



Opportunity to acquire a leading North American Heavy-Duty Brake Friction Business

Invitations for Proposals to Purchase Brake Pro' Business

On July 24, 2007 the Ontario Superior Court of Justice (the "Court") issued an order pursuant to the *Companies' Creditors Arrangement Act* granting Brake Pro, Ltd. ("Brake Pro") protection from its creditors. BDO Dunwoody Limited was appointed as monitor (the "Monitor") by the Court. As part of its restructuring plan, Brake Pro has been authorized to offer for sale its right, title and interest in and to its on-going book of business, property, assets and undertakings, on as "as is, where is" basis. The Monitor is assisting Brake Pro in the sales process, which will be subject to Court approval.

Accordingly, we are inviting prospective purchasers of Brake Pro's business to submit expressions of interest which must be received by August 24, 2007.

Expressions of interest must include, at a minimum, the following information:

- Name of purchaser, and the principals of the same;
- Estimated purchase price range;
- Estimated deposit and terms associated with same;
- Proposed closing date;
- Conditions, if any, and the timeframe within which such conditions are to be satisfied;
- Proposed terms of sale and nature of transaction

If you are interested in submitting an expression of interest and receiving Brake Pro's *Detailed Information Memorandum* please contact the following representatives of the Monitor:

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BDO Dunwoody Limited
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Chris Porter
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Timetable for Process

To maximize value and maintain our valued customer base and highly trained workforce, we are accelerating the marketing process for the business. We have therefore proposed the following timelines.

- Stage 1 Identify interested parties, complete *Confidentiality Agreements* and distribute *Detailed Information Memorandums* by 10 August 2007
- Stage 2 Receive non binding *Expressions of Interest* from potential investors by 24 August 2007
- Stage 3 Company will short list potential investors and invite them to participate in the next round of due diligence and commence initial negotiations by 29 August 2007
- Stage 4 Selected next round investors will be asked to submit binding offers by 19 September 2007
- Stage 5 Company would like to present to the court the selected offer by 5 October 2007.

Disclaimer

Brake Pro reserves the right to negotiate with one of more prospective buyers at any time and to enter into a definitive agreement for the sale of the business without prior notice to you or any other interested party. Also, Brake Pro reserves the right not to sell the business and to terminate, at any time, further participation in the process by you or any other party and to modify any data, documentation, procedures and the proposed timelines without providing any notice or reasons thereto.

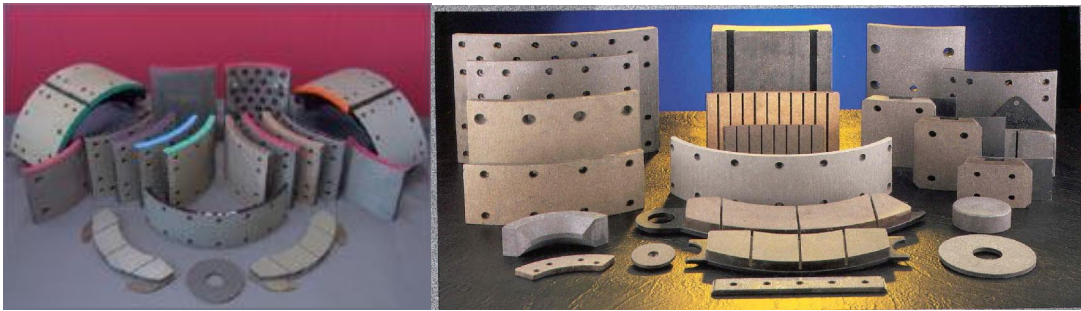
Company Overview

Brake Pro is a North American market leader in the heavy-duty brake friction industry that has been operating for over 11 years. Brake Pro's Heavy-Duty Brake Friction Products are considered to be of the highest quality and highest value products available on the market. Brake Pro has a highly qualified work force that many consider to be the best in the industry. This is a turn-key operation with significant potential for the right investor.

Brake Pro has developed 15 different formulas for Class 6-8 trucks, trailers, buses and heavy-duty specialty vehicles. Each year, Brake Pro sells over 1.0MM axle sets of brake friction, for both new and refurbished brakes, across the North American market. Brake Pro employs approximately 250 employees at three strategically located sites across North America. Brake Pro's primary facility is located in Concord, Ontario, Canada. Concord is in Southern Ontario which is a key manufacturing region for the automotive industry in North America.

Due to Brake Pro's commitment to quality controls, customer services and its reputation, it achieved sales of US\$31.4MM for the fiscal year ended December 31, 2006. This represents a 16% market share in the North American heavy-duty brake friction market, and 30-35% share of the transit and refuse heavy-duty vehicle submarkets for North America.

Products and Customers



Brake Pro produces 15 different friction formulas for heavy-duty vehicles with variations of the formulas for specific vehicle classes and applications. The vehicle classes and applications range from transit to extreme conditions to highway, giving Brake Pro a strong and diversified product portfolio for the heavy-duty brake friction market.

Brake Pro has a second facility located in Kennesaw Georgia, USA. This is the head office and the North American sales office. At this location, there is also a small distribution facility.

BPM co is a sister company of Brake Pro that has sales of approximately \$2 million. This company rebuilds brake shoes and is a customer of Brake Pro. This is an important and growing segment of the heavy-duty brake friction market in North America. By continuing to focus on the development of this growing market niche, there is a potential for strong growth.

Brake Pro uses the highest quality materials in its formulas and production processes to ensure stronger brake linings, extended lining life, greater flex resistance, and reduced brake noise. To achieve this goal, Brake Pro uses aramid fibers, such as Dupont Kevlar, that are significantly stronger than the steel and fiberglass elements commonly used by its competitors. *Brake Pro has never used asbestos in its product line and has no asbestos liabilities.*

Brake Pro's products meet current and future North American safety heavy-duty braking requirements (assuming proper usage), ensuring that an excellent reputation across the heavy-duty industry for safety and reliability will continue. The products are produced under the guidelines of ISO 9001:2000 and the plant is registered by QMI (Quality Management Institute) as having ISO 9001, the highest level of certification in the ISO (International Organization for Standardization) system.

Production and Distribution

Product value is enhanced by producing individually molded pieces, ensuring that there is greater uniform product density control as well as increased quality, safety, noise reduction, comfort, and value.

The Company maintains its competitive presence and valued reputations in the North American friction market by continuously investing in research and development. The Company has a respected and experienced executive management team including highly qualified sales and customer service team, and well-established industry relationships.

The Company is a preferred supplier to four of the major North American heavy-duty buying groups: VIPAR, HDA, Truckpride and Power HD. Additionally, the Company is a lead supplier to major North American distributors such as UAP HD, Dana, Bendix-Spicer, Arvin-Meritor and NABI.

The Company also supplies products to the original equipment market thorough Ingersoll, Dana, Bendix-Spicer and Arvin Meritor.

Financial Highlights

Income Statement (\$ Canadian)

	<u>Dec 31, 2006</u> (unaudited)	<u>Dec 31, 2005</u>	<u>Dec 31, 2004</u>
Sales	\$35,452,206	\$38,499,624	\$38,319,553
Gross Profit	\$8,289,662	\$9,563,414	\$11,171,146
EBITDA	\$1,219,000	\$1,346,000	\$2,261,000

Balance Sheet (\$ Canadian)

(unaudited)	June 30, 2007	Dec 31, 2006
Current Assets	\$12,148,312	\$12,490,402
Long Term Assets	<u>\$10,855,532</u>	<u>\$11,426,593</u>
Total Assets	<u>\$23,003,844</u>	<u>\$23,916,995</u>
Current Liabilities	\$8,689,374	\$7,636,251
Long Term Liabilities	<u>\$12,163,489</u>	<u>\$13,581,626</u>
Total Liabilities	\$20,852,863	\$21,217,877
Shareholder Equity/RE	<u>\$2,150,981</u>	<u>\$2,699,118</u>
Total Liabilities and Shareholder Equity	<u>\$23,003,844</u>	<u>\$23,916,995</u>

Disclaimer

The Monitor has not attempted to verify or otherwise audit the above financial information and it may contain material errors. All 2004 and 2005 amounts are based on the company's audited financial statements, 2006 and 2007 numbers are based on internal financial statements prepared by management. All amounts are only presented for illustrative purposes.

Contact Information

If you are interested in receiving Brake Pro's *Detailed Information Memorandum* please contact the following representatives of the Monitor:

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