

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

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

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

Applicants

**MOTION RECORD
(Returnable August 12, 2008)**

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Applicants

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Tab 1

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED, LIPEL INVESTMENTS LTD., WMSL HOLDINGS LTD., 442260 ONTARIO LTD., WINMACH CANADA LTD., PRODUCTION MACHINE SERVICES LTD., 538185 ONTARIO LTD., SOUTHERN WIRE PRODUCTS LIMITED, PELLUS MANUFACTURING LTD., TILBURY ASSEMBLY LTD., ST. CLAIR FORMS INC., CENTROY ASSEMBLY LTD., PIONEER POLYMERS INC., G&R COLD FORGING INC., WINDSOR MACHINE DE MEXICO, WINMACH INC., WINDSOR MACHINE PRODUCTS, INC., WAYNE MANUFACTURING INC. and 383301 ONTARIO LIMITED

**NOTICE OF MOTION
(Returnable August 12, 2008)**

Windsor Machine & Stamping Limited, Lipel Investments Ltd., WMSL Holdings Ltd., 442260 Ontario Ltd., Winmach Canada Ltd., Production Machine Services Ltd., 538185 Ontario Ltd., Southern Wire Product Limited, Pellus Manufacturing Ltd., Tilbury Assembly Ltd., St. Clair Forms Inc., Centroy Assembly Ltd., Pioneer Polymers Inc., G&R Cold Forging Inc., Windsor Machine de Mexico, Winmach Inc., Windsor Machine Products, Inc., Wayne Manufacturing Inc., and 383301 Ontario Limited (collectively, the "**Applicants**") will make a motion to a Judge presiding over the Commercial List on Tuesday the 12th day of August, 2008 at 9:30 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an order in the form of a draft order attached hereto as Schedule "A" amending the Initial Order made on the 6th day of August, 2008 in these proceedings (the "Initial Order") in the manner highlighted in the blacklined version of the draft order attached hereto as Schedule "B"; and
2. such further and other relief as this Honourable Court may deem to be just.

THE GROUNDS FOR THE MOTION ARE:

1. The Applicants have applied for and have been granted protection under the *Companies' Creditors Arrangement Act* (Canada) pursuant to the Initial Order;
2. Amendments to the Initial Order are required to correct the references made in certain paragraphs to other paragraphs in the Initial Order;
3. Such other grounds as set out in the Affidavit of Eric Sherkin and exhibits attached thereto sworn on August 8, 2008 (the "**Sherkin Affidavit**");
4. The provisions of the CCAA;
5. Rules 2.03, 3.02 and 16 of the Rules of Civil Procedure, R.R.O. 1990, Reg. 194; and
6. Such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE TIME OF THE HEARING OF THE MOTION:

1. The Sherkin Affidavit; and
2. Such further and other evidence as counsel may advise and this Honourable Court may admit.

August 8, 2008.

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Tab A

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**

AMENDED INITIAL ORDER

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

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

SERVICE

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

APPLICATION

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

FURTHER HEARING

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

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

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

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

PAYMENT OF FEES AND THE ADMINISTRATION CHARGE

27. THIS COURT ORDERS that the Monitor, the chief restructuring advisor (the “**CRA**”) to the Companies referred to in paragraph 43 of this Order, counsel to the Monitor, counsel to Bank of Montreal and counsel retained by the Companies shall be paid their reasonable fees and disbursements (including, in the case of the Monitor and the CRA, their reasonable legal fees), in each case at their standard rates and charges related to the CCAA proceedings, including preparing therefor, and the accounts of the counsel to the Monitor and counsel to Bank of Montreal incurred prior to the date of this Order), by the Companies as part of the costs of these proceedings. The Companies are hereby authorized and directed to pay on a weekly basis the accounts of the Monitor, the CRA, counsel to the Monitor, counsel to Bank of Montreal and counsel retained by the Companies.

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

29. THIS COURT ORDERS that the Monitor, the CRA, counsel to the Monitor, counsel to Bank of Montreal, counsel to the Companies and counsel to the CRA shall be entitled to the benefits of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$750,000 as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor, such counsel and the CRA, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 37 and 39 hereof.

DIP FINANCING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

Second – DIP Lender's Charge; and

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

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

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

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

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

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

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

SALES AND RESTRUCTURING PROCESS

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

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

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

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

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

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

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

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

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

SERVICE AND NOTICE

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

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

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

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

BIA-CCAA TRANSITION

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

GENERAL

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

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

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

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

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

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

SCHEDULE "A"

LIST OF ADDITIONAL APPLICANTS

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing, Inc.

383301 Ontario Limited

**IN THE MATTER OF THE COMPANIES' CREDITORS' ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN
SCHEDULE "A"**

ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST
Proceeding commenced at Toronto
INITIAL ORDER
DUCHARME FOX LLP 800 University Avenue West Windsor, Ontario N9A 5R9 Canada
Gerald E. Skillings LSUC#:21457T Telephone:(519) 259-1805 Facsimile: (519) 259-1835 Email: gskillings@ducharmefox.com
MILLER THOMSON LLP Scotia Plaza , 40 King Street West Suite 5800, P.O. Box 1011 Toronto, Ontario, M5H 3S1 Canada
Joseph Marin LSUC#:16957R Telephone:(416) 595-8579 Facsimile: (416) 595-8695 Email:jmarin@millerthomson.com
<i>Solicitors For Windsor Machine & Stamping Limited And The Corporations Listed In Schedule "A"</i>

Tab B

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) ~~WEDNESDAY~~TUESDAY, THE 612TH
)
)
JUSTICE HOY●) DAY OF AUGUST, 2008

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**

AMENDED INITIAL ORDER

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

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

SERVICE

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

APPLICATION

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

FURTHER HEARING

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

8. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Companies shall be entitled but not required to pay all reasonable expenses incurred by the

Companies in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

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

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

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

municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Companies.

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

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by such Company to any of its creditors as of August 1, 2008 (other than to Bank of Montreal pursuant to ~~paragraphs 6~~ paragraph 5) without the prior written consent of the Monitor and Bank of Montreal;
- (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property;
- (c) to not grant credit or incur liabilities except in the ordinary course of the Business; and
- (d) to not, without the prior written consent of the Monitor and Bank of Montreal, pay any amount to any entity related to or affiliated with such Company (except to any Company which is a party to these proceedings).

RESTRUCTURING

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

- (a) dispose of redundant or non-material assets (including real property) not exceeding \$600,000 in the aggregate, and the net proceeds of such dispositions shall be paid to Bank of Montreal to permanently reduce indebtedness owing by

Windsor Machine & Stamping Limited to Bank of Montreal as at August 5, 2008;
and

- (b) provided it has given not less than ten (10) days notice to affected parties, repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Company deems appropriate on such terms as may be agreed upon between the Company and the applicable counterparties or, failing such agreement, to deal with the consequences thereof in the Plan.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

16. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Companies shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Companies. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA provided however that any customer of the Companies (and Bank of Montreal shall not, for greater certainty, constitute a customer) who seeks to advance a claim of, or analogous to setoff or equitable setoff to seek to justify the non-payment of an existing or accruing debt to the

Companies, shall advise the Companies and the Monitor in writing prior to doing so as to enable the Companies to seek to have the validity of the setoff adjudicated upon by this Honourable Court on an urgent basis if so advised.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

17. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Companies whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the Companies or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

18. THIS COURT ORDERS that the Companies shall indemnify their directors and officers from all claims, costs, charges and expenses relating to any failure of the Companies to make payments of the nature referred to in subparagraphs 87(a), 102(a), 102(b) and 102(c) of this Order or which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Companies except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

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

- (a) with respect to payments of the nature referred to in subparagraphs 87(a) and 102(a) of this Order shall not exceed an aggregate amount of \$500,000; and

- (b) with respect to payments of any other nature referred to in paragraph 2318 of this Order shall not exceed the aggregate amount of \$250,000,

as security for the indemnity provided in paragraph 2318 of this Order. The Directors' Charge shall have the priority set out in paragraphs 4637 and 4839 herein.

20. THIS COURT ORDERS that, notwithstanding any provision of any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Companies' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 2318 of this Order.

APPOINTMENT OF MONITOR

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

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

- (a) monitor the Companies' receipts and disbursements and review and comment on variances from budget and cash flow projections;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

- (c) assist the Companies to the extent they require in their daily operating activities and to negotiate accommodation agreements with customers of the Companies;
- (d) assist the Companies, to the extent required by the Companies, in their dissemination to the DIP Lender (defined below) and its counsel on at least a weekly basis, of financial and other information as agreed to between the Companies and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (e) advise the Companies in their preparation of the Companies' cash flow statements and budgets and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than at least a weekly basis, or as otherwise agreed to by the DIP Lender from time to time;
- (f) assist the Companies and the CRA with the Companies' restructuring activities and the development of a Plan and any amendments to a Plan;
- (g) have full and complete access to the books, records and management, employees and advisors of the Companies and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (h) report to the DIP Lender at such times and intervals as the DIP Lender may require, acting reasonably, with respect to any and all matters pertaining to the Companies, the Business, any Property, or any other matter required by the DIP Lender;
- (i) review all payments and disbursements to be made by a Company on or after the date of this Order before such payments and disbursements are made to ensure that they are in accordance and consistent with the cash flow statement and the reporting required by the DIP Lender;

- (j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

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

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

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

confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and such Company may agree.

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

PAYMENT OF FEES AND THE ADMINISTRATION CHARGE

27. THIS COURT ORDERS that the Monitor, the chief restructuring advisor (the “CRA”) to the Companies referred to in paragraph 5343 of this Order, counsel to the Monitor, counsel to Bank of Montreal and counsel retained by the Companies shall be paid their reasonable fees and disbursements (including, in the case of the Monitor and the CRA, their reasonable legal fees), in each case at their standard rates and charges related to the CCAA proceedings, including preparing therefor, and the accounts of the counsel to the Monitor and counsel to Bank of Montreal incurred prior to the date of this Order), by the Companies as part of the costs of these proceedings. The Companies are hereby authorized and directed to pay on a weekly basis the accounts of the Monitor, the CRA, counsel to the Monitor, counsel to Bank of Montreal and counsel retained by the Companies.

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

29. THIS COURT ORDERS that the Monitor, the CRA, counsel to the Monitor, counsel to Bank of Montreal, counsel to the Companies and counsel to the CRA shall be entitled to the benefits of and are hereby granted a charge (the “Administration Charge”) on the Property, which charge shall not exceed an aggregate amount of \$750,000 as security for their professional

fees and disbursements incurred at the standard rates and charges of the Monitor, such counsel and the CRA, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 46~~37~~ and 48~~39~~ hereof.

DIP FINANCING

30. THIS COURT ORDERS that the Companies are hereby authorized and empowered to obtain and borrow under a revolving credit facility (the "**DIP Facility**") from Bank of Montreal (the "**DIP Lender**") in order to finance the Companies' working capital requirements and other general corporate purposes and maintenance capital expenditures, provided that the total principal amount owing under the DIP Facility shall not at any time exceed \$2,000,000, unless permitted by further Order of this Court.

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

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

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

(the charges, mortgages, hypothecs, liens and security interests referred to in the foregoing paragraphs (a) and (b) being collectively referred to as the "**DIP Lender's Charge**") in favour of the DIP Lender, as security for payment of all present and future indebtedness, obligations and liabilities of the Companies (and of any one or more of them) to the DIP Lender pursuant to or in respect of the DIP Loan Agreement or any and all guarantees, security agreements, debentures and other agreements and documents (collectively, the "**Definitive Documents**") contemplated by or delivered to the DIP Lender pursuant to the DIP Loan Agreement or this Order. The DIP

Lender's Charge shall not exceed the aggregate amount owed to the DIP Lender under the Definitive Documents. The DIP Lender's Charge shall have the priorities set out in paragraphs 4637 and 4839 hereof. Nothing in this Order shall prevent any existing guarantees or security previously granted by any Company to Bank of Montreal from guaranteeing or securing payment of the DIP Facility in accordance with the terms of such guarantee or security.

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

- (a) to take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of a Default (as defined by the DIP Loan Agreement) to refrain from extending any further credit pursuant to the DIP Loan Agreement;
- (c) upon the occurrence of an Event of Default (as defined by the DIP Loan Agreement) to:
 - (i) refrain from extending any further credit pursuant to the DIP Loan Agreement;
 - (ii) demand payment by Windsor Machine & Stamping Limited and any of the other Companies of all amounts then owing by them to the DIP Lender pursuant to or in respect of the DIP Loan Agreement or any of the Definitive Documents;
 - (iii) set off and combine any amounts then owing by the DIP Lender to one or more of the Companies against the obligations of any or all of the Companies to the DIP Lender;

- (iv) subject to the further order of this Court, realize on the DIP Lender's Charge and any and all other security delivered by the Companies (or any of them) to the DIP Lender;
- (v) subject to the further order of this Court, exercise any and all other rights and remedies of the DIP Lender against the Companies or their respective Property pursuant to the DIP Loan Agreement, the DIP Lender's Charge and the Definitive Documents;
- (vi) apply to the Court for the appointment of a receiver, receiver and manager or interim receiver of all or any of the assets of the Companies; and
- (vii) seek the issue of a bankruptcy order against one or more of the Companies and the appointment of a trustee in bankruptcy of one or more of the Companies,

subject to the priorities set out in paragraph 4637 of this Order. The foregoing rights and remedies shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of any or all of the Companies or of any or all of the Property.

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

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

- (a) to execute and deliver such guarantees, mortgages, charges, hypothecs, security agreements, debentures and other agreements and documents as are contemplated

by the DIP Loan Agreement or as may be reasonably required by the DIP Lender from time to pursuant to the terms thereof; and

- (b) to cause any and all of the direct and indirect subsidiaries of such Company, to the extent required by the DIP Lender, to execute and deliver to the DIP Lender, guarantees of payment of all present and future indebtedness and liability now or hereafter owing by the Companies (or by any one or more of them) to the DIP Lender pursuant to or with respect to the DIP Facility, charges of all their respective existing and after-acquired assets and undertaking as security for their respective guarantees, and all related documents required by the DIP Lender with respect thereto, all in form and substance satisfactory to the DIP Lender.

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

Second – DIP Lender's Charge; and

Third – Directors' Charge (to the maximum amounts set out in paragraph 2419).

38. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "**Charges**")

shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

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

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

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

“Agreement”) which binds any of the Companies, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Loan Agreement or the Definitive Documents shall create or be deemed to constitute a breach by any of the Companies of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Companies’ entering into the DIP Loan Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Companies pursuant to this Order, the DIP Loan Agreement or the Definitive Documents, and the granting of the DIP Loan Agreement, Definitive Documents and the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SALES AND RESTRUCTURING PROCESS

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

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

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

44. THIS COURT ORDERS that the Companies and their respective shareholders, officers, directors, employees, agents and representatives shall co-operate fully with, and assist the CRA

in the exercise of its powers and the discharge of its obligations, including providing the CRA with such access to the Companies' books, records, assets and premises as the CRA requires.

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

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

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

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

SERVICE AND NOTICE

48. THIS COURT ORDERS that the Companies shall, within ten (10) business days after the date of entry of this Order, send a letter to their known creditors, other than employees and creditors to which the Companies owe less than \$500, at their addresses as they appear on the Companies' records advising of this Order, specifying that a copy of the Order and other materials are available on the Monitor's website and disclosing such website, and that the Companies shall promptly send a copy of this Order (a) to all parties filing a Notice of Appearance in respect of this Application, and (b) to any other interested Person requesting a copy of this Order; and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process and to maintain a copy of this Order on such website.

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

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

extent practicable, and the Monitor may post a copy of any or all such materials on its website at www.rsmrichter.com.

BIA-CCAA TRANSITION

51. THIS COURT ORDERS that the proceedings commenced by Windsor Machine & Stamping Limited and certain other Companies by the filing under the BIA on August 1, 2008 of notices of intention to make a proposal are hereby stayed. The proposal trustee is hereby discharged, subject to the approval of the activities of the proposal trustee as set out in its first report as filed with the Court. The proposal trustee and its legal counsel shall pass their accounts at the same time they pass their accounts in accordance with paragraph ~~3328~~ of this Order.

GENERAL

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

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

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

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

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

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

SCHEDULE "A"

LIST OF ADDITIONAL APPLICANTS

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing, Inc.

383301 Ontario Limited

**IN THE MATTER OF THE COMPANIES' CREDITORS' ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN
SCHEDULE "A"**

ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST
Proceeding commenced at Toronto
INITIAL ORDER
DUCHARME FOX LLP 800 University Avenue West Windsor, Ontario N9A 5R9 Canada
Gerald E. Skillings LSUC#:21457T Email: gskillings@ducharmefox.com Telephone: (519) 259-1805 Facsimile: (519) 259-1835 Email: gskillings@ducharmefox.com
MILLER THOMSON LLP Scotia Plaza , 40 King Street West Suite 5800, P.O. Box 1011 Toronto, Ontario, M5H 3S1 Canada
Joseph Marin LSUC#:16957R Email: jmarin@millerthomson.com Telephone: (416) 595-8579 Facsimile: (416) 595-8695 Email: jmarin@millerthomson.com

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

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Document comparison by Workshare Professional on Friday, August 08, 2008 12:51:36 PM

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Description	#2447807v3<Legal> - Initial Order - Aug 7/08
Rendering set	standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
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Moved deletion	
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Moved cell	
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Padding cell	

Statistics:	
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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINDSOR MACHINE &
STAMPING LIMITED AND THE CORPORATIONS LISTED IN SCHEDULE "A"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

NOTICE OF MOTION

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Windsor, ON N9A 5R9

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Solicitors for the Applicants

Tab 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

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

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

**AFFIDAVIT OF ERIC SHERKIN
(Sworn August 8, 2008)**

I, Eric Sherkin, of the City of Toronto, in the Province of Ontario,

MAKE OATH AND SAY:

1. I am an associate in the firm of Miller Thomson LLP, one of the solicitors for Windsor Machine & Stamping Limited, Lipel Investments Ltd., WMSL Holdings Ltd., 442260 Ontario Ltd., Winmach Canada Ltd., Production Machine Services Ltd., 538185 Ontario Ltd., Southern Wire Product Limited, Pellus Manufacturing Ltd., Tilbury Assembly Ltd., St. Clair Forms Inc., Centroy Assembly Ltd., Pioneer Polymers Inc., G&R Cold Forging Inc., Windsor Machine de Mexico, Winmach Inc., Windsor Machine Products, Inc., Wayne Manufacturing Inc., and 383301 Ontario Limited, the Applicants in these proceedings.

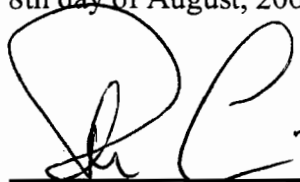
2. The Honourable Justice Hoy made an order in these proceedings (the "CCAA Proceedings") granting the Applicants certain relief under the CCAA on August 6, 2008

(the "Initial Order"). A copy of the Initial Order is attached hereto as Exhibit "A" to this my Affidavit. A copy of the form of the Initial Order that was to issue on which The Honourable Justice Hoy endorsed her fiat on the 6th day of August, 2008 is attached hereto as Exhibit "B" to this my Affidavit.

3. An endorsement was made on the Application Record of the Applicants on August 6, 2008 by The Honourable Justice Hoy, a copy of which endorsement is attached hereto as Exhibit "C" to this my Affidavit.

4. This Affidavit is made in support of a motion by the Applicants to amend the Initial Order in the form of the proposed order attached as Schedule "A" to the Notice of Motion of the Applicants returnable August 12, 2008.

SWORN before me at the City of)
Toronto in the Province of Ontario this)
8th day of August, 2008.)


_____)

Commissioner for Taking Affidavits)

Peter Auvinen


_____)
Eric Sherkin

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINDSOR MACHINE &
STAMPING LIMITED AND THE CORPORATIONS LISTED IN SCHEDULE "A"

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

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

Proceeding commenced at Toronto

AFFIDAVIT

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Solicitors for the Applicants

Tab A

Exhibit "A" to the Affidavit of Eric Sherkin sworn this
8th day of August, 2008.

A handwritten signature in black ink, appearing to be "Peter Auvinen", written over a horizontal line.

A Commissioner, etc.

Peter Auvinen

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**



INITIAL ORDER

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

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

SERVICE

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

APPLICATION

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

FURTHER HEARING

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

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

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

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

PAYMENT OF FEES AND THE ADMINISTRATION CHARGE

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

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

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

DIP FINANCING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

Second – DIP Lender's Charge; and

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

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

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

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

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

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

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

SALES AND RESTRUCTURING PROCESS

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

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

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

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

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

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

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

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

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

SERVICE AND NOTICE

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

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

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

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

BIA-CCAA TRANSITION

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

GENERAL

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

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

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

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

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

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

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

AUG 07 2008

PER/PAR: JSN



Joanne Nicoara
Registrar, Superior Court of Justice

SCHEDULE "A"

LIST OF ADDITIONAL APPLICANTS

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing, Inc.

383301 Ontario Limited

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INITIAL ORDER

DUCHARME FOX LLP
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Windsor, Ontario
N9A 5R9 Canada

Gerald E. Skillings
LSUC#:21457T
Email: gskillings@ducharmefox.com
Telephone:(519) 259-1805
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-and-

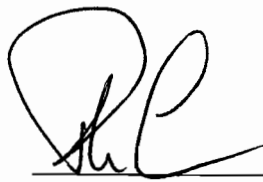
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*Solicitors For Windsor Machine &
Stamping Limited And The Corporations
Listed In Schedule "A"*

Tab B

Exhibit "B" to the Affidavit of Eric Sherkin sworn this
8th day of August, 2008.

A handwritten signature in black ink, appearing to be "Peter Auvinen", written over a horizontal line.

A Commissioner, etc.

Peter Auvinen

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**

INITIAL ORDER

THIS APPLICATION, made by Windsor Machine & Stamping Limited and the corporations listed in Schedule "A" (collectively, the "**Companies**" and individually, a "**Company**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day at 393 University Avenue, Toronto, Ontario.

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

SERVICE

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

APPLICATION

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

PLAN OF ARRANGEMENT

3. ~~THIS COURT ORDERS THAT the Companies shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan") among, *inter alia*, the Companies (or any one or more of them) and one or more classes of their respective secured and/or unsecured creditors as the Companies deem appropriate.~~

FURTHER HEARING

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

POSSESSION OF PROPERTY AND OPERATIONS

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

this Order, provided the expense of all such Assistants is included in the cash flow projections prepared by the Companies.

6. THIS COURT ORDERS that each Company which uses the central cash management system currently in place with Bank of Montreal may continue to use it or replace it with another substantially similar central cash management system with Bank of Montreal (the "Cash Management System") and that Bank of Montreal shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by any of the Companies of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Companies, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan (as hereinafter defined) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System after the date hereof.

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the
date
hereof

of compromise and
or arrangement
among the Companies (or
any one or more of them
and ✓
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or
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7. THIS COURT ORDERS ~~all credit balances in the accounts of the Companies with Bank of Montreal on the effective date and time of this Order shall be applied to reduce permanently indebtedness owing by Windsor Machine & Stamping Limited to Bank of Montreal in the manner specified by Bank of Montreal.~~ All amounts deposited to the accounts of the Companies with Bank of Montreal after the effective date and time of this Order may be used by the Companies to pay expenses and other amounts to the extent permitted by this Order and the DIP Loan Agreement (as hereinafter defined) by drawing on funds in such accounts.

or ✓

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

- (a) all outstanding and future wages, salaries, regularly scheduled contributions that are due or that become due to any registered pension plan, vacation pay and employee reimbursement expenses payable on or after the date of this Order, in

each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the reasonable fees and disbursements of any Assistants retained or employed by the Companies in respect of these proceedings, at their standard rates.

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

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

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

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Companies in connection with the sale of goods and

services by the Companies, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Companies.

9 11. ~~THIS COURT ORDERS that, until such time as a Company repudiates a real property lease in accordance with paragraph 13(c) of this Order, the Company shall pay all amounts constituting rent or payable as rent under such real property lease (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated by the Company from time to time, for the period commencing from and including the date of this Order, bi-weekly, in advance (but not in arrears).~~

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

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by such Company to any of its creditors as of August 1, 2008 (other than to Bank of Montreal pursuant to paragraphs 6, 7 or 13(a)) without the prior written consent of the Monitor and Bank of Montreal;
- (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property;
- (c) to not grant credit or incur liabilities except in the ordinary course of the Business; and

- (d) to not, without the prior written consent of the Monitor and Bank of Montreal, pay any amount to any entity related to or affiliated with such Company (except to any Company which is a party to these proceedings).

RESTRUCTURING

13. THIS COURT ORDERS that ^{the ies on} each Company shall, subject to such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right, provided Bank of Montreal consents thereto in writing, to:

- (a) ~~permanently or temporarily cease, downsize or shut down any of its business or operations and to~~ dispose of redundant or non-material assets (including real property) not exceeding ~~\$500,000 in any one transaction or \$2,500,000~~ ^{\$600,000} in the aggregate, ~~subject to paragraph 13(c), if applicable,~~ and the net proceeds of such dispositions shall be paid to Bank of Montreal to permanently reduce indebtedness owing by Windsor Machine & Stamping Limited to Bank of Montreal as at August 5, 2008; ^{and}
- ~~(b) subject to the provisions of any applicable seniority provisions of any applicable collective agreement, terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Company and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;~~
- (c) in accordance with paragraphs 14 and 15, vacate, abandon or quit any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the Company and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (d) repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Company deems appropriate on such terms as may

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days
notice
to affected
parties*

(10) on

↓ STEP

STEP 1

be agreed upon between the Company and the applicable counterparties or, failing such agreement, to deal with the consequences thereof in the Plan; and

- (e) pursue avenues of refinancing, restructuring, and/or sale of all or any material parts of its Business or Property, including establishing a sales process and preparing all documents associated therewith, subject to prior approval of this Court being obtained before the completion of any refinancing or sale (except as permitted by subparagraph (a), above);

all of the foregoing to permit the Company to proceed with an orderly restructuring or sale of its Property or Business (the "Restructuring").

9

14. ~~THIS COURT ORDERS that each Company shall provide each of the relevant landlords with notice of the Company's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present at the leased premises to observe such removal and, if the landlord disputes the Company's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Company, or by further Order of this Court upon application by the Company on at least two (2) days' notice to such landlord and any such secured creditors. If the Company repudiates the lease governing such leased premises in accordance with paragraph 13(c) of this Order, it shall not be required to pay rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Company's claim to the fixtures in dispute.~~

10

15. ~~THIS COURT ORDERS that if a lease is repudiated by a Company in accordance with paragraph 13(c) of this Order, then: (a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Company and the Monitor 24 hours' prior written notice, and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of, or prejudice to any claims or rights such landlord may have against the Company in respect of such lease or leased premises and such landlord shall be entitled to notify the Company of the basis on which it is taking~~

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possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

✓ 16. THIS COURT ORDERS that, subject to the other provisions of this Order (including the payment of rent as herein provided) and any further Order of this Court, each Company shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any leases) and, for greater certainty, each Company shall have the right to realize upon the Property and other assets in such manner and at such locations, including leased premises, as it deems suitable or desirable for the purposes of maximizing the proceeds of recovery therefrom.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

21. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Companies shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Companies. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA provided however that any customer of the Companies who seeks to advance a claim of, or

✓ and Bank of Montreal
 shall not, for greater
 certainty, constitute a
 restriction.

analogous to setoff or equitable setoff to seek to justify the non-payment of an existing or accruing debt to the Companies, shall advise the Companies and the Monitor in writing ~~at least~~ ^{at least} ~~fourteen (14) days~~ prior to doing so as to enable the Companies to seek to have the validity of the setoff adjudicated upon by this Honourable Court on an urgent basis if so advised.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Companies whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the Companies or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

- (b) with respect to payments of any other nature referred to in paragraph 23 of this Order shall not exceed the aggregate amount of \$250,000,

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

25. THIS COURT ORDERS that, notwithstanding any provision of any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Companies' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

APPOINTMENT OF MONITOR

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

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

- (a) monitor the Companies' receipts and disbursements and review and comment on variances from budget and cash flow projections;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Companies to the extent they require in their daily operating activities and to negotiate accommodation agreements with customers of the Companies;

- (d) assist the Companies, to the extent required by the Companies, in their dissemination to the DIP Lender (defined below) and its counsel on at least a weekly basis, of financial and other information as agreed to between the Companies and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (e) advise the Companies in their preparation of the Companies' cash flow statements and budgets and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than at least a weekly basis, or as otherwise agreed to by the DIP Lender from time to time;
- (f) assist the Companies and the CRA with the Companies' restructuring activities and the development of a Plan and any amendments to ^{a an} ~~the~~ Plan;
- a ✓* (g) ~~carry out the marketing and sales process set out in this Order,~~
- (h) have full and complete access to the books, records and management, employees and advisors of the Companies and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (i) report to the DIP Lender at such times and intervals as the DIP Lender may require, acting reasonably, with respect to any and all matters pertaining to the Companies, the Business, any Property, ~~the marketing and sales process undertaken by the Monitor~~ ^{g ✓} or any other matter required by the DIP Lender;
- (j) review all payments and disbursements to be made by a Company on or after the date of this Order before such payments and disbursements are made to ensure that they are in accordance and consistent with the cash flow statement and the reporting required by the DIP Lender;
- (k) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

- (1) perform such other duties as are required by this Order or by this Court from time to time.

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

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

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

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

PAYMENT OF FEES AND THE ADMINISTRATION CHARGE

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

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

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

DIP FINANCING

35. THIS COURT ORDERS that the Companies are hereby authorized and empowered to obtain and borrow under a revolving credit facility (the "**DIP Facility**") from Bank of Montreal (the "**DIP Lender**") in order to finance the Companies' working capital requirements and other general corporate purposes and maintenance capital expenditures, provided that the total principal amount owing under the DIP Facility shall not at any time exceed \$2,000,000, unless permitted by further Order of this Court.

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

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

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

(the charges, mortgages, hypothecs, liens and security interests referred to in the foregoing paragraphs (a) and (b) being collectively referred to as the "**DIP Lender's Charge**") in favour of the DIP Lender, as security for payment of all present and future indebtedness, obligations and liabilities of the Companies (and of any one or more of them) to the DIP Lender pursuant to or in respect of the DIP Loan Agreement or any and all guarantees, security agreements, debentures and other agreements and documents (collectively, the "**Definitive Documents**") ~~referred to in,~~ contemplated by or delivered to the DIP Lender pursuant to the DIP Loan Agreement or this Order. The DIP Lender's Charge shall have the priorities set out in paragraphs 46 and 48 hereof. Nothing in this Order shall prevent any existing guarantees or security previously granted by any Company to Bank of Montreal from guaranteeing or securing payment of the DIP Facility in accordance with the terms of such guarantee or security.

✓ The DIP Lender's charge shall not exceed the aggregate amount owed to the DIP Lender under the Definitive Documents.
 or

38. ~~THIS COURT ORDERS that the Companies shall obtain the Accommodation Agreements (as defined by the DIP Loan Agreement) by September 3, 2008 and that, notwithstanding any other provision of this Order, the DIP Loan Agreement or any of the Definitive Documents, the DIP Lender shall not be obligated to advance to the Companies more than \$1,000,000 before the date of receipt by the DIP Lender of such Accommodation Agreements, in form and substance satisfactory to the DIP Lender, among Windsor Machine & Stamping Limited, the DIP Lender, and the applicable parties referred to in the DIP Loan Agreement, as required by the DIP Loan Agreement.~~

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

- (a) to take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents ~~or any other security then held by Bank of Montreal;~~
- (b) upon the occurrence of a Default (as defined by the DIP Loan Agreement) to refrain from extending any further credit pursuant to the DIP Loan Agreement;
- (c) upon the occurrence of an Event of Default (as defined by the DIP Loan Agreement) to:
 - (i) refrain from extending any further credit pursuant to the DIP Loan Agreement;
 - (ii) demand payment by Windsor Machine & Stamping Limited and any of the other Companies of all amounts then owing by them to the DIP Lender pursuant to or in respect of the DIP Loan Agreement or any of the Definitive Documents;
 - (iii) set off and combine any amounts then owing by the DIP Lender to one or more of the Companies against the obligations of any or all of the Companies to the DIP Lender;

- (iv) subject to the further order of this Court, realize on the DIP Lender's Charge and any and all other security delivered by the Companies (or any of them) to the DIP Lender;
- (v) subject to the further order of this Court, exercise any and all other rights and remedies of the DIP Lender against the Companies or their respective Property pursuant to the DIP Loan Agreement, the DIP Lender's Charge and the Definitive Documents;
- (vi) apply to the Court for the appointment of a receiver, receiver and manager or interim receiver of all or any of the assets of the Companies; and
- (vii) seek the issue of a bankruptcy order against one or more of the Companies and the appointment of a trustee in bankruptcy of one or more of the Companies,

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

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

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

- (a) to execute and deliver such guarantees, mortgages, charges, hypothecs, security agreements, debentures and other agreements and documents as are contemplated by the DIP Loan Agreement or as may be reasonably required by the DIP Lender from time to time ~~with respect thereto~~; and

or ? pursuant to the terms thereof *or*

- (b) to cause any and all of the direct and indirect subsidiaries of such Company, to the extent required by the DIP Lender, to execute and deliver to the DIP Lender, guarantees of payment of all present and future indebtedness and liability now or hereafter owing by the Companies (or by any one or more of them) to the DIP Lender pursuant to or with respect to the DIP Facility, charges of all their respective existing and after-acquired assets and undertaking as security for their respective guarantees, and all related documents required by the DIP Lender with respect thereto, all in form and substance satisfactory to the DIP Lender.

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42. ~~THIS COURT ORDERS AND DECLARES that the DIP Lender's Charge and all security delivered by any of the Companies to the DIP Lender (and all security interests granted thereby) shall attach, as of the effective time of this Order, to all Property of each of the Companies.~~

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43. ~~THIS COURT ORDERS that the DIP Loan Agreement and each of the Definitive Documents shall constitute legal, valid and binding obligations of each of the Companies enforceable against them in accordance with the terms thereof.~~

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44. ~~THIS COURT ORDERS that, notwithstanding any other provision of this Order, the Companies are hereby directed to pay to the DIP Lender when due all amounts now or hereafter owing to the DIP Lender, and to perform all their other obligations to the DIP Lender, pursuant to or in respect of the DIP Loan Agreement, the Definitive Documents and this Order (and any of them).~~

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

Second – DIP Lender's Charge; and

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

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

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

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

50. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the DIP Loan Agreement, the Definitive Documents and the DIP Lender's Charge shall not be rendered

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

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Loan Agreement or the Definitive Documents shall create or be deemed to constitute a breach by any of the Companies of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Companies' entering into the DIP Loan Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Companies pursuant to this Order, the DIP Loan Agreement or the Definitive Documents, and the granting of the DIP Loan Agreement, Definitive Documents and the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SALES AND RESTRUCTURING PROCESS

51. THIS COURT ORDERS that ~~the Monitor will, in consultation with the Companies and Bank of Montreal, conduct a marketing and sale process to explore available alternatives for the~~

or - any marketing and sale process hereinafter embarked upon with the approval shall be conducted by the Monitor, & not the Companies, & shall be subject to court approval.

~~sale of the assets of the Companies and, in doing so, the Monitor may retain such other consultants as it deems desirable to assist it in fulfilling its obligations under such marketing and sale procedure.~~

52. ~~THIS COURT ORDERS that nothing set out in paragraph 51 restricts the ability of, or prejudices the rights of the Companies to formulate and put forward a plan or plans of arrangement or to consider any and all restructuring and refinancing options.~~

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

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

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

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

- (a) to participate in discussions and negotiations with creditors, investors, customers or others;
- (b) to review the Companies' businesses and assess opportunities for cost reduction and revenue enhancement;
- (c) to assist the Companies in their preparation of cash flow statements and in their dissemination of financial and other information which may be used in these proceedings or which are required pursuant to the provisions of the DIP Loan Agreement and the Definitive Documents;

- (d) to assist the Companies with any shut-down or any disposal, sale or other disposition of any of the redundant or non-essential assets (including real property) of the Companies ^{hereinafter approved} ~~that has been approved by Bank of Montreal and is permitted by this Order or by any other Order of this Court;~~
- (e) to have full access to the books, records and key personnel of the Companies as may be necessary for the completion of its duties under this Order;
- (f) to report to this Court, Bank of Montreal, Export Development Canada and other stakeholders as the CRA, in its absolute discretion, considers appropriate; and
- (g) to perform such other duties as are required to perform the powers and obligations conferred on the CRA by this Order or any further Order of this Court.

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

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

SERVICE AND NOTICE

58. THIS COURT ORDERS that the Companies shall, within ten (10) business days after the date of entry of this Order, send a letter to their known creditors, other than employees and creditors to which the Companies owe less than \$500, at their addresses as they appear on the Companies' records advising of this Order, specifying that a copy of the Order and other materials are available on the Monitor's website and disclosing such website, and that the Companies shall promptly send a copy of ^{this Order} ~~such letter~~ (a) to all parties filing a Notice of Appearance in respect of this Application, and (b) to any other interested Person requesting a copy of this Order; and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process and to maintain a copy of this Order on such website.

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

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

BIA-CCAA TRANSITION

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

GENERAL

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

subject
to
approval
of
~

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

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

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

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

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

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SCHEDULE "A"

LIST OF ADDITIONAL APPLICANTS

Lipel Investments Ltd.

WMSL Holdings Ltd.

442260 Ontario Ltd.

Winmach Canada Ltd.

Production Machine Services Ltd.

538185 Ontario Ltd. (Ellis Tool)

Southern Wire Products Limited

Pellus Manufacturing Ltd.

Tilbury Assembly Ltd.

St. Clair Forms Inc.

Centroy Assembly Ltd.

Pioneer Polymers Inc.

G&R Cold Forging Inc.

Windsor Machine de Mexico

Winmach, Inc.

Windsor Machine Products, Inc.

Wayne Manufacturing, Inc.

383301 Ontario Limited

**IN THE MATTER OF THE COMPANIES' CREDITORS' ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINDSOR MACHINE & STAMPING LIMITED
AND THE CORPORATIONS LISTED IN SCHEDULE "A"**

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INITIAL ORDER

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Gerald E. Skillings

LSUC#: 21457T

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-and-

MILLER THOMSON LLP

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Canada

Joseph Marin

LSUC#: 16957R

Email: jmarin@millerthomson.com

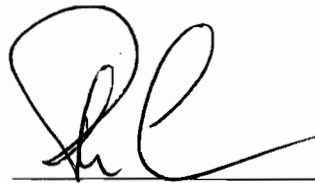
Telephone: (416) 595-8579

Facsimile: (416) 595-8695

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

Tab C

Exhibit "C" to the Affidavit of Eric Sherkin sworn this
8th day of August, 2008.

A handwritten signature in black ink, appearing to be 'Peter Avvinen', written over a horizontal line.

A Commissioner, etc.

Peter Avvinen

August 6, 2008

See counsel sheet.

The Applicants, which filed NO1's under the BIA on August 1, 2008, seek to convert their proceedings to ~~one~~ an application governed by the CCAA. Aggregate indebtedness to BMO exceeds \$18M; unaudited financial statements filed evidence a working capital deficiency. I counsel advise that the NO1 filings were triggered by the need of the applicants to default in payment to suppliers, meet payroll. The Applicants have acknowledged insolvency.

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

Initial order, in form in which I have endorsed

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

APPLICATION RECORD

DUCHARME FOX LLP
800 University Avenue West
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Fax: 519-259-1835

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

Solicitors for the Applicants

my trial. Applicant will seek
a 'long' form order, after
notice is given.

duane (2)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINDSOR MACHINE &
STAMPING LIMITED AND THE CORPORATIONS LISTED IN SCHEDULE "A"

Court File No. CV-08-7672-0001

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

MOTION RECORD
(Returnable August 12, 2008)

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