

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**

**IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF THL-PMPL HOLDING CORP.,
PROGRESSIVE MOULDED PRODUCTS LIMITED,
PROGRESSIVE MOLDED PRODUCTS INC. AND
PROGRESSIVE MARKETING, INC.**

Applicants

**SECOND REPORT OF ERNST & YOUNG INC.
DATED JULY 7, 2008**

INTRODUCTION

1. On June 20, 2008, THL-PMPL Holding Corp. ("**THL-PMPL**"), Progressive Moulded Products Limited ("**PMPL**"), Progressive Molded Products Inc. ("**PMPI**") and Progressive Marketing, Inc. ("**Progressive Marketing**") (collectively "**Progressive**" or the "**Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* ("**CCAA**"). Pursuant to the Order of this Honourable Court dated June 20, 2008 (the "**Initial Order**"), Ernst & Young Inc. ("**EYI**") was appointed as the Monitor of the Applicants (the "**Monitor**") in the CCAA proceeding. The Initial Order provided for a stay of proceedings through to July 9, 2008 (the "**Stay Period**").
2. The Applicants concurrently filed motions on June 20, 2008 for relief under Title 11 of Chapter 11 of the United States Code ("**Chapter 11**") for both its Canadian operations, which include PMPL and THL-PMPL (collectively the "**Canadian Debtors**") and for its U.S. operations, which include PMPI and Progressive Marketing (collectively the "**U.S. Debtors**").

3. First Day Court Orders were issued by the U.S. Bankruptcy Court on June 24, 2008. Included in the First Day Court Orders was an Order authorizing the Applicants the use of cash collateral (the “**Chapter 11 Cash Collateral Order**”).

PURPOSE

4. The purpose of this Second Report of the Monitor (the “**Second Report**”) is to report to this Honourable Court with respect to:
 - (a) the issuance of the Chapter 11 Cash Collateral Order;
 - (b) the status of removal of customer owned tooling as provided for in the orders of this Honourable Court of June 30, 2008 and July 3, 2008;
 - (c) the initiation of initial security reviews by the Monitor's counsel;
 - (d) the receipts and disbursements of the Applicants since June 20, 2008, as well as revised cash flow projections; and
 - (e) the motion by the Applicants to extend the Stay Period to August 15, 2008.

TERMS OF REFERENCE

5. In preparing this Report, EYI has been provided with and, in making the comments herein, relied upon unaudited financial information, Progressive’s books and records, financial information prepared by Progressive, and discussions with management of Progressive. EYI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, EYI expresses no opinion or other form assurance in respect of such information contained in this Report. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants (“**CICA**”) Handbook, has not been performed. Future oriented financial information referred to in this report was prepared based on management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not

ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

6. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.
7. Capitalized terms not defined in this Report are defined in the Initial Order or EYI's Report dated June 20, 2008 (the "**First Report**").

BACKGROUND

8. Progressive designed and manufactured automotive interior plastic systems and sub-systems from 13 facilities in Ontario, Michigan, Texas and Missouri and its head office is located in Concord, Ontario. Progressive's materials filed in connection with the commencement of CCAA proceedings state that it was a leading supplier to North American Original Equipment Manufacturers of fully integrated consoles, instrument panels and panel subsystems, air management systems and hard trim. Approximately 90% of Progressive's annual revenues were generated from its three major OEM customers, General Motors, Ford and Chrysler (collectively, the "**OEM's**").

CHAPTER 11 CASH COLLATERAL ORDER

9. Pursuant to the terms and conditions of the Chapter 11 Cash Collateral Order, the Applicants were authorized to use their cash resources until June 30, 2008, or such later date as consented to by JP Morgan, Chase Bank, National Association and JP Morgan Chase Bank, Toronto Branch as administrative and collateral agents (the "**First Lien Agent**") of the Senior Credit Agreement, as described in the First Report.
10. The Chapter 11 Cash Collateral Order provides that cash collateral could only be used by Progressive to fund disbursements identified in the cash collateral budget which is attached to the Cash Collateral Order, with a permitted variance in respect to aggregate disbursements from that set forth in the budget (a copy of which was attached as Cash Collateral Order) for any week on an on-going basis not in excess of 15% (or otherwise consented to by the First Lien Agent).

11. A copy of the Chapter 11 Cash Collateral Order and the cash collateral budget is included on the Monitor's website at www.ey.com/ca/pmp.
12. The Chapter 11 Cash Collateral Order also authorized the Applicants to enter into an agreement with the OEM's (the "**Customer Term Sheet**") to provide funding to support the Applicants operations through the period ending June 30, 2008 and to commit to pay post filing accounts payable to the Applicants on net 10 day terms. A copy of the Customer Term Sheet is attached to the Chapter 11 Cash Collateral Order.

MOTIONS FOR REMOVAL OF CUSTOMER OWNED TOOLING

13. Subsequent to the making of the Initial Order, the Applicants and its advisors and the First Lien Agents continued to dialogue with each of the OEM customers with respect to possible terms of a consensual restructuring of the Applicants. These discussions did not result in any consensus agreement.
14. On June 27, 2008, General Motors Corporation ("**GM**") filed a Motion for an order to lift the stay of proceedings provided in the Initial Order to permit GM to remove certain tooling owned by GM from Progressive's premises. Later that day and over that weekend, Ford Motor Company ("**Ford**") and Chrysler LLC, Chrysler Motors LLC and Chrysler Canada Inc. ("**Chrysler**") filed similar motions. The motions (collectively the "**Tooling Motions**") were adjourned by this Honourable Court until Monday, June 30, 2008. In connection with the adjournment of the Tooling Motions, Mr Justice Morawetz directed the Monitor to assist the OEMs over that weekend in attending at various Progressive facilities to identify OEM tooling. The Monitor immediately mobilized a team to comply with that Order.
15. Based on discussions between the Applicants, the OEM's and the First Lien Agent, it was clear that each of the three OEM customers wanted to remove their tooling immediately and re-source their supply from the Applicants to other vendors. As the OEM's represent in excess of 90% of the Applicant's revenues, the Applicants determined that it was not going to be possible to gain the requisite support to restructure and that the best course of action would be to implement an orderly wind down of its operations in a manner which

would best preserve value for the creditors of the Applicants. Further, the Chapter 11 Cash Collateral Order was set to expire on June 30, 2008 and the Applicants would not have the funding to meet its payroll obligations and other disbursement requirements, including assisting the OEM's with the removal of their tooling, without having funding committed from either the OEM's or agreement with the First Lien Agent by the end of the day on June 30, 2008.

16. On June 30, meetings were held at the Monitor's counsel's offices with representatives of the Applicants, the Monitor, the OEM's and the First Lien Agent to discuss the terms under which the Applicants and First Lien Agent would consent to the lifting the stay pursuant to the Initial Order in order to allow the OEM's to remove their tooling.
17. These discussions went late into the evening on June 30 and agreements (the "**GM and Ford Term Sheets**") were reached between the Applicants and GM and Ford, with the consent of the First Lien Agent, which set out the arrangements to allow for the Applicants on an orderly basis to wind down their business and return the customer owned tooling to GM and Ford. The Term Sheets were approved by this Honourable Court late on June 30, 2008 (the "**GM and Ford Tooling Order**"). No agreement was reached with Chrysler at that time.
18. Copies of the GM and Ford Term Sheets are attached to the GM and Ford Tooling Order, which is posted on the Monitor's website. The term sheets set out the terms by which GM and Ford may remove their owned tooling from Progressive's premises, pay for the costs of the tooling removal, purchase additional secondary tooling, equipment and inventory dedicated to production of GM and Ford's parts, as well as a process to settle pre-filing accounts receivables owed by GM and Ford to the Applicants. The GM and Ford Term Sheets also provided for each of GM and Ford to fund \$2.0 million to Progressive to assist in the funding of Progressive's orderly wind down costs.
19. As provided for in the GM and Ford Term Sheets, GM and Ford have the option, in addition to removing the tooling owned by GM and Ford, to purchase any secondary tooling and machinery and equipment owned by Progressive which is dedicated to GM and Ford production at the greater of Progressive's net book value or 35% of the cost of

such secondary tooling, machinery and equipment. Further, GM and Ford will purchase all useable and merchantable raw material, packaging and finished goods inventory related to GM and Ford production at Progressive's actual cost for raw materials and packaging, and the relevant purchase order price (i.e. that currently in force with GM or Ford) for finished goods inventory. Similarly, GM and Ford will purchase or will have their successor suppliers purchase any useable and merchantable WIP inventory, on a percentage of completion basis, the relevant purchase order price. As will be described later in this Second Report, this will involve a significant accounting reconciliation exercise between Progressive and GM and Ford after the secondary tooling and machinery and equipment have been removed.

20. The GM and Ford Order authorizes the Applicants to continue producing certain parts for Ford subsequent to June 30, 2008 provided that Ford pays in advance for all incremental costs incurred by Progressive in producing parts for Ford up to July 25, 2008. The GM and Ford Order also permits the Applicants to make payments necessary to wind down the operations in an orderly fashion.

IMPLEMENTATION OF THE TOOLING REMOVAL

21. On July 1, 2008, Progressive announced to its employees that the business would begin to be wound down. Progressive laid off most of its employees but retained approx. 350 staff to assist in the wind down process, continue the limited production for Ford and assist in the removal of the customer owned tooling.
22. Since July 1, 2008, Progressive staff have been working co-operatively with the GM and Ford on the tooling removal process. Although the tooling removal process has been very accelerated and there have been extreme, often competing, demands on Progressive's staff, the parties have attempted to work through the extreme logistical and timing issues of essentially dismantling 11 plants with dozens of trucks removing equipment from the premises in the span of a few days.
23. Immediately after commencing the tooling removal process both GM and Ford requested that Progressive operate on an around-the-clock basis, seven days a week to accelerate

the tooling removal process. Each of GM and Ford were informed that they each would have to assist Progressive in the funding of the additional costs to facilitate this, among other things, Progressive had to make commitments to the requisite number of employees for a period of time to convince them to provide the necessary services for this limited period of time. Based on these discussions, each of GM and Ford advanced approximately \$2.155 million to Progressive on July 3, 2008

24. As Chrysler had not entered into a similar term sheet with Progressive, the Chrysler Tooling Motion proceeded to be heard by this Honourable Court on July 3, 2008. After hearing the motion. This Honourable Court issued an Order (the “**Chrysler Tooling Order**”) lifting the stay of proceedings to allow Chrysler to obtain all its owned tools on Progressive’s premises, in Ontario.
25. The Chrysler Tooling Order also requires that any and all costs relating to the removal of the tooling incurred by the Applicants shall be borne by Chrysler and that Chrysler shall advance \$2 million forthwith to the Applicants towards these removal costs. Due to the 4th of July U.S. holiday, Chrysler has undertaken to wire transfer these funds on Monday, July 7, 2008.
26. Chrysler attended Progressive’s facilities on July 4, 2008 and commenced the process of removing its tooling.
27. As no term sheet was agreed to between Chrysler and Progressive, unlike GM and Ford, Chrysler currently has no arrangement with Progressive to acquire raw materials, packaging, secondary tooling and machinery and equipment dedicated to Chrysler production. Similarly, there are no current arrangements in place for removal of Chrysler tooling on an around-the-clock basis.
28. As provided in the GM and Ford Order and the Chrysler Order, the Monitor has had staff onsite at each of the Applicants' plants on an around-the-clock basis to supervise the removal of tooling and property in accordance with the terms and conditions of the GM and Ford Term Sheets and the Chrysler Order. The Monitor is compiling listings of all tooling and property being removed from the various plant premises and is also

documenting the items being removed on videotape. Further, the Monitor is also having representatives of the Monitor, the Applicant and the appropriate OEM customer sign a "Tooling/Material Transfer Form" setting out a description of each item loaded onto a truck, so that there is an agreement and record of each item removed from the premises along with the videotape support.

29. The tooling removal process has been proceeding as quickly as possible, however, under a high degree of stress as the OEM's are very concerned to have tooling and other assets removed in an accelerated fashion in order to have replacement suppliers in position to produce parts in order to avoid production shutdowns at the OEM's themselves. Further, there is often priority conflicts between OEM's given continued production at certain plants for Ford and the volume and logistics of co-ordinating the dozens of OEM trucks attempting to access the Applicants' plants in order to remove tooling and other assets.
30. Although there have been many logistical issues given the volume of material being removed from the plants, the number of trucks loading equipment and the competing interests of various OEM customers, it is the Monitor's view that the process has generally been a co-operative one and the Progressive staff have made great effort to facilitate as orderly a process as possible given the stressful environment and competing demands.
31. As noted previously in this Second Report, pursuant to the GM and Ford Term Sheets, GM and Ford are purchasing the raw material, packaging, WIP and finished inventory related to their production. The nature and volume of items being removed are being recorded as the items are being removed from Progressive's plants, however, the value of these items will have to be calculated and invoiced by Progressive after the removal has occurred. This process will require a significant effort by accounting and other personnel of Progressive given the volume and nature of what is being removed by GM and Ford. The Monitor intends to encourage the parties to seek to resolve these matters on a cooperative basis in order that a fair resolution can be reached in a cost-effective manner.
32. Further, as set out earlier in this Second Report, pursuant to the GM and Ford Term Sheets, each of GM and Ford is identifying and removing much of the secondary

equipment and machinery and equipment dedicated to its production and not already owned by GM and Ford. The Monitor is aware that there is a disagreement between certain of the OEM customers and the Applicants regarding some of the secondary equipment that is being removed regarding the ownership of this equipment. Information regarding all items being removed is being documented, as best as possible in the circumstances. It is anticipated, however, that the determination of ownership and the billing for certain of this secondary tooling will be complex. Further, the formula set out in the GM and Ford Term Sheets to assign a value of to secondary tooling and machinery and equipment acquired by GM and Ford at the greater of Progressive's net book value or 35% of cost may be very difficult to apply given that this information is not readily available from Progressive's accounting records. The Monitor will work with the parties to facilitate the valuation and invoicing process for the secondary tooling, but this process will likely have some unexpected complexities to it.

33. As mentioned earlier in this Second Report, the tooling removal process has proceeded at each of Progressive's Canadian plants. However, late in the afternoon of Friday, July 4, 2008, certain of the former employees of Progressive began a protest on Keele St., preventing access to or from seven of Progressive's plants located at the Keele St. campus. The protest has generally been peaceful but the demonstrators have prevented access to the plants by the trucks hired by the OEM's to remove tooling and equipment. The police department has been present on site and monitoring the situation.
34. Progressive has not received any formal demands from the protesters, but the Monitor understands that the former employees are upset over the closure of the plants and the fact that severance and termination paid has not been funded to them. The Monitor also understands that at least one CAW representatives has been on site meeting with the protestors.
35. On Saturday, July 5, 2008, the Applicants obtained an Order from the Honourable Madam Justice Frank ordering the parties not to obstruct access to the Applicant's premises and for related relief. A copy of this Order is attached as Appendix A to this Second Report. The issuance of this Order did not cause the protestors to disperse. As a

result, on Sunday July 6, 2008, a further order was obtained, also from the Honourable Madam Justice Frank. A further Order of this Honourable Court was issued on Sunday, July 6, 2008, a copy of which is also attached as Appendix A.

36. As of the time of the issuance of this Second Report, the protest continues. While trucks that were on site on Friday have been allowed to leave, new trucks contracted for by the OEM's have not able to gain access to the blockaded premises. Ongoing discussions are occurring between the police and the protesters

MACHINERY AND EQUIPMENT LEASE REVIEWS BY THE MONITOR

37. A number of leasing companies have approached the Monitor or the Applicants regarding gaining access to view equipment that may be subject to leases with Progressive. The Monitor will facilitate a process with staff from the Applicants to allow any such parties access to the premises, where possible, to identify equipment that these parties believe are subject to a lease and to tag them.
38. The Monitor's legal counsel has also begun the process of reviewing the security of certain of the equipment lessors, which review will consider whether the leases in question are true leases or financing leases and will consider security perfection issues as well.
39. At this stage, the Monitor is of the view that any such equipment should not be removed from the Applicants' premises until the Court has the relevant information in that regard before it, including information as to the validity of the leasing parties' security or other interests and the property of such interests in relation to other secured lenders. The Applicants', with the assistance of the Monitor, will then be in a better position to make a recommendation as to the process to be followed.

RECEIPTS AND DISBURSEMENTS

40. The Applicants actual consolidated net receipts and disbursements for the period from June 20 to June 29, 2008 was \$12.3 million. A copy of the receipts and disbursements statement along with a variance analysis is attached as Appendix B to this Second Report.

The actual consolidated receipts and disbursements have not been compared to the projected receipts and disbursements that were filed with the Monitor's First Report, instead they have been compared to projected amounts as reflected in the consolidated cash budget attached to the Chapter 11 Cash Collateral Order (the "**June 30 Cash Budget**"). The June 30 Cash Budget better reflects the activities of the Applicants during the period from June 20, 2008 to June 29, 2008 due to the change in circumstances that occurred between the time the Applicants received the Initial Order and the First Day Hearings in the U.S. Bankruptcy Court. Although there are positive variances as at June 29 vs. the June 30 Cash Budget with respect to disbursements, it is expected that this positive variance will reverse once Progressive issues payments for purchases and commitments made during this period.

CASH FLOW PROJECTION

41. The Applicants have prepared, with the assistance of Conway, MacKenzie & Dunleavy, and the Monitor, a consolidated cash flow projection for the period from June 30 to August 17, 2008, a copy of which is attached as Appendix C to this Second Report.
42. The cash flow projection attached to this Second Report reflects receipts and disbursements to be received or paid over the projection period. In the Chapter 11 proceedings, the Applicants are seeking an extension of the Cash Collateral Order through to the end of July and have filed a consolidated cash budget (the "July Cash Budget") reflecting the costs to be incurred throughout the month of July (but which does not reflect the carry-forward of disbursements to be made in July to fund purchases and commitments made since June 20).
43. In order to synchronize the Applicants' two consolidated cash flow statements for June and July, the receipts and disbursements projection in Appendix C, uses the July Cash Budget and also adds in the incurred but not yet paid amounts from the June 30 Cash Budget in the column entitled "Note 1" Appendix C also reflects a preliminary estimate of cash receipts from the sale of finished goods shipped since June 20, 2008, which are to be paid on 10 day terms (which were not included in the July Cash Budget).

44. The Applicants are projecting to spend \$30.5 million over the forecast period of which \$20.0 million has been funded by the OEMs. These costs are further offset by projected post-filing trade receipts of \$10.5 million.

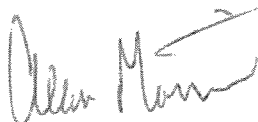
STAY EXTENSION

45. The current stay of proceedings under the Initial Order expires on July 9, 2008. The Applicants are seeking an extension of the stay to August 15, 2008 in order to permit it time to implement an orderly liquidation of its business, and to specifically:
- i) facilitate the removal of the OEM tooling and equipment as contemplated in the GM and Ford Tooling Order and the Chrysler Tooling Order;
 - ii) process invoicing to GM and Ford for raw materials, packaging, finished inventory, secondary and tooling and machinery equipment purchased pursuant to the GM and Ford Term Sheets;
 - iii) continue production for Ford pursuant to the GM and Ford Term Sheet, at the Applicants' Missouri plant through July 25 and assist Ford with the removal of all its tooling and equipment by July 31, 2008;
 - iv) implement a wind down process for the Texas plant in co-operation with GM;
 - v) develop a plan to sell or wind down its remaining assets and operations;
 - vi) assess claims to leased property;
 - vii) complete a reconciliation of amounts owed by the OEM's to the Applicants as described in this Second Report; and
 - viii) implement a plan to wind down the organization.
46. The Monitor is of the view that the extension of the stay of proceedings to August 15, 2008 is appropriate and necessary to facilitate an orderly wind down process, and recommends to this Honourable Court that the stay be extended to this date.

All of which is respectfully submitted this 7th day of July, 2008.

ERNST & YOUNG INC.
in its capacity as the Court Appointed Monitor of
THL-PMPL Holding Corp.,
Progressive Moulded Products Limited,
Progressive Molded Products Inc., and
Progressive Marketing, Inc.

Per:

A handwritten signature in black ink, appearing to read "Alex Morrison". The signature is written in a cursive style with a long horizontal stroke at the end.

Alex Morrison
Senior Vice President

APPENDIX A

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MADAM)	SUNDAY, THE 6 TH
)	
JUSTICE FRANK)	DAY OF JULY, 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 THL-PMPL HOLDING CORP.,
PROGRESSIVE MOULDED PRODUCTS LIMITED,
PROGRESSIVE MOLDED PRODUCTS INC. AND
PROGRESSIVE MARKETING, INC.**

Applicants

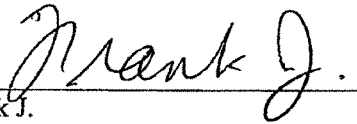
ORDER

THIS MOTION made by THC-PMPL Holding Corp., Progressive Moulded Products Inc., Progressive Molded Products Inc. and Progressive Marketing Inc. (collectively the "**Applicants**") to amend and restate the Order and Warrant of this Court dated July 5th, 2008 (the "**July 5th Order**") granting injunctive relief restraining persons from impeding, obstructing or delaying access to the premises of the Applicants, as described in Schedule "A" to the July 5th Order (the "**Premises**") was heard this day.

ON READING the affidavit of Floyd Dickson and on hearing the submissions of counsel for the Applicants, Ernst & Young Inc., the Monitor of the Applicants, General Motors

Corporation, Ford Motor Company, Chrysler LLC, Chrysler Motors LLC, Chrysler Canada Inc., and the York Regional Police, no one appearing for any other person on the service list,:

1. **THIS COURT ORDERS** that the July 5th Order be amended and restated in the form of the Amended and Restated Order and Warrant dated July 5th, 2008 attached at Schedule "1" to this Order;


Frank J.

Schedule 1

Court File No. CV-08-7590-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MADAM)	SATURDAY, THE 5 TH
)	
JUSTICE FRANK)	DAY OF JULY, 2008

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

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PROGRESSIVE MOULDED PRODUCTS LIMITED,
PROGRESSIVE MOULDED PRODUCTS INC. AND
PROGRESSIVE MARKETING, INC.**

Applicants

AMENDED AND RESTATED ORDER AND WARRANT

THIS MOTION made by THL-PMPL Holding Corp., Progressive Moulded Products Inc., Progressive Molded Products Inc. and Progressive Marketing Inc. (collectively the "**Applicants**") for injunctive relief restraining persons from impeding, obstructing or delaying access to the premises of the Applicants, as described in Schedule "A" to this Order (the "**Premises**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Floyd Dickson and on hearing the submissions of counsel for the Applicants, Ernst & Young Inc., the Monitor of the Applicants (the "**Monitor**"), Ford Motor Company, and with the consent of counsel for General Motors Corporation, Chrysler

LLC, Chrysler Motors LLC, Chrysler Canada Inc., and JP Morgan Chase Bank, N.A. Toronto Branch, JP Morgan Chase Bank, N.A. no one appearing for any other person on the service list,

1. **THIS COURT ORDERS** that the time for service of this Notice of Motion and the Motion Record herein is abridged so that the motion is properly returnable today and that any requirement for further service of the Notice of Motion and Motion Record is hereby dispensed with.

2. **THIS COURT ORDERS** that any and all persons, including any employees and former employees of the Applicants, their agents, servants and persons acting under their instructions, or anyone aiding or assisting them or anyone having notice or knowledge of this Order, are hereby enjoined and restrained from the following conduct:
 - (a) from impeding, obstructing or delaying the access or egress of any person or vehicle, including cars, trucks, trailers or other vehicle of any kind at any entrance to or exit from the Premises, or in the vicinity of the Premises, or interfering with vehicles on any public roadway attempting to gain access to, or egress from, the Premises, by any manner or means whatsoever;
 - (b) from trespassing onto, or causing damage to any of the Premises or property of the Applicants or their suppliers, customers, contractors or employees located at the Premises;
 - (c) from disturbing, interrupting or attempting to disturb or interrupt the Applicants' lawful use and enjoyment of the Premises and property;
 - (d) from causing a nuisance at or near or within 500 metres of the Premises;
 - (e) from intimidating or attempting to intimidate or unlawfully threaten to interfere with the freedom of the Applicants, their employees, servants, agents, contractors and their customers, and the Monitor;

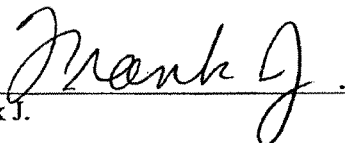
- (f) from wrongfully and without lawful authority inducing, counselling or procuring a breach or breaches of contract or contracts and attempting to interfere with the performance of a contract or contracts between the Applicants and other persons; and
- (g) from ordering, aiding, abetting, counselling, procuring or encouraging in any matter whatsoever, either directly or indirectly, any person or persons to commit any prohibited acts aforementioned or any of them.

3. **THIS COURT ORDERS** that service of this Order and Warrant upon all affected persons shall be made by posting a copy of this Order and Warrant beside each entrance to each of the Premises.
4. **THIS COURT ORDERS** that service of this Order and Warrant shall be effective immediately upon the posting of a copy of this Order and Warrant as provided in paragraph 3 above.
5. **THIS COURT DIRECTS** the officers of the York Regional Police, sheriff's office and/or any other judicial officers to render any and all assistance which the Applicants may request for the purpose of enforcing this Order and Warrant, and that the York Regional Police or other peace officers shall attend at 9010, 9020, 9030 and 9040 Keele Street, Vaughan, Ontario, and any other of the Premises if and as required, as soon as reasonably practicable, and serve any individuals in attendance at the Premises with a photocopy of this Order and Warrant together with a photocopy of the endorsement of this Court.
6. **THIS COURT ORDERS** that the York Regional Police or other peace officers are permitted to obtain and disclose to the Applicants and to the Monitor the names of those persons served pursuant to paragraph 5 above and the circumstances of service, and obtain such other information as may be required should contempt proceedings be required. A finding of contempt of this Order may result in a fine and/or incarceration.

7. **THIS COURT ORDERS** that a Warrant is granted to the Applicants and the York Regional Police, the sheriff and such other judicial officers, for the peace officers to enter the Premises and accompany and assist representatives of the Applicants and the Monitor and such other agents of the Applicants and the Monitor in carrying out the terms of this Order and Warrant and the peace officers are authorized to use force where necessary in doing so. The use of force shall include the power to arrest and take persons into custody.

8. **THIS COURT ORDERS** that any interested person may apply to this Court to vary or rescind this Order and Warrant or seek other relief upon two (2) days' notice to the Applicants and all parties listed on the Service List as posted at <http://documentcentre.eycan.com/Pages/Main.aspx?SID=76>. For greater certainty, the enforcement of this Order is not stayed by the wording of this paragraph.

9. **THIS COURT ORDERS** that this Order be directed to the Sheriff of the Judicial District of York Region (the "**Sheriff**") for enforcement and directs York Regional Police and police officers of that service to assist the Sherriff in the enforcement of this Order by removing from the Premises any person contravening its provisions, subject to the discretion of the police acting reasonably with respect to the timing and means of removing such persons.


Frank J.

SCHEDULE "A"

21 Graniteridge Road, Vaughan, Ontario

9010 Keele Street, Vaughan, Ontario

9020 Keele Street, Vaughan, Ontario

9024 Keele Street, Vaughan, Ontario

9030 Keele Street, Vaughan, Ontario

9040 Keele Street, Vaughan, Ontario

3280 Langstaff Road, Vaughan, Ontario

20 Vaughan Valley Blvd., Vaughan, Ontario

370 Caldari Road, Vaughan, Ontario

61 Royal Group Crescent, Vaughan, Ontario

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
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PROGRESSIVE MOULDED PRODUCTS LIMITED,
PROGRESSIVE MOLDED PRODUCTS INC. AND PROGRESSIVE MARKETING, INC.

Applicants

Court File No. CV-08-7590-00CL

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

ORDER

LANG MICHENER LLP

Lawyers – Patent & Trade Mark Agents
Brookfield Place, P.O. Box 747
181 Bay Street, Suite 2500
Toronto, ON M5J 2T7

Sheryl E. Seigel (LSUC No. 21850H)

Tel: 416-307-4063

Fax: 416-365-1719

E-mail: sseigel@langmichener.ca

Alex A. Ilichenko (LSUC No. 33944Q)

Tel: 416-307-4116

Fax: 416-304-3880

E-mail: ailyenko@langmichener.ca

Solicitors for the Applicants

APPENDIX B

Progressive Moulded Products
Consolidated Actual Receipts and Disbursements
For the Period June 20 to June 29, 2008
(In Thousands of Canadian Dollars)

	ACTUAL	PROJECTION	VARIANCE	NOTE
		NOTE 1		
OPENING BANK BALANCE	11,750	11,750	-	2
RECEIPTS				
Trade	5,431	-	5,431	3
Receipts from OEMs	12,969	12,969	-	
Other Non-Trade	8	-	8	
Total Receipts	18,408	12,969	5,439	
DISBURSEMENTS				
Raw Material, Tooling and Freight	(3,383)	(5,159)	1,776	4
Payroll and Benefits	(2,329)	(6,181)	3,852	5
Rent and Utilities	-	(594)	594	6
GST	(137)	-	(137)	7
Sales, General and Administrative	(48)	(411)	363	8
Capex - maintenance	-	(292)	292	
Restructuring Costs	(186)	(1,001)	815	9
Total Disbursements	(6,082)	(13,638)	7,556	
NET WEEKLY CASH INFLOW/(OUTFLOW)	12,326	(669)	12,995	
CLOSING BANK BALANCE	24,076	11,081	12,995	

Progressive Moulded Products Consolidated Actual Receipts and Disbursements Variance Analysis

The actual receipts and disbursements are denominated in Canadian dollars. The foreign exchange rate is assumed in this projection to be CDN\$1.00 = US\$1.00. The cash flow projection is denominated in Canadian dollars. US dollars are converted to Canadian dollars at par (i.e. CDN\$1.00 = US\$1.00).

1. The receipts and disbursements included in the "Projection" column of this variance analysis does not reflect the projected receipts and disbursements filed with the Monitor's First Report. These receipts and disbursements reflect those included in the budget attached to the Cash Collateral Order (the "Cash Collateral Budget") issued pursuant to the Chapter 11 proceedings.
2. **Opening Bank Balance** – The opening bank balance in the "Projection" column is the actual bank balance as at June 20, 2008.
3. **Trade Receipts** – Progressive received some miscellaneous pre-petition trade receipts during the period that were not previously projected.
4. **Raw Materials, Tooling and Freight** – Progressive incurred some post-filing expenses on credit. It is anticipated that this positive variance is temporary and will reverse in the future.
5. **Payroll and Benefits** – Part of the funding received from the OEMs included a reserve for one week of payroll (approx \$2.5 million) and fringe benefits for the month of July (approx \$1 million). These expenses were paid on June 30, 2008 therefore this positive variance is temporary and will reverse in the future.
6. **Rent and Utilities** – This is a temporary variance which is expected to reverse in the future.
7. **GST** – The GST payable on shipments that were received from U.S. vendors during the month of May was higher than Progressive estimated it to be prior to filing. This payable was funded prior to filing thus no GST payment was projected, however the final amount was \$137,000 higher than the estimate.
8. **Sales, General & Administrative** – This is a temporary variance which is expected to reverse in the future.
9. **Restructuring Costs** – This is a temporary positive variance which is expected to reverse over the next projection period. Part of this positive variance relates to the Applicants' U.S. Advisors who will not be paid until approved in the Chapter 11 proceedings.

APPENDIX C

Progressive Consolidated Cash Flow Projection
For the period from June 30, 2008 to August 17, 2008
(In Thousands of Canadian Dollars)

		Week Ended									
		29-Jun-08	6-Jul-08	13-Jul-08	20-Jul-08	27-Jul-08	3-Aug-08	10-Aug-08	17-Aug-08		
OPENING BANK BALANCE		1	24,077	16,521	23,646	28,841	23,465	21,278	19,037	17,951	
RECEIPTS											
Trade	2	-	-	10,000	500	-	-	-	-	-	
Funding from OEMs	3	-	9,099	2,647	344	344	-	-	-	-	
Other Non-Trade	4	-	-	-	-	-	-	-	-	-	
Total Receipts		-	9,099	12,647	844	344	-	-	-	-	
DISBURSEMENTS											
Raw Material, Tooling and Freight	5	(1,776)	(358)	(364)	(244)	(244)	-	-	-	-	
Payroll and Benefits	6	(3,852)	-	(4,082)	(1,351)	(742)	(453)	(187)	(187)	(187)	
Rent and Utilities	7	(594)	(539)	(153)	(353)	(88)	(308)	(75)	(75)	(340)	
GST		-	-	-	(750)	-	-	-	-	-	
Sales, General and Administrative	8	(518)	(177)	(836)	(836)	(207)	(205)	(124)	(124)	(124)	
Restructuring Costs	9	(815)	(800)	(1,517)	(2,187)	(749)	(775)	(600)	(600)	(600)	
Other Disbursements	10	-	(100)	(500)	(500)	(500)	(500)	(100)	(100)	(100)	
Total Disbursements		(7,556)	(1,974)	(7,452)	(6,221)	(2,531)	(2,241)	(1,086)	(1,086)	(1,351)	
NET WEEKLY CASH INFLOW/(OUTFLOW)											
		(7,556)	7,125	5,196	(5,377)	(2,186)	(2,241)	(1,086)	(1,086)	(1,351)	
CLOSING BANK BALANCE			16,521	23,646	28,841	23,465	21,278	19,037	17,951	16,600	

NOTES:

1. This column reflects the costs accrued since filing on June 20, 2008 until June 30, 2008 that were not paid prior to this projection period.

Notes to Progressive's Unaudited Consolidated Cash Flow Projection

The Consolidated Cash Flow Projection has been prepared by the Applicants. The Monitor has not attempted to verify the accuracy or completeness of the Consolidated Cash Flow Projection and accordingly, the Monitor expresses no opinion or assurance thereon. The Consolidated Cash Flow Projection has been prepared based on certain estimates and assumptions made by management. Actual results achieved will vary from that projected and such variations may be material. The cash flow projection is denominated in Canadian dollars. US dollars are converted to Canadian dollars at par (i.e. CDN\$1.00 = US\$1.00).

1. This column represents the projected costs accrued since filing on June 20, 2008 until June 29, 2008 that were not paid prior to June 30, 2008. For purposes of this projection, these accrued costs are assumed to be paid shortly after June 29, 2008.
2. **Trade Receipts** – Includes an rough estimate of post-filing finished goods shipments assumed to be paid on 10-day terms.
3. **Funding from OEMs** – Receipts from OEMs for pre-funding of wind-down costs, access to the plants to extract tools on a 24 hours a day, 7 days a week basis and for Ford production in Canada until July 4th and in the St. Joseph, Missouri plant until July 25th.
4. **Other Non-Trade** – Receipts for GST refunds, sale of assets and reimbursements from customers for outstanding tooling receivables.
5. **Raw Materials, Tooling and Freight** – Includes purchases of raw materials used in production and freight costs relating to raw material receipts and customer deliveries.
6. **Payroll and Benefits** – Includes payroll costs related to hourly and salaried employees including related benefit costs, statutory tax payments and vacation pay. Vacation pay accrued by employees is paid out upon termination, therefore there is an estimate of \$1 million to be paid in the week ending July 13 for the employees who were terminated effective July 1, 2008. The residual accrued vacation pay of \$600,000 will either be used up during the period by the employees remaining or paid out at a later date.
7. **GST** – GST payable in July is the amount owed for the month of June. The GST payable in August for the month of July is not reflected as the associated sales receipts are also excluded from this projection due to the inability to accurately estimate them.
8. **Sales, General & Administrative** – Includes sales, general and administrative costs incurred as well as taxes and insurance.
9. **Restructuring Costs** – Represents fees and expenses of the Applicants' Canadian and US advisors and the Monitor and its counsel as well as the First Lien Agent's advisors. The fees and expenses of the Applicants' US advisors are also included however timing of payment will be in accordance with the Chapter 11 approval process.
10. **Other disbursements** – represents other miscellaneous expenses that may be incurred during the period.