

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 BURLINGTON TECHNOLOGIES INC.**

SUPPLEMENTAL REPORT TO THE THIRD REPORT OF THE MONITOR

(March 12, 2009)

INTRODUCTION

1. This report is to supplement the Third Report of the Monitor dated March 9, 2009 (the "**Third Report**"). The Third Report advises this Honourable Court with respect to the activities of BDO Dunwoody Limited (the "**Monitor**") and Burlington Technologies Inc. (the "**Company**") since the Second Report of the Monitor dated January 26, 2009 (the "**Second Report**").
2. Capitalized terms not defined in this Supplement to the Third Report are as defined in the DIP Loan Agreement dated December 9, 2008, as amended by agreements dated January 8, 2009 and January 30, 2009 (collectively, the "**DIP Loan Agreement**") among the Company, Royal Bank of Canada (the "**Lender**") and Burlington Group Inc. and the Third Report.
3. In paragraph 26 of the Third Report, the Monitor references the ongoing discussions with the Lender with respect to the further extension of the DIP Loan Agreement and outlines what the Monitor expected the Third Amendment to the DIP Loan Agreement to speak to.

4. Negotiations have ensued and have successfully resulted in a Third Amendment to the DIP Loan Agreement dated as of March 13, 2009 (the “**Third DIP Amending Agreement**”), which agreement provides for the following:
 - (a) a further increase of the maximum limit of the Company’s borrowings under the DIP Facility from \$2,500,000 to \$3,000,000;
 - (b) an extension of the term of the DIP Loan Agreement from March 13, 2009 to May 1, 2009 (subject to certain events of default);
 - (c) a permanent reduction of the pre-filing indebtedness owing by the Company to the Lender to the extent of the payments to be received by the Company on or before March 27, 2009 from Ford Motor Company in connection with the Company’s equipment cancellation claim;
 - (d) a requirement to give the Lender written notice of any contemplated payment of a Non-Budgeted Expense (as such term is defined in the Third DIP Amending Agreement) and obtain the Lender’s consent in writing before payment of any such Non-Budgeted Expense; and
 - (e) to defer the payment by the Company to the Lender of the Variance Payment (as such term is defined in the Third DIP Amending Agreement) and to preserve the Lender’s right with respect to the application of any payments as agreed to under the DIP Loan Agreement.

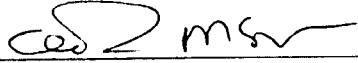
5. The Monitor recommends that this Honourable Court approve the terms of the Third DIP Amending Agreement. A form of the Third DIP Amending Agreement is appended as **Exhibit “A”**, to this Supplement to the Third Report.

This Supplement to the Third Report is respectfully submitted.

BDO DUNWOODY LIMITED

In its capacity as Monitor in the Matter of a Plan
of Compromise or Arrangement of Burlington Technologies Inc.

Per:

Handwritten signature of Clark McKeown in black ink, consisting of a stylized 'C' followed by 'McKeown'.

Clark McKeown, CA, CMC, CIRP, CFE
Senior Vice-President

**EXHIBIT A
FORM OF THIRD DIP AMENDING AGREEMENT**

4955122.1

THIRD AMENDMENT TO DIP LOAN AGREEMENT

THIS THIRD AMENDMENT TO DIP LOAN AGREEMENT dated as of March 13, 2009 is entered into between BURLINGTON TECHNOLOGIES INC. (the "**Borrower**"), BURLINGTON GROUP INC. (the "**Guarantor**") and ROYAL BANK OF CANADA (the "**Lender**") (the "**Third Amending Agreement**").

RECITALS:

- A. The Borrower, the Guarantor and the Lender are parties to a DIP loan agreement dated as of December 9, 2008 as amended by agreements dated January 8, 2009 and January 30, 2009 (as it may be further amended, restated, supplemented, changed or replaced from time to time, collectively, the "**DIP Loan Agreement**");
- B. The Guarantor has guaranteed the repayment of the Obligations of the Borrower to the Lender arising from the DIP Loan Agreement pursuant to a guarantee dated December 9, 2009 executed by the Guarantor in favour of the Lender (together with all amendments, restatements, modifications, supplements, replacements, extensions, renewals, and confirmations, the "**Guarantee**"), and has delivered to the Lender security documents or instruments creating a security interest, assignments, hypothecs, liens, pledges, other charges and subordination and postponements of claim (together with all amendments, restatements, modifications supplements, replacements, extensions, renewals, and confirmations, the "**Security Documents**"); and
- C. The Borrower has advised the Lender that for the period ending February 28, 2009 a Borrowing Limit Variance of \$1,100,674 exists (the "**February Borrowing Limit Variance**") and that the Borrower is obligated to forthwith permanently repay loans outstanding under Facility (1) and/or the Leases entered into under Facility (2) of the Credit Agreement by an amount equal to the February Borrowing Limit Variance (the "**Variance Payment**");
- D. The Borrower and Guarantor have requested and the Lender has agreed to the defer the payment by the Borrower of the Variance Payment pursuant to the terms of this Third Amending Agreement; and
- E. The Borrower, the Lender and the Guarantor have agreed to amend certain terms of the DIP Loan Agreement in the manner set out in this Third Amending Agreement.

NOW THEREFORE, in consideration of the sum of ten dollars (\$10), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereto agree as follows:

- 1. **Defined Terms.** In this Third Amending Agreement all defined terms shall have the respective meanings set out in the DIP Loan Agreement unless otherwise defined herein.

2. **Amendment to DIP Loan Agreement.** The DIP Loan Agreement is hereby amended as follows:

(a) Section 1 is amended by adding the following definition:

“**Non-Budgeted Expense**” means any expense of the Borrower which:

(A) is an expense item not contemplated by the Cash Flows or in excess of the budgeted amount for an item reflected in the Cash Flows; and

(B) either:

(I) the amount of such expenses exceeds \$25,000; or

(II) the aggregate amount of all such expenses exceeds \$75,000 in the aggregate (excluding any expenses for which the Lender has previously given its written consent to the payment).”

(b) Section 2 is amended by deleting the reference to “\$2,500,000” and replacing it with “\$3,000,000”.

(c) Section 6(f) is deleted in its entirety and replaced with the following:

“(f) May 1, 2009 or such other date as may be agreed to by the Lender in writing.”

(d) Section 10(p) is deleted in its entirety and replaced with the following:

“(p) pay all amounts received from Ford Motor Company (or any of its affiliates) in connection with the Borrower’s equipment cancellation claim relating to the 14 Engine IS7G-8K-AJ/3S4G-8K556-AB/4M5G-8K556-EB to permanently repay loans outstanding under Facility (1) and/or the Leases entered into under Facility (2) of the Credit Agreement.

(e) Section 19 is amended by deleting the word “and” at the end of subsection 19(f), deleting the “.” at the end of subsection 19(g) and replacing it with “; and” and adding the following new subsection 19(h):

“(h) the Borrower shall:

(i) give the Lender written notice of any contemplated payment of a Non-Budgeted Expense; and

(ii) not pay such Non-Budgeted Expense until the Lender has consented in writing to the payment of such Non-Budgeted Expense.

- (f) Schedule "B" is deleted in its entirety and replaced with the Cash Flows attached hereto as Annex 1.
3. **Deferral of Variance Payment.** The Borrower may defer the payment to the Lender of the Variance Payment as required under each of the Forbearance Agreement and DIP Loan Agreement to the earlier of (a) one Business Day following written request by RBC, and (b) May 1, 2009. The Borrower and each of the Related Parties acknowledges and agrees that the deferral of payment of the Variance Payment shall in no way waive or release the Borrower from its obligations under each of the Forbearance Agreement (as defined below) and DIP Loan Agreement for any further Borrowing Limit Variances or waive any of the rights of the Lender with respect to the application of any other payments as agreed under the Forbearance Agreement and DIP Loan Agreement (including, without limitation, the payments referred to in Sections 4.1.6 and 4.1.7 of the Forbearance Agreement and Sections 10(p), and (q) of the DIP Loan Agreement).
 4. **Acknowledgement of Guarantor.** The Guarantor hereby acknowledges, confirms and agrees that the Guarantee unconditionally and irrevocably guarantees to the Lender the full and punctual payment when due, whether at stated maturity, by required payment, by acceleration, declaration, demand or otherwise, of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by the Borrower to the Lender pursuant to the DIP Loan Agreement together with interest thereon and all costs, charges and expenses incurred in connection therewith (including counsel fees and expenses) upon the terms and conditions set out in the Guarantee and the Guarantee remains in full force and effect as at the date hereof.
 5. **Continuing Effect of Security Documents.** The Guarantor acknowledges, confirms and agrees that each of its existing Security Documents remains in full force and effect as at the date hereof and secures its Guarantee of the Obligations.
 6. **Guarantor's Information.** The Guarantor confirms that it shall independently keep apprised of the financial position of the Borrower and acknowledges that the Lender has no obligation to the Guarantor to do so or to give notice of any further amendments or previous amendments to the DIP Loan Agreement. The Guarantor acknowledges and confirms that the Guarantor has received a copy of the DIP Loan Agreement and understands the terms thereof.
 7. **Event of Default.** The Borrower and the Guarantors acknowledge and agree that, subject to the provisions of the DIP Loan Agreement, the failure by them to comply with the terms of this Third Amending Agreement shall be deemed to be an Event of Default under the DIP Loan Agreement.
 8. **Nature of Amendments and Defined Terms.** It is acknowledged and agreed that the terms of this Third Amending Agreement are in addition to and, unless specifically provided for, shall not limit, restrict, modify, amend or release any of the understandings, agreements or covenants as set out in the DIP Loan Agreement. The DIP Loan Agreement shall henceforth be read and construed in conjunction with the Third

Amending Agreement and the DIP Loan Agreement together with all of the powers, provisions, conditions, covenants and agreements contained or implied in the DIP Loan Agreement shall be and shall continue to be in full force and effect, as hereby amended. References to the "DIP Loan Agreement" or the "Agreement" in the DIP Loan Agreement or in any other document delivered in connection with, or pursuant to, the DIP Loan Agreement, shall mean the DIP Loan Agreement, as amended hereby.

9. **Continuing Effect of DIP Loan Agreement.** The consents and waivers contained in this Third Amending Agreement shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Lender.
10. **Effectiveness.** This Third Amending Agreement shall become effective on the date on which the Lender receives each of the following, in form and substance satisfactory to the Lender:
 - (a) this Third Amending Agreement duly executed and delivered by the Lender, the Borrower and the Guarantor;
 - (b) the third amendment agreement to the forbearance agreement dated March 13, 2009 among the Borrower, the Lender, Castings International Inc., Ken Carpenter and the Guarantor as amended by agreements dated January 8, 2009 and January 30, 2009 (collectively, the "**Forbearance Agreement**"); and
 - (c) a CCAA Order made by the Court and including approval of this Agreement.
11. **Representations and Warranties.** The Borrower hereby represents and warrants that each of the covenants, representations and warranties made by the Borrower in or pursuant to the DIP Loan Agreement or any other document, agreement, certificate or instrument executed pursuant to the DIP Loan Agreement shall be, after giving effect to this Third Amending Agreement, true and correct in all material respects as if made on and as of the date hereof.
12. **No Novation.** Nothing in this Third Amending Agreement, or in the DIP Loan Agreement when read together with this Third Amending Agreement, shall constitute novation, payment, readvance, or otherwise of any existing Obligations of the Borrower.
13. **Counterparts.** This Third Amending Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original agreement and all of which shall constitute one agreement. All counterparts shall be construed together and shall constitute one and the same agreement. This Third Amending Agreement, to the extent signed and delivered by means of electronic transmission (including, without limitation, facsimile and internet transmissions), shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

14. **Governing law.** This Third Amending Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the province of Ontario and the laws of Canada applicable therein.
15. **Expenses.** The Borrower and the Guarantor, jointly and severally, agree to pay or reimburse the Lender for all of its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Third Amending Agreement, including, without limitation, the reasonable fees and disbursements of counsel to the Lender.

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IN WITNESS WHEREOF, the parties hereto have caused this Third Amending Agreement to be executed and delivered by their duly authorized officers as of the date first written above.

BURLINGTON TECHNOLOGIES INC.

Per:

Ke Carpenter

Name:

Title:

President

Name:

Title:

BURLINGTON GROUP INC.

Per:

Ke Carpenter

Name:

Title:

President

ROYAL BANK OF CANADA

Per:

Name:

Title:

Name:

Title: