PLAINTIFF'S EXHIBIT

BW-40

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# ASSET PURCHASE AGREEMENT

AGREEMENT made as of the 28th day of February, 1981.

B E T W E E N:

BORG-WARNER (CANADA) LIMITED, a corporation continued by Letters Patent of Amalgamation of the Province of Ontario;

(the "Vendor")

OF THE FIRST PART,

- and -

APD AUTOMOTIVE INC. (formerly 108170 Canada Limited), a corporation incorporated under the laws of Canada;

(the "Purchaser")

OF THE SECOND PART.

WHEREAS it is intended that the Purchaser will be a wholly-owned subsidiary of Borg-Warner Corporation (hereinafter referred to as "Borg-Warner") immediately prior to the closing under the Asset Agreement (hereinafter defined) and this Agreement is being entered into to effect the transfer to the Purchaser of the Business (hereinafter defined) carried on by the Vendor as its Automotive Parts Division (hereinafter referred to as the "Division") pursuant to and as required by

an Agreement For Sale of Assets (hereinafter called the "Asset Agreement") dated as of February 28, 1981, between Borg-Warner and The Echlin Manufacturing Company ("Echlin").

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and mutual covenants herein contained the parties hereto hereby agree as follows:

Definitions

1. In this agreement:

(a) "Closing Date" means such date prior to the closing date under the Asset Agreement as may be mutually agreed upon by the parties hereto;

(b) "Business" means the business of distribution and sale of motor vehicle repair and replacement parts carried on by the Division;

(c) "Effective Date" means the close of business on February 28, 1981. If the closing date under the Asset Agreement is delayed past July 15, 1981, the parties hereby agree that the Effective Date will be May 31, 1981 and the Business shall be audited as of May 31, 1981 in the same manner and on the same terms as was done with respect to the Closing Balance Sheet and a Closing Balance Sheet shall be prepared as at such day and substituted as Schedule "F" hereto for the existing Schedule "F" and this Agreement shall be deemed to be amended to the extent necessary to reflect such substitution;

(d) "Leasehold Interest" means the asset described in subparagraph 2(c) hereof;

(e) "Premises" means 6346 Viscount Road, Mississauga, Ontario;

(f) "Purchased Assets" means all of the undertaking property and assets purchased hereunder and used by the Vendor in the Business;

(g) "Equipment" means the assets described in subparagraph 2 (b) hereof;

(h) "Accounts Receivable" means the assets described in subparagraph (2) (d) hereof;

(i) "Inventories" means the assets described in subparagraph 2 (a) hereof.

Purchase and Sale

2. Subject to the terms and conditions hereof, the Vendor shall sell and the Purchaser shall purchase, as a going concern, as of the close of business on the Effective Date, the undertaking, property and assets of the Division including, without limitation:

(a) Inventories and stock existing at the close of business on the Effective Date of every nature and kind wherever situated;

(b) All machinery, equipment and furniture, fixtures and leasehold improvements located in, or about the Premises and described in Schedule "A" hereto;

(c) The interest of the Vendor under the lease of the Premises a copy of which lease is annexed hereto as Schedule "B";

(d) Accounts receivable of the Business listed in Schedule "C" hereto;

(e) The goodwill of the Vendor pertaining to the Business including the right to represent that the Purchaser is carrying on the Business in continuation of and in succession to the Vendor;

(f) Prepaid expenses;

(g) All other property, assets and rights (including, without limitation, intangible property) of the Vendor exclusively used by or in connection with the activities and business of the Division including the benefit of unfilled orders and cash, if any, together with all papers, documents, instruments, books, records, and all other writings and archives pertaining to and necessary for the efficient operation of the Business.

documents

3. The Purchaser shall assume all contracts, commitments, engagements, leases, liabilities and other obligations, absolute or contingent, of the Division outstanding at the close of business on the Effective Date in accordance with and to the extent provided in subsection 2.2 of the Asset Agreement.

## Purchase Price

4. The purchase price for the Purchased Assets shall be the following amounts comprising the aggregate of the book values thereof as shown as of the Effective Date on the balance sheet annexed hereto as Schedule "F" (the "Closing Balance Sheet") plus $1.00 and plus the amount of federal sales tax payable by the Vendor on the sale of Inventories to the Purchaser, such federal sales tax to be included in the accounting by the Vendor provided for in Section 10 hereof:

(a) Inventories - $928,256

(b) Equipment - $38,212

(c) Accounts Receivable - $713,793. The Vendor and Purchaser agree to execute jointly, deliver and duly file an election under section 22 of the Canadian Income Tax Act, as amended (the "ITA") and such other statements, elections or agreements which may be deemed appropriate to evidence the price paid for the accounts receivable of the Vendor;

(d) prepaid expenses - $9,257; and

(e) the remainder of the Purchased Assets - $1.00.

Section 85 Election

5. Without further consideration, the parties hereto agree to jointly prepare and the Vendor agrees to file on a timely basis an election as permitted by section 85 of the ITA.

Payment of the Purchase Price

6. The Purchaser shall satisfy the purchase price for the Purchased Assets on the Closing Date as follows:

(a) by the assumption of all of the debts and liabilities of the Division in the amount of $115,591 as shown on the Closing Balance Sheet and as provided in paragraph 3;

(b) by the issuance to the Vendor of 1,573,928 non-voting, redeemable, retractable preference

shares in the capital of the Purchaser taken at the price of $1.00 per share.

Representations and Warranties and Survival

7. The Vendor represents and warrants to the Purchaser as provided in Schedule "D" hereto, such representations and warranties and all other covenants herein contained to survive the closing of the transaction provided for herein, provided that any claim in respect of the breach of any representation, warranty or covenant must be asserted within five (5) years of the Closing Date.

Conditions Precedent

8. The obligations of the Purchaser hereunder shall be conditional upon performance by the Vendor of each of its obligations hereunder which are required to be satisfied prior to the Closing Date and compliance with the conditions stated in Schedule "E" hereto, compliance with which may be waived in writing in whole or in part only by the Purchaser in its reasonable discretion and the Vendor shall use its best efforts to cause each of such conditions to be satisfied to the extent that the satisfaction thereof is within the power of the Vendor.

9. Closing

The closing shall take place at the offices of Messrs. McMillan, Binch, Royal Bank Plaza, Toronto, Ontario, at 10:00 a.m. on the Closing Date, at which time the Vendor, against satisfaction of the purchase price of the Purchased Assets, shall surrender possession of the Purchased Assets to the Purchaser and shall deliver to the Purchaser all appropriate bills of sale, transfers, assignments, consents and other documents requested by counsel for the Purchaser to transfer

the Purchased Assets to the Purchaser, in such form as may be satisfactory to counsel for the Purchaser and to Echlin.

Effective Date

10. The sale and purchase hereby contemplated shall when closed on the Closing Date take effect as of the opening of business on the Effective Date and from such time to the time of closing on the Closing Date the Business shall be carried on by the Vendor on behalf of and for the account of the Purchaser and all operating expenses and revenues of the Business during such period shall be for the account of the Purchaser. The Vendor agrees to provide to the Purchaser an accounting of all operating expenses and revenues and all cash receipts and disbursements during such interim period as soon as practicable after the Closing Date and the parties hereto agree to make such cash payment as may be required to reflect any difference between operating expenses and revenues and cash receipts and disbursements which the accounting may show within 30 days after the Closing Date.

Bulk Sale

11. The Purchaser waives compliance by the Vendor with the provisions of all applicable bulk sales legislation and the Vendor shall indemnify the Purchaser against any loss, damage cost, liability or expense (including without limitation costs and expenses of litigation and reasonable solicitor's fees) which the Purchaser may incur as a result of such non-compliance except a cost or expense arising in respect of the obligations, debts and liabilities of the Vendor assumed by the Purchaser under paragraph 3 hereof.

## Risk

12. Risk of loss or damage to the Purchased Assets by fire, condemnation, expropriation or other cause shall be that of the Vendor until completion of the closing on the Closing Date. If any such loss or damage to the Purchased Assets shall occur prior to such time, the Purchaser shall be entitled to take any proceeds of insurance arising therefrom and complete the transaction hereby contemplated or, if such loss or damage is material, the Purchaser may at its option cancel this Agreement at any time prior to the completion of the closing.

## Fees and Taxes

13. Except as provided in this paragraph 13, all registration fees, transfer taxes and similar payments arising out of the completion of this transaction shall be paid by the parties in accordance with applicable law or custom. Each of the parties hereto shall be responsible for its own legal, accounting and other professional fees occasioned by the purchase and sale herein provided for.

## Termination

14. This Agreement shall be terminated automatically if and when the Asset Agreement is terminated. In the event of such termination, this Agreement shall be deemed to be void ab initio and shall have no effect.

## Indemnity

15. The Vendor shall indemnify the Purchaser against all liabilities and obligations of, or claims against the Vendor not

specifically identified hereunder as being for the account of or assumed by the Purchaser and the Purchaser shall indemnify the Vendor against all liabilities and obligations of, or claims against the Purchaser so specifically identified as being for the account of or assumed by the Purchaser.

## Employees

16. The Vendor agrees that it will make available to the Purchaser the services of those of the ten employees of the Division listed on Schedule "G" hereto who are engaged full time in the business of the Division as of the Closing Date and the Purchaser agrees to offer to employ such employees as of the Closing Date on terms not less favourable than such employees presently enjoy.

## Further Assurances

17. Each of the parties shall from time to time both before and after the Closing Date and without further consideration execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may, in the reasonable opinion of counsel for the other (and in the case of the Purchaser of counsel for Echlin), be necessary or desirable to give effect to the provisions of this Agreement.

Notice

18. Any notice or other communication required or permitted to be given pursuant to or concerning this Agreement shall be in writing and may be given by prepaid registered mail, addressed in the case of the Purchaser, as follows:

APD Automotive Inc.
c/o Messrs. Blake, Cassels and Graydon,
Commerce Court West,
Toronto, Ontario.

Attention: D.J. Sharpless, Esq.

and in the case of the Vendor, as follows:

Borg-Warner (Canada) Limited,
c/o Messrs. McMillan, Binch,
P.O. Box 38,
Royal Bank Plaza,
Toronto, Ontario.

Attention: J.G. Armstrong, Esq.

or by delivering the same at the above address of the party to whom such notice is to be given. Any such notice or other communication if mailed, shall be deemed to have been given on the second bank business day following the date on which it is mailed, and if delivered, at the time of delivery.

Sole Agreement

19. The parties acknowledge that this Agreement is being entered into to complete the transaction referred to in the Asset Agreement and it is agreed that in case of any conflict or inconsistency between any provision of this Agreement and any provision of the Asset Agreement the latter shall prevail. Subject thereto, this Agreement and the additional written agreements called for herein together constitute the entire

Agreement between the parties hereto with respect to the subject matter hereof and supersede any and all prior negotiations and understandings.

Time

20. Time shall be of the essence hereof.

Benefit of Agreement

21. This Agreement shall not be assignable by either party without the written consent of the other but, subject to the foregoing, shall enure to the benefit of and be binding upon the parties and their respective successors and permited assigns.

Amendment

22. No modification or alteration of this Agreement shall be binding unless in writing and executed by the parties hereto. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any of the provisions hereof nor shall a waiver constitute a continuing waiver unless expressly so stated.

Governing Law

23. This Agreement shall be interpreted in accordance with the laws of the Province of Ontario.

Employee Benefits

24. Echlin and Borg-Warner Corporation have entered into or will enter into an agreement prior or subsequent to the Closing Date containing substantially the terms and conditions contained in Exhibit "M" to the Asset Agreement with respect to the manner

in which each of the pension or other employee benefit plans of the Vendor respecting full time employees of the Division on the Closing Date shall be treated at the time that such employees become employees of the Purchaser and the terms of such agreement shall be binding upon the parties hereto.

Execution

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first above written.

BORG-WARNER (CANADA) LIMITED

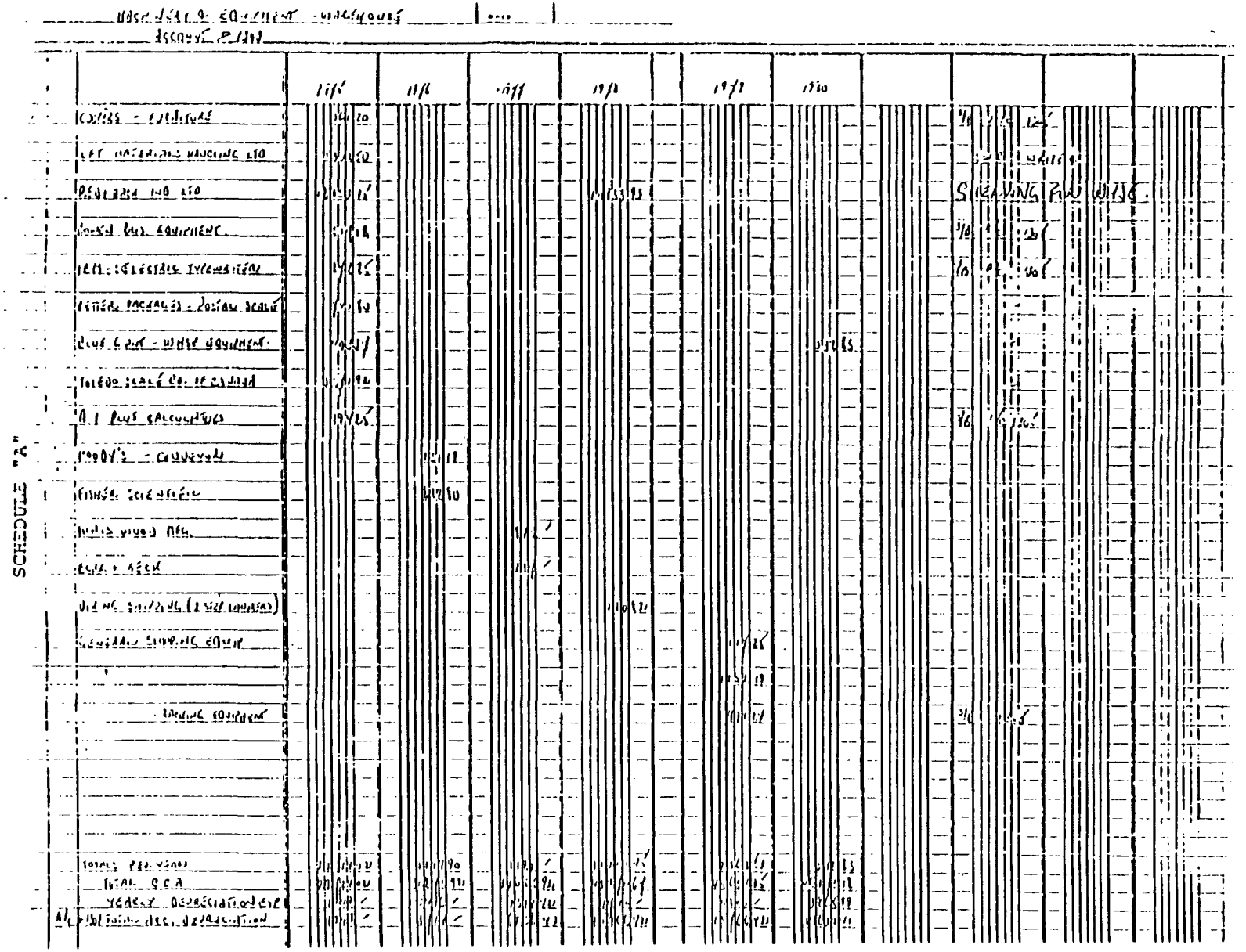
By: _____
Director

By: _____
Secretary

APD AUTOMOTIVE INC.

By: _____
President

By: _____
Secretary

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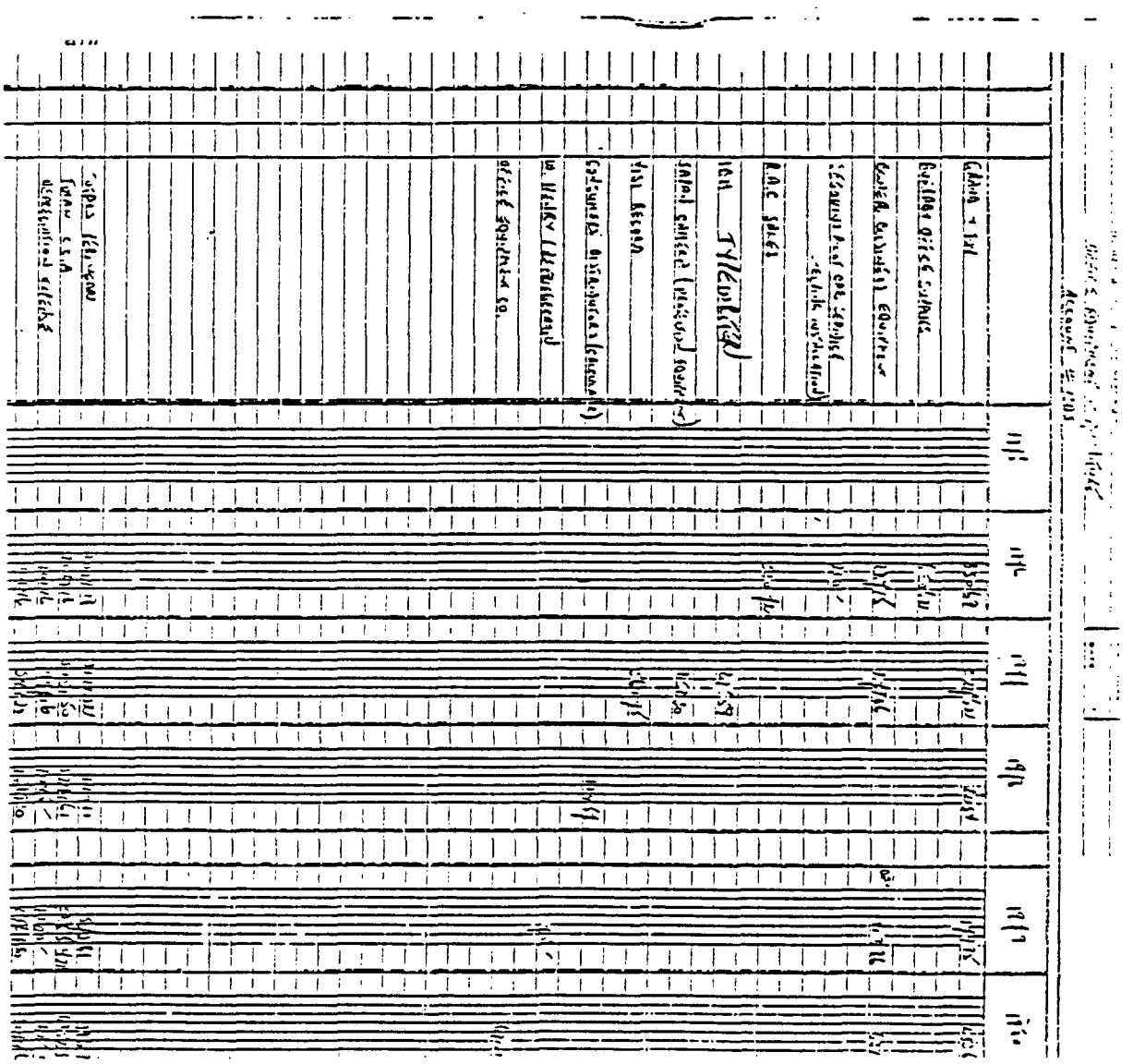
SCHEDULE "A" (continued)



E00193

THIS INDENTURE made as of the 1st day of April, 1975.

IN PURSUANCE OF THE SHORT FORMS OF LEASES ACT.

B E T W E E N :

THE ORLANDO REALTY CORPORATION LIMITED
a company incorporated under the
Province of Ontario

Hereinafter called the LANDLORD

OF THE FIRST PART

- AND -

AUTOMOTIVE PARTS DIVISION BORG-WARNER
(CANADA) LIMITED

Hereinafter called the TENANT

OF THE SECOND PART

W I T N E S S E T H:

1. THAT in consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, Landlord doth demise and lease unto the Tenant for use and occupancy for the purpose of office, light manufacturing, assembling, warehousing and distribution of finished machine products, that building containing approximately 15,010 square feet and as outlined in red on sketch attached hereto as Schedule "A" (hereinafter called the "demised premises") situate upon that certain parcel or tract of land situate, lying and being in the City of Mississauga, in the Regional Municipality of Peel and Province of Ontario more particularly described in Schedule "B" annexed hereto, together with the right at all times to the common use of the driveway areas outlined in green on Schedule "A", and the exclusive right to park two (2) executive cars in the front of the demised premises and eight (8) cars at the rear of the demised premises.

2. TO HAVE AND TO HOLD THE demised premises for and during the term of TEN ---(10)--years from the 1st day of June, 1975, and from thenceforth next ensuing and fully to be completed and ended.

RECEIVED
MAY 30 1975
J. V. MOYNES

Provided that if the demised premises are not ready for occupation by the tenant on the date hereinbefore stipulated the rents shall abate and shall not accrue nor be payable until the demised premises are ready for occupation by the Tenant, in which event the term shall be deemed to commence the day the tenant accepts possession of the demised premises and shall run from that date instead of as hereinbefore provided.

3. YIELDING AND PAYING Unto the Landlord, its successors and assigns yearly and every year during the said term without any deductions, set-off, or abatement whatever, in lawful money of Canada a clear annual rental during the term herein of TWENTY-THREE THOUSAND TWO HUNDRED & SIXTY-FIVE and 50/100ths DOLLARS ($23,265.50) per annum to be paid in advance in equal monthly instalments of Nineteen Hundred and Thirty-Eight and 79/100ths Dollars ($1,938.79) per month on the first day of each and every month during the term herein.

4. All of such rents aforesaid to be paid by the Tenant to the Landlord at par at the address in the City of Mississauga, hereinafter designated or at such other place in the Municipality of Metropolitan Toronto or in the City of Mississauga as the Landlord may in writing designate from time to time.

5. THAT WHENEVER and to the extent that the Landlord shall be unable to fulfil or shall be delayed or restricted in the fulfillment of any obligations hereunder by reason of strikes, lockouts, fire, lightning, explosion, tempest, riot, war, unusual delay by common carrier, unavoidable casualties, or by any cause of any similar kind beyond the Landlords reasonable control and not caused by the Landlord's negligence including inclement weather, the Tenant shall not be entitled to compensation for any inconvenience, or discomfort thereby occasioned and the Landlord shall be granted an extension equivalent to the period of delay.

6. The Tenant covenants with the Landlord:

(a) To pay rent;

(b) To pay as the same fall due all future business licences

[redacted]

and business taxes and all charges for utilities, public or private levied on or in connection with the demised premises, and all charges for services supplied at any time to the demised premises, and in each and every year during the term hereof, to pay as and when due each instalment of all property taxes, rates, including local improvement rates our public school rates, special levies, duties and assessments now or at any time during the term hereof rated, charged, levied or assessed against the demised premises or any part thereof or against any machinery equipment or other facilities or at any time during the term hereof brought in or onto the demised premises and on the said buildings and improvements and to pay any similar tax not now contemplated but levied at any time during the term hereof by any competent government or municipal body in lieu of or partially in lieu of or in addition to such property taxes, and if demanded the Tenant shall forthwith after any such taxes or instalments shall have become due, produce and exhibit to the Landlord satisfactory evidence of the payment of such tax or instalment, it be expressly acknowledged and agreed and understood by the Tenant that its obligation to pay property taxes, rates, including local improvement rates or public school rates, special levies, duties and assessments, all as hereinbefore in this paragraph set forth includes the obligation of the Tenant to pay its pro-rata share of such taxes in respect to all common areas and parking areas (common areas and parking areas being defined herein as that part of the lands described in Schedule "B" annexed hereto upon which there are no buildings situate) in the proportion that the floor area of the building demised to the Tenant herein bears to the total floor area of all of the buildings erected or to be erected on the lands described in Schedule "B" annexed hereto. It is agreed that the Tenant shall have the right to contest the validity of, or the amount of any tax, rate, property evaluation, assessment or other public charge (if, meanwhile, such contestation

will involve no forfeiture, foreclosure, escheat, sale, or termination of the Landlord's title to the demised premises or any part thereof), but upon a final determination of any such contest the Tenant shall immediately pay and satisfy the amount of any such tax, rate, assessment or other public charge declared or found to be due, together with all proper costs, penalties, interest or other charges (if any) payable in connection therewith: upon being provided with suitable indemnity or security satisfactory to it, in relation to any costs, charges, rates, assessments, or expenses which it may incur, or be likely to incur, the Landlord agrees, at the request of the Tenant to joint in any such contest if its presence is reasonably necessary to perfect the proceedings in relation thereto, but the Landlord shall not be responsible for the conduct or carriage of such proceedings, nor incur any liability whatsoever by reason of having joined therein and the Tenant shall indemnify and save harmless the Landlord against and from any such liability.

(c) The tenant agrees to pay to the Landlord by monthly instalments the sum of ten cents (10¢) per square foot per annum as additional rent, and being its estimated share of the costs during the term hereby granted in maintaining and operating the parking and other common areas used in conjunction with the leased premises including lighting, cleaning, painting, snow removal, insurance against claims, repairs and replacement of curbs, walkways, paving and landscaping. If the aggregate of the monthly instalments paid by the Tenant in respect of the lease year is less than the Tenant's share of such costs, the Tenant shall make payment of the amount of the deficiency to the Landlord within ten (10) days of the delivery to the Tenant of a statement by the Landlord verifying such costs.

(d) Tenant, at its own expense, shall maintain and keep the interior including all glass, of the demised premises and every part thereof in good order and condition and promptly make all needed repairs and replacements (reasonable wear and tear and damage by fire, lightning and tempest, events beyond the reasonable control of the Tenant and damage covered by insurance under sub-paragraph (1) only excepted) without limiting the foregoing, the Tenant shall

keep the demised premises well painted, clean and in such condition as a careful owner would do.

(e) The Landlord shall promptly notify the Tenant of and/or forward to the Tenant any notice or other document which it receives in connection with any tax, rate, duty, assessment, license fee or similar charge hereinbefore in this sub-paragraph mentioned.

(f) That it shall be lawful for Landlord and its agents, at all reasonable times during the said term, to enter the demised premises to inspect the conditions thereof. Where an inspection reveals repairs are necessary which are the Tenant's responsibility under paragraph (d), Landlord shall give Tenants notice in writing, and thereupon tenant will, within three (3) calendar months from the date of delivery of the notice, make the necessary repairs in a good and workmanlike manner.

(g) To heat the said premises in a reasonable manner at its own expense, provided that the heating equipment supplied by the Landlord is sufficient for the purpose.

(h) And further, the Tenant will at the expiration or sooner determination of the said term, peaceably surrender and yield up unto the Landlord the said premises hereby demised with the appurtenances, together with all buildings or erections which at any time during the term shall be made therein or thereon in good and substantial repair and condition; subject to the exceptions stated under sub-paragraph (d).

(i) (1) To abide by, comply with and conform to the requirements of every applicable status, by-law, law, regulation, ordinance and order of every municipal or other competent authority which in any manner relates to or affects the use of demised premises, the use or occupation or maintenance of the same or the said building improvements and all equipment, machinery or other facilities from time to time thereon or therein contained and whether or not any such regulations, ordinances, etc. be of a kind now existing or within the contemplation of the parties hereto and to make any alterations, repairs, additions or deletions, structural or otherwise necessary to effect such compliance.

(2) The Landlord hereby warrants that the demised premises have been built to conform to the requirements of every applicable statute, by-law, law, regulation, ordinance and other of every municipal or other competent authority which in any matter relates to or affects the demised premises.

(3) The Landlord hereby warrants that the demised premises can be used for the purposes of the Tenant hereinbefore referred to, in accordance with all existing laws, by-laws, regulations and ordinanc

(j) The Tenant will not assign or sublet the demised premises or any part thereof without consent of the Landlord, provided that such consent shall not be unreasonably or arbitrarily withheld; and it is expressly understood and agreed that the sub-letting as aforesaid of any portion of the whole of the demised premises shall not relieve the Tenant of any of the terms and conditions of these presents, but the Tenant shall remain fully liable and responsible to the Landlord herein for the entire and full performance of any and all of the payments, terms, provisoes, conditions and covenants of the said lease.

(k) That it will not do or omit to do or permit to be done or omitted anything upon or in respect of the demised premises the doing or omission of which (as the case may be) shall be or result in a nuisance.

(l) During the whole of the said term, the Tenant will insure and keep insured the demised premises and every part thereof by insurance in the name of the Landlord as follows:

(i) Fire, extended Coverage and Malicious damage insurance for the full replacement value of the building, its improvements, and equipment, and in addition upon the full annual rental income thereof, in an amount reasonably satisfactory to Landlord;

(ii) Broad Boiler and Unfired Pressure Vessels, Insurance including Repair or Replacement and Rental Income Coverage in an amount reasonably satisfactory to the Landlord;

(iii) Such other Insurance as it may be, or may become customary for owners of property to carry as respects loss

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of or damage to the demised premises or liability arising therefrom, specifically including any insurance required by reason of the introduction by or on behalf of Tenant and/or its sub-tenants of any radioactive materials or or substances into the demised premises or exposing them.

(iv) All policies of insurance shall be written in responsible companies. The Tenant shall have the right to select the Company or Companies in which such policies shall be written subject to the Landlord's rights to approve all of the Tenants selection with respect to the responsibility of any such Company and to approve the form in which any such policy is written, which approval shall not be unreasonably withheld. The original and one certificate of each Fire and Extended coverage Policy and certificates of all other Insurance Policies hereinbefore required shall be delivered to the Landlord. Evidence satisfactory to the Landlord that premiums thereon have been paid shall be given to the Landlord upon its demands therefor.

(m) Tenant will pay the amount of any increase in insurance premiums on all the buildings situate on the lands in Schedule "C" if such increase is caused by Tenant's operation in the demised premises.

(n) Tenant covenants that nothing will be done or omitted to be done whereby any policy shall be cancelled or the premises rendered uninsurable.

(o) Tenant will provide Landlord with a Certificate of Liability Insurance covering Tenant in respect of the demised premises in its operation therein to the extent of not less than $200,000.00 inclusive of all injuries or deaths to persons and damage to property of others arising from any one occurance.

(p) Landlord and Tenant hereby release each other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by fire or any of the extended coverage

or supplementary contract casualties, to the extent of any amount recovered by reason of such insurance, even if such fire or other casualties shall have been caused by the fault or negligence of the other party or by anyone for whom such party may be responsible.

7. PROVIDED AND IT IS HEREBY EXPRESSLY AGREED:

(a) That in case without the written consent of Landlord the demised premises shall become and remain vacant or not used for a period of thirty (30) days while the same are suitable for use by Tenant or be used by any other person than Tenant or in case the term hereby granted or any of the goods and chattels of Tenant shall be at any time seized or taken in execution or in attachment by any creditors of Tenant or Tenant shall make any assignment for the benefit of creditors or become bankrupt or insolvent or take the benefit of any act now or hereinafter in force for Bankrupt or insolvent debtors or any order shall be made for the winding-up of Tenant, then and in every such case the then current month's rent and the next ensuing three months' rent shall immediately become due and payable, and at the option of the Landlord, this lease shall cease and determine and the said term shall immediately become forfeited and void, in which event the Landlord may re-enter and take possession of the demised premises as though tenant or any occupant or occupants of the demised premises was or were holding over after the expiration of the term without any right whatever;

(b) Save as to injury or damage caused by negligence of Landlord its servants, workmen, or agents, that Landlord shall not in any event whatsoever be liable or responsible in any way for any personal injury or death that may be suffered or sustained by Tenant or any employee of Tenant or any other person who may be upon the demised premises or for any loss or damage or injury to any property belonging to Tenant or to its employees or to any other person while such property is on the demised premises and, in particular (but without limiting the generality of the foregoing) Landlord shall not be liable for any damage to any such property caused by steam, water,

rain, or snow which may leak into, issue or flow from any part of the said building or adjoining premises or from the water, steam, sprinkler or drainage pipes or plumbing works of the same or from any other place or quarter or for any damage caused by or attributed to the condition or arrangement of any electrical or other wiring or for any damage caused by anything done or omitted to be done by any Tenant;

(c) If the Tenant should hold over after the original term or any extended term hereof, such holding over shall be construed to be a tenancy from month to month only and shall have no greater effect, any custom, statute, law or ordinance to the contrary notwithstanding. Such month to month tenancy shall be governed by the terms and conditions hereof notwithstanding any statutory provision or rules of law with respect to the instance of the month to month lease; provided, however, that during any such period of holding over Tenant shall be required to pay only the monthly rental theretofore paid by Tenant under the terms hereof during the month immediately preceding the expiration or termination of this lease;

(d) That Tenant will not bring upon the demised premises or any part thereof any machinery, equipment, article or thing that by reason of its weight, size or use might damage the floors of the demised premises and that if any damage is caused to the demised premises by any machinery, equipment, article or thing or by overloading or by any act, neglect or misuse on the part of the Tenant or any of its servants, agents or employees or any person having business with tenant, tenant will forthwith repair the same or pay to Landlord the cost of making good the same;

(e) That tenant will indemnify and save harmless landlord of and from all liabilities, fines, suits, claims, demands and actions of any kind or nature to which Landlord shall or may become liable for or suffer by reason of any breach, violation or non-performance by Tenant of any covenant, term or provisions hereof or by reason of any injury or death resulting from, occasioned to or suffered by

any person or persons or any property by reason of any act, neglect or default on the part of Tenant or any of its agents, employees; such indemnification in respect of any such breach, violation or non-performance, damage to property, injury or death occuring during the term of the lease shall survive any termination of this lease, anything in this lease to the contrary notwithstanding;

(f) That in the event of Tenant failing to pay any taxes, rates, insurance premiums or charges which it has herein covenanted to pay, Landlord may pay the same and shall be entitled to charge the sums so paid to Tenant who shall pay them forthwith upon demand; and Landlord, in addition to any other rights, shall have the same remedies and may take the same steps for the recovery of all such sums as it might have and take for the recovery of rent and arrears under the terms of this lease; all arrears of rent and any moneys paid by Landlord hereunder shall bear interest at the rate of eight percent (8%) per annum from the time such arrears become due until paid to Landlord;

(g) That tenant will keep the demised premises and every part thereof in a clean and tidy condition and will not permit waste paper, garbage, ashes or waste or objectionable materials to accumulate thereon;

(h) Whenever in this lease reference is made to the demised premises it shall include all structures, improvements and erections in or upon the demised premises or any part thereof from time to time;

(i) Tenant shall from time to time at the request of the Landlord produce to Landlord satisfactory evidence of the due payment by Tenant of all payments required to be made by Tenant under this lease;

8. PROVIDED that tenant may remove its fixtures; provided further that Tenant shall not remove or carry away from the said premises any building or any plumbing, heating, or ventilating plant or equipment or other building services, but may remove air conditioning if installed by Tenant, except duct work, and all

machinery and equipment brought into and installed in the premises by Tenant for purposes of its business provided that Tenant shall repair any damage to the demised premises caused by such removal.

9. PROVISO for re-entry by Landlord on non-payment of rent or non-performance of covenants.

10. LANDLORD covenants with tenant for quiet enjoyment.

11. LANDLORD shall maintain and keep the exterior of the demised premises and the parking areas and common areas all in good order and condition.

12. PROVIDED that during the term hereby created any person or persons may inspect the said premises and all parts thereof at all reasonable times, on producing a written order to that effect, signed by Landlord or its agents.

13. PROVIDED that in case of removal by Tenant of the goods and chattels of Tenant from off the premises, Landlord may follow the same for thirty (30) days in the same manner as is provided for in the Landlord and Tenant Act.

14. PROVIDED that the Landlord shall have the right at any time during the last three months (3) of the term herein granted to place upon the demised premises a notice of reasonable dimensions and reasonable place so as not to interfere with Tenant's business, stating that the demised premises are for sale or to let; and further provided that Tenant will not remove such notice or permit the same to be removed.

15. SUBJECT to the right of the Tenant to remove its fixtures as hereinbefore provided for any building, erection or improvement placed or erected upon the demised premises shall become a part thereof and shall not be removed and shall be subject to all the provisions of this lease. No building, erection or improvement shall be erected upon the demised premises without the written, prior consent of Landlord.

16. PROVIDED and it is hereby expressly agreed that if and whenever during the term hereby demised the portion of the building

hereby demised shall be destroyed or damaged by fire, lightning or tempest, or any of the perils insured against under the provisions of this lease, then and in every such event;

(a) If the damage or destruction is such that the portion of the building hereby demised is rendered substantially unfit for occupancy or it is impossible or unsafe to use and occupy it and if in either event the damage in the opinion of Landlord, to be given in writing to Tenant within ten (10) days of the happening of such damage or destruction, cannot be repaired with reasonable diligence within Ninety (90) days from the happening of such damage or destruction, then either Landlord or Tenant may within ten (10) days next succeeding the giving of the Landlord's opinion as aforesaid terminate this lease by giving to the other notice in writing of such termination, in which event this lease and the term hereby demised shall cease and be at an end as of the date of such destruction or damage and the rent and all other payments for which Tenant is liable under the terms of this lease shall be apportioned and paid in full to the date of such destruction or damage; in the event that neither Landlord or Tenant so terminate this lease, than Landlord shall repair the said building with all reasonable speed and the rent hereby reserved shall abate from the date of the happening of the damage until the damage shall be made good to the extent of enabling Tenant to use and occupy the demised premises;

(b) If the damage be such that the portion of the building hereby demised is wholly unfit for occupancy, or if it is impossible or unsafe, to use or occupy it but if in either event the damage, in the opinion of Landlord, to be given to tenant within ten (10) days from the happening of such damage, can be repaired with reasonable diligence within Ninety (90) days from the happening of

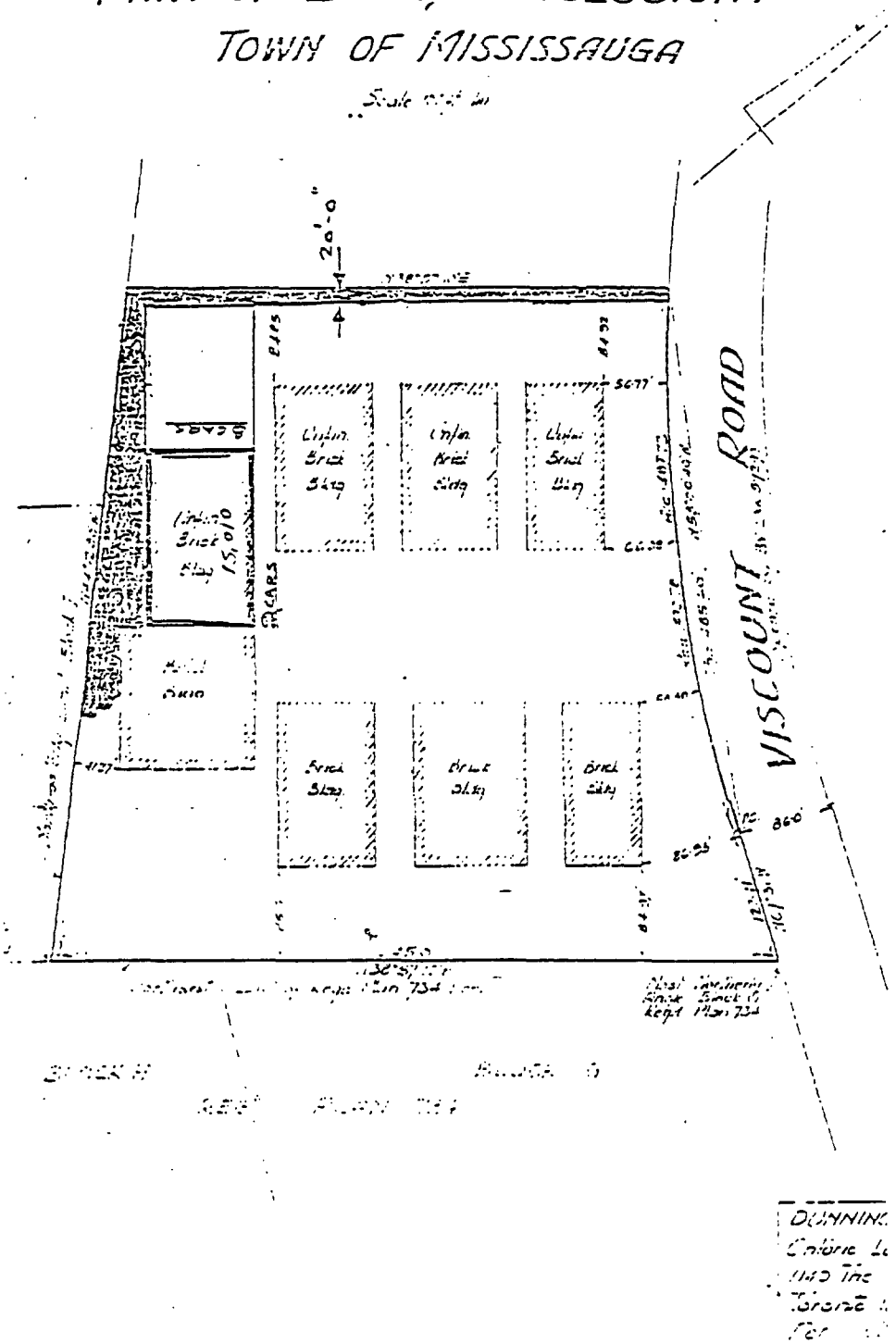
such damage, then the rent hereby reserved shall abate from the date of the happening of such damage until the damage shall be made good to the extent of enabling the Tenant to use and occupy the demised premises and Landlord shall repair the damage within 90 days from the happening of such damage.

(c) If in the opinion of the Landlord the damage can be made good as aforesaid within ninety (90) days from the happening of such destruction or damage and the damage is such that the portion of the building demised is capable of being partially used for the purposes for which it is hereby demised, then until such damage has been repaired the rent shall abate in the proportion that the part of the portion of the building demised is rendered unfit for occupancy bears to the whole of the said portion of the building demised the Landlord shall repair the damage with all reasonable speed, within 90 days from the happening of such damage.

17. LANDLORD declared that it may assign its rights under this lease to a Lending Institution as collateral security for a loan to Landlord and in the event that such assignment is given and executed by Landlord and notification thereof is given to Tenant by or on behalf of Landlord, it is expressly agreed between Landlord and Tenant that this lease shall not be cancelled or modified for any reason whatsoever except as provided for anticipate or permitted by the terms of this lease or by law, without the consent in writing of such Lending Institution.

TENANT COVENANTS AND AGREES WITH THE LANDLORD that it will, if and whenever reasonably required by the Landlord and at Landlord's expense, consent to and become a party to any instrument relating to this lease which may be required by or on behalf of any purchaser, Bank or mortgagee from time to time of the said premises; provided always that the rights of Tenant as hereinbefore set out be not altered or varied by the terms of any instrument or document.

# PLAN SHOWING
# PART OF LOT 7, CONCESSION 7
## TOWN OF MISSISSAUGA




E00207

18. THE TENANT shall have the right from time to time during the term hereby granted to erect, paint, display, maintain, alter, change or remove advertising signs, all such signs shall be dignified in appearance and shall be approved in writing by the Landlord as to dimensions, type, location and shall comply with the lawful requirements of Municipal and Governmental authorities. They shall remain the property of Tenant and shall be removed by it upon the termination of the term hereby granted. Upon the removal of any such signs the demised premises shall be restored to their original condition except for reasonable wear and tear. Tenant shall indemnify Landlord against any loss or damage caused to any person or thing as a result of the placing or use of any sign on the demised premises.

19. THE FAILURE of the Landlord to insist upon a strict performance of any of the agreements, terms, covenants and conditions hereof shall not be deemed a waiver of any rights or remedies that the Landlord may have and shall not be deemed a waiver of any subsequent breach of default in any of such agreements, terms, covenants and conditions.

20. IN THE EVENT that during the term herein granted the building now leased to Tenna Canada Limited at 5350 Viscount Road, Mississauga, becomes available for lease, the Tenant herein shall be afforded the first right of refusal of renting such building at the then prevailing rental rate; the landlord shall give to the tenant notice that the building is available for rent and the tenant shall have ten (10) days thereafter to enter into an agreement with the Landlord with respect to the rental of the same, failing which the Landlord shall be free to rent such building or buildings to whomsoever it may desire free of the provisions of this paragraph.

21. AND NOTICE to be given pursuant to this lease shall be sufficiently given if served personally upon one of the executive officers of the Landlord or the Tenant respectively or mailed, prepaid and registered, and addressed to the proper party as follows:

THE ORLANDO REALTY CORPORATION LIMITED
6205 Airport Road
Mississauga, Ontario
L4V 1E3

AUTOMOTIVE PARTS DIVISION BORG-WARNER
(CANADA LIMITED
The Demised Premises

The above addresses may be changed at any time hereinafter by giving thirty (30) days' notice in writing as hereinbefore provided. The date of receipt of such notice shall be deemed conclusively to be the date of delivery of such notice, if such notice is served personally or if mailed, twenty-four hours (24) after mailing. In the event that notices are to be mailed no such notices will be mailed during a period of postal disruption.

It is hereby further expressly agreed that these presents and all rights, advantages, privileges, immunities, powers and things hereby secured to, binding upon and exercisable by their respective successors and assigns, and all persons claiming by, through or under them or any of them and that all covenants, liabilities and obligations entered into by or imposed hereunder upon the Lessor and/or the Lessee shall be equally binding upon their respective successors and assigns and wherever in these presents reference is made to "persons" or "person" such expression shall be construed to include individuals, forms, syndicates, companies, corporations, and trustees, and where the context may require the singular shall include the plural and the masculine shall include the feminine and neuter.

IN WITNESS WHEREOF the Corporations have hereunto affixed their Corporate Seals duly attested to by the hands of their proper officers in that behalf.

THE ORLANDO REALTY CORPORATION LIMITED

Per: _____

Per: _____

AUTOMOTIVE PARTS DIVISION BORG-WARNER
(CANADA) LIMITED

Per: _____

Per: _____

5

SCHEDULE "B"

ALL AND SINGULAR that certain parcel or tract of land and premises situate lying and being in the Township of Toronto, in the County of Peel, Province of Ontario, and being composed of part of Lot 7, Concession 7, Southern Division, Township of Toronto Gore, now in the Township of Toronto, said parcel of land being described as follows:

PREMISING the northwesterly limit of Registered Plan 734, Peel has an assumed bearing of North 38 degrees 57 minutes 10 seconds east and relating all bearings herein thereto;

COMMENCING at the most northerly angle of Block G, Plan 734, Peel;

THENCE South 38 degrees 57 minutes 10 seconds west, along the northwesterly limit of Registered Plan 734 a distance of 645.0 feet to the most easterly angle of Block I, RegisteredPlan 734;

THENCE North 44 degrees 12 minutes 30 seconds West along the northeasterly limit of Block I, and its production northerly a distance of 604.32 feet to its intersection with a line drawn parallel with and distant 600.0 feet measured northwesterly from and at right angles to the northwesterly limit of Registered Plan 734;

THENCE North 38 degrees 57 minutes 10 seconds East along said parallel line a distance of 479.60 feet to its intersection with the southwesterly limit of Viscount Road as opened by By-Law 5929 regis as No. 11477V.F.

THENCE Southeasterly along the southwesterly limit of Viscount Road being along a curve to the left of Radius 1470.78 feet an arc distance of 427.72 feet (Chd 426.60 feet South 58 degrees 0 minutes 40 seconds east) to the end of said curve;

THENCE South 67 degrees 31 minutes east continuing along the southwesterly limit of Viscount Road a distance of 123.11 feet more or less to the point of commencement.

SCHEDULE "C"

| CUST # | CUST NAME | TOTAL BALANCE |
|---|---|---|
| 0119000 | SUNDRY RECEIVABLES | [illegible] |
| 0201105 | ACTIVE GEAR CO OF C | 801 28 |
| 0201305 | ALL-TRANS SUPPLY LTD | 42,754.00 |
| 0201405 | AUTO MANUAL TRANSMIS | 15,771.65 |
| 0202075 | BASE AUTOMOTIVE WAREHOUSE | 853.14 |
| 0203103 | CAN WEST DISTRIBUTOR | 1,910 43 |
| 0203205 | CANADIAN PERFORMANCE | 675.93 |
| 0203305 | CENTRAL PRECISION | 233.18 |
| 0203405 | CHASSIS SERVICE LIMITED | 3,157.29 |
| 0204103 | DEALER'S TRUCK EQUIPMENT | 294.73 |
| 0204104 | DAVES AUTO PARTS LIMITED | 486.35 |
| 0204105 | DANZY DISTRIBUTING | 5,636.58 |
| 0208305 | HAYES-DANA PARTS CO. LTD | 5,005.80 |
| 0208306 | HAYES-DANA/HEAVY DUT | 4,993.90 |
| 0208405 | HAWKER-SIDDLEY (FORE | 777.11 |
| 0211105 | K C.G AUTOMOTIVE | 14,124.52 |
| 0212015 | L & M TRUCK PARTS | 4,967.65 |
| 0212105 | LANSAIR LIMITED | 58,333.86 |
| 0212113 | LANSAIR-REGINA | 1,343.19- |
| 0212124 | LANSAIR-WINNIPEG | 505 04- |
| 0213103 | MAIER'S WAREHOUSE SERVICE | 11,101.10 |
| 0213205 | MASCOT TRUCK PARTS | 3,449.13 |
| 0213305 | MASLACK SUPPLY LIMITED | 992.15 |
| 0213405 | MODERN SALES-KEN AND | 332.74 |
| 0213407 | MODERN SALES-AUTO SU | 670.79 |
| 0213415 | MODERN SALES-BREWERS AUTO | 304.58 |
| 0213425 | MODERN SALES-CENTRAL | 97.24 |
| 0213434 | MODERN SALES-WESTERN | 70.69 |
| 0213465 | MODERN SALES-GARAGE | 164 12 |
| 0213475 | MODERN SALES-GENERAL | 23 69 |
| 0213485 | MODERN SALES-THE AUT | 44 72 |
| 0213505 | MOTO-RITE LIMITED | 511.55 |
| 0213515 | MODERN SALES-TWIN CI | 123 08 |
| 0213535 | MODERN SALES-PARRY A | 194.64 |
| 0213545 | MODERN SALES-FERRIS | 989.24 |
| 0213565 | MODERN SALES-BERCO A | 5 40 |
| 0213575 | MODERN SALES-H & S SUPPLY | 62.40 |
| 0213585 | MODERN SALES-UNIV. I | 124.12 |
| 0213595 | MODERN SALES-BAYVIEW | 476.32 |
| 0213605 | MODERN SALES-ADVIC B | 31.17 |
| 0213615 | MODERN SALES-HERB RE | 285.72 |
| 0213625 | MODERN SALES-BOB LLO | 12.10 |
| 0215105 | O G A IMPORT AUTO | 346.86 |
| 0216205 | PROVINCIAL BRAKE AND | 4,939.83 |
| 0218204 | REX WAREHOUSE DISTRI | 5,344.73 |
| 0219124 | R.E. SPEAR OF CANADA LTD. | 218 40- |
| 0219134 | R.E. SPEAR--REGINA | 1,616 88 |
| 0219144 | R.E. SPEAR--BURNABY | 1,793 69 |
| 0219154 | R.E. SPEAR--SASKATOON | 2,035 80 |
| 0219164 | R.E. SPEAR--VICTORIA | 986.70 |
| 0219174 | R.E. SPEAR--LONDON | 828.91 |
| 0219184 | R.E. SPEAR--EDMONTON | 3,880.51 |
| 0219194 | R.E. SPEAR--CALGARY | 7,246.20 |
| 0219204 | R.E. SPEAR--DOWNSVIEW | 734.01- |
| 0219214 | R.E. SPEAR--MONTREAL | 94.90- |
| 0219305 | SILVERLINE MOTOR PRODUCTS | 1,418.62 |

SCHEDULE "C" (continued)

| CUST # | CUST NAME | TOTAL BALANCE |
|---|---|---|
| 0219403 | SPEED & CUSTOM SUPPLY | 3,464.45 |
| 0220105 | T.B.G. WAREHOUSING L | 342.15 |
| 0220305 | TRUCK AID-B & I TRUCK | 92.01 |
| 0220325 | TRUCK AID-TRUCK PART | 61.88 |
| 0220326 | TRUCK AID-CAMIONNEX INC. | 272.53 |
| 0220346 | TRUCK AID-CENTRE DU | 65.55 |
| 0220347 | TRUCK AID-BJ'S TRUCK | 456.38 |
| 0220405 | TRUCK & GEAR WAREHOU | 9,585.91 |
| 0223054 | PRAIRIE REMANUFACTUR | 5,696.44 |
| 0223104 | WES-T-RANS LIMITED | 9,829.31 |
| 0301016 | A.B.C. AUTO EQUIPMENT | 2,941.52 |
| 0301306 | AUTO LECTRA INC. | 123.93 |
| 0302016 | BATIST AUTO SUPPLY | 3,685.20 |
| 0302106 | BOMBARDIER LIMITED | 1,764.94 |
| 0303206 | CANADIAN TRADE | 217.09- |
| 0303306 | CENTURY AUTOMOTIVE CORP. | 74,036.85 |
| 0309106 | IMPORTATION EXPERT | 7.20 |
| 0309206 | INTERPROVINCIAL AUTO | 3,459.63 |
| 0312106 | LANSAIR-MONTREAL | 1,209.86- |
| 0312116 | LANSAIR-PLAZA | 339.52- |
| 0312126 | LANSAIR-QUEBEC | 408.85- |
| 0312206 | PHIL LAROCHELLE EQUI | 757.77 |
| 0313206 | I C M AUTOMOTIVE LIMITED | 19,589.17 |
| 0313306 | METROPOLITAN TRUCK C | 4,183.14 |
| 0318106 | RICHLER AUTOMOTIVE | 180.19 |
| 0318206 | REMTEC INC. | 1,686.71 |
| 0318306 | MARCEL ROCHETTE LTEE | 3,420.50 |
| 0319105 | S & S AUTO PARTS | 442.81 |
| 0319107 | SCOTIA EQUIPMENT LIMITED | 5,951.22 |
| 0319206 | SPEED & SPORT CENTER INC. | 1,276.05 |
| 0320206 | UAP INC.-TRACTION SP | 9,232.80 |
| 0321106 | UNI-SELECT | 3,382.27 |
| 0401012 | ATLAS TRAILER COACH | 7,788.30 |
| 0401101 | A.R AUTOMATIC TRANS | 2,641.30 |
| 0401102 | AZTEC WAREHOUSE DIST | 5,831.06 |
| 0401202 | A.W.D.L. | 41,962.89 |
| 0401402 | POWER TRAIN INDUSTRIES | 4,476.82 |
| 0401501 | D. V. ALDOUS AND COMPANY | 14,610.99 |
| 0401602 | ALPAC WAREHOUSES LTD. | 9,575.01 |
| 0401651 | ALLIED WHOLESALE DIS | 3,649.53 |
| 0402012 | B C. BEARING ENGINEE | 5,481.17 |
| 0402201 | BERT'S AUTOMOTIVE | 4,403.64 |
| 0403122 | CAN WEST TRANS. PART | 4,099.88 |
| 0404102 | DIETRICH'S TRUCK EQU | 550.55 |
| 0404201 | DIX PERFORMANCE LTD. | 7,809.43 |
| 0405101 | E AND F TRADING | 8,900.87 |
| 0406011 | FENIX DISTRIBUTORS LTD. | 7,631.33 |
| 0408051 | HI-FORT DISTRIBUTORS | 247.81 |
| 0410101 | J AND B AUTOMOTIVE | 7,004.33 |
| 0412102 | LANSAIR-CALGARY | 232.99- |
| 0412112 | LANSAIR-EDMONTON | 655.40- |
| 0412121 | LANSAIR-KELOWNA | 189.04- |
| 0412131 | LANSAIR-VANCOUVER | 9.04- |
| 0412141 | LANSAIR-VICTORIA | 218.58- |
| 0412201 | LYMAN'S WAREHOUSE DIST | 7,510.12 |
| 0419202 | STANDENS LIMITED | 155.30 |

SCHEDULE "C" (continued)

| CUST # | CUST. NAME | TOTAL BALANCE |
|---|---|---|
| 0420101 | TRANSMISSION PARTS W | 24,392.76 |
| 0501505 | AUTO STAN TRANSMISSI | 2,060.10 |
| 0502105 | BARTLETT'S BRAKE AND | 863.23 |
| 0503105 | C.A.R. WAREHOUSING | 8,773.88 |
| 0503215 | CANADIAN TRADE | 402.32 |
| 0503355 | CENTURY AUTOMOTIVE CORP. | 80.48 |
| 0508115 | HUSKY CLUTCH LIMITED | 42.37- |
| 0512115 | LANSAIR-HAMILTON | 660.54- |
| 0512125 | LANSAIR-LONDON | 1,456.52- |
| 0514205 | NORTHERN PERFORMANCE | 1,367.26 |
| 0514305 | NORTHERN PERFORMANCE | 559.69 |
| 0516305 | PERFORMANCE IMPROVEMENT | 1,701.77 |
| 0519115 | SCHWARTZ AUTO TRUCK | 1,187.46 |
| 0519205 | SPEEDY BRAKE & CLUTC | 100.46 |
| 0520115 | THODY | 1,305.10- |
| 0521105 | UNITED ALTERNATOR & | 1,532.99 |

TOTALS

PERCENTAGES 32.90

38.97

38.35

SCHEDULE "D"

(Representations and Warranties)

1. Status: The Vendor has been duly incorporated and amalgamated and organized and is a valid and subsisting corporation in good standing under the laws of Ontario, is entitled to carry on the Business and is duly qualified to do business in Ontario, the only jurisdiction in which the Division owns or leases substantial property.

2. Residence: The Vendor is a resident of Canada for the purposes of Part I of the Income Tax Act (Canada), as amended.

3. Financial Statement: The Closing Balance Sheet was prepared in accordance with generally accepted accounting principles applied on a consistent basis.

4. Ordinary Course: Since the Effective Date, except for transactions contemplated by this agreement or the Asset Agreement, the Business has been carried on in the ordinary course, in carrying on the Business no transactions out of the ordinary course of the Business have been entered into in respect of the Division and there has not been any material adverse change in the affairs of the Business, financial or other.

5. Preference Shares: At the Closing Date under the Asset Agreement, no preference shares in the capital of the Purchaser shall be outstanding.

SCHEDULE "D"

(Representations and Warranties)

1. Status: The Vendor has been duly incorporated and amalgamated and organized and is a valid and subsisting corporation in good standing under the laws of Ontario, is entitled to carry on the Business and is duly qualified to do business in Ontario, the only jurisdiction in which the Division owns or leases substantial property.

2. Residence: The Vendor is a resident of Canada for the purposes of Part I of the Income Tax Act (Canada), as amended.

3. Financial Statement: The Closing Balance Sheet was prepared in accordance with generally accepted accounting principles applied on a consistent basis.

4. Ordinary Course: Since the Effective Date, except for transactions contemplated by this agreement or the Asset Agreement, the Business has been carried on in the ordinary course, in carrying on the Business no transactions out of the ordinary course of the Business have been entered into in respect of the Division and there has not been any material adverse change in the affairs of the Business, financial or other.

5. Preference Shares: At the Closing Date under the Asset Agreement, no preference shares in the capital of the Purchaser shall be outstanding.

. Ownership of Shares: All of the issued and outstanding shares of the Purchaser, will, immediately prior to the closing of the transaction contemplated by the Asset Agreement, be validly issued, fully paid and non-assessable and will be owned by Borg-Warner, free and clear of any liens or encumbrances.

7. Corporate Authority: The Vendor has all requisite corporate power and authority to execute, deliver and perform this Agreement and the transactions provided herein; this Agreement has been duly authorized, executed and delivered by the Vendor and constitutes a valid and binding obligation of the Vendor enforceable against it in accordance with its terms.

## SCHEDULE "E"

(Conditions Precedent)

1. Verification: All representations and warranties contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of that date.

SCHEDULE "F"

BORG-WARNER (CANADA) LIMITED - AUTOMOTIVE PARTS DIVISION

BALANCE SHEET AS AT FEBRUARY 28, 1981

| | | |
|---|---|---|
| **Current Assets** | | |
| Accounts Receivable | | 586,750 |
| Allowance for doubtful accounts | ( | 13,890 ) |
| Intercompany accounts receivable | | 95,855 |
| Other accounts receivable | | 45,078 |
| Inventory | | 928,256 |
| Prepaids | | 9,257 |
| Total current assets | | 1,651,306 |
| Warehouse equipment | | 46,562 |
| Office furniture and equipment | | 7,128 |
| Less accumulated depreciation | ( | 23,527 ) |
| Total fixed assets | | 30,163 |
| Other assets (Leasehold Improvements net) | | 8,049 |
| Total Assets | | 1,689,518 |
| **Current Liabilities** | | |
| Accounts Payable | | 44,550 |
| Intercompany payables | | 37,195 |
| Accruals | * | 15,931 |
| Total current liabilities | | 97,676 |

SCHEDULE "F" (Continued)

| | |
|---|---|
| Brought Forward ... | 97,676 |
| Outstanding cheques | 17,915 |
| Capital investment account | 1,607,974 |
| Loss (January and February, 1981) | ( 34,047 ) |
| | 1,591,852 |
| Total ... | $1,689,518 |

* includes:

| | |
|---|---|
| Accruals | 16,231 |
| Petty cash | ( 300 ) |
| | $15,931 |

SCHEDULE "G"

EMPLOYEES

| NAME | SOCIAL INSURANCE # |
|---|---|
| Keith Nicholls | 402 404 750 |
| Roy Locke | 433 467 253 |
| James McEwan | 451 785 208 |
| Cheryl Tayman | 458 438 066 |
| Timothy Walsh | 449 681 634 |
| Frank Twerdun | 407 233 469 |
| Hendrik Glastra | 424 455 939 |
| Claude Avon | 219 431 350 |
| Shelley Rowe | 465 047 488 |
| Michael O'Leary | 453 947 673 |