

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.) TUESDAY, THE 16TH
JUSTICE CAMPBELL) DAY OF JANUARY, 2008

B E T W E E N:

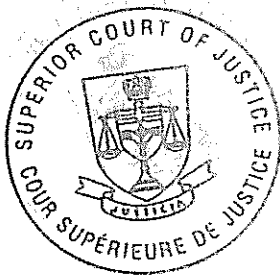
**LASALLE BUSINESS CREDIT, A DIVISION OF
ABN AMRO BANK N.V., CANADA BRANCH**

Applicant

- and -

GENFAST MANUFACTURING COMPANY

Respondent



ORDER

THIS MOTION, made by counsel for LaSalle Business Credit, a Division of ABN AMRO Bank N.V., Canada Branch (the “Bank”) and KPMG Inc. in its capacity as the Court-appointed Receiver of Genfast Manufacturing Company (“the Receiver”), was heard this day at 330 University Avenue, Toronto, Ontario.

UPON READING the Eighth Report of the Receiver dated January 11, 2008 (the “Report”), and upon hearing the submissions of counsel for the Bank, the Receiver of Genfast Manufacturing Company (the “Company”), the Monitor, the United Steel Workers of America (the “USW”), MNP Corporation, General Fasteners Company, Utica Leaseco, LLC (“Utica”) and PricewaterhouseCoopers, the administrator of the Genfast Manufacturing Company Retirement Plan for Salaried Employees and the administrator of the Genfast Manufacturing Company Bargaining Unit Pension Plan Members of United Steel Workers of America (the “Pension Administrator”);

1. **THIS COURT ORDERS AND DECLARES** that the time for service and filing of the Notice of Motion and the materials therein be and is hereby abridged, if necessary, and that all persons requiring notice of this Motion have been duly served with notice thereof, and that the service including the form, manner and time thereof be and is hereby validated, and that further service thereof be and is hereby dispensed with.
2. **THIS COURT ORDERS AND DECLARES** that the Report be and is hereby approved and accepted and that the activities and conduct of KPMG Inc., in its capacity as the Receiver, to date, as more particularly described in this Report, be and are hereby approved.
3. **THIS COURT ORDERS AND DECLARES** that any claim of privilege over the Records (as defined in the Fifth Report of the Receiver dated October 29, 2007) by all parties, including, but not limited to, the Shareholders (as defined in the Report), has been waived.
4. **THIS COURT AUTHORIZES AND DIRECTS** the Receiver to destroy any and all Records of the Company which either predate October 2001 or relate to shipping, inspection, sales, quality, purchasing, freight, timesheet and accounts receivable records of the Company located at Iron Mountain (as defined in the Report) but:
 - (a) any records which are marked "Human Resources", "Accounting", "Payroll" shall not be destroyed prior to the completion of production and examinations with respect to the Disputed Pension Claims (as defined in the Report) except with the written consent of the Pension Administrator or by further Order of this Court; and
 - (b) any Records which are marked "Accounting", "Sales", "Purchasing" and "Shipping" and all Records after 2003 shall not be destroyed except with the written consent of the USW or by further Order of this Court, with any review of the records by the USW to be conducted pursuant to a timetable to be agreed upon between the Receiver and the USW.

5. **THIS COURT ORDERS AND DECLARES** that the security held by the Bank is valid and enforceable against the property, assets and undertaking of the Company and, subject to the Charges described at paragraph 18-24 of the Order of the Honourable Mr. Justice Campbell dated April 5, 2007, is first ranking in priority to all other liens, claims and encumbrances of any kind, other than:

- (a) any claim asserted by MNP Corporation, General Fasteners Company or Utica Leaseco, LLP; or
- (b) any liens, claims or encumbrances or trusts asserted by persons who have not received notice of this motion

and which arise by operation of statute, common law, equity, or as determined by a court of competent jurisdiction, to the extent that these are determined by a court of competent jurisdiction, to be payable in priority to or *pari passu* with the Bank's security.

6. **THIS COURT ORDERS AND DECLARES** that the Receiver is hereby authorized and directed to reserve from the funds in the possession of the Receiver the amount of U.S. \$1,263,278.00 (the "Lease One Reserve") and the amount of U.S. \$656,905.00 (the "Lease Two Reserve") together with any accrued or occurring interest (the Lease One Reserve and the Lease Two Reserve are collectively referred to herein as the "Priority Dispute Reserves"), as defined in the Report, and to hold and not distribute the Priority Dispute Reserves pending further Order of this Court.

7. **THIS COURT ORDERS AND DECLARES** that notwithstanding paragraph 5, the priority in respect of the Priority Dispute Reserves is subject to agreement between the Applicant and Utica or further Order of this Court.

8. **THIS COURT ORDERS AND DECLARES** that notwithstanding paragraph 6 of this Order, the Receiver is hereby authorized and directed to distribute the Lease One Reserve or otherwise comply with an Order (from which all rights of appeal have expired, or in the event appeals have been instituted, all such appeals have been finally disposed of), rendered by this Honourable Court as a result of the motion heard


October 30, 2007 to determine priority to those funds, or as agreed to in writing by the Bank and Utica.

9. **THIS COURT ORDERS AND DECLARES** that the Receiver was in occupation of the Premises no later than January 15, 2008 and that the Receiver is no longer responsible for occupancy costs, including utilities and security after January 15, 2008, provided, however, that the issue of the Receiver's occupation, if any, and liability for occupancy costs, if any, including security and utilities, for the period between December 25, 2007 and January 15, 2008 is all without prejudice to the Landlord and the Receiver's positions with respect to liability for occupancy costs and damages for that period, which determination of liability is subject to further order of the Court or agreement between the Landlord and the Receiver.
10. **THIS COURT ORDERS AND DIRECTS** that the Receiver shall discontinue the security and utilities in respect of the Premises as at 11:59 p.m. on January 15, 2008, nunc pro tunc, all without prejudice to the Receiver's right to claim a credit (against amounts which are determined to be owed by the Receiver to the Landlord for occupancy costs or for damages, repairs or clean up costs), reimbursement or refund of any costs of the security and utilities from the Landlord in respect of the Premises incurred by the Receiver for the period between December 25, 2007 and January 15, 2008 and the Landlord's position to dispute the same, which claims are subject to further order of the Court or agreement between the Landlord and the Receiver.
11. **THIS COURT ORDERS AND DECLARES** that the Receiver is hereby authorized and directed to reserve from the funds in the possession of the Receiver the amount of CDN\$366,000.00 (the "Landlord Reserve") in respect of the maximum amount of the Receiver's liability to the Landlord (as defined in the Report) in connection with the Receiver's occupation of the Premises, which reserve is broken down into the following sub-reserves: (a) the maximum liability, if any, for disputed occupancy costs, including utilities and security, for the period from December 25, 2007 and January 15, 2008 shall be CDN\$266,000, (b) the maximum, if any, for alleged damages and repairs to and clean

up in respect of the Premises shall be CDN\$90,000, and (c) the maximum liability, if any, for the Landlord's legal costs shall be CDN\$10,000, as described in the Report, and to hold and not distribute the Landlord Reserve pending further Order of this Court with respect to the Receiver's liability, if any, to the Landlord with respect to such amounts and distribution of the Landlord Reserve, and the establishment of the Landlord Reserve shall be without prejudice to the Receiver's right to dispute that the Receiver has any liability to the Landlord with respect to such amounts.

12. **THIS COURT ORDERS AND DECLARES** that the Receiver is hereby authorized and directed to reserve from the funds in the possession of the Receiver the amount of \$320,542.55 (the "CCAA Payables Reserve"), as described in the Report, and hold and not distribute the CCAA Payables Reserve pending further Order of this Court.
13. **THIS COURT ORDERS AND DECLARES** that, subject to the Bank's obligation to disgorge any amount if it, by subsequent Order of a Court of competent jurisdiction, is found to have been overpaid, the Receiver is authorized and directed to forthwith distribute and pay U.S. \$13,606,457.45 to the Bank to be applied by the Bank to repay in full all indebtedness secured by the DIP Charge (as defined in the Report), with the balance to be applied by the Bank as a permanent reduction of the Bank's remaining indebtedness.
14. **THIS COURT ORDERS AND DECLARES** that, notwithstanding the pendency of these proceedings, or the provisions of any federal or provincial statute, the distribution of the funds in accordance with this Order shall be binding on the Trustee in Bankruptcy of the Company and shall not be voidable by creditors or claimants of the Company, nor shall the payments constitute nor be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor do they constitute conduct which is oppressive, unfairly prejudicial to or which unfairly disregards the interest of any person.

15. **THIS COURT ORDERS** that nothing in this Order shall be construed as or has the effect of limiting or extinguishing any claim, right of action, defence, or counterclaim available to the Bank, Utica, MNP Corporation, General Fasteners Company, Craig Stormer or Thomas Klein in the U.S. Litigation (as defined in the Report).



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

JAN 17 2008

PER/PAR: 

LASALLE BUSINESS CREDIT,
A DIVISION OF ABN AMRO BANK N.V.,
CANADA BRANCH
Applicant

v.

GENFAST MANUFACTURING COMPANY

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding Commenced at TORONTO

ORDER

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9

Milly Chow - LSUC #35411D
Phone: (416) 863-2594

Michael McGraw - LSUC#46679C
Phone: (416) 863-4247
Fax: (416) 863-2653

Solicitors for KPMG Inc. in its capacity as
Receiver of the property, assets and undertaking of
Genfast Manufacturing Company