



Court File No. 32-158796

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)	MONDAY, THE 11 TH DAY
)	
JUSTICE MCEWEN)	OF MAY, 2015

**IN THE MATTER OF THE PROPOSAL OF
CANADIAN INDUSTRIAL DISTRIBUTORS INC.,
A COMPANY INCORPORATED PURSUANT TO THE LAWS OF ONTARIO,
WITH A HEAD OFFICE IN THE CITY OF BRAMPTON,
IN THE PROVINCE OF ONTARIO**

APPROVAL AND VESTING ORDER

THIS MOTION, made by Canadian Industrial Distributors Inc. (“**CID**”), for an order, *inter alia*, approving the sale transaction (the “**Transaction**”) contemplated by the asset purchase agreement between CID, as vendor, and CID Bissett Fasteners Limited (“**CBFL**”) and Lance Bissett Limited (“**LBL**” and, together with CBFL, the “**Purchaser**”), as purchaser, dated April 28, 2015 (the “**APA**”), a copy of which is appended to the Second Report of The Fuller Landau Group Inc., in its capacity as the proposal trustee of CID (in such capacity, the “**Proposal Trustee**”) dated April 30, 2015 (the “**Second Report**”), filed, and vesting in the Purchaser CID’s right, title and interest in and to the Purchased Assets (as defined in the APA), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Larry Johns sworn April 30, 2015 and the Second Report, and on hearing the submissions of counsel for CID, counsel for the Proposal Trustee, counsel for the Purchaser and such other counsel as were present, no one appearing for any other

person on the service list, although properly served as appears from the affidavit of service of Eunice Baltkois sworn April 30, 2015, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the APA by CID is hereby authorized and approved, with such minor amendments as CID and the Purchaser, with the consent of the Proposal Trustee, may deem necessary. CID is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a certificate by the Proposal Trustee to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Proposal Trustee's Certificate**"), all of CID's right, title and interest in and to: (i) the Accounts Receivable (as defined in the APA) and the Inventory (as defined in the APA) shall vest absolutely in LBL; and (ii) the Purchased Assets (as defined in the APA) other than the Accounts Receivable and the Inventory shall vest absolutely in CBFL, in each case free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"), including, without limiting the generality of the foregoing: (i) any

encumbrances or charges created by the Order of the Honourable Justice McEwen dated March 23, 2015; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS** that CID be and is hereby authorized and directed to distribute certain funds from the proceeds of the sale of the Purchased Assets to HSBC Bank of Canada (“**HSBC**”), without further Order of this Court, on account of CID’s secured indebtedness owing to HSBC for principal, interest and costs, up to the amount of CID’s secured indebtedness owing to HSBC.

6. **THIS COURT ORDERS** that the Proposal Trustee may rely on written notice from CID and the Purchaser regarding the fulfillment of the conditions to closing under the APA and shall incur no liability with respect to the delivery of the Proposal Trustee’s Certificate based on such reliance.

7. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, CID is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in CID's records pertaining to CID's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by CID.

9. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of CID and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of CID,

the APA, the Transaction and the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of CID and shall not be void or voidable by creditors of CID, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other

applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any other equivalent federal or provincial legislation.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist CID, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to CID and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist CID, the Proposal Trustee and their respective agents in carrying out the terms of this Order.



Schedule "A"
Form of Proposal Trustee's Certificate

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IN THE MATTER OF THE PROPOSAL OF
CANADIAN INDUSTRIAL DISTRIBUTORS INC.,
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PROPOSAL TRUSTEE'S CERTIFICATE

RECITALS

A. On February 24, 2015, Canadian Industrial Distributors Inc. ("**CID**") filed a Notice of Intention to Make a Proposal ("**NOI**") under section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and The Fuller Landau Group Inc. was named as the trustee under the NOI (in such capacity, the "**Proposal Trustee**").

B. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 11, 2015 (the "**Approval and Vesting Order**"), the Court approved the asset purchase agreement between CID, as vendor, and CID Bissett Fasteners Limited and Lance Bissett Limited (collectively, the "**Purchaser**"), as purchaser, dated April 28, 2015 (the "**APA**"), and provided for the vesting in the Purchaser of CID's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming: (i) the Purchaser has satisfied the Purchase Price for the Purchased Assets pursuant to the APA; (ii) the conditions

to closing as set out in the APA have been satisfied or waived by CID and the Purchaser; and
(iii) the transaction contemplated by the APA has been completed to the satisfaction of the
Proposal Trustee.

C. Unless otherwise indicated herein, capitalized terms shall have the meanings ascribed to
them in the APA.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. the Purchaser has satisfied the Purchase Price for the Purchased Assets pursuant to the
APA;
2. the conditions to closing as set out in the APA have been satisfied or waived by CID and
the Purchaser;
3. the transaction contemplated by the APA has been completed to the satisfaction of the
Proposal Trustee; and
4. this Certificate was delivered by the Proposal Trustee at _____ on
_____, 2015.

THE FULLER LANDAU GROUP INC., in its
capacity as the proposal trustee of Canadian
Industrial Distributors Inc., and not in its personal
capacity

Per: _____
Name:
Title:

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Proceedings commenced at Toronto

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