

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE MADAME

)

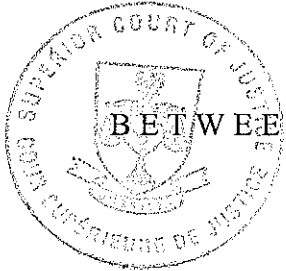
TUESDAY, THE 31<sup>ST</sup> DAY

JUSTICE PEPALL

)

OF MARCH, 2009

)



BETWEEN:

HSBC BANK CANADA

Applicant

and

HARWELL HESCO ELECTRIC SUPPLY CO. LIMITED

Respondent

IN THE MATTER OF AN APPLICATION PURSUANT TO  
SECTION 47(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED AND  
SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c.C.43, AS AMENDED

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte & Touche Inc. in its capacity as the Court-appointed interim receiver and receiver (the "Receiver") of the undertaking, property and assets of Harwell Hesco Electric Supply Co. Limited (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by the conditionally accepted liquidation proposal (the "Sale Agreement") between the Receiver and Danbury Industrial (the "Purchaser") made as of March

19, 2009 and appended to the First Report of the Receiver dated March 24, 2009 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets referred to in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

*sl* ✓ ON READING the Report and on hearing the submissions of counsel for the Receiver, *counsel for George T. Vassallo, and Joseph G. Vassallo, unrepresented* ✓, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Renee McNish sworn March 27, 2009 filed:

1. THIS COURT ORDERS AND DECLARES that the time for service of the Notice of Motion and Motion Record in respect of this motion be and it is validated and abridged, if necessary, such that this Motion is properly returnable today.
2. THIS COURT ORDERS AND DECLARES that the Report, and the actions of the Receiver set out therein be and are hereby approved.
3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and that the Sale Agreement is commercially reasonable and in the best interests of the Debtor and its stakeholders. The execution of the Sale Agreement by the Receiver is hereby authorized and approved, and the Receiver 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.
4. THIS COURT ORDERS AND DECLARES that, subject to paragraph 5 of this Order, upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets referred to in the Sale Agreement shall vest absolutely in the Purchaser, 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 Madam Justice Pepall

dated March 2, 2009; 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.

5. THIS COURT ORDERS that in the event that the Purchaser fails to account for the sale proceeds as provided for in paragraph 10(e) of the Sale Agreement, all of the right, title and interest in and to the Purchased Assets that are unsold and remaining in the Purchaser's possession at such time, shall revert to the Receiver upon application to and approval by this Court.

6. 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 Receiver'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.

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

8. 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 the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

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 the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement,

fraudulent preference, assignment, fraudulent conveyance 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.

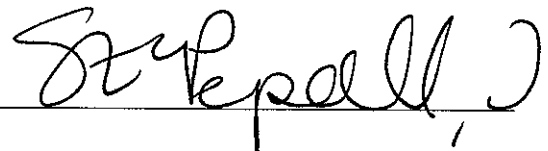
9. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

10. 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 the Receiver and its 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 the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

11. THIS COURT ORDERS that the unredacted copy of the Sale Agreement dated March 19, 2009, shall be treated as confidential and shall be segregated from the other documents filed in connection with this motion and shall be provided to the Court in a sealable envelope marked with the following label:

Pursuant to an order dated March 31, 2009 (the "Order"), this envelope shall be and remain sealed in the court file and shall not be opened until the closing of the Transaction pursuant to the Sale Agreement or upon further order of the Court.

and that the sealed envelope shall not be opened until the closing of the Transaction pursuant to the Sale Agreement or upon further order of the Court.



ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

MAR 31 2009

PER / PAR: 

**Schedule A – Form of Receiver’s Certificate**

Court File No. CV-09-8035-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
IN BANKRUPTCY AND INSOLVENCY**

**BETWEEN:**

**HSBC BANK CANADA**

Applicant

and

**HARWELL HESCO ELECTRIC SUPPLY CO. LIMITED**

Respondent

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Madam Justice Pepall of the Ontario Superior Court of Justice (the "Court") dated March 2, 2009, Deloitte & Touche Inc. was appointed as the interim receiver and receiver (the "Receiver") of the undertaking, property and assets of Harwell Hesco Electric Supply Co. Limited (the "Debtor").

B. Pursuant to an Order of the Court dated March 31, 2009, the Court approved the accepted liquidation proposal made as of March 19, 2009 (the "Sale Agreement") between the Receiver and Danbury Industrial (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’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 Receiver to the Purchaser of a certificate confirming the payment of the deposit in the amount of \$125,000 by the Purchaser.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received a deposit in the amount of \$125,000 towards the Purchase Price for the Purchased Assets payable pursuant to the terms of the Sale Agreement; and
2. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**DELOITTE & TOUCHE INC., in its capacity  
as Receiver of the undertaking, property and  
assets of Harwell Hesco Electric Supply Co.  
Limited, and not in its personal capacity**

Per: \_\_\_\_\_  
Name:  
Title:

HSBC BANK CANADA  
Applicant

-and-

HARWELL HESCO ELECTRIC SUPPLY CO. LIMITED  
Respondent

Court File No. CV-09-8035-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**  
**IN BANKRUPTCY AND INSOLVENCY**  
**PROCEEDING COMMENCED AT**  
**TORONTO**

**APPROVAL AND VESTING ORDER**

**BAKER & MCKENZIE LLP**  
Barristers & Solicitors  
181 Bay Street, P.O. Box 874  
Suite 2100  
Toronto, ON., M5J 2T3

J. Brian Casey (15895A)  
Tel : (416) 865-6979

David Gadsden (50749U)  
Tel : (416) 865-6983

Fax: (416) 863-6275

Lawyers for the Receiver  
Deloitte & Touche Inc.