherwise transfer and encumber and grant security interests in all its present and future equipment, inventory, intangibles, undertaking and other property and assets as security for its present and future obligations to the Bank of Montreal, all as provided in the said draft security agreement;
3. the execution by any officer of the Partnership of the said security agreement shall be conclusive proof of his agreement to any amendments, alterations or additions incorporated therein;
4. any officer of the Partnership be and they are each hereby authorized to execute and deliver the security agreement aforesaid on behalf of the Partnership and each of the officers of the Partnership are hereby authorized to execute all such other documents and writings and to do such others acts and things as may be necessary for fulfilling the Partnership's obligations under the said security agreement."

CERTIFICATE

To be completed  
by Secretary or  
other authorized  
officer; insert  
name of

I am the Chief Executive Officer of ACS Precision Components Partnership and I hereby certify that:

Insert  
appropriate  
date

1. the foregoing is a true copy of a resolution duly and properly passed or consented to by the officers of the said Partnership on the 31st day of December, 2008;
2. the attached Security Agreement is in the form of the draft security agreement referred to in the resolution and has been duly and properly executed by the proper officers of the Partnership; and

Use  
applicable  
clause

3. the resolution was passed at a meeting duly called and held on the date aforesaid and at which a quorum of the officers was present throughout the meeting, all the officers having received proper notice of the meeting or waiving such notice.

To be signed by  
Secretary or other  
authorized  
officer; affix  
corporate seal



  
\_\_\_\_\_  
Matthew Richey  
Chief Executive Officer

**Verification Statement**

Form  
1C

Ontario: Financing Statement / Claim for Lien

Reference File No.		Registration No.		Entry Date		
650663946		20081222105318626660				
Order Page	Total Page	Motor Vehicle Schedule	PPSARS/A	Registration Period		
1 of 1	1		P	(7)		
Debtor	02 Individual Debtor					
	03 Business Debtor	ACS PRECISION COMPONENTS PARTNERSHIP				
	Name(s)		Ontario Corporation No.			
Debtor	04 Address	City	Prov.	Postal Code		
	250 ROYAL OAK ROAD	CAMBRIDGE	ON	N3H 5M3		
	Date of Birth	First Given Name	Initial	Surname		
Debtor	06 Business Debtor	ACS PRECISION COMPONENTS PARTNERSHIP				
	Name(s)		Ontario Corporation No.			
Secured Party	07 Address	City	Prov.	Postal Code		
	730 FOUNTAIN STREET NORTH	CAMBRIDGE	ON	N3H 4R7		
	08 BANK OF MONTREAL					
Secured Party	09 Address	City	Prov.	Postal Code		
	2 KING STREET WEST	KITCHENER	ON	N2G 1A3		
Collateral	Section 1: Collateral Classification		Section 2: Vehicle Included		Section 3: Principal Amount Secured	
	Consumer Goods	Inventory	Equipment	Accounts	Other	Date of Maturity
		X	X	X		
			Type of Motor Vehicle Included		No. of Years of Maturity	
			X		.00	
Collateral	11 Year	Make	Model	Vehicle Identification No.		
	12					
	13 General Collateral Description					
	14					
	15					
Agent	16 Registering Agent					
	MILLER THOMSON LLP (JL)					
Agent	Address		City	Prov.	Postal Code	
	295 HAGEY BLVD., SUITE 300		WATERLOO	ON	N2L 6R5	

**IMPORTANT INFORMATION**

Due to the manner in which registrations are handled by the PPSR system, your original 3C Verification Statement (Original Verification Statement) produced by the PPSR Registrar may contain warnings or error messages generated by the Ministry of Government and Consumer Services, Companies and Personal Property Security Branch. Your Cyberbahn verification statement will NOT contain these messages, and Cyberbahn strongly recommends, in all cases, that you review your Original Verification Statement to ensure that you are aware of any potential errors or warnings generated by the PPSA system. Cyberbahn is not responsible for system errors.

Should you have any questions, please do not hesitate to contact Cyberbahn.

*digitized*

## EXHIBIT "D"

**NOTICE OF INTENTION TO GIVE SECURITY UNDER  
SECTION 427 OF THE BANK ACT**

2340

Transit #: 24232 *MP*

To Whom it May Concern:

ACS PRECISION COMPONENTS PARTNERSHIP  
250 Royal Oak Road  
Cambridge, Ontario  
N3H 5M3

hereby gives notice that it is its intention to give security under the authority of section 427 of the *Bank Act*, to the Bank of Montreal.

Dated at *Kitchener* in the Province of Ontario, the *17<sup>th</sup>* day of December, 2008.

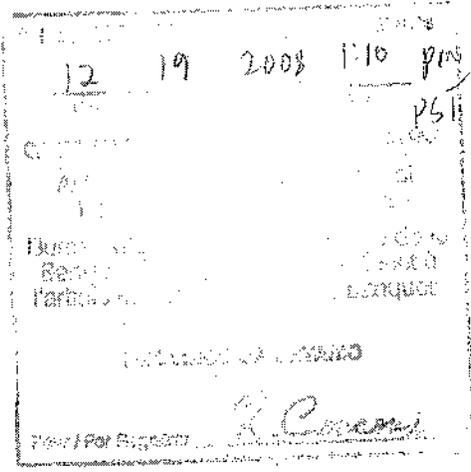
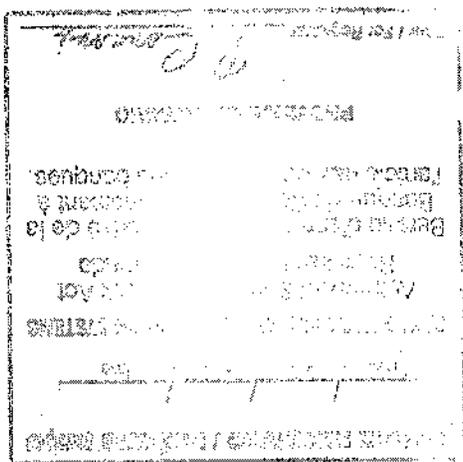
**ACS PRECISION COMPONENTS  
PARTNERSHIP**

Per: *Matthew Richey*  
Name: Matthew Richey  
Title: Chief Executive Officer of  
A-C (Plastics) Holdings, Inc., the  
Managing Partner of ACS  
Precision Components Partnership

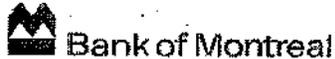
I have authority to bind the corporation.

DETROIT.3440068.1

# 01235112 expires *Dec 19/11*



*diarized*



**Application for Credit and Promise to Give  
Bills of Lading, Warehouse Receipts, or  
Security under Section 427 of the Bank Act.**

December 31, 2008

To the  
**Bank of Montreal**  
2 King Street West, Kitchener, Ontario

The Bank is hereby requested by the undersigned to grant and continue up to and including the 1<sup>st</sup> day of January, 2014, a revolving line of credit (whether by loans, the acceptance of our bills of exchange, or otherwise) of \$4,700,000.00 and to make loans or advances to the undersigned thereunder on the security of all property of the kind(s) hereinafter described of which the undersigned is now or may thereafter become the owner or in respect of which the undersigned does now have or hereafter may acquire rights, to wit - (1)

All its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service

and/or on the security of warehouse receipts and/or bills of lading covering such property.

And the undersigned promise(s) and agree(s) to give the Bank security for all loans and advances by the Bank to the undersigned pursuant to this application for credit and promise to give security and any application(s) for credit and promise(s) to give security supplemental hereto, by way of assignment under Section 427 of the Bank Act covering all the property aforesaid which is now or may hereafter be in the place or places hereinafter designated, to wit-(2)

**730 Fountain Street North, Building #1, Cambridge, Ontario**

Or in transit thereto or therefrom or in any other place or places in Canada in which any of the said property may be located.

The undersigned promise(s) and agree(s) to give the Bank from time to time and as often as requested by the Bank warehouse receipts and/or bills of lading covering all the property aforesaid or any part thereof which is now or may hereafter be covered by warehouse receipts or bills of lading, as security for all the said loans and advances.

And the undersigned will pay the Bank all costs, charges and expenses which the Bank may incur in enforcing or obtaining payment of the sums of money due to the Bank from the undersigned or in attempting so to do.

The undersigned hereby appoint(s) the person for the time being acting as manager of the above-mentioned branch of the Bank the attorney of the undersigned, on behalf of the undersigned to give from time to time to the Bank any and all security mentioned above and to sign or endorse and deliver any and all instruments and documents in connection therewith.

The Bank may from time to time take from the undersigned notes representing the said loans and advances or any part thereof; and any notes so taken shall not extinguish or pay the indebtedness created by such loans and advances but shall represent the same only.

No security acquired by the Bank shall be merged in any subsequent security or be taken to be substituted for any security previously acquired.

**ACS PRECISION COMPONENTS  
PARTNERSHIP** by its managing partner  
**A-C (PLASTICS) HOLDINGS, INC.**

Per: Matthew Richey  
Matthew Richey, Chief Executive  
Officer  
I have authority to bind the partnership.

To the  
BANK OF MONTREAL:—

In consideration of the loan(s) or advance(s) being made and/or to be made hereafter by the BANK OF MONTREAL (hereinafter called "the Bank") to the undersigned (hereinafter called "the Customer") the Customer agrees with the Bank as follows:

1. All security now or at any time hereafter held by the Bank for the payment of any debt or liability of the Customer (the said security being hereinafter called "the security"), including, without limiting the generality of the foregoing, security by way of warehouse receipt or bill of lading or under Section 427 of the Bank Act, together with all property covered by or comprised in the security (the said property being hereinafter called "the property"), and all proceeds of the security and of the property, shall be continuing collateral security for the payment of such debt or liability and also for the payment of interest thereon and of all costs, charges and expenses of or incurred by the Bank in connection therewith, including solicitor and his own client legal costs, whether in protecting, preserving, possessing, preparing for disposition, disposing of, realizing or collecting the security or the property or attempting so to do or otherwise, and interest thereon at the rate and calculated in the manner agreed upon by the Customer and the Bank, all of which the Customer agrees to pay to the Bank.

2. The Customer shall keep the property insured to its full insurable value against loss or damage by fire, and, if requested by the Bank, against loss or damage from any other cause, with insurers approved by the Bank, and shall assign to the Bank the policies evidencing such insurance or all claims thereunder and/or have the loss made payable to the Bank as the Bank may require and shall deliver the policies to the Bank, and in the event of failure so to do the Bank may but shall not be bound to effect such insurance on the property as it sees fit and the Customer will on demand repay to the Bank the amount of any premiums paid by it with interest thereon at the rate and calculated in the manner agreed upon by the Customer and the Bank.

3. If the Bank surrenders to the Customer the security or the property or any part of either of them, the Customer shall receive the same in trust for and on behalf of the Bank and from time to time shall deal therewith as the Bank may direct and, at the request of the Bank, shall give to the Bank security on the property so surrendered, or covered by the security so surrendered, to the satisfaction of the Bank.

4. Until default by the Customer in payment of all or any part of the indebtedness and liability of the Customer to the Bank, or until notice by the Bank to the Customer to cease so doing, the Customer may sell such property from time to time in the ordinary course of business and remove the same for the purpose of delivery to purchasers thereof. The proceeds of all sales by the Customer of the property or any part thereof, including, without limiting the generality of the foregoing, cash, debts arising from such sales or otherwise, evidences of title, instruments, documents and securities, which the Customer may receive or be entitled to receive in respect thereof, are hereby assigned to the Bank and shall be paid or transferred to the Bank forthwith, and until so paid or transferred shall be held by the Customer in trust for the Bank. Execution by the Customer and acceptance by the Bank of an assignment of book debts or any additional assignment of any of such proceeds shall be deemed to be in furtherance hereof and not an acknowledgment by the Bank of any right or title on the part of the Customer to such book debts or proceeds.

5. The Customer shall at all times duly and seasonably pay and discharge all claims whatsoever in any way secured by or constituting a charge upon the property or any part thereof and particularly, but without limiting the generality of the foregoing, all wages, salaries and other remuneration of all employees employed by the Customer in connection with the business or farm of the Customer in respect of which any property covered by the security is held or acquired by the Customer, and shall from time to time at the request of the Bank exhibit to the Bank evidence of such payment and discharge and obtain and deliver to the Bank such waivers or releases as the Bank may deem necessary to secure to the Bank the priority of its rights in the property.

6. The Customer shall from time to time on demand and to the satisfaction of the Bank deliver to the Bank additional security, and in the event of failure by the Customer so to do or to make due payment to the Bank of any debt or liability or part thereof or to observe any provision of this agreement, the Bank may in its discretion cease or refrain from making loans or advances to the Customer whether under any credit extended by the Bank or otherwise, and all debts and liabilities of the Customer to the Bank shall at the option of the Bank be payable forthwith and without any demand, and the Bank is hereby authorized from time to time to sell at public or private sale or otherwise realize upon the security or any part thereof and all or any of the property whenever and wherever and for such price in money or other consideration and in such manner and upon such terms and conditions as the Bank deems best, the whole without advertisement or notice to the Customer or others and to deal with the proceeds as in this agreement provided or as otherwise agreed, without prejudice to its claim for any deficiency and free from any right of redemption on the part of the Customer which is hereby waived and released, the Customer expressly waiving all and every formality prescribed by custom or by law in relation to any such sale or other realization.

7. The Bank may from time to time, enter upon or into and occupy and use, enjoy and exercise free of charge and to the exclusion of all others, including the Customer, any and all premises and property (real and personal, immovable and movable) and rights, powers and privileges of or used, enjoyed or exercised by the Customer in connection with the property or any part thereof or in or upon which the same may be (not being the premises of a warehouseman or carrier) until the property shall be fully realized upon, and may from time to time appoint a receiver, receiver-manager or agent to act for the Customer, for whose acts the Customer alone shall be responsible, and the Customer shall have no power to revoke such appointment or determine such agency. Such receiver, receiver-manager or agent shall have and may exercise all the powers, rights and discretions granted to the Bank by this agreement and the Bank and any such receiver, receiver-manager or agent shall have the right from time to time in the name of the Customer to exercise any and all of the Customer's rights, powers and privileges of every kind and to do all acts and things which the Customer could do if acting, for the purpose of completing, selling, shipping or otherwise dealing with the property in such manner as the Bank may deem best for the purpose of realizing upon the security.

8. Any promissory note or bill of exchange received by the Bank together with any securities or documents attached thereto or received therewith shall be subject to the terms of this agreement and the Bank and holders for the time being of any such bill or note may at any time before or after its maturity and whether or not it has been dishonoured accept payment and deliver the securities or documents or accept partial payment from time to time and thereupon release part of the securities or of the property covered by the documents or any of them.

9. The Bank may from time to time apply

(a) all payments which it receives,

(b) the proceeds of sales by the Customer of the property or any part thereof, and

(c) the proceeds of realization of any part of the security or of the property which are applicable generally to the debts and liabilities of the Customer to the Bank,

against or, as the Bank deems best, hold the same with all the powers, rights and discretions conferred on it by this agreement or otherwise, as continuing collateral security for the fulfilment of any or all obligations, present or future, direct or indirect, absolute or contingent, matured or not, of the Customer to the Bank whether arising from agreement or dealings between the Bank and the Customer or from any agreement or dealings with any third person by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise arising and whether the Customer be bound alone or with another or others and whether as principal or surety, and any such application by the Bank may, in whole or in part, be changed by the Bank from time to time as it deems best.

The proceeds of realization of any part of the security or of the property which are applicable only to part of the debts and liabilities of the Customer to the Bank shall first be applied to such part of the debts and liabilities, and any surplus remaining after payment of such part may from time to time be held or applied by the Bank for the purposes set out in and in accordance with the preceding paragraph of this Clause 9.

10. The Bank may release, compromise, settle and adjust any claim, dispute or difference which may arise in respect of the security or of the property or the proceeds of either of them and may grant extensions of time and indulgences. The Bank may use any Clearing Houses established by The Canadian Bankers' Association and in all dealings with the Customer's accounts and with instruments may act pursuant to the rules and regulations under which such Clearing Houses are operated.

11. The Customer shall from time to time execute, draw, endorse and deliver all such instruments and documents and do all such acts and things as the Bank may deem necessary or desirable for the purpose of perfecting the title of the Bank to the security of the property or the proceeds of either of them or of carrying into effect any or all of the provisions of this agreement or of securing the fulfilment of such obligations as aforesaid of the Customer to the Bank. The Customer hereby appoints the Bank and its Vice-Presidents, Inspectors, Managers and persons for the time being acting as managers of branches of the Bank where an account of the Customer may be kept and any person or persons from time to time named by the Bank for the purposes hereinafter mentioned, and any one of them acting alone, the Attorneys and Attorney of the Customer with full power of substitution from time to time for and in the name of the Customer to do whatsoever the said Attorneys or Attorney may deem expedient for the purpose of carrying into effect any or all of the provisions of this agreement, and this appointment being made in consideration of a loan or loans, advance or advances, by the Bank to the Customer shall be irrevocable and shall be of full force and effect whenever and so often as any loan or advance by the Bank to the Customer is unpaid or any such obligation as aforesaid to the Bank is unfulfilled and notwithstanding any occurrence or event which would otherwise terminate such agency. Every power, right and discretion vested by law in the Bank or conferred upon it by this agreement may be exercised on its behalf by the said officers or acting officers of the Bank or any person from time to time named by the Bank for such purpose, and any one of them acting alone.

12. The Bank shall not be responsible for any failure to exercise or enforce or for any delay in the exercise or enforcement of any powers, rights or discretions of the Bank, including the failure to take steps to preserve rights against other persons nor for any act, default or misconduct of any agent, officer, employee or servant of the Bank and the Bank shall be accountable only for such moneys as it shall actually receive. The Bank shall not be responsible for any loss or damage to the property while in the possession of the Bank, a receiver or a sheriff, whether due to the negligence or other default of any of them or otherwise, and specifically the Bank shall not be obligated to preserve, repair, process, or prepare for disposition any of the property.

13. Any notice to or demand upon the Customer shall be sufficiently given if despatched by post addressed to the Customer at the address of the Customer as shown by the books kept in relation to the account of the Customer at the branch of the Bank from which notice or demand is despatched and shall be deemed to have been received by the Customer at the time when in the ordinary course of post it would be expected to reach the said address.

14. The benefit of all rules of law or equity and compliance with any statutory provisions now or hereafter in force inconsistent with any of the provisions of this agreement are hereby waived by the Customer.

15. The provisions hereof shall be in addition to all other remedies of the Bank existing in law and to all rights under agreements heretofore given and no sale or delivery by the customer of the property or any part thereof shall prejudice or affect the rights however arising of the Bank in or with respect to property so sold or delivered, and this shall be a continuing agreement and all its provisions shall extend to all loans and advances to the Customer by the Bank and all obligations of the Customer to the Bank at any time outstanding and to the security and the property as they may exist from time to time and all proceeds thereof; and every loan and advance heretofore, now or hereafter made shall be deemed to have been made upon the agreements herein contained.

16 This agreement shall be binding upon and enure to the benefit of the Customer and the Bank and the heirs, executors and administrators or successors and assigns, as the case may be, of each of them.

It is the express wish of the Parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

2008 (year) SIGNED AND SEALED AT Kitchener, ont. this 31st day of December.

**ACS PRECISION COMPONENTS  
PARTNERSHIP** by its managing partner  
**A-C (PLASTICS) HOLDINGS, INC.**

Per: Matthew Richey  
Matthew Richey, Chief Executive  
Officer  
I have authority to bind the partnership.

BMO



Bank of Montreal

Security under sec. 427(1) of the Bank Act.  
(Security on all property of specified kinds)

FOR GOOD AND VALUABLE CONSIDERATION, the undersigned hereby assigns to the BANK OF MONTREAL (hereinafter called "the Bank") as continuing security for the payment of all loans and advances made or that may be made by the Bank to the undersigned up to and including the 1<sup>st</sup> day of January, 2014, pursuant to the application for credit and promise to give security made by

the undersigned to the Bank and dated the 31<sup>st</sup> day of December, 2008, and any application(s) for credit and promise(s) to give security supplemental thereto made or that may be made by the undersigned to the Bank or renewals of such loans and advances or substitutions therefor and interest on such loans and advances and on any such renewals and substitutions, all property of the kind(s) hereinafter described of which the undersigned is now or may hereafter become the owner or in respect of which the undersigned does now have or hereafter may acquire rights, to wit,

All its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service

and that is now or may hereafter be in the place or places hereinafter, designated, to wit,

730 Fountain Street North, Building #1, Cambridge, Ontario

or in transit thereto or therefrom or in any other place or places in Canada in which any of the said property may be located.

This security is given under the provisions of section 427 of the Bank Act.

The property now owned by the undersigned or in respect of which the undersigned now has or may hereafter acquire rights and hereby assigned is free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the Bank, and the undersigned warrants that the property that may hereafter be acquired by the undersigned and is hereby assigned shall be free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the Bank.

It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

DATED at Kitchener, Ont the 31<sup>st</sup> day of December, (year) 2008.

ACS PRECISION COMPONENTS  
PARTNERSHIP by its managing partner  
A-C (PLASTICS) HOLDINGS, INC.

Per:

Matthew Richey  
Matthew Richey, Chief Executive  
Officer

I have authority to bind the partnership.

**EXHIBIT "E"**



Sign In > New Enquiry

Web Page ID: WEnqResult

File Currency: 19APR 2010

System Date: 20APR2010

Note: All pages have been returned.

Type of Search	Business Debtor						
Search Conducted On	ACS PRECISION COMPONENTS PARTNERSHIP						
File Currency	19APR 2010						
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status
	650663946	1	3	1	9	22DEC 2015	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
650663946		001	001		20081222 1053 1862 6660	P PPSA	7

Individual Debtor	Date of Birth	First Given Name	Initial	Surname	
Business Debtor	Business Debtor Name				Ontario Corporation No.
	ACS PRECISION COMPONENTS PARTNERSHIP				
	Address		City	Province	Postal Code
250 ROYAL OAK ROAD		CAMBRIDGE	ON	N3H 5M3	

Individual Debtor	Date of Birth	First Given Name	Initial	Surname	
Business Debtor	Business Debtor Name				Ontario Corporation No.
	ACS PRECISION COMPONENTS PARTNERSHIP				
	Address		City	Province	Postal Code
730 FOUNTAIN STREET NORTH		CAMBRIDGE	ON	N3H 4R7	

Secured Party	Secured Party / Lien Claimant			
	BANK OF MONTREAL			
	Address		City	Province
2 KING STREET WEST		KITCHENER	ON	N2G 1A3

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			X

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description			

Registering Agent	Registering Agent			
	MILLER THOMSON LLP (JL)			
	Address		City	Province
295 HAGEY BLVD., SUITE 300		WATERLOO	ON	N2L 6R5

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	ACS PRECISION COMPONENTS PARTNERSHIP						
<b>File Currency</b>	19APR 2010						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	650794878	2	3	2	9	31DEC 2018	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
650794878		001	5		20081231 1305 1590 0219	P PPSA	10

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation No.</b>
	2178124 ONTARIO INC.			
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>
	35 EMERALD LANE		AMHERSTBURG	ON   N9V 3R3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation No.</b>
	2178124 ONTARIO INC.			
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>
	730 FOUNTAIN STREET NORTH		CAMBRIDGE	ON   N3H 4R7

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	ATS AUTOMATION TOOLING SYSTEMS INC.			
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>
	250 ROYAL OAK ROAD		CAMBRIDGE	ON   N3H 4R6

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>

<b>General Collateral Description</b>	<b>General Collateral Description</b>

<b>Registering Agent</b>	<b>Registering Agent</b>			
	GOODMANS LLP (D. WISEMAN/HDW)			
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>
	2400 250 YONGE STREET		TORONTO	ON   M5B 2M6

CONTINUED

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	ACS PRECISION COMPONENTS PARTNERSHIP						
<b>File Currency</b>	19APR 2010						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	650794878	2	3	3	9	31DEC 2018	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
650794878		002	5		20081231 1305 1590 0219		

<b>Individual Debtor</b>	Date of Birth	First Given Name	Initial	Surname
<b>Business Debtor</b>	Business Debtor Name			Ontario Corporation No.
	ACS PRECISION COMPONENTS PARTNERSHIP			
	Address	City	Province	Postal Code
	250 ROYAL OAK ROAD	CAMBRIDGE	ON	N3H 5M3

<b>Individual Debtor</b>	Date of Birth	First Given Name	Initial	Surname
<b>Business Debtor</b>	Business Debtor Name			Ontario Corporation No.
	ACS PRECISION COMPONENTS PARTNERSHIP			
	Address	City	Province	Postal Code
	730 FOUNTAIN STREET NORTH	CAMBRIDGE	ON	N3H 4R7

<b>Secured Party</b>	Secured Party / Lien Claimant			
	Address	City	Province	Postal Code

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

<b>Motor Vehicle Description</b>	Year	Make	Model	V.I.N.

<b>General Collateral Description</b>	General Collateral Description

<b>Registering Agent</b>	Registering Agent			
	Address	City	Province	Postal Code

CONTINUED

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	ACS PRECISION COMPONENTS PARTNERSHIP						
<b>File Currency</b>	19APR 2010						
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status
	650794878	2	3	4	9	31DEC 2018	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
650794878		003	5		20081231 1305 1590 0219		

<b>Individual Debtor</b>	Date of Birth	First Given Name	Initial	Surname
<b>Business Debtor</b>	Business Debtor Name			Ontario Corporation No.
	OMEX MANUFACTURING ULC			
	Address	City	Province	Postal Code

800 - 885 WEST GEORGIA STREET		VANCOUVER		BC	V6C 3H1				
<b>Individual Debtor</b>	Date of Birth	First Given Name	Initial	Surname					
<b>Business Debtor</b>	Business Debtor Name OMEX MANUFACTURING ULC			Ontario Corporation No.					
	Address	City	Province	Postal Code					
	251 LORNE AVENUE EAST	STRATFORD	ON	N5A 6S4					
<b>Secured Party</b>	Secured Party / Lien Claimant								
	Address	City	Province	Postal Code					
<b>Collateral Classification</b>	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
<b>Motor Vehicle Description</b>	Year	Make	Model	V.I.N.					
<b>General Collateral Description</b>	General Collateral Description								
<b>Registering Agent</b>	Registering Agent								
	Address	City	Province	Postal Code					

CONTINUED

<b>Type of Search</b>	Business Debtor								
<b>Search Conducted On</b>	ACS PRECISION COMPONENTS PARTNERSHIP								
<b>File Currency</b>	19APR 2010								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	650794878	2	3	5	9	31DEC 2018			

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
650794878		004	5		20081231 1305 1590 0219		

<b>Individual Debtor</b>	Date of Birth	First Given Name	Initial	Surname	
<b>Business Debtor</b>	Business Debtor Name ACS PRECISION COMPONENTS HOLDINGS (HONG KONG) CO. LTD.			Ontario Corporation No.	
	Address	City	Province	Postal Code	
	250 ROYAL OAK ROAD	CAMBRIDGE	ON	N3H 5M3	

<b>Individual Debtor</b>	Date of Birth	First Given Name	Initial	Surname	
<b>Business Debtor</b>	Business Debtor Name ACS PRECISION COMPONENTS HOLDINGS (HONG KONG) CO. LTD.			Ontario Corporation No.	
	Address	City	Province	Postal Code	
	730 FOUNTAIN STREET NORTH	CAMBRIDGE	ON	N3H 4R7	

<b>Secured Party</b>	Secured Party / Lien Claimant				
----------------------	-------------------------------	--	--	--	--

		<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>	
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>		<b>V.I.N.</b>			
<b>General Collateral Description</b>	<b>General Collateral Description</b>									
<b>Registering Agent</b>	<b>Registering Agent</b>									
		<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		

CONTINUED

<b>Type of Search</b>	Business Debtor								
<b>Search Conducted On</b>	ACS PRECISION COMPONENTS PARTNERSHIP								
<b>File Currency</b>	19APR 2010								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	650794878	2	3	6	9	31DEC 2018			

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
650794878		005	5		20081231 1305 1590 0219		

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>		
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation No.</b>		
		ACS PRECISION COMPONENTS HOLDINGS (HONG KONG) CO., LIMITED						
		<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>	
		250 ROYAL OAK ROAD			CAMBRIDGE	ON	N3H 5M3	

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>		
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation No.</b>		
		ACS PRECISION COMPONENTS HOLDINGS (HONG KONG) CO., LIMITED						
		<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>	
		730 FOUNTAIN STREET NORTH			CAMBRIDGE	ON	N3H 4R7	

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>							
		<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>

<b>Motor Vehicle</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>		<b>V.I.N.</b>		

<b>Description</b>				
<b>General Collateral Description</b>	<b>General Collateral Description</b>			
<b>Registering Agent</b>	<b>Registering Agent</b>			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	ACS PRECISION COMPONENTS PARTNERSHIP						
<b>File Currency</b>	19APR 2010						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	658810134	3	3	7	9	19JAN 2013	

<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>							
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
658810134		01	002		20100119 1946 1531 6754	P PPSA	3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>

<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation No.</b>
	ACS PRECISION COMPONENTS PARTNERSHIP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	730 FOUNTAIN STREET N.	CAMBRIDGE	ON	N3H 4R7

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>

<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation No.</b>
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	DE LAGE LANDEN FINANCIAL SERVICES CANADA INC.			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 -1235 NORTH SERVICE ROAD W	OAKVILLE	ON	L6M 2W2

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
			X		X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>
	2004	CATERPILLAR	GC25K FORKLIFT	AT82D03464

<b>General Collateral Description</b>	<b>General Collateral Description</b>
	ALL GOODS SUPPLIED BY THE SECURED PARTY, ALL PARTS AND ACCESSORIES THERE TO AND ACCESSIONS THERETO AND ALL REPLACEMENTS OR SUBSTITUTIONS FOR SUCH GOODS. PROCEEDS ACCOUNTS, CHATTEL PAPER, MONEY,

<b>Registering Agent</b>	<b>Registering Agent</b>
	CANADIAN SECURITIES REGISTRATION SYSTEMS

<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
4126 NORLAND AVENUE	BURNABY	BC	V5G 3S8

CONTINUED

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	ACS PRECISION COMPONENTS PARTNERSHIP						
<b>File Currency</b>	19APR 2010						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	658810134	3	3	8	9	19JAN 2013	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
658810134		02	002		20100119 1946 1531 6754		

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation No.</b>
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation No.</b>
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>

<b>General Collateral Description</b>	<b>General Collateral Description</b>
	INTANGIBLES, GOODS, DOCUMENTS OF TITLE, INSTRUMENTS, SECURITIES (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT (ON)) AND INSURANCE PROCEEDS.

<b>Registering Agent</b>	<b>Registering Agent</b>			
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>

CONTINUED

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	ACS PRECISION COMPONENTS PARTNERSHIP						
<b>File Currency</b>	19APR 2010						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>		

**FORM ZC FINANCING CHANGE STATEMENT / CHANGE STATEMENT**

	<b>Cautlon Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule Attached</b>	<b>Registration Number</b>	<b>Registered Under</b>			
		01	001		20100121 1946 1531 7814				
<b>Record Referenced</b>	<b>File Number</b>	<b>Page Amended</b>	<b>No Specific Page Amended</b>	<b>Change Required</b>	<b>Renewal Years</b>	<b>Correct Period</b>			
	658810134		X	A AMNDMNT					
<b>Reference Debtor/ Transferor</b>	<b>First Given Name</b>		<b>Initial</b>	<b>Surname</b>					
	<b>Business Debtor Name</b>								
	ACS PRECISION COMPONENTS PARTNERSHIP								
<b>Other Change</b>	<b>Other Change</b>								
<b>Reason / Description</b>	<b>Reason / Description</b>								
	TO AMEND SERIAL COLLATERAL AND ADD DEBTOR TO ORIGINAL REGISTRATION.								
<b>Debtor/ Transferee</b>	<b>Date of Birth</b>	<b>First Given Name</b>		<b>Initial</b>	<b>Surname</b>				
	<b>Business Debtor Name</b>					<b>Ontario Corporation No.</b>			
	2178124 ONTARIO INC.								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
	730 FOUNTAIN ST. N.			CAMBRIDGE	ON	N3H 4R7			
<b>Assignor</b>	<b>Assignor</b>								
<b>Secured Party</b>	<b>Secured Party/ Lien Claimant/ Assignee</b>								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>		<b>Model</b>		<b>V.I.N.</b>			
	2006	CATERPILLAR		P5000 FORKLIFT		AT3506567			
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
<b>Registering Agent</b>	<b>Registering Agent or Secured Party/ Lien Claimant</b>								
	CANADIAN SECURITIES REGISTRATION SYSTEMS								
	<b>Address</b>			<b>City</b>	<b>Province</b>	<b>Postal Code</b>			
	4126 NORLAND AVENUE			BURNABY	BC	V5G 3S8			

LAST PAGE  
 Note: All pages have been returned.

BACK TO TOP ↶



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**LAST MODIFIED: SEPTEMBER 13, 2009**

## EXHIBIT "F"

**TO: BANK OF MONTREAL**

WHEREAS ACS Precision Components Partnership (herein called the "Customer") is and/or may hereafter become indebted and/or may hereafter become further indebted or liable to the undersigned (herein called the "Investor") from time to time or to corporations, partnerships, trusts or other legal entities directly or indirectly owned or controlled by the Investor (such entities being herein called "Investor Entities");

AND WHEREAS the Investor has agreed to enter into this agreement in favour of Bank of Montreal (herein called the "Bank");

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Investor, including, without limitation, the Bank making advances from time to time to the Customer, accepting bills of exchange issued by the Customer or making other credit accommodations for the benefit of the Customer, the Investor covenants and agrees with the Bank as follows:

1. Subject to the provisions of paragraph 4 hereof, any and all present and future indebtedness and liability of the Customer to the Investor and to any Investor Entity (all of which present and future indebtedness and liability being herein collectively called "Investor Indebtedness") is hereby and shall hereafter be postponed and subordinate to all present and future indebtedness and liability whether actual or contingent of the Customer to the Bank (all of which present and future indebtedness and liability being herein collectively called "Bank Indebtedness"); and any and all security now or hereafter held by the Investor or any Investor Entity to secure Investor Indebtedness or any part thereof (all of which present and future security being herein called "Investor Security") are hereby and shall hereafter be subject, postponed and subordinate to all security now or hereafter held by the Bank to secure Bank Indebtedness or any part thereof (all of which present and future Bank security being called "Bank Security").
2. In order to give effect to this agreement, the Investor hereby assigns, transfers and makes over to the Bank any and all Investor Indebtedness which the Investor may now or hereafter have against the Customer and agrees to cause all Investor Entities which are now or hereafter become a creditor of the Customer to assign, transfer and make over to the Bank any and all Investor Indebtedness which such Investor Entities may now or hereafter have against the Customer; and the Investor hereby subrogates to the Bank and agrees to cause all Investor Entities to subrogate to the Bank in all the rights of the Investor and all Investor Entities in respect thereto, including rights under the Investor Security; and the Investor hereby authorizes the Bank and agrees to cause all Investor Entities to authorize the Bank to collect and receive any dividends or payments which may be payable to the Investor or such Investor Entities in the course of any receivership, bankruptcy, liquidation or winding-up of the Customer or upon any realization of any Investor Security, and in the event of the total amount of Bank Indebtedness at such time not being paid in full, the Investor hereby authorizes the Bank, and agrees to cause all Investor Entities to authorize the Bank, to apply the amount of the dividends or payments so collected by the Bank in payment of the balance of the Bank Indebtedness, the surplus, if any, to be paid to the Investor or such Investor Entities.
3. The Investor shall execute all sworn statements of claim, assignments and other documents and do all matters and things which may be required by the Bank from time to time or which may be necessary or advisable to carry this agreement into effect, including such measures as may be required to cause Investor Entities which now or hereafter hold Investor Indebtedness of the Customer to enter into an agreement similar hereto.
4. The Investor agrees, and agrees to cause all Investor Entities to agree, that moneys owing and which may hereafter become owing by the Customer to the investor or to any Investor Entity, including interest on any Investor Indebtedness, shall not be paid or withdrawn but shall hereafter either be retained by the Customer or be paid to the Bank pursuant to this agreement, unless the Bank's written consent is first obtained, and that any moneys received by the Investor or by any Investor Entity or by any agent on account of any of the Investor Indebtedness without the prior written consent of the Bank shall be held in trust for the Bank, without being used, and forthwith paid to the Bank.
5. Except with the prior written consent of the Bank, the Investor shall not assign or hypothecate and will cause any investor Entity not to assign or hypothecate any Investor Indebtedness or any part thereof or any Investor Security or any part thereof to any other party or ask for or obtain any negotiable paper or other evidence of the same.
6. The covenants and agreements herein contained shall extend to and be binding upon, and enure to the benefit of, the successors and assigns of the Investor and the Bank.
7. This agreement shall be construed pursuant to and governed by the laws applicable in the province wherein the Branch of the Bank where the Customer's account is kept is located.

8. The investor waives the right to receive any financing statement or financing change statement registered by the Bank and any confirmation of registration or verification statement issued.

9. The investor acknowledges receipt of a copy of this agreement.

10. It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

Dated as of this 31st day of December, 2008.

ATS AUTOMATION TOOLING SYSTEMS INC.

Per: 

Name: Carl H. Gallaway

Title: V.P. Treasurer

Per: \_\_\_\_\_

Name:

Title:

I/We have authority to bind the corporation

TO: BANK OF MONTREAL

We acknowledge receipt of notice in writing of the terms and conditions contained in the foregoing agreement and we agree to comply therewith. We shall not make any payment to the Investor or to any Investor Entity except as therein provided.

Dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

ACS PRECISION COMPONENTS  
PARTNERSHIP by its managing partner A-C  
(PLASTICS) HOLDINGS, INC.

Per: \_\_\_\_\_

Matthew Richey, Chief Executive  
Officer

I have authority to bind the partnership.

8. The Investor waives the right to receive any financing statement or financing change statement registered by the Bank and any confirmation of registration or verification statement issued.

9. The Investor acknowledges receipt of a copy of this agreement.

10. It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

Dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

ATS AUTOMATION TOOLING SYSTEMS INC.

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

I/We have authority to bind the corporation

TO: BANK OF MONTREAL

We acknowledge receipt of notice in writing of the terms and conditions contained in the foregoing agreement and we agree to comply therewith. We shall not make any payment to the Investor or to any Investor Entity except as therein provided.

Dated as of this 31st day of December, 2008.

ACS PRECISION COMPONENTS  
PARTNERSHIP by its managing partner A-C  
(PLASTICS) HOLDINGS, INC.

Per: \_\_\_\_\_

Matthew Richey  
Matthew Richey, Chief Executive  
Officer

I have authority to bind the partnership.

## EXHIBIT "G"

## Confirmation Letter / Lettre de confirmation

CSRS a division of Resolve

Suite 200, 4126 Norland Avenue, Burnaby, BC V5G 3S8

Authorized Section 427 Bank Act Registrar / Bureau d'enregistrement autorisé conformément à l'article 427 de la *Loi sur les banques*.

Michelle Gerber  
Miller Thomson LLP  
Accelerator Building  
295 Hagey Blvd, Suite 300  
Waterloo, Ontario  
N2L 6R5

2010/04/20 12:48:35 PM PDT

Ref / Objet: 02572279

Tel/Tél: 1-519-579-3660

Fax/Télécopie: 1-519-743-2540

e-Mail/Courriel: mgerber@millerthomson.ca

Acct# 7309

Dear Sir / Madam

Monsieur / Madame

Re: **Bank Act Security - Section 427**

Objet: **Garanties données en vertu de la *Loi sur les banques* - article 427**

We have processed your request(s) and hereby confirm the following results: (\*see below).

Nous avons donné suite à votre (vos) demande(s) et nous vous faisons part des résultats suivants: (\*voir ci-dessous).

### REFERENCE

### REFERENCE

(2) A search has been made of the notices of intention to give security under the Bank Act registered in the province of Ontario. As at the date and time above, our records indicate the following.

(2) Nous avons examiné les préavis qui se rapportent aux garanties données en vertu de la *Loi sur les banques* et qui sont enregistrés pour la province de: Ontario. À la date et à l'heure indiquées ci-dessus.

Your search for the company

Votre recherche pour la société

*ACS Precision Components Partnership*

*ACS Precision Components Partnership*

returns the following results:

révèle les résultats suivants:

Type Registration	Address	Date	Expires	Number	Bank
-------------------	---------	------	---------	--------	------

Type Name	Adresse	Date	Expires	Numéro	Banque
(2) ACS Precision Components Partnership	250 Royal Oak Road Cambridge ON N3H5M3	2008/12/19 01:10 PM PST	2013/12/31	01235112	0001 - Bank of Montreal 24232 - 3 KING ST. S. WATERLOO, ON N2J3Z6

*R. Conconi*

For Registrar / Pour le Régistrare

We acknowledge receipt of fees as follows:

Nous accusons réception des droits prescrits dont les montants s'établissent comme suit:

Type	Fee	GST	Quantity	TOTAL	Receipt No.
Type	Tarif	TPS	Quantité	TOTAL	Numéro du reçu
(2)	\$13.71	\$0.29	1	\$14.00	02572279 - R-R-SN-W

**\$14.00**

GST/TPS #:  
86370 5620 RT0007

## EXHIBIT "H"

# MILLER THOMSON LLP

Barristers & Solicitors  
Patent & Trade-Mark Agents

One London Place  
255 Queens Avenue, Suite 2010  
London, ON Canada N6A 5R8  
T: 519.931.3500  
F: 519.858.8511  
www.millerthomson.com

April 27, 2010

**Tony Van Klink**  
Direct Line: 519.931-3509  
tvanklink@millerthomson.com

**Delivered Via E-mail: dspittal@andersoncook.com**

File: 082754-0246

ACS Precision Components Partnership  
250 Royal Oak Road  
Cambridge, ON N3H 5M3

Attention: Matthew Richey, CEO

Dear Sir:

**Re: Loans with Bank of Montreal**

We are the solicitors for Bank of Montreal (the "Bank") in connection with the loans made by the Bank to ACS Precision Components Partnership (the "Partnership").

The Bank is currently making the following loans (the "Loans") available to the Partnership:

1. an operating loan under account no. 0024 1073-091(Cdn.) and account no. 0024 4606-892 (US) with a combined \$2 million maximum limit, subject to margin, pursuant to the terms of a Combined Canadian &/or US Dollar Operating Loan Agreement dated December 31, 2008 as amended by Amendment Agreement #1 dated April 2, 2009 and Amendment Agreement #2 dated May 15, 2009 (the "Operating Loan"); and
2. a demand loan non-revolving under account no. 0024 6141-997 evidenced by Promissory Notes dated December 31, 2008 in the amount of \$1,700,000 and May 15, 2009 in the amount of \$1,664,583.02 (the "Demand Loan").

Each of the Loans are by their terms payable on demand.

On behalf of the Bank we hereby demand payment of the Loans. The amounts outstanding for principal and interest on the Loans as at April 22, 2010 were as follows:

## Operating Loan

Principal	\$1,400,907.97
Interest	\$ 4,284.01

**Demand Loan**

Principal	\$1,274,999.76
Interest	\$ 3,266.10

Payment of the Loans must be made by no later than the close of business on May 7, 2010.

The Bank is not by this letter immediately terminating the availability of the Operating Loan. Unless the Partnership is advised to the contrary, the Operating Loan will remain available to the Partnership on existing terms and conditions until the close of business on May 7, 2010. Unless otherwise agreed, at the close of business on May 7, 2010 the Operating Loan will be terminated and will not thereafter be available to the Partnership. The Bank reserves to itself the right to terminate the availability of the Operating Loan prior to the close of business on May 7, 2010 in the event that the Bank considers it necessary or appropriate to do so.

The balance owing on the Operating Loan will fluctuate with deposits made, cheques (if any) honoured by the Bank and further interest which accrues to the date of payment. This letter constitutes a demand for payment of the ultimate balance owing on the Loans, including the Operating Loan, together with all legal and other costs incurred by the Bank.

We have also this day demanded payment on behalf of the Bank of the amounts owing to the Bank by Omex Manufacturing ULC ("Omex"). A copy of our letter addressed to Omex is enclosed.

The Partnership has guaranteed payment of all amounts owing by Omex to the Bank under the terms of a guarantee dated December 31, 2008 in the amount of \$2,850,000 (the "Guarantee").

On behalf of the Bank we hereby demand payment from the Partnership as guarantor under the terms of the Guarantee of all amounts owing by Omex to the Bank as set forth in the enclosed copy of our letter addressed to Omex.

Payment of the amounts owing by the Partnership under the Guarantee must be made by no later than the close of business on May 7, 2010.

We also confirm that the previously authorized \$50,000 corporate mastercard facility (the "Mastercard Facility") is cancelled and is no longer available to the Partnership.

Enclosed is a notice pursuant to Section 244 of the *Bankruptcy and Insolvency Act* which is hereby being served upon the Partnership.

Yours truly,

A handwritten signature in black ink, appearing to read 'Tony Van Klink', with a long horizontal stroke extending to the left.

Tony Van Klink  
TVK/lm

Enclosure

c. Dave Coutts  
Alex McIntosh  
dbaty@honigman.com

**NOTICE OF INTENTION TO ENFORCE SECURITY**  
**(SUBSECTION 244(1) OF THE BANKRUPTCY AND INSOLVENCY ACT)**

**TO:** ACS Precision Components Partnership,  
an Insolvent Person

**TAKE NOTICE THAT:**

1. **Bank of Montreal**, a secured creditor, intends to enforce its security on the property of the insolvent person, being:
  - (a) all present and future personal property, whether tangible or intangible and including, without limitation, all inventory, equipment, machinery, fixtures, accounts receivable, monies, choses in action, documents of title, securities, quota, insurance monies and policies and any and all proceeds derived from any dealing therewith.
2. The security that is to be enforced is in the form of:
  - (a) General Security Agreement dated December 31, 2008; and
  - (b) Security pursuant to Section 427 of the *Bank Act* dated December 31, 2008 (Notice of Intention to Give Security under Section 427 of the *Bank Act* registered with the Bank of Canada on December 19, 2008 as No. 01235112).
3. The total amount of indebtedness secured by the security at the present time is \$3,704,134.28 on account of principal and interest as at April 22, 2010, together with further interest accruing after that date plus costs.
4. The secured creditor will not have the right to enforce the security until after the expiry of the ten day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

**DATED** at London, Ontario this 27th day of April, 2010.

BANK OF MONTREAL  
By its Solicitors  
Miller Thomson LLP  
2010 – 255 Queens Avenue  
London, Ontario  
N6A 5R8

Per: 

Tony Van Klink

# MILLER THOMSON LLP

Barristers & Solicitors  
Patent & Trade-Mark Agents

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255 Queens Avenue, Suite 2010  
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April 27, 2010

Tony Van Klink  
Direct Line: 519.931-3509  
tvanklink@millerthomson.com

Delivered Via E-mail: [dspittal@andersoncook.com](mailto:dspittal@andersoncook.com)

File: 082754-0246

Omex Manufacturing ULC  
800-885 West Georgia Street  
Vancouver, BC V6C 3H1

# COPY

Attention: Matthew Richey, CEO

Dear Sir:

**Re: Loans with Bank of Montreal**

We are the solicitors for Bank of Montreal (the "Bank") in connection with the loans made by the Bank to Omex Manufacturing ULC (the "Company").

The Bank is currently making the following loans (the "Loans") available to the Company:

1. an operating loan under account no. 0024 1073-083 (Cdn) and 0024 4606-884 (US) with a combined \$2 million maximum limit, subject to margin, pursuant to the terms of a Combined Canadian &/or US Dollar Operating Loan Agreement dated December 31, 2008 as amended by Amendment Agreement #1 dated May 14, 2009 (the "Operating Loan"); and
2. a demand loan non-revolving under account no. 0024 6142-009 evidenced by Promissory Notes dated December 31, 2008 in the amount of \$800,000 and May 14, 2009 in the amount of \$783,333.02 (the "Demand Loan").

Each of the Loans are by their terms payable on demand.

On behalf of the Bank we hereby demand payment of the Loans. The amounts outstanding for principal and interest on the Loans as at April 22, 2010 were as follows:

## Operating Loan

Principal	\$417,343.11
Interest	\$ 1,706.17

**Demand Loan**

Principal	\$599,999.76
Interest	\$ 1,627.40

Payment of the Loans must be made by no later than the close of business on May 7, 2010.

The Bank is not by this letter immediately terminating the availability of the Operating Loan. Unless the Company is advised to the contrary, the Operating Loan will remain available to the Company on existing terms and conditions until the close of business on May 7, 2010. Consistent with the existing arrangements, the limit on the Operating Loan during that period will remain at \$1,500,000.00, subject to margin. Unless otherwise agreed, at the close of business on May 7, 2010 the Operating Loan will be terminated and will not thereafter be available to the Company. The Bank reserves to itself the right to terminate the availability of the Operating Loan prior to the close of business on May 7, 2010 in the event that the Bank considers it necessary or appropriate to do so.

The balance owing on the Operating Loan will fluctuate with deposits made, cheques (if any) honoured by the Bank and further interest which accrues to the date of payment. This letter constitutes a demand for payment of the ultimate balance owing on the Loans, including the Operating Loan, together with all legal and other costs incurred by the Bank.

We have also this day demanded payment on behalf of the Bank of the amounts owing to the Bank by ACS Precision Components Partnership (the "Partnership"). A copy of our letter addressed to the Partnership is enclosed.

The Company has guaranteed payment of all amounts owing by the Partnership to the Bank under the terms of a guarantee dated December 31, 2008 in the principal amount of \$4,750,000 (the "Guarantee").

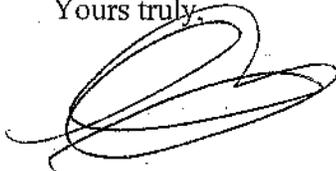
On behalf of the Bank we hereby demand payment from the Company as guarantor under the terms of the Guarantees of all amounts owing by the Partnership to the Bank as set forth in the enclosed copy of our letter addressed to the Partnership.

Payment of the amounts owing by the Company under the Guarantee must be made by no later than the close of business on May 7, 2010.

We also confirm that the previously authorized \$50,000 corporate mastercard facility (the "Mastercard Facility") is cancelled and no longer available to the Company.

Enclosed is a notice pursuant to Section 244 of the *Bankruptcy and Insolvency Act* which is hereby being served upon the Company.

Yours truly,

A handwritten signature in black ink, appearing to read 'Tony Van Klink', written over a horizontal line.

Tony Van Klink  
TVK/lm

Enclosure

c. Dave Coutts  
Alex McIntosh  
dbaty@honigman.com

# EXHIBIT "I"

## **AGREEMENT REGARDING RECEIVERSHIP**

ACS Precision Components Partnership, an Ontario partnership ("Borrower"), Bank of Montreal ("Lender") and Zeifman Partners Inc. ("ZP") enter into this Agreement Regarding Receivership (this "Agreement") on May 4, 2010.

### **BACKGROUND**

A. Pursuant to a Commitment Letter dated December 16, 2008 and related loan and security documents (together, the "Loan Documents"), Lender provided secured financing to Borrower. Borrower is in default of its obligations to Lender and Lender has demanded repayment of the obligations outstanding under the Loan Documents and issued a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (the "Act").

B. Borrower acknowledges that as of April 22, 2010, its obligations to Lender (inclusive of its obligations arising from Borrower's guarantee of the obligations of OMEX Manufacturing ULC) totalled \$3,704,134.28 plus accrued but unpaid interest from and after April 22, 2010 and costs and expenses called for by the Loan Documents (the "Loans").

C. In an effort to maximize the value of its assets and provide an opportunity for its customers to orderly re-source their production to other suppliers, subject to the terms of this Agreement, Borrower has agreed to consent to the appointment of a receiver and manager over its assets and operations.

Based on the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

### **TERMS AND CONDITIONS**

1. Borrower consents to each of the following:
  - (a) the granting of an Order (the "Order") by the Ontario Superior Court of Justice, Commercial List (the "Court") on the application of the Lender for the appointment of a receiver (the "Receiver") of all of the assets, undertakings and properties of the Borrower under Section 243 of the Act and Section 101 of the Courts of Justice Act; and
  - (b) the appointment in the Order of ZP as Receiver.
2. Borrower acknowledges that it is in default under the Loan Documents and pursuant to Section 244 of the Act hereby waives the 10 day notice period prescribed thereby.
3. In consideration of Borrower's consents and waivers set forth in this Agreement, Lender agrees to allow the Receiver, in acting pursuant to the Order, to use

cash proceeds of accounts receivable and inventory ("Cash Collateral") on the following terms:

- (a) the Receiver will not be allowed to use any cash proceeds from fixed asset sales (such proceeds will be segregated by the Receiver in a separate account pending Court approval for the distribution of such proceeds).
- (b) Cash Collateral may be used only to the extent the following formula is satisfied (the "Formula");
  - (i) remaining Cash Collateral being held by Receiver in a segregated deposit account; plus
  - (ii) 90% of accounts subject to a setoff limitation substantially in the form of paragraph 3 of the form Accommodation Agreement attached as Exhibit A (the "Form Accommodation Agreement"); plus
  - (iii) 70% of raw materials and finished goods inventory which are subject to a purchase obligation under a Form Accommodation Agreement or Letter Agreement; plus
  - (iv) 85% of the amount of any tooling accounts that customers agree in writing to pay within 30 days without setoff or reduction on any basis;

is equal to or greater than the sum of the following:

- (i) the balance of the Loans (inclusive of unpaid interest and fees), plus
  - (ii) a reserve of \$100,000 (the "Wind Down Reserve"), plus
  - (iii) a reserve of \$300,000 (the "Employee Claim Reserve"), plus
  - (iv) a reserve equal to Receiver's good faith estimate of unpaid professional fees and costs owing to Receiver and its counsel (the "Fee Reserve").
- (c) The Formula will be calculated on a daily basis based on Cash Collateral, accounts receivable and inventory balances, with all amounts [other than inventory values] updated daily. [Inventory values adjusted on Tuesday of each week based on actual inventory levels as of the close of business on the prior Friday].

- (d) the Receiver will not be allowed to use any Cash Collateral for production after May 13, 2010 for any customer representing 4% or more of Borrower's historical sales unless the customer agrees to the accommodations outlined in the Form Accommodation Agreement.
- (e) Subject to the Formula and there being sufficient Cash Collateral available to fund such expenses, the Receiver may use (i) the Employee Claim Reserve to fund vacation pay and accrued but unpaid wages owing to Borrower's employees as of the effective date of the receivership, (ii) the Wind Down Reserve to fund costs and expenses incurred by Receiver after production ceases for all customers, and (iii) the Fee Reserve to pay professional fees owing to Receiver and its legal counsel.
- (f) For certainty, any "Surcharges" (as that term is defined in the Form Accommodation Agreement or the Letter Agreement, as defined below) paid by Customers will be Cash Collateral.
- (g) Lender will have no obligation to make any new advances to Borrower or the Receiver.

4. Lender will:

- (a) promptly seek the appointment of ZP as Receiver; and
- (b) consent to the Receiver's sale of dedicated machinery, equipment, tooling and fixtures owned by Borrower ("Dedicated Assets") for an amount not less than 90% of appraised fair market value as provided for in the Corporate Assets Valuations Appraisal dated April 23, 2010; for certainty, "dedicated" means used solely by Borrower in producing component parts for a particular customer and not reasonably useable in producing component parts for third parties).

5. Subject to being appointed as Receiver and this Agreement and the exhibits hereto being approved by the Court, and subject to any further Order of the Court, ZP agrees that it will:

- (a) use its best efforts to cause Borrower to produce parts banks for customers who execute the Form Accommodation Agreements substantially in the form of Exhibit "A" ("Participating Customers") and to otherwise cooperate with the Participating Customers in their re-sourcing activities;

- (b) seek expedited court approval, if necessary, to sell Dedicated Assets on the terms of subsection 4(b) above;
- (c) not allow any customer to remove Tooling (as defined in the Form Accommodation Agreement) from Borrower's possession unless (i) required to do so by court order, or (ii) the customer pays (or agrees to pay in a written agreement satisfactory to Receiver) all accounts payable owing to Borrower subject to the setoff limitations provided in the Form Accommodation Agreement (regardless of whether the customer has executed a Form Accommodation Agreement);
- (d) use Cash Collateral consistent with the terms of this Agreement;
- (e) use the Employee Claim Reserve to fund vacation pay and accrued but unpaid wages owing to Borrower's employees as of the effective date of the receivership; and
- (f) use its best efforts to get all customers representing less than 4% of Borrower's historical sales to execute and deliver a letter agreement substantially in the form of Exhibit B (the "Letter Agreement") in exchange for the Receiver allowing Borrower to produce goods for such customers.

6. ZP will have no obligations or duties under this Agreement unless and until it is appointed Receiver and this Agreement and the Exhibits hereto being approved by the Court.

7. This Agreement sets forth the entire agreement and understanding of the parties, and supersedes all prior agreements and understandings between the parties with respect to the assignment. This Agreement will be binding on, and inure to the benefit of, the parties and their successors and assigns.

8. This Agreement may be signed in counterparts, each of which will be an original and both of which taken together will constitute one agreement, and facsimile signatures will be treated as original for all purposes.

9. This Agreement may not be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

**[End of document –signatures are set forth on the next page]**

[Signature page to Agreement Regarding Receivership dated May 4, 2010]

**BANK OF MONTREAL**

By:   
Name: Dave Coutts  
Title: Account Manager  
I have authority to bind the Bank

**ZEIFMAN PARTNERS INC.**

By: \_\_\_\_\_  
Name: Allan Rutman  
Title: President  
I have authority to bind the  
Company

**ACS PRECISION COMPONENTS  
PARTNERSHIP**

By: \_\_\_\_\_  
Name: Matthew Richey  
Title: Chief Executive Officer

And  
By: \_\_\_\_\_  
Name: Douglas Spittal  
Title: Executive V-P  
We have authority to bind the  
Partnership

[Signature page to Agreement Regarding Receivership dated May 4, 2010]

**BANK OF MONTREAL**

By: \_\_\_\_\_  
Name: Dave Coutts  
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I have authority to bind the  
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PARTNERSHIP**

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[Signature page to Agreement Regarding Receivership dated May 4, 2010]

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By: \_\_\_\_\_  
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Title: President  
I have authority to bind the  
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**ACS PRECISION COMPONENTS  
PARTNERSHIP**

By: Matthew Richey  
Name: Matthew Richey  
Title: Chief Executive Officer

And  
By: Douglas Spittal  
Name: Douglas Spittal  
Title: Executive V-P  
We have authority to bind the  
Partnership

## EXHIBIT A

### CUSTOMER ACCOMMODATION AGREEMENT

Zeifman Partners Inc., solely in its capacity as receiver and manager of ACS Precision Components Partnership, an Ontario partnership ("ACS") and \_\_\_\_\_ ("Customer") enter into this Customer Accommodation Agreement (this "Agreement") as of May \_\_, 2010.

#### BACKGROUND

A. ACS manufactures component parts for Customer (the "Component Parts") pursuant to various purchase orders and supply contracts (each a "Purchase Order" and collectively, the "Purchase Orders").

B. ACS defaulted on its obligations to its senior lender, Bank of Montreal ("BMO") and BMO demanded payment of all outstanding obligations on April 27, 2010.

C. On May 6, 2010 at approximately \_\_\_\_\_ p.m. E.D.T. (the "Effective Date"), the Ontario Superior Court of Justice, Commercial List (the "Receivership Court") entered an order (the "Receivership Order") appointing Zeifman Partners Inc. as receiver and manager of ACS (the "Receiver").

D. The Receivership Order provides that the Receiver is under no obligation to allow ACS to continue to produce Component Parts for any customer unless such customer enters into acceptable arrangements with the Receiver.

E. Subject to the terms and conditions of this Agreement, Receiver has agreed to allow ACS to manufacture and supply Component Parts to Customer.

**BASED** on the foregoing background and for good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

#### TERMS AND CONDITIONS

1. Payment of Existing Accounts. For convenience, all amounts owing by Customer to ACS for Component Parts shipped on or before the Effective Date or for tooling that has received so-called "PPAP" or equivalent approval on or before the Effective Date are collectively referred to as the "Pre-Effective Date Payables". Customer acknowledges and agrees that the Pre-Effective Date Payables are equal to at least CDN \$ \_\_\_\_\_ and that subject to any Allowed Setoffs (defined below), Customer claims no rights of setoff or any other claim of any nature whatsoever and that the foregoing amount is due and owing, in full, by the Customer to ACS. By May \_\_, 2010 Customer will pay all Pre-Effective Date Payables subject to the terms of Section 3 below; payment will be made by cheque and must be received by the

Receiver on or before May \_\_\_\_\_, 2010 at the address set forth under the Receiver's signature below or via wire transfer as follows:

\_\_\_\_\_, Toronto Canada

SWIFT No: \_\_\_\_\_

Account No: \_\_\_\_\_

Account Name: Zeifman Partners, as receiver and manger of  
ACS Precision Components Partnership

2. Expedited Payment Terms. For shipments of Component Parts to Customer after the Effective Date (the "Post-Effective Date Payables"), Customer will pay for shipments on terms of net 7 days or better.

3. Limitation of Setoff Rights. With respect to all accounts payable owing to ACS, whether arising before or after the Effective Date, Customer agrees to suspend and not assert any defenses, rights and claims for setoffs, deductions and/or recoupment other than for Allowed Setoffs. For purposes of this Agreement, "Allowed Setoffs" means setoffs, recoupments or deductions for defective or nonconforming products, short shipments, misshipments, or *bona fide* billing errors (improper invoices or mispricing). Provided further that under no circumstances will (a) Allowed Setoffs exceed ten percent (10%) of the face amount of any *bona fide* invoice, or (b) setoffs or recoupments, including Allowed Setoffs, be taken against the Surcharge (as defined below).

4. Surcharges. For all Component Parts shipped to Customer after the Effective Date, Customer agrees to pay a thirty percent (30%) surcharge (the "Surcharge") in excess of the applicable Purchase Order price. Additionally, Customer will bear the cost of premium freight to the extent it is incurred in connection with delivery of Component Parts to Customer. If Receiver, acting reasonably, believes that the Surcharge is insufficient to fully fund Customer's pro-rata share of all cash losses incurred or to be incurred in producing Component Parts for Customer (including Receiver's and its counsel's professional fees and costs, the cost of winding down the operations of ACS when all production ceases and payment of any employee claims other than termination and severance pay), on 5 days' written notice to Customer, unless Customer agrees in writing to increase its Surcharge to the level requested by Receiver, Receiver will have the right to cause ACS to cease production for Customer.

5. Tooling Purchase Orders. Customer previously entered into purchase orders or other agreements (the "Tooling Purchase Orders") with ACS for the tooling, gauges, molds, fixtures, and appurtenances thereto described on Schedule A (collectively, the "Tooling"). In turn, ACS entered into agreements with third parties to manufacture the Tooling (the "Tool Vendor"); as of the Effective Date, the Tooling was not completed such that payment was not due under the applicable Tooling Purchase Order. In respect of the Tooling Purchase Orders, Customer agrees to (a) assume full responsibility for dealing with Tool Vendors (by assuming ACS' obligations to Tool Vendor or entering into a new contract with Tool Vendor(s)), (b) within 10 days after

receipt of reasonable documentation from the Receiver to evidence the amount due, pay to Receiver an amount equal to the sum of any payments previously made by ACS to the Tool Vendors in respect of the Tooling, with such payments made without setoff, recoupment or deduction for any reason, and (c) upon the Tooling receiving final PPAP approval, pay to the Receiver (without setoff or deduction on any basis) an amount equal to the difference between (i) the applicable ACS Tooling Purchase Order price, minus (ii) amounts paid by Customer to Tool Vendors in respect of the Tooling, minus (iii) amounts paid to Receiver under subpart (b) above. Upon Customer's payment of the foregoing amounts, any right, title or interest of the Receiver or ACS to the subject Tooling will pass to Customer and Customer will thereafter be released from any further payment obligation to the Receiver or ACS on account of the Tooling Purchase Order.

6. Inventory Purchase. At the earlier of the time Customer re-sources any Component Part from ACS or when ACS ceases production of Component Parts, Customer agrees to purchase from Receiver (free and clear of all liens, security interests and charges), all raw materials, work in process and finished goods inventory related to the manufacture, production or assembly of the subject Component Part (the "Customer Inventory") that is "useable" and in a "merchantable" condition. The price for the Customer Inventory to be purchased under this Paragraph 6 will be calculated as follows:

- (a) for raw material – 100% of the cost of the raw material, with cost based on ACS' actual landed cost;
- (b) for work-in-process – 100% of the applicable Purchase Order price plus the Surcharge, with such amount pro-rated on a percentage of completion basis; and
- (c) for finished Component Parts – 100% of the applicable Purchase Order price plus the Surcharge.

For the purpose of this Agreement, the term "useable" means inventory in quantities that are reasonably useable by Customer or Customer's new suppliers in the production of Component Parts. The term "merchantable" as used in this Agreement means of good quality and in conformance with any applicable Purchase Order specifications. Customer will pay the purchase price for the Customer Inventory without setoff, recoupment or other deduction of any kind or nature prior to taking delivery of such Customer Inventory.

7. Continue to manufacture; allocation of resources. Subject to the availability of sufficient financing, raw materials, labor, machine capacity and the terms of Paragraph 4 above, Receiver will use its best efforts to cause ACS to continue to manufacture Component Parts in accordance with Customer's requirements. Production capacity and available resources will be allocated equitably among all customers providing accommodations substantially equivalent to those provided in this

Agreement (such customers are referred to collectively as the "Participating Customers").

8. Inventory Bank. Upon Customer's reasonable request and subject to availability of sufficient financing, raw materials, labor, machine capacity and the terms of Paragraph 4 above, Receiver will use its best efforts to cause ACS to build inventory banks of Component Parts ("Inventory Banks"). Inventory Banks will be shipped as produced and Customer will pay for same in accordance with Paragraphs 2, 3, and 4. Receiver will use its best efforts to cause ACS to allocate available capacity and resources equitably among the Participating Customers. For purposes of Paragraph 7 and this Paragraph 8, an "equitable allocation" means that Customer's production will receive at least a pro-rata share of available resources or capacity (including any excess capacity used to produce parts banks) based on the dollar value of Customer's and other Participating Customers' respective purchases from ACS during the one (1) year period prior to the Effective Date.

9. Cooperation in Re-Sourcing. Receiver will cause ACS to provide Customer and its new supplier(s) reasonable access to ACS' manufacturing operations to facilitate the transfer of production of the Component Parts provided such access does not unreasonably interfere with production for other Participating Customers. Further, Customer agrees to give Receiver as much advance notice as possible, and in no event less than twenty-one (21) days' notice, regarding Customers re-sourcing plans so Receiver can manage ACS' operations in an efficient and economical manner.

10. Tooling Acknowledgement.

- (a) Within ten (10) days of execution of this Agreement, Customer will provide Receiver a list of all tooling, dies, test and assembly fixtures, jigs, gauges, paint racks, patterns, casting patterns, cavities, molds and documentation including engineering specifications and test reports together with any accessions, attachments, parts, accessories, substitutions, replacements, and appurtenances used by ACS in connection with its manufacture of Component Parts for the Customer (collectively "Tooling") and claimed to be owned by the Customer. Customer and Receiver will exercise best efforts in good faith to resolve any discrepancy or dispute relating to the ownership of such Tooling.
- (b) As soon as practicable, but in any event no later than forty-five (45) days after the execution of this Agreement, Receiver will attach to this Agreement Schedule B listing all Tooling Customer claims to be owned by Customer and to which the Receiver acknowledges and agrees are owned by Customer (the "Customer's Tooling"). By appending Schedule B, Receiver acknowledges and agrees that Customer's Tooling is owned by the Customer and that no person or entity other than Customer has any right, title or interest in

Customer's Tooling other than ACS' right, subject to Customer's unfettered discretion, to utilize Customer's Tooling in the manufacture of Component Parts pursuant to the terms of the Purchase Orders (as amended by this Agreement). Subject to Customer's compliance with the terms of this Agreement, Customer will have the right to take immediate possession of the Customer's Tooling at any time, should Customer elect to exercise such right, and Receiver agrees to cooperate with Customer in its taking possession of the Customer's Tooling.

- (c) In the event of a dispute as to the ownership of any one or more items of Tooling, Customer will have the right to apply to the Ontario Superior Court of Justice, Commercial List in the receivership proceeding of ACS to determine ownership of such Tooling.

11. No liability. The Receiver will not be deemed to be a successor to ACS in respect of any obligations under the Purchase Orders or the Tooling Purchase Orders (collectively, the "Customer Agreements") and Receiver is acting solely in its capacity of receiver and manager of ACS and with no personal or corporate liability. Subject to the Allowed Setoffs, Customer further agrees that Receiver will have no liability to Customer for, and Customer will indemnify and hold Receiver harmless from and against any claims of third parties for, (a) any failure to supply Component Parts, including without limitation, in the quantities or at the times requested by Customer, (b) breaches by ACS of any agreements it has with Customer, and (c) any liability for non-conforming or defective Component Parts sold to Customer, including in respect of product liability claims and claims for latent defects in such Component Parts. **FURTHER, RECEIVER HAS NOT GIVEN AND WILL NOT BE DEEMED TO HAVE GIVEN ANY CUSTOMER OR ITS SUCCESSORS OR PERMITTED ASSIGNS ANY WARRANTIES (INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), IN RESPECT OF ANY COMPONENT PARTS OR CUSTOMER INVENTORY. ALL CONDITIONS AND WARRANTIES EXPRESSED OR IMPLIED BY THE SALE OF GOODS ACT OF ONTARIO DO NOT APPLY HERETO AND HAVE BEEN WAIVED BY THE CUSTOMER.**

12. General Terms.

A. Authorization. The parties executing this Agreement warrant that they have the corporate power and authority to execute this Agreement and this Agreement has been duly authorized by the parties.

B. Cooperation. Each party agrees to cooperate fully and in good faith with the other parties and to take all additional actions that may be necessary to give full force and effect to this Agreement.

C. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation of this Agreement.

D. No Waiver; Cumulative Remedies; Unenforceability. No party to this agreement will by any act, delay, indulgence, omission, or otherwise be deemed to have waived any right or remedy under this Agreement, or any other agreement between the parties or between Customer and ACS, or of any breach of the terms and conditions of this Agreement or any other agreement between the parties or between Customer and ACS. A waiver by any party of any right or remedy under this Agreement on any one occasion will not be construed as a bar to any right or remedy which that party would otherwise have had on a subsequent occasion. No failure to exercise, nor any delay in exercising, any right, power, or privilege under this Agreement, by any party will operate as a waiver, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies under this Agreement are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by any other agreements or applicable law. If any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement will not be affected thereby.

E. Reservation of Rights. Subject to the terms of this Agreement, Customer expressly reserves and does not waive any claims it has against ACS, including without limitation, for breaches of any Purchase Order, or obligations under any other agreements between Customer and ACS.

F. Waivers and Amendments; Successors and Assigns. No term or provision of this Agreement may be waived, altered, modified, or amended except by a written instrument, duly executed by the parties hereto. This Agreement and all of the parties' obligations are binding upon their respective successors, and together with the rights and remedies of the parties under this Agreement, inure to the benefit of the parties and their respective successors; provided, further, no party will assign any of its rights under this Agreement.

G. Counterparts. This Agreement may be executed in any number of counterparts and by each party hereto on separate counterparts, each of which when so executed and delivered will be an original, but all of which together will constitute one and the same instrument, and it will not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. For purposes of this Agreement, facsimile signatures will be treated as originals.

H. Jurisdiction. Customer agrees to submit to the jurisdiction of the Ontario Superior Court of Justice, Commercial List in connection with any dispute under this Agreement and agrees that if the Receiver is required to seek the assistance of the Receivership Court to enforce this Agreement, in addition to any other remedies

available under applicable law, the Receiver will be entitled to recover its reasonable lawyer's fees and costs so incurred.

I. Entire Agreement; Conflicts; Ambiguous Language. This Agreement, together with any other agreements and schedules referenced to herein or executed in connection with this Agreement, constitutes the entire understanding of the parties in connection with the subject matter hereof. To the extent any term or condition of this Agreement is inconsistent or in conflict with the terms of any other agreements between ACS or the Receiver and the Customer, the terms of this Agreement will govern and control to the extent necessary to resolve such inconsistency or conflict. This Agreement is being entered into among competent persons who are experienced in business and represented by counsel, and has been reviewed by the parties and their respective counsel. Therefore, any ambiguous language in this Agreement will not necessarily be construed against any particular party as the drafter of such language.

J. Governing Law. This Agreement is made in the Province of Ontario and shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and of Canada applicable therein and the parties irrevocably attorn to the jurisdiction of the Court and other appropriate courts of the Province of Ontario in respect of any matters and disputes arising in connection with this Agreement.

K. CONSULTATION WITH COUNSEL. THE PARTIES ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO CONSULT WITH COUNSEL BEFORE EXECUTING THIS AGREEMENT AND ARE EXECUTING SUCH AGREEMENT WITHOUT DURESS OR COERCION AND WITHOUT RELIANCE ON ANY REPRESENTATIONS, WARRANTIES OR COMMITMENTS OF THE RECEIVER, OTHER THAN THOSE SPECIFICALLY SET FORTH IN THIS AGREEMENT.

[Intentionally left blank, signature page continued on following page]

**[Signature page to Customer Accommodation Agreement]**

"Receiver"

**ZEIFMAN PARTNERS INC.**, solely in its capacity as Receiver and Manager of ACS Precision Components Partnership and with no personal or corporate liability

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Address for notices:**

One Toronto Street  
PO Box 28  
Suite 910  
Toronto, Ontario M5C 2C6 Canada

**"CUSTOMER"**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Address for notices:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT B**

**[ZEIFMAN PARTNERS INC. LETTERHEAD]**

May \_\_\_\_, 2010

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Re: ACS Precision Components Partnership ("ACS")**

Dear Customer:

ACS manufactures various component parts (the "Component Parts") for \_\_\_\_\_ ("Customer" or "you") pursuant to various purchase orders and supply contracts (each a "Purchase Order" and collectively the "Purchase Orders"). At approximately \_\_\_\_ p.m. E.D.T. on May 6, 2010 (the "Effective Date"), the Ontario Superior Court of Justice, Commercial List, entered an order (the "Receivership Order") appointing Zeifman Partners Inc. as receiver and manager (the "Receiver") of ACS.

The Receivership Order provides that the Receiver is under no obligation to allow ACS to continue to produce Component Parts for any customer unless such customer enters into acceptable arrangements with the Receiver. The purpose of this letter agreement is to set forth the terms and conditions pursuant to which the Receiver will allow ACS to manufacture Component Parts for you.

Subject to the availability of sufficient financing, raw materials, labor and machine capacity and subject to the following terms, the Receiver will use its best efforts to cause ACS to continue to manufacture Component Parts in accordance with Customer's requirements:

1. **Payment of Existing Accounts**. You acknowledge and agree that the aggregate amount owing by you to ACS for Component Parts shipped on or before the Effective Date (the "Pre-Effective Date Payables") is no less than CDN \$\_\_\_\_\_. By May \_\_\_\_, 2010, you will pay all Pre-Effective Date Payables in accordance with the terms of Section 3 below.
2. **Expedited Payment Terms**. For shipments of Component Parts to you after the Effective Date (the "Post-Effective Date Payables"), you will pay for all invoices provided by ACS on terms of net seven (7) days or better.

3. **Limitation of Setoff Rights.** With respect to Pre-Effective Date Payables and Post-Effective Date Payables, you agree to suspend and not assert any defenses, rights and claims for setoffs, deductions and/or recoupment other than for Allowed Setoffs. For purposes of this letter agreement, "Allowed Setoffs" means setoffs, recoupments or deductions for defective or nonconforming products, short shipments, misshipments, or billing errors (improper invoices or mispricing). Provided further that under no circumstances shall (a) Allowed Setoffs exceed ten percent (10%) of the face amount of any *bona fide* invoice, or (b) setoffs or recoupments, including Allowed Setoffs, be taken against the Surcharge (as defined below).
4. **Surcharge.** For all Component Parts shipped to you after the Effective Date, you agree to pay a [thirty percent (30%)] increase (the "Surcharge") in excess of current Purchase Order prices.
5. **Inventory Purchase.** You agree to purchase from Receiver, at the time of resourcing any Component Part, all raw materials, work in process and finished goods inventory related to the manufacture, production or assembly of the subject Component Part (collectively, the "Customer Inventory") that is "useable" and in a "merchantable" condition. The price for the Customer Inventory to be purchased under this Section will be calculated as follows:
  - (a) for raw material – 100% of the cost of the raw material, with cost based on ACS' actual landed cost;
  - (b) for work-in-process – 100% of the applicable Purchase Order price plus the Surcharge, with such amount pro-rated on a percentage of completion basis; and
  - (c) for finished Component Parts – 100% of the applicable Purchase Order price plus the Surcharge.

For the purpose of this Agreement, the term "useable" means inventory in quantities that are reasonably useable by you or your new suppliers in the production of Component Parts. The term "merchantable" as used in this Agreement means of good quality and in conformance with any applicable Purchase Order specifications. You agree to pay the purchase price for the Customer Inventory without setoff, recoupment or other deduction of any kind or nature within three (3) days of taking delivery of such Customer Inventory.

6. **No Liability.** Receiver is acting solely in its capacity of receiver and manager of ACS and with no personal or corporate liability. Further, Receiver will not be deemed to be successors to ACS in respect of any obligations under the Purchase Orders. You also agree that the Receiver will have no liability to you for, (a) any failure to supply Component Parts, including without limitation, in the quantities or at the times requested by you, (b) breaches by ACS of any agreements it has with you, and (c) Component Parts sold to you (including in respect of product liability claims and claims for latent defects in such Component Parts).
7. **No Warranty.** RECEIVER HAS NOT GIVEN AND WILL NOT BE DEEMED TO HAVE GIVEN ANY CUSTOMER OR ITS SUCCESSORS OR PERMITTED ASSIGNS ANY WARRANTIES (INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), IN RESPECT OF ANY COMPONENT PARTS OR CUSTOMER INVENTORY. ALL CONDITIONS AND WARRANTIES EXPRESSED OR IMPLIED BY THE SALE OF GOODS ACT OF ONTARIO DO NOT APPLY HERETO AND HAVE BEEN WAIVED BY THE CUSTOMER.

Please acknowledge your agreement to these terms by signing in the space provided. This letter may be signed in counterparts and facsimile copies of signatures will constitute originals for all purposes. This letter sets forth the entire understanding of the parties with respect to the subject matter hereof.

**ZEIFMAN PARTNERS INC.**, solely in its capacity as Receiver and Manager of ACS Precision Components Partnership and with no personal or corporate liability

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Acknowledged and agreed:**  
**[CUSTOMER]**

By: \_\_\_\_\_

Its: \_\_\_\_\_  
an authorized representative

BANK OF MONTREAL  
Applicant

ACS PRECISION COMPONENTS  
and  
Respondent

Court File No:

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**AFFIDAVIT OF ALEX MCINTOSH**

**MILLER THOMSON LLP  
ONE LONDON PLACE  
255 QUEENS AVENUE, SUITE 2010  
LONDON, ON CANADA N6A 5R8**

Tony Van Klink LSUC#: 29008M  
Tel: 519.931-3509  
Fax: 519.858.8511

Lawyers for the Applicant

TAB "4"

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ACS PRECISION COMPONENTS PARTNERSHIP

Respondent

**CONSENT**

Pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended, and Section 101 of the *Courts of Justice Act*, R.S.O., 1990, c.C-43, as amended, Zeifman & Partners Inc. ("ZP") hereby consents to act as the receiver, without security, of all of the assets, undertakings and properties of ACS Precision Components Partnership (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor in accordance with an Order substantially in the form of the Order attached to the Notice of Application in this proceeding, or as such Order may be amended in a manner satisfactory to ZP.

DATED this 4th day of May, 2010.

ZEIFMAN PARTNERS INC.

Per: 

Name: Alan Rutman

Title: President

**BANK OF MONTREAL**  
Applicant

**ACS PRECISION COMPONENTS**  
and  
Respondent

Court File No:

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**CONSENT**

**MILLER THOMSON LLP**  
**ONE LONDON PLACE**  
**255 QUEENS AVENUE, SUITE 2010**  
**LONDON, ON CANADA N6A 5R8**

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Lawyers for the Applicant

BANK OF MONTREAL  
Applicant

and  
ACS PRECISION COMPONENTS  
Respondent

Court File No: 10-8702-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**APPLICATION RECORD**

**MILLER THOMSON LLP  
ONE LONDON PLACE  
255 QUEENS AVENUE, SUITE 2010  
LONDON, ON CANADA N6A 5R8**

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