

**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 BRAKE PRO, LTD.

Applicant

APPLICATION RECORD

Date: July 23, 2007

BLAKE, CASSELS & GRAYDON LLP

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Solicitors for Wachovia Capital
Finance Corporation Canada

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NOTICE OF APPLICATION

TO THE RESPONDENT:

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

THIS APPLICATION will come on for a hearing on Friday, July 20, 2007, at 10:00 a.m., at 330 University Avenue, Toronto, Ontario.

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

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 days before the hearing.

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

Date: July 19, 2007

Issued by 
Local registrar

Address of the Court Office:

330 University Avenue
Toronto, Ontario

APPLICATION

1. Brake Pro, Ltd. (the "Applicant") makes application for:
 - (a) an Order dispensing with service on all creditors of the Applicant with the exception of those parties listed on the Notice of Application;
 - (b) leave, if required, to bring this Application on short notice;
 - (c) an Order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA") in a form to be filed with the court; and
 - (d) such further and other relief as this Honourable Court may deem just.

2. **THE GROUNDS FOR THE APPLICATION ARE:**
 - (a) the Applicant is a manufacturer of brake friction material for the North American market;
 - (b) the Applicant has experienced poor operating results over the last two years, principally arising from increases in raw material costs, high production costs, and a rising Canadian dollar;
 - (c) the Applicant is in default in its obligations to its bank, Wachovia Capital Finance Corporation (Canada);
 - (d) the Applicant does not have sufficient cash to pay its liabilities in the ordinary course and is insolvent;
 - (e) the Applicant is a company to which the CCAA applies;
 - (f) the Applicant requires a stay of proceedings from its creditors in order that it may restructure, or alternatively, sell its assets for the benefit of its creditors;
 - (g) the provisions of the CCAA, as amended, and the equitable jurisdiction of this Court;

- (h) Rules 2.03, 3.02 and 14.05(2) of the Rules of Civil Procedure; and
- (i) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

- (a) the Affidavit of Russell Armer sworn July 19, 2007 and the exhibits annexed thereto;
- (b) the consent of BDO Dunwoody Limited to act as monitor; and
- (c) such further and other evidence as counsel may advise and this Honourable Court may admit.

July 19, 2007

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Solicitors for the Applicant

IN THE MATTER OF THE COMPANIES CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
BRAKE PRO, LTD.
AND IN THE MATTER OF THE APPLICATION OF BRAKE PRO, LTD.

Court File No. 07-66-7106

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF APPLICATION

BLAKE, CASSELS & GRAYDON LLP
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Applicant

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TAB NO.

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| 1 | Notice of Application, issued on July 15, 2007 |
| A | Draft Initial Order |
| 2 | Affidavit of Russell L. Armer, sworn July 19, 2007 |
| A | Copy of Company's audited financial statements for the year ended December 31, 2005 and internal statements for the year ended December 31, 2006 and 6 months ended June, 2007 (unaudited) |
| B | Company's Amended and Restated Loan Agreement made as of July 31, 1996, and amended and restated as of December 11, 2001 |
| C | Company's General Security Agreement, Intellectual Property Security Agreement, a General Assignment of Accounts Receivable, a Hypothec and a Pledge Agreement dated July 31, 1996 |
| D | Copy of letter dated July 9, 2007 |
| E | Debt Restructuring Closing Agreement dated December 11, 2001 |
| F | Debenture originally granted by Tenneco Heavy Brake Ltd. |
| G | Subordination Agreement dated December 11, 2001 |

TAB NO.

- H** Certified copy of the PPSA registrations against the Company as of July 5, 2007
- I** Consent signed by BDO Dunwoody Limited
- J** Projected Cash Flow of the Company