Court File No. 03-CL-5145

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 17TH
	)	
JUSTICE FARLEY	)	DAY OF DECEMBER, 2004

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 or Plans of Compromise or Arrangement of Ivaco Inc. and the Applicants listed in Schedule "A"

DISTRIBUTION ORDER (IVACO SALES PROCEEDS)

THIS MOTION, made by the Applicants listed on Schedule "A" hereto ("Ivaco"), *inter alia*, for an order approving of the distribution by Ivaco Inc. and 1039028 Ontario Inc. (collectively, the "Vendor") of certain of the Ivaco Sales Proceeds (as defined in the Orders of this Honourable Court made August 18, 2004 (the "First Vesting Order") and November 30, 2004 (the "Second Vesting Order") and, together with the First Vesting Order, the "Heico Vesting Orders") (such amount being hereafter referred to as the "Distribution Amount"), realized by the Vendor from the sale to Sivaco Wire Group 2004 L.P. of certain of the Vendor's property and assets subject to the security held by National Bank of Canada (the "Secured Creditor") and for other incidental relief, was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Report of the Monitor dated December 14, 2004 (the "Report") and on hearing the submissions of counsel for the Applicants, the Monitor, counsel for the Secured Creditor and others.

1. **THIS COURT ORDERS** that the time for service of the notice of motion and motion record herein be and is hereby abridged such that this motion is properly returnable today and further that service thereof upon any other person, party or entity, not served or otherwise notified be and is hereby dispensed with.

2. **THIS COURT ORDERS AND DECLARES** that the Vendor and the Monitor each be authorized, directed and empowered to enter into the Distribution Agreement referred to in the Report.

3. **THIS COURT ORDERS** that the Monitor on account of the Vendor be authorized and directed to forthwith pay the Distribution Amount to the Secured Creditor or its authorized agent.

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

(a) the pendency of these proceedings;

(b) any assignment in bankruptcy by the Vendor;

(c) the pendency of any petitions for a receiving order issued or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the "BIA") and any receiving order issued pursuant to any such petitions in respect of the Vendor;

(d) the appointment of any receiver or interim receiver over the assets of the Vendor;

(e) the provisions of any federal or provincial statute;

the payment of the Distribution Amount by the Vendor and the entering into and performance of the Distribution Agreement by the Vendor and the Secured Creditor and the transactions contemplated thereby:

(i) will not be void or voidable at the instance of creditors or claimants and do not constitute, nor shall they be deemed to be, settlements, fraudulent preferences, assignments, fraudulent conveyances, or other reviewable transactions under the BIA or any other applicable federal or provincial legislation;

(ii) do not constitute conduct meriting an oppression remedy or that is unfairly prejudicial to or unfairly disregards the interests of any person; and

(iii) shall be binding on any trustee in bankruptcy, receiver, interim receiver or any person, representative or party that may be appointed in respect of the Vendor (hereafter referred to as the "Vendor Representative").

5. **THIS COURT ORDERS** that the typographical errors that appear in paragraph 27 of the First Vesting Order and paragraph 32 of the Second Vesting Order each be rectified *nunc pro tunc* to the dates of such orders to delete the reference to "Specific IRM Encumbrance" in the 3rd to last line of such paragraphs and replace such reference with the words, "Specific Ivaco Encumbrance".

6. **THIS COURT ORDERS**, in the event that the Secured Creditor reimburses to the Monitor, the Vendor, or a Vendor Representative, all or any portion of

the Distribution Amount (the "Clawback Amount") pursuant to the terms of the Distribution Agreement, that effective immediately upon such Clawback Amount being paid the amount of the indebtedness, liabilities and obligations owing by Ivaco Inc. to the Secured Creditor and covered by the Secured Creditor's security shall be and be construed and deemed for all purposes to be the aggregate of (a) the then existing indebtedness, liabilities and obligations of Ivaco Inc. to the Secured Creditor, plus (b) the amount of the Clawback Amount (collectively, the "NBC Secured Indebtedness").

7. **THIS COURT ORDERS** that effective concurrently with the moment that a Clawback Amount is paid by the Secured Creditor, (i) the provisions of paragraph 27 of the First Vesting Order and paragraph 32 of Second Vesting Order shall apply in full force and effect to the NBC Secured Indebtedness, (ii) the Claims (as defined under the Heico Vesting Orders) of the Secured Creditor shall be calculated as if the Clawback Amount had not been paid to the Secured Creditor, and (iii) the Claims and Specific Ivaco Encumbrances (as each are defined in the Heico Vesting Orders) of and held by the Secured Creditor shall each attach to and be asserted against the Ivaco Sale Proceeds, *nunc pro tunc* to the date of the date and time of the filing of the Monitor's Certificate (as defined in the Heico Vesting Orders), as if the Clawback Amount had never been paid, and (iv) that each of the Claims and Specific Ivaco Encumbrances of the Secured Creditor shall have, and be deemed and construed for all purposes to have, the same rank and priority against the Ivaco Sale Proceeds as they would have had in the event that the Clawback Amount had not been paid to the Secured Creditor.

8. **THIS COURT ORDERS** that in the event that:

(a) it is finally determined that any valid and enforceable trust, lien or charge exists by virtue of the Ontario *Pension Benefits Act* or the Quebec *Supplemental Pensions Plan Act* (including after giving effect to the *Bankruptcy and Insolvency Act*, if any, in the event of a bankruptcy of Ivaco Inc.) and such trust, lien or charge is finally determined to have priority to the secured position of Secured Creditor; and

(b) there are not other sufficient assets of Ivaco Inc. answerable for payment of the amount of such trust, lien or charge,

the Secured Creditor will repay the funds it has received pursuant to this Order up to the amount of such trust, lien or charge (to the extent such funds have not previously been reimbursed to the Monitor pursuant to the Distribution Agreement), provided that the Secured Creditor at the time it pays such funds and without the need for further order shall be and be deemed for all purposes to be restored to the same position, and shall have and be deemed to have all of the same rights and interests, as it would have had in the event that the funds so repaid had never been paid to the Secured Creditor.

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ON / BOOK NO:
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PER/PAR

SCHEDULE "A"

Applicants Filing for CCAA

1. Ivaco Inc.
2. Ivaco Rolling Mills Inc.
3. Ifastgroupe Inc.
4. IFC (Fasteners) Inc.
5. Ifastgroupe Realty Inc.
6. Docap (1985) Corporation
7. Florida Sub One Holdings, Inc.
8. 3632610 Canada Inc.

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Ontario
Superior Court of Justice

Proceeding Commenced at Toront

DISTRIBUTION ORDER
(Ivaco Sales Proceeds)

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