

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ACS PRECISION COMPONENTS PARTNERSHIP

Respondent

**THIRD REPORT TO THE COURT
SUBMITTED BY ZEIFMAN PARTNERS INC. AS RECEIVER**

Introduction

1. By Order of the Honourable Mr. Justice Campbell dated May 6, 2010, Zeifman Partners Inc. (the "Receiver") was appointed as receiver without security of all of the assets, undertakings and properties of ACS Precision Components Partnership ("ACS") acquired for, or used in relation to a business carried on by ACS (the "Receivership Order"). Attached as **Schedule A** is a copy of the Receivership Order.

Previous Reports

2. On May 17, 2010, the Receiver filed its first report to the Court to provide the Court with facts in respect of a mold (the "Omega Tooling") fabricated by and in the possession of Omega Tool Corporation ("Omega") which was required by ACS on an urgent basis to produce parts for its customer, A.G. Simpson Automotive Inc. ("AGS"). On May 17, 2010 the Honourable Mr. Justice Cameron issued an Order (the "Omega Order") directing Omega to forthwith deliver possession of the Omega Tooling to the Receiver without prejudice to the rights and claims of Omega and all other parties asserting a claim to the Omega Tooling. A copy of the Omega Order is attached hereto as **Schedule B**.

3. On May 26, 2010, the Receiver filed its second report to the Court to provide the Court with facts in respect of a mold and inserts (collectively the “Aalbers Tooling”) fabricated by and in the possession of Aalbers Tool & Mold Inc. (“Aalbers”) which was required by ACS on an urgent basis to produce parts for its customer, Brose Canada Inc. (“Brose”). On May 28, 2010 the Honourable Madam Justice Pepall issued an Order (the “Aalbers Order”) directing Aalbers to deliver possession of the Aalbers Tooling to the Receiver upon written confirmation being provided by the Receiver to Aalbers that Brose had deposited with the Receiver U.S.\$203,032 (the “Fund”) to be held by the Receiver in a separate interest bearing account to stand in the place and stead of the Aalbers Tooling pending a determination of Aalbers’ rights, if any, in respect of the Aalbers Tooling. A copy of the Aalbers Order is attached hereto as **Schedule C**.

Purpose of Report

4. The purpose of this Report is to:
 - (a) advise this Honourable Court of the conduct of the receivership to date;
 - (b) request court approval for a key employee retention plan (the “Retention Plan”) and the making of the payments contained therein;
 - (c) seek directions for the determination of the claims, if any, of Omega and Aalbers to the Omega Tooling and the Fund; and
 - (d) request an Order approving the conduct and activities of the Receiver to date.

The Business of ACS

5. 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.

6. Prior to the making of the Receivership Order, ACS carried on a plastic injection molding and related mold building business from leased premises located at 1574 Eagle Street North, Cambridge, Ontario (the "Premises"). The customer base of ACS consists primarily of tier one parts suppliers to the automotive industry.

Activities of the Receiver

7. The Receiver has overseen the day-to-day management of ACS's business and attended to all issues facing the business since the date of its appointment.
8. The Receiver sought to stabilize operations by, among other things:
 - (a) notifying all creditors of the Receiver's appointment by Notice dated May 17, 2010 pursuant to Section 245 of the BIA;
 - (b) contacting all critical suppliers to ensure the continued supply of product to ACS for use in the manufacturing process;
 - (c) contacting all customers, advising them of the receivership and negotiating the execution of accommodation agreements and customer agreements as contemplated by the Agreement Regarding Receivership dated May 4, 2010 (Schedule A to the Receivership Order);
 - (d) contacting all employee benefits providers, utilities and other service providers to ensure continuation of necessary services and contracts; and
 - (e) contacting the landlord to the Premises to ensure cooperation and accessibility to the Premises and warehouses.
9. The Receiver also undertook certain conservatory and protective measures, including:
 - (a) opening new trust bank accounts;
 - (b) changing the authorization of pre-existing bank accounts so as not to disrupt customer direct deposits;
 - (c) daily bank account reconciliations and reporting;

- (d) confirming insurance policies and arranging to be added as a named insured;
 - (e) implementing additional internal controls including reinstating the requisition and purchase order system with the Receiver's approval for purchases, and matching packing slips to invoices prior to issuing payment;
 - (f) delegating priority tasks to various members of the accounting and purchasing departments as well as management;
 - (g) confirming ongoing terms with suppliers;
 - (h) meeting with plant employees to inform them of the Receiver's appointment and short term plans;
 - (i) working with ACS management in the development a "Question and Answer" memorandum with reference to the receivership process;
 - (j) posting the Receivership Order on the Receiver's website for accessibility by all affected parties;
 - (k) conducting several meetings with ACS management, salaried and hourly staff to advise of the receivership and seeking their continued cooperation in the on-going operations; and
 - (l) contractin g the services of a production manager with extensive experience in the automotive industry and in particular troubled suppliers.
10. The Receiver has negotiated and entered into Accommodation Agreements with all ACS customers having more than 4% of total sales each over the course of the last year. Those Accommodation Agreements are either substantially in the form attached as Schedule A to the Agreement Regarding Receivership (Schedule A to the Receivership Order) or in the form negotiated with ACS's largest customer. A copy of the template Accommodation Agreement as negotiated with ACS's largest customer is attached as **Schedule D** (the "Template Accommodation Agreement").

11. In general terms, the Accommodation Agreements provide for the payment of the customer's pre-receivership accounts, payment terms (including a surcharge) for parts shipped during the receivership, the production of customer parts banks, the purchase of customers' inventories and the orderly removal of customer tooling.
12. The Receiver has also entered into Customer Agreements substantially in the form of Schedule B to the Agreement Regarding Receivership with customers having less than 4% of total sales each who require continued production. These Agreements also provide for the payment of the customers' pre-receivership accounts, payment terms (including a surcharge) for parts shipped during the receivership and the purchase of customers' inventories.
13. Prior to the appointment of the Receiver, ACS was facing various difficulties in meeting customer requirements. These difficulties included:
 - (a) procuring necessary raw materials for the production of parts;
 - (b) maintaining customer owned tooling;
 - (c) minimizing quality defects and non conforming parts;
 - (d) providing organizational leadership;
 - (e) managing human resources to efficient work levels; and
 - (f) utilizing its information systems to successfully track customer ordering, production levels, and inventory controls.
14. The Receiver is continuing to work with the customers of ACS to address current production requirements, decrease the quantity of customer back orders, and develop workable production schedules for the production of customer parts banks on the basis of an equitable allocation of ACS resources.
15. As of the date of this report, three customers, each representing less than 4% of total sales, have exited the ACS Premises. Each of these customers was required to pay all

open accounts and purchase all inventories in relation to their parts production programs prior to their exit.

16. As at the date of this report, ACS has approximately 151 employees of which 20 are salaried employees and 131 are hourly employees. There is no certified bargaining agent that represents the employees of ACS.
17. As of the date of this report, pursuant to paragraph 15 of the Receivership Order, the Receiver has terminated four (4) salaried employees (the “Terminated Employees”). The Receiver terminated the Terminated Employees as they were not required for ongoing operations.

Retention Plan

18. The Receiver has identified twelve (12) employees, including one position for which a specific employee has not yet been determined (the “Critical Employees”), who are required by the Receiver to complete the production of parts banks on behalf of customers and facilitate an orderly re-sourcing of customer’s production to alternate suppliers. The Critical Employees are a combination of salaried and hourly employees. The Critical Employees represent various integral managerial positions as well as certain skilled labour personnel.
19. In order to incentivize the Critical Employees to continue to support ACS through the Receivership process and not seek out immediate alternative employment, the Receiver has offered retention payments (the “Retention Payments”), subject to the approval of this Honourable Court. The Retention Payments are required to keep the skills of the Critical Employees within ACS at a time when they are likely to look for employment elsewhere because of the Company’s insolvency and receivership. The Critical Employees have intimate knowledge of the production process and information systems at ACS and are key to the success of the Company in producing the required parts banks on behalf of the customers as contemplated by the Accommodation Agreements.

20. The amounts of the Retention Payments, proposed by the Receiver and supported by ACS management, are based on the respective employee's compensation and are consistent with industry practices and standards.
21. On or around May 28, 2010, the Receiver distributed letters to the Critical Employees (the "Retention Letters") offering Retention Payments conditional on continued support through the receivership process, production efficiency, confidentiality, and approval of this Honourable Court. A redacted copy of a sample of the Retention Letters is attached hereto as **Schedule E**.
22. A Retention Schedule is contained in the Confidential Supplement to this report for which a sealing order is sought. The Retention Schedule provides a list of the Critical Employees, along with their position, current salary or hourly rate, proposed Retention Payment and the critical skills provided by each employee to ACS.

Receiver's Borrowings

23. The Receivership Order authorized the Receiver to issue Receiver's Certificates to borrow up to \$600,000. The Receiver has exercised that power and borrowed \$325,991 to fund the initial period of the receivership during which the Accommodation Agreements were being negotiated.

Statement of Receipts and Disbursements

24. The Receiver's Interim Statement of Receipts and Disbursements for the period from May 6, 2010 to May 31, 2010 is attached hereto at **Schedule F**.

Aalbers Tooling and Omega Tooling

25. The Omega Tooling was delivered up by Omega to the Receiver following the entry of the Omega Order. Brose deposited the Fund with the Receiver as contemplated by the Aalbers Order and the Aalbers Tooling was thereafter delivered up by Aalbers to the Receiver. The Receiver seeks to have the rights and claims, if any, of Omega and Aalbers to the Omega Tooling and the Fund determined. The Receiver seeks the directions of the Court for the process to be followed to do so. The Receiver recommends that if Omega and Aalbers intend to assert a claim to the Omega Tooling

and the Fund, respectively, that they be required to serve a motion within 30 days for a determination of their claims, if any.

Recommendation of the Receiver

26. In light of the foregoing, the Receiver respectfully requests this Honourable Court to:
- (a) Ratify and approve the Receiver's activities to date;
 - (b) Authorize and direct the Receiver to enter into the Retention Plan; and
 - (c) Provide directions for the determination of the claims of Omega and Aalbers to the Omega Tooling and Fund.

Conclusion

27. All of the foregoing is respectfully submitted this 3rd day of June, 2010.

**ZEIFMAN PARTNERS INC., Court
Appointed Receiver of ACS Precision
Components Partnership**

Per: 

Jonathan Rutman

SCHEDULE A

Receivership Order

ONTARIO

SUPERIOR COURT OF JUSTICE

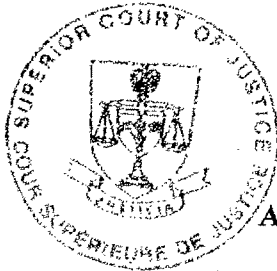
COMMERCIAL LIST

THE HONOURABLE) THURSDAY, THE 6TH DAY
MR. JUSTICE CAMPBELL) 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, the Debtor and ATS Automation Tooling Systems Inc., the Debtor consenting, 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 \$600,000 (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.

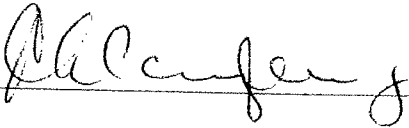
25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any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



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

MAY 06 2010

PER / PAR: TV

SCHEDULE "A"
AGREEMENT REGARDING RECEIVERSHIP

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.

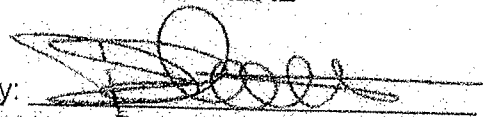
8. This Agreement may be signed in counterparts, each of which will be an original and both of which taken together will constitute one agreement, and facsimile signatures will be treated as original for all purposes.

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

And
By: [Signature]
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 submit 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

and
ACS PRECISION COMPONENTS
PARTNERSHIP
Respondent

Court File No: 10-8702-00CL

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

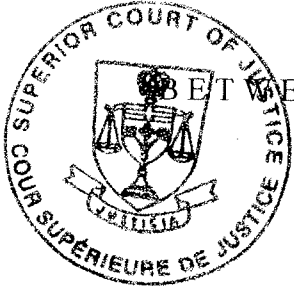
Lawyers for the Applicant

SCHEDULE B

Omega Order

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) MONDAY, THE 17TH
JUSTICE CAMERON)
) DAY OF MAY, 2010



BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ACS PRECISION COMPONENTS PARTNERSHIP

Respondent

ORDER

THIS MOTION, made by Zeifman Partners Inc. (the "Receiver"), in its capacity as Receiver of ACS Precision Components Partnership ("ACS"), for an Order that Omega Tool Corporation ("Omega") forthwith deliver up possession to the Receiver of the two cavity 2-shot mold (the "Mold") built by Omega for ACS pursuant to Purchase Order Number 330426 issued March 16, 2009 by ACS to Omega was heard this day at the Court House, 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Receiver, including the Receiver's First Report to the Court dated May 14, 2010, and on hearing the submissions of the lawyers for the Receiver, A.G. Simpson Automotive Inc. ("AG Simpson") and ~~Omega Tool Corporation ("Omega")~~ and counsel for such other parties as present, *SC*

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

2. THIS COURT ORDERS that Omega forthwith deliver up possession of the Mold to the Receiver;
3. THIS COURT ORDERS that a Writ of Delivery shall issue with respect to the Mold;
4. THIS COURT ORDERS that the delivery up of possession of the Mold by Omega to the Receiver shall be without prejudice to the rights and claims of all parties asserting a claim against the Mold;
5. THIS COURT ORDERS that for the purposes of determining the nature and priority of all claims against the Mold, such claims shall have the same priority as they had with respect to the Mold immediately prior to the delivery up of the Mold to the Receiver, as if the Mold had not been delivered up to the Receiver and remained in the possession or control of Omega.

Donald A. Cameron, J.

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

MAY 17 2010

PER / PAR: *A*

BANK OF MONTREAL
Applicant
and

ACS PRECISION COMPONENTS
Respondent

Court File No: 10-8702-00CL

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

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 Zeifman Partners Inc.,
Receiver

SCHEDULE C

Aalbers Order

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM) FRIDAY, THE 28TH
JUSTICE PEPALL)
) DAY OF MAY, 2010

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ACS PRECISION COMPONENTS PARTNERSHIP

Respondent



ORDER

THIS MOTION, made by Zeifman Partners Inc. (the "Receiver"), in its capacity as Court appointed Receiver of ACS Precision Components Partnership ("ACS"), for an Order that Aalbers Tool & Mold Inc. ("Aalbers") forthwith deliver up possession to the Receiver of a Roller Cage Mold and related inserts (collectively, the "Mold"), built by Aalbers for ACS pursuant to Purchase Order number 331148 issued July 6, 2009 by ACS to Aalbers was heard this day at the Court House, 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion and the Receiver's Second Report to the Court dated May 26, 2010, the consent of Aalbers, filed, and on hearing the submissions of the lawyers for the Receiver and for such other parties as present, and Brose Canada, Inc. having advised the Court that it is prepared to deposit with the Receiver the sum of US\$203,032 (the "Fund") to be held by the Receiver on the terms of this Order,

1. THIS COURT ORDERS that the time for and method of service of the Notice of Motion and the Second Report is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that the Fund shall be held by the Receiver in a separate interest bearing account pending further order of the Court.
3. THIS COURT ORDERS that upon the Receiver providing written confirmation to the solicitor for Aalbers, Luigi DiPierdomenico, that the Receiver has received the Fund, Aalbers shall forthwith thereafter deliver up possession of the Mold to the Receiver;
4. THIS COURT ORDERS that for the purpose of determining the nature, amount and priority of any claim, including any ownership claim, (collectively the "Claims") that Aalbers may have with respect to the Mold, the Fund shall stand in the place and stead of the Mold and that the Claims shall cease to attach to the Mold and shall attach to the Fund in the same amount and with the same nature and priority as they had with respect to the Mold as if the Mold had not been delivered up to the Receiver and remained in the possession or control of Aalbers.
5. THIS COURT ORDERS that Aalbers shall complete all work, if any, yet to be completed under purchase order numbers 331148, 331963 and PC000095 issued by ACS to Aalbers or for which the Mold was delivered up to the possession of Aalbers on or about May 3, 2010, if so requested by the Receiver.



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

MAY 28 2010

PER / PAR: 

Joanne Nicoara
Registrar, Superior Court of Justice

BANK OF MONTREAL
Applicant
and

ACS PRECISION COMPONENTS
Respondent

Court File No: 10-8702-00CL

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

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 Zeifman Partners Inc.,
Receiver

SCHEDULE D

Template Accommodation Agreement

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 17, 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 11:00 a.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. **Term.** The term of this Agreement (the “Term”) shall commence on the Effective Date and, unless extended by agreement in writing among all the parties hereto and subject to the terms of this Agreement, continue until the earlier of (i) July 2, 2010, (ii) the date upon which the Customer gives the Receiver a notice of its election to resource all of its production after the occurrence of an Exit Event (as defined below). The rights and remedies of the parties hereunder will survive the expiry of the Term.

2. **Payment of Existing Accounts.**

(a) For convenience, all amounts owing by Customer to ACS for Component Parts shipped on or before the Effective Date are collectively referred to as the “Pre-Effective Date Payables”. Customer acknowledges and agrees that the undisputed Pre-Effective Date Payables in accordance with the Customer’s and ACS’ books and records are equal to CDN\$ _____ and that subject to any Allowed Setoffs or Material 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. Customer agrees to make payment of the undisputed Pre-Effective Date Payables by no later than May 19, 2010, subject to the terms of Section 4 below.

- (b) Payment of the Pre-Effective Date Payables will be made by cheque payable to the Receiver and delivered to the Receiver at the address set forth under the Receiver's signature below or via wire transfer as follows:

Bank Name and Address:	Bank of Montreal First Canadian Place 100 King Street West Toronto, Ontario M5X 1A1
Transit:	00022
Swift Code:	BOFMCAM2
Account Number:	00024624351
Beneficiary Name and Address:	Zeifman Partners Inc. Receiver of ACS Precision Components Partnership 201 Bridgeland Avenue Toronto, Ontario M6A 1Y7

3. **Expedited Payment Terms.** For shipments of Component Parts to Customer after the Effective Date (the "**Post-Effective Date Payables**"), Customer will pay for shipments no later than seven (7) business days following receipt of a bona fide invoice from ACS in respect of such shipments.

4. **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 or Material Setoffs. For purposes of this Agreement, "**Allowed Setoffs**" means: setoffs, recoupments or deductions for defective or nonconforming products, short shipments, misshipments, premium freight where such charges are incurred as a result of a failure by ACS or the Receiver to meet an agreed delivery schedule or *bona fide* billing errors (improper invoices or mispricing) and "**Material Setoffs**" means (i) the out-of-pocket costs incurred by Customer at the written request of the Receiver for materials or components (including tooling) or services purchased by Customer from persons other than the Receiver or supplied and sold by Customer to the Receiver, (ii) direct payment(s) to material vendors made by Customer at the written request of the Receiver for the purchase of materials or components (including tooling) used by the Receiver in connection with the production of Component Parts by the Receiver for Customer or (iii) any so-called "hostage payments" made by the Customer at the written request of the Receiver to a critical supplier to ACS on account of pre-filing amounts owed by ACS to such critical supplier in order to obtain the timely release and supply of materials, tooling or suppliers required for ACS to continue to manufacture and ship

Component Parts for the Customer from and after the Effective Time. Provided further that under no circumstances will (a) Allowed Setoffs exceed ten percent (10%) of the face amount of any *bona fide* invoice excluding adjustments for billing errors or any similar clerical errors in such invoices, which will not be subject to such limitation, or (b) setoffs or recoupments, including Allowed Setoffs, be taken against the Surcharge (as defined below). For greater certainty, Material Setoffs will not be subject to the 10% limitation referred to above.

In the event that at the end of the Term the Customer has insufficient payables to ACS to recover any hostage payment paid by Customer under subparagraph (ii) above through a Material Setoff, Receiver shall within seven (7) business days after the end of the Term reimburse Customer directly for the unrecovered balance of the hostage payment.

5. **Surcharges.** For all Component Parts shipped to Customer after the Effective Date, Customer agrees to pay a surcharge (the “**Surcharge**”) of thirty percent (30%) in excess of the applicable Purchase Order price net of Allowed Setoffs. Additionally, Customer will bear the cost of premium freight to the extent it is incurred in connection with delivery of Component Parts to Customer, provided that the need to use premium freight was not caused by a failure by ACS or the Receiver to meet an agreed delivery schedule. If the 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), the Receiver shall provide five (5) days' prior written notice to Customer thereof (the “**Surcharge Increase Notice**” and “**Surcharge Increase Notice Period**”) which notice shall include a copy of the Receiver's Surcharge Calculation. Within five (5) days after receipt of a Surcharge Increase Notice, the Customer shall have the right to: (a) agree in writing to increase its Surcharge to the level requested by the Receiver, or (b) designate such Surcharge Increase Notice to be an Exit Event by giving the Receiver five (5) days notice of such designation in writing, whereupon the Receiver will have the right to cause ACS to cease production for the Customer following the expiration of the Surcharge Increase Notice Period. For greater certainty, all Component Parts manufactured prior to the effective date of the Surcharge increase will be charged to Customer at the rate applicable at the time the Surcharge Increase Notice was issued regardless of the date such Component Parts are released to the Customer by ACS.

6. **Inventory Purchase.**

- (a) Customer agrees to purchase from the Receiver (free and clear of all liens, security interests and charges), all finished goods inventory in respect of the Component Parts in the possession or control of the Receiver as of the date hereof (the “**Existing Customer Inventory**”) that is “useable” and in a “merchantable” condition. The price for the Existing Customer Inventory to be purchased under this Paragraph 6(a) will be calculated as 100% of the applicable Purchase Order plus the Surcharge with payment to be made by cheque payable to the Receiver one (1) business day following receipt by the Customer of a *bona fide* invoice.

Upon the execution of this Agreement the Receiver will cause ACS to immediately provide Customer and its agents and employees with reasonable access to ACS' manufacturing operations to facilitate the pick-up of the Existing Customer Inventory.

- (b) At the earlier of the time Customer re-sources any Component Part from ACS or when ACS ceases production of any Component Part, 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(b) will be calculated as follows:
- (1) for raw material - 100% of the cost of the raw material, with cost based on ACS’ actual documented landed cost;
 - (2) 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
 - (3) 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 parties agree to use reasonable commercial efforts to maximize the consumption of open carboys of raw materials in the production process during the Term. To the extent that the Receiver is able to provide to the Customer the corresponding certification received by it or ACS on delivery of the applicable material contained in the carboy, the Customer will agree to purchase open carboys of materials used exclusively on Customer’s Component Parts or, if not used exclusively on Customer’s Component Parts, if same have been opened for the production of Customer’s Component Parts at the time of the inventory buy up. 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, other than Allowed Setoffs or Material Setoffs.

7. **Continue to manufacture; allocation of resources.** Subject to the availability of sufficient financing, raw materials, labour, machine capacity and the terms of Paragraph 4 above, Receiver will use its best efforts during the Term 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**”). Notwithstanding the foregoing, in the event that the Receiver determines, acting in good

faith that ACS will no longer be able to manufacture and ship Component Parts as required by the Customer, the Receiver will forthwith provide the Customer with written notice thereof prior to the time that ACS will be unable to supply and in any event will use its best efforts to provide not less than five (5) days prior written notice of the date on which ACS would cease to supply any particular Component Part and such notice shall include the relevant particulars which have caused the Receiver to make its determination (the “**Production Risk Notice**”).

8. **Inventory Bank.** Subject to availability of sufficient labour, machine capacity and the terms of Paragraph 4 above, Receiver will use its best efforts during the Term to cause ACS to build inventory banks of Component Parts in accordance with the production schedule agreed to between the Receiver, ACS and the Customer (“**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, subject to the occurrence of an Exit Event or if the Receiver has otherwise agreed to the removal, or the Customer is entitled to remove Customer’s tooling in accordance with this Agreement, Customer agrees to give Receiver twenty-one (21) days’ notice, regarding Customer’s re-sourcing plans so Receiver can manage ACS’ operations in an efficient and economical manner. If the Customer issues the resourcing notice referred to above, the Customer shall be entitled to resource the production of the Component Parts and Customer’s Tooling and service parts/tooling to which the notice pertained immediately upon the expiry of the 21 day notice period, or such earlier time as the Receiver may agree in its sole discretion. Nothing in this Agreement is intended to restrict the Receiver from permitting resourcing and removal of any Customer Tooling on other terms to be agreed as between them.

10. **Tooling Acknowledgement.** The Customer represents and warrants to the Receiver that the tooling listed on Schedule A (which shall be delivered by the Customer within 3 business days of the date hereof and shall be deemed to form part of this Agreement as of the date of this Agreement):

- (a) is either owned by or under the control of the Customer;
- (b) is used exclusively for the production of Component Parts for the Customer; and
- (c) the Customer is entitled to exclusive possession of such tooling.

The Receiver and the Customers acknowledge and agree that:

- (a) The Receiver will diligently review Schedule A and, as soon as practicable: (i) notify the Customer of any discrepancy or dispute relating to the ownership of such tooling and (ii) confirm to the Customer the tooling which the Receiver acknowledges and agrees is owned by or under the control of the Customer and to which the Customer is entitled to possession (the “**Customer’s Tooling**”). The Customer and Receiver will exercise best efforts in good faith to resolve any discrepancy or dispute relating to the ownership of the tooling listed on Schedule A. Subject to the Receiver confirming Customer’s ownership or right to possession of same, the Customer shall have the right to take possession of all service tools and such other tools listed on Schedule A as may be agreed in writing by the Receiver, immediately following the Receiver confirming the Customer’s ownership of or right to possession of such tooling (notwithstanding that a resourcing plan notice has not been issued to the Receiver) and the Receiver agrees to co-operate with the Customer in its taking possession of and removing such tooling on a commercially reasonable basis.
- (b) for all tooling listed on Schedule A, the Customer shall hereby be deemed to have provided notice to the Receiver of its intention to remove such tooling on the twenty-first day following the date this Agreement is executed and, subject to the Receiver having confirmed Customer’s ownership or right to possession of same, the Customer shall thereafter have the unfettered right to take immediate possession of any of the remaining Customer’s Tooling and the Receiver agrees to cooperate with Customer in its taking possession of and removing such Customer’s Tooling on a commercially reasonable basis thereafter.
- (c) notwithstanding the right of the Customer to remove the Customer’s Tooling on or after the times specified above in subparagraphs (a) and (b), the Receiver and ACS acknowledge and agree that the Customer may require continued production of Component Parts thereafter and the Receiver agrees, subject to the terms of this Agreement, to cause ACS to continue to provide production thereafter so long as the Customer has provided notice (or any subsequent production continuation notice from time to time thereafter) (a “**Customer Production Notice**”) in writing to the Receiver advising that the Customer requires continued production on specified tools for a period specified in such notice (or in any subsequent notice from time to time) (“**Specified Period**”). A Customer Production Notice must be delivered to the Receiver at least five (5) days prior to any date that the Customer is entitled to remove a tool (pursuant to subparagraphs (a) and (b) above) and thereafter five (5) days prior to the end of any Specified Period. Upon the issuance of a Customer Production Notice, the terms of this Agreement shall continue and the Customer is free to remove the subject tooling immediately upon the expiry of the Specified Period without giving any further notice of removal of the subject tooling.
- (d) Notwithstanding subparagraph (a) and (b) above, upon the occurrence of an Exit Event, as defined below, the Customer shall have the right to take immediate

possession of any or all of the tooling listed on Schedule A, whether or not the Receiver has confirmed Customer's ownership or right to possession of such tooling. In the event that the Customer exercises such right and takes possession of tooling listed on Schedule A which the Receiver has not verified the Customer's ownership of or right to possession (the "**Unverified Customer Tooling**") the Customer shall indemnify and hold Receiver harmless from all liability claims, actions, demands, damages (excluding any claims for losses or lost profits) and costs which the Receiver may sustain or incur of whatever kind or nature as a result of or relating to the Receiver delivering up possession of the Unverified Customer Tooling to the Customer.

11. **Exit Events:** The following events shall be deemed to constitute exit events (collectively "**Exit Events**") if so designated by the Customer:

- (a) the Receiver has issued a Production Risk Notice;
- (b) the Receiver has issued a Surcharge Increase Notice where the proposed surcharge constitutes an increase to the Surcharge then in effect that is greater than ten (10%) percent of the purchase order price, the Customer has given the Receiver five (5) days notice under paragraph 5 of this Agreement designating same as an Exit Event and at least five (5) days have passed since such notice of designation was given to the Receiver;
- (c) the Customer provides 72 hours or in the case of the tooling and parts identified by the Customer as having been critical and listed on Schedule C (which shall be agreed to between the Receiver and the Customer, acting reasonably, within 3 business days of the date hereof and shall thereafter be deemed to form part of this Agreement as of the date of this Agreement), 24 hours) prior written notice to the Receiver that the Customer, acting reasonably and in good faith, has determined that a shut down of the Customers' production lines is imminent (together with sufficient reasons for such concern) and the Receiver fails to cause ACS to resolve the situation to prevent such shut down within 72 hours or 24 hours, as applicable, of receipt of such notice; or
- (d) upon the occurrence of a shut down of the Customer's production lines due to a failure by ACS to supply Component Parts where a Production Risk Notice was not issued at least five (5) days prior to the date on which the shut down occurs

Notwithstanding any other term of this Agreement, upon the occurrence of an Exit Event:

(a) the Customer shall be entitled, in its sole discretion, to immediately resource all or part of ACS' production of Component Parts to an alternative supplier and take possession and control of all of the Customer's Tooling for which the Receiver has confirmed the Customer's ownership related to such Component Parts and immediately remove all such tooling from ACS's premises and the Receiver shall and will cause ACS to co-operate with the Customer in that regard.

12. **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 and Material 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 other than as a result of the Receiver’s gross negligence or wilful misconduct, (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.

13. **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. Neither 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 arid with no personal or corporate liability

By: _____

Its: _____

Address for notices:

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

By: _____

Its: _____

Address for
Notices:

SCHEDULE E

Sample of Retention Letter

May 27, 2010

Re: **Memorandum Of Agreement – Stay Bonus – ACS Precision Components Partnership (“ACS”)**

Zeifman Partners Inc. (the “Receiver”) is the court appointed receiver of ACS. In recognition for your loyalty and ongoing cooperation in building product banks for ACS customers, the Receiver is prepared to offer you a stay bonus of \$ [redacted] (the “Stay Bonus”), less statutory deductions (the “Offer”). This Offer is subject to approval by the Court. In the event that court approval is granted and you agree to the terms and conditions of this Offer (the “Agreement”), the Stay Bonus will be payable in the normal bi-weekly payment cycle after the date your employment is terminated (the “Payment Date”).

Subject to the preceding, the following conditions must be satisfied in order to be eligible for the Stay Bonus:

Conditions

- a) You have not resigned your employment or been terminated with just cause prior to the Payment Date;
- b) You have fulfilled all your employment obligations to the satisfaction of the Receiver until the Payment Date;
- c) You will keep strictly confidential and will not discuss with or disclose to anyone the terms of this agreement or the fact you may be receiving a Stay Bonus, save and except for purposes of obtaining legal or financial advice, and members of your immediate family, who you represent and warrant will maintain the confidentiality of this agreement, or as required by law;
- d) You will at all times act in the best interests of ACS and its customers (and not directly or indirectly take or participate in any action that will negatively impact on the financial condition of ACS). Without limiting the generality of the foregoing, and where applicable to your particular employment, you will:

- (i) Produce scheduled requirements for the customers' parts in acceptable quality level;
- (ii) Maintain and service all customers' tooling in good working order and support transfer in a timely manner per the direction of the customers and as authorized by the Receiver;
- (iii) Make best efforts to complete bank build of parts by the dates agreed between the customers and the Receiver;
- (iv) Identify and reduce or eliminate non-necessary expenses;
- (vi) Manage human resources issues; and
- (vii) Maintain all certifications and processes required by the customers.

By signing this Agreement, you agree that if you receive the Stay Bonus, any entitlement you may have to termination pay or severance pay under the *Ontario Employment Standard Act, 2000* or to pay in lieu of reasonable notice at common law, will be reduced by the amount of the Stay Bonus.

Please read this letter carefully. By signing this letter, you acknowledge and confirm that you have obtained independent legal advice with respect to the nature, contents, terms, conditions and effect of this Agreement or have had the opportunity to do so but have declined to obtain such independent legal advice in your absolute and sole discretion, and that you voluntarily accept the consideration provided by the Receiver for the purpose of entering this Agreement.

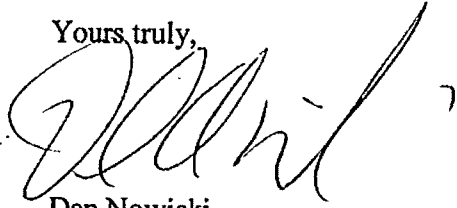
This Agreement shall be governed by and construed, performed and enforced in accordance with the laws of Ontario.

In the event that any provision or part of this Agreement shall be deemed void or invalid by a court of competent jurisdiction or an arbitration tribunal, the remaining provisions or parts of this Agreement shall be and remain in full force and effect.

To receive the Stay Bonus you must sign where indicated below on or before May 31, 2010 and return it to Dan Nowicki.

If you have any questions regarding this Stay Bonus, please speak to me.

Yours truly,



Dan Nowicki
Chief Financial Officer
ACS Precision Components Partnership

I accept the offer of the Stay Bonus on the terms and conditions set out in this letter above and subject to approval by the Court.

JUNE 1 / 2010
Date

↑

SCHEDULE F

Receiver's Interim Statement of Receipts and Disbursements

ACS Precision Components Partnership
Statement of Receipts and Disbursements
For the Period from May 6, 2010 to May 31, 2010

	<u>CAD \$</u>	<u>US \$</u>
Cash Receipts		
Realization of Pre-receivership A/R	1,491,925	1,240,606
Revenues from Operations	841,180	18,024
Miscellaneous Receipts	4,103	872
Total Receipts	<u>2,337,209</u>	<u>1,259,502</u>
Cash Disbursements		
Hourly Payroll	271,901	-
Salary Payroll	144,642	-
Direct Material Purchases	82,618	943,826
Temp Agencies	32,921	-
GST Paid	31,840	-
Repairs & Maintenance	8,819	3,510
Tooling Expense	8,169	460
Consulting Fees	7,872	-
Insurance	7,489	-
General & Administration	5,558	-
Packaging	3,047	-
Freight & Brokerage	2,017	-
Office Expense	699	-
Warehouse Supplies	626	-
Telecommunications	545	-
Bank Charges	421	410
Total Disbursements	<u>609,183</u>	<u>948,206</u>
Cash inflow/(outflow) from Operations	<u>1,728,026</u>	<u>311,296</u>
BMO- DIP Loan Advance	325,991	-
Trust Fund Re: Court Order May 28, 2010	-	213,184
Transfers between CAD and US Accounts	(109,708)	104,893
	<u>216,283</u>	<u>318,077</u>
Ending Cash Balance	<u>1,944,309</u>	<u>629,373</u>