Court File No. 03-CL-5145

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	**MONDAY, THE 19TH DAY**
	)	
JUSTICE CUMMING	)	**OF NOVEMBER, 2007**

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"

Applicants

SANCTION ORDER
(IFC)

THIS MOTION made by Ernst & Young Inc., in its capacity as the Court-appointed Monitor of IFC (Fasteners) Inc. ("**IFC**"), for an Order approving and sanctioning the plan of compromise or arrangement of IFC dated October 17, 2007, and attached as Schedule "B" to this Order (the "**Plan**") and certain other relief, was heard this day, at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion and the Forty-Third, Forty-Second, Forty-First, Fortieth and Twenty-Fifth Reports of the Monitor and upon hearing submissions of counsel to the Monitor and others and on being advised that service of the Notice of Motion has been effected in accordance with the Order of this Court made October 23, 2007 (the "Plan Filing Order"):

DEFINITIONS

1. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the Plan and/or the Plan Filing Order, as the case may be.

SERVICE AND MEETING

2. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient service and notice of the Plan and this motion to all Affected Creditors.

3. **THIS COURT ORDERS** that there has been good and sufficient service of the Meeting Materials (as defined in the Plan Filing Order) to all Affected Creditors, and publication of the Notice to Creditors, in connection with the Meeting, and that the Meeting was duly called, held and conducted in conformity with the CCAA and all other Orders of this Court.

4. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient service of notice of this Sanction Hearing, and this motion is properly returnable today and further service of the Notice of Motion and the Motion Record upon any interested party is unnecessary and is hereby dispensed with.

PLAN SANCTION

5. **THIS COURT ORDERS AND DECLARES** that:

(a) the Plan has been approved by the requisite majorities of Affected Creditors of IFC in conformity with the CCAA and the terms of the Plan Filing Order;

(b) the relevant parties have complied with the provisions of the CCAA and the Orders of this Honourable Court made in these proceedings in all respects;

(c) this Honourable Court is satisfied that the relevant parties have not done or purported to do anything that is not authorized by the CCAA; and

(d) the Plan and the transactions contemplated thereby are fair and reasonable.

6. **THIS COURT ORDERS** that the Plan (including without limitation the settlements, arrangements and releases set out therein) is hereby sanctioned and approved pursuant to Section 6 of the CCAA and, on the Plan Implementation Date (as defined below), shall be effective and shall enure to the benefit of and be binding upon IFC, the Affected Creditors and all other persons.

PLAN IMPLEMENTATION

7. **THIS COURT ORDERS** that each of the Plan Sponsors and the Monitor are hereby authorized and directed to take all steps and actions necessary or appropriate (as determined by each party in consultation with the other party) to implement the Plan and the transactions contemplated thereby in accordance with and subject to its terms, and such steps and actions are hereby approved.

8. **THIS COURT ORDERS** that, upon satisfaction (or, where applicable, waiver) of the conditions set out in Section 8 of the Plan, the Monitor shall file with this Court a certificate stating that all conditions precedent set out in Section 8 of the Plan have been satisfied (or, where applicable, waived by the Plan Sponsors in accordance with the terms of the Plan), and the date of the filing of such certificate with the Court shall be the date upon which the Plan shall be and be deemed to have been implemented (the "**Plan Implementation Date**"). For the purposes of such certificate, the Monitor shall be entitled to rely upon information from the Plan Sponsors with respect to the satisfaction or waiver of the conditions set out in section 8.1(2), (3), (4), (5) and (6) of the Plan.

EFFECT OF PLAN IMPLEMENTATION

9. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, each Affected Claim shall be settled in accordance with the Plan, and the ability of the holder of an Affected Claim to proceed against IFC or any of them or the Property (as defined in the Initial Order and including any amounts now or hereafter held by the Monitor in respect of IFC) of IFC in respect of an Affected Claim shall be forever discharged, released and restrained and all proceedings with respect to, in connection with or relating to such Affected Claims are permanently stayed, subject only to the right of the holder of an Affected Claim to receive distributions in accordance with the Plan, and save and except for the prosecution of bankruptcy proceedings in accordance with Section 10.2 of the Plan.

10. **THIS COURT ORDERS AND DECLARES** that, effective on the Plan Implementation Date, all Proven Affected Claims determined in accordance with the Plan and the Plan Filing Order are final and binding on IFC, the Monitor, any receiver, administrator or representative of the Debtors or their property and all Affected Creditors and that, as of the Plan Implementation Date, the Plan shall enure to the benefit of and be binding upon the Creditors and all other Persons affected thereby and their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

11. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, the Plan shall be valid and binding on any trustee in bankruptcy and on the bankruptcy estate of IFC in any bankruptcy of IFC, including, without limitation the determination or settlement of Affected Claims in accordance with the Plan and the Plan Filing Order.

12. **THIS COURT ORDERS** that, without limiting the Plan Filing Order, a Creditor that did not file a Proof of Claim or Indemnity Proof of Claim in accordance with the provisions of the applicable Claims Process Orders (as defined in and supplemented by the Plan Filing Order), whether or not it received notice of the claims procedures, shall be and is hereby forever barred from making any Claim (other than an Unaffected Claim) against any of IFC or their Property and shall not be entitled to any distribution under the Plan, and that such Claim is forever barred and extinguished. Any Affected Claims of any other Person that have not been asserted in

accordance with the applicable Claims Process Orders or the Plan Filing Order, including without limitation Affected Claims of any Creditor not set out in a Proof of Claim, Indemnity Proof of Claim or Notice of Dispute pursuant to the applicable Claims Process Orders, shall be and are hereby forever barred and extinguished and such persons shall not be entitled to any distribution under the Plan in respect of such Affected Claims.

EFFECT OF FAILURE TO IMPLEMENT PLAN

13. **THIS COURT ORDERS** that in the event that the Plan Implementation Date does not occur, Creditors shall not be bound to the valuation, settlement or compromise of their Claims at the amount of their Proven Claims in accordance with the Plan or the Plan Filing and Order. For greater certainty, nothing in the Plan or the Plan Filing Order or in any settlement, compromise, agreement, document or instrument made or entered into in connection therewith or in contemplation thereof shall, in any way prejudice, quantify, adjudicate, modify, release, waive or otherwise affect the validity, enforceability or quantum of any Claim, including, without limitation, in the CCAA proceedings or in any other proceeding or process, in the event that the Plan Implementation Date does not occur.

ROLE OF THE MONITOR

14. **THIS COURT ORDERS** that, notwithstanding any other terms of this Order or of the Plan, the appointment of the Monitor pursuant to the terms of prior Orders made by this Honourable Court shall not expire or terminate on the Plan Implementation Date and shall continue for purposes of the following:

(a) the completion by the Monitor of all of its duties in connection with the Plan, including the payment and disbursement of funds in accordance therewith; and

(b) the completion by the Monitor of all other matters for which it is responsible in these proceedings and pursuant to the Plan, including in relation to the Claims Process, including the administration of Disputed Claims and the matters set forth in the following paragraphs.

15. **THIS COURT ORDERS** that all claims of any Person, whether such claims are direct, indirect, derivative or otherwise, against the Monitor arising from or relating to the services provided by the Monitor in respect of IFC prior to the date of this Order shall be and are hereby forever barred from enforcement and are extinguished.

16. **THIS COURT ORDERS** that the Monitor shall not be liable for any act or omission on its part, including with respect to any reliance thereon, including any act or omission pertaining to the discharge of its duties under the Plan or this Order, save and except for gross negligence or wilful misconduct on its part.

17. **THIS COURT ORDERS** that the Monitor shall be discharged of its duties and obligations with respect to IFC pursuant to the Plan, this Order and all other Orders made in these proceedings with respect to IFC from time to time upon the filing with this Honourable Court of a certificate of the Monitor certifying that the matters set out in paragraph 14 above are completed to the best of the Monitor's knowledge.

CHARGES

18. **THIS COURT ORDERS** that, on the Plan Implementation Date, all charges against IFC or its property created by the Initial Order or any subsequent Orders shall be terminated, discharged and released, provided that the Directors' Charge shall survive but shall be reduced to the amount necessary to pay indemnification claims in respect of D&O Claims asserted pursuant to the D&O Claims Process Order that have not been resolved as of the date of this Order and where such indemnification claims may be entitled to the benefit of the D&O Charge pursuant to the Initial Order.

19. **THIS COURT ORDERS AND DECLARES** that, notwithstanding any of the terms of the Plan or this Order, IFC shall not be released or discharged from its obligation to pay the fees and expenses of the Monitor, the Monitor's counsel or the Plan Sponsors and their counsel in respect of the Plan and the implementation thereof, which obligations shall be in addition to any such obligations under the Plan.

RELEASES

20. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, the Monitor, the Plan Sponsors, the Plan Committee, and each of their directors, officers, employees, agents and professional advisers (collectively, the "**Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, certain or contingent, existing or hereafter arising, based in whole or in part on any action or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date relating to, arising out of or in connection with any matter, cause or thing including, without limitation, matters relating to each of IFC or its business and affairs, the Plan and the CCAA proceedings; all without any other recourse whatsoever against such Released Parties on the part of such persons establishing claims or any other persons.

EXTENSION OF STAY PERIOD

21. **THIS COURT ORDERS** that the Stay Termination Date (as defined in paragraph 3 of the Initial Order) is hereby extended until the date that the Monitor files with this Court the certificate set out in paragraph 17 of this Order.

22. **THIS COURT ORDERS** that, except to the extent that the Initial Order has been varied by or is inconsistent with this Order, the Plan or any other Order in these proceedings, the provisions of the Initial Order shall remain in full force and effect with respect to IFC until the date that the Monitor files with this Court the certificate set out in paragraph 17 of this Order.

23. **THIS COURT ORDERS** that all other Orders made in these CCAA proceedings with respect to IFC shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by or inconsistent with this Order, the Plan Filing Order or any further Order of this Honourable Court.

24. **THIS COURT ORDERS** that for clarity, nothing in this Order shall terminate or otherwise modify or be interpreted to modify any protections afforded the Directors and Officers under the Initial Order, the D&O Claims Process Order, and the other Orders made in these CCAA Proceedings, and that any such protections shall survive this Order and the termination of the Initial Order.

OTHER PROVISIONS

25. **THIS COURT ORDERS** that any Claim of III Canada Acquisition Company, Sivaco Wire Group 2004 L.P., Ifastgroupe 2004 L.P., Ivaco Rolling Mills 2004 L.P., Heico Holding, Inc. and The Heico Companies, L.C.C. (collectively, "Heico") against IFC, if any, is limited to claims determined to be a valid reduction or set-off of the amounts that Heico owes IFC and any such claim for reduction or set-off is not compromised by the Plan:

(a) with respect to the Applicants' claim for approximately $53 million plus interest pending final determination of the matters in Court of Appeal for Ontario Docket No. M35582/C47542; and

(b) with respect to the Applicants' claim for approximately $6.7 million plus interest pending a final determination of the trial of an issue ordered by Justice Ground in Court File No. 03-CL-5145.

26. **THIS COURT ORDERS** that the appointment of the Claims Officers shall be terminated upon final resolution or determination of all outstanding Disputed Claims, with no further obligation or responsibilities in connection with such appointment.

27. **THIS COURT ORDERS** that this Court shall retain jurisdiction in respect of any matter in dispute arising out of anything relating to the interpretation or implementation of the Plan.

28. **THIS COURT ORDERS** that each of the Plan Sponsors and the Monitor may apply to this Honourable Court for further advice, directions or assistance as may be necessary to give effect to the terms of the Plan.

29. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and abroad and as against all other Persons against whom it may otherwise be enforceable.

30. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any Court or any judicial, regulatory or administrative body in any province or territory of Canada (including, without limitation, the assistance of any Court in Canada pursuant to Section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other Court or any judicial, regulatory or administrative body of the United States of America and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

Nov. 20, 2007

Peter A. Cumming J.

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LE REGISTRE NO.:

NOV 2 0 2007

PER/PAR:

SCHEDULE "A"

Ivaco Rolling Mills Inc.
Ifastgroupe Inc.
IFC (Fasteners) Inc.
Ifastgroupe Realty Inc.
Docap (1985) Corporation
Florida Sub One Holdings, Inc.
3632610 Canada Inc.

SCHEDULE "B"

Court File No. 03-CL-5145

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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"

PLAN OF COMPROMISE AND ARRANGEMENT AFFECTING CLAIMS AGAINST IFC (FASTENERS) INC.

October 17, 2007

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PLAN OF COMPROMISE AND ARRANGEMENT
AFFECTING CLAIMS AGAINST
IFC (FASTENERS) INC.

SECTION 1– INTERPRETATION

1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

(1) ***Accepted Claim for Voting Purposes*** of a Creditor means the Claim of the Creditor that is accepted for voting purposes in accordance with Section 6.1, the Claims Process and the Plan Filing Order;

(2) ***Administration Reserve*** means such amount of the Proceeds as may be determined jointly by the Plan Committee and the Monitor, or by the Court, from time to time to be necessary to pay present and future costs of administering this Plan and of the Monitor discharging its duties in these CCAA proceedings, including, without limitation, the fees and expenses of the Monitor, including the fees and disbursements of its counsel, and the fees and expenses of legal counsel to the Plan Committee members, which amount shall be reserved from the Proceeds;

(3) ***Affected Claims*** means all Claims except Claims that are Unaffected Claims and Claims that by agreement, statute or operation of law or equity would be subordinate to the general unsecured liabilities of IFC if they had become bankrupt on the Valuation Date; for greater certainty, to the extent that a Claim is partially a Secured Claim the portion that is not a Secured Claim shall be an Affected Claim;

(4) ***Affected Creditor*** means any Person having an Affected Claim, in respect of and to the extent of such Affected Claim;

(5) ***Applicants*** means the companies listed on Schedule "A" hereto;

(6) ***Business Day*** means a day, other than a Saturday, Sunday or statutory holiday, on which banks are generally open for business in Toronto, Ontario;

(7) ***CCAA*** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended from time to time;

(8) ***CCAA Charge Indemnity Claim*** means that portion of an Indemnity Claim for which a Director or Officer has been granted the benefit of the Directors' Charge;

(9) ***Charge*** means a charge, pledge, assignment, conditional sales agreement, capital lease, lien, hypothec, security interest or other encumbrance granted (i) pursuant to a written agreement, statute or otherwise created by law that would have been enforceable against and

have priority over a trustee in bankruptcy if IFC had become bankrupt on the Valuation Date or (ii) pursuant to the Initial Order;

(10) ***Claim*** means any right of any Person against IFC in connection with any indebtedness, liability or obligation of any kind of IFC owed to such Person and any interest accrued thereon as at the Valuation Date or costs or other amounts payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, and, for greater certainty, includes a Pre-Filing Claim, a Post-Filing Claim, an Indemnity Claim, a Subsequent Claim and any other claim that would have been provable if IFC had become bankrupt on the Valuation Date;

(11) ***Claims Bar Date*** means 5:00 p.m. (Toronto time) on August 6, 2004 or such later date as may be ordered by the Court;

(12) ***Claims Order*** means the Order of the Court made on June 18, 2004, as supplemented by the Order of the Court made on May 26, 2006 and by the Subsequent Claims Order, which establishes, *inter alia*, (i) the Claims Bar Date and Subsequent Claims Bar Date, and (ii) a procedure for valuing the Claims of Creditors and for resolving disputes between IFC and the Monitor and any Creditor as to the existence and/or value of a Claim, as such Order may be further amended from time to time;

(13) ***Claims Process*** means the processes established in the Claims Order and the D&O Claims Process Order;

(14) ***Class*** means the Affected Claims designated as a Class in Section 4 of this Plan;

(15) ***Court*** means the Ontario Superior Court of Justice (Commercial List);

(16) ***Creditor*** means any Person having a Claim and includes Pre-Filing Creditors, Post-Filing Creditors, Subsequent Creditors, Secured Creditors and Affected Creditors, and where the context requires includes the assignee of a Claim or a trustee in bankruptcy, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of or through such Creditor;

(17) ***Creditors' Meeting*** means a meeting of the Affected Creditors called for the purpose of considering and voting in respect of this Plan as it relates to a Class of Affected Creditors;

(18) ***Creditors' Meeting Date*** means November 13, 2007 or as the same may be adjourned, or such other date as the Court may order for the holding of the Creditors' Meeting;

(19) ***D&O Claim*** means any existing or future right of any Person against one or more of the Directors and/or Officers of an Applicant which arose or arises as a result of such Director's or Officer's position, supervision, management or involvement as a Director or Officer of an Applicant, whether such right, or the circumstances giving rise to it, arose before or after the

Initial Order and whether enforceable in any civil, administrative or criminal proceeding, including any right

(a) relating to any of the categories of obligations described in paragraph 12 of the Initial Order, whether accrued or falling due before or after the Initial Order, in respect of which a Director or Officer may be liable in his or her capacity as such,

(b) in respect of which a Director or Officer may be liable in his or her capacity as such concerning employee entitlements to wages or other debts for services rendered to the Applicants or any one of them or for vacation pay, pension contributions, benefits or other amounts related to employment or pension plan rights or benefits or for taxes owing by the Applicants or amounts which were required by law to be withheld by the Applicants,

(c) in respect of which a Director or Officer may be liable in his or her capacity as such as a result of any act, omission or breach of a duty, or

(d) that is or is related to a penalty, fine or claim for damages or costs;

(20) ***D&O Claims Process Order*** means the Order of the Court made on April 19, 2005, as amended by the Order of the Court made on January 16, 2006, which establishes, *inter alia*, (i) a deadline for forwarding completed D&O Proofs of Claim and (ii) a procedure for determining the D&O Claims and for resolving disputes between the applicable Directors and Officers and the Monitor and any Creditor as to the existence and/or value of a D&O Claim as may be further amended from time to time;

(21) ***Directors' Charge*** has the meaning given to it in paragraph 52(a) of the Initial Order;

(22) ***Disputed Affected Claims Amount*** means, at any time, the aggregate of the amount of Affected Claims of Affected Creditors that have not become Proven Affected Claims;

(23) ***Distribution*** means a payment out of Proceeds to the Affected Creditors holding Proven Affected Claims;

(24) ***Enhanced Pension Claims*** means all Claims relating to the Ingersoll Plan, any obligation to contribute to or to provide pension, benefits or other entitlements under the Ingersoll Plan or the wind-up of the Ingersoll Plan to the extent, if any, such Claims are subsequently determined to be entitled by statute or by operation of law or equity to be paid in priority to the Affected Claims at the applicable time;

(25) ***Filing Date*** means September 16, 2003;

(26) ***Final Order*** means, in respect of any Order, such Order after (i) the expiry of applicable appeal periods or (ii) in the event of an appeal or application for leave to appeal or to stay, vary, supersede, set aside or vacate such Order, final determination of such appeal or application by the applicable court or appellate tribunal;

(27) ***Finally Determined*** means, with respect to a Claim, that the validity, amount and status of such Claim has been determined pursuant to the Claims Process and the Plan Filing Order with any dispute or appeal rights either having been exhausted or the applicable time period for the exercise thereof having expired, or in the case of the Plan Sponsors, their Claims in the amounts provided for in the Settlement Agreement;

(28) ***Government Priority Claims*** has the meaning given to it in Section 3.1(a);

(29) ***Heico Transaction*** means the sale in December 2004 of substantially all of the assets of IFC to III Canada Acquisition Corp.;

(30) ***Indemnity Claim*** means any existing or future right of any Director or Officer against IFC which arose as a result of any Person filing a D&O Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by IFC and shall include a CCAA Charge Indemnity Claim;

(31) ***Ingersoll Plan*** means the Pension Plan for the Ingersoll Employees of Ifastgroupe Inc., Ingersoll Fasteners Division, CRA Registration Number 1048669;

(32) ***Initial Order*** means the Amended and Restated Order dated September 16, 2003 granting the Applicants various relief under the CCAA and appointing Ernst & Young Inc. as Monitor of those companies, as may be amended from time to time;

(33) ***IFC*** means IFC (Fasteners) Inc.;

(34) ***Monitor*** means Ernst & Young Inc. in its capacity as Monitor of the Applicants;

(35) ***Order*** means any order of the Court;

(36) ***Pension Settlement Conditions*** means, collectively, (i) the Pension Settlement Order has not been amended, stayed or varied, and (ii) the payments in the amounts of $13,750,000 and $1,262,892.60 from the Ifast Sale Proceeds (as defined in the Pension Settlement Order) referred to in paragraphs 7 and 26, respectively of the Pension Settlement Order has been made by the Monitor on or before October 31, 2007 in accordance with the Pension Settlement Order;

(37) ***Pension Settlement Order*** means the Order of the Court dated October 9, 2007 with respect to, *inter alia*, (i) the Minutes of Settlement in respect of the Salaried Plan dated August 22, 2007 entered into between the Superintendent of Financial Services of Ontario, the Pension Committee of the Pension Plan for Salaried Employees of Ivaco Inc. and Participating Subsidiary Companies, CRA Registration 0410357, National Bank of Canada, The Bank of Nova Scotia, QIT – Fer et Titane Inc. and the Informal Committee of Noteholders and (ii) the Minutes of Settlement in respect of the Ingersoll Plan dated August 22, 2007 entered into between the Superintendent of Financial Services of Ontario, PricewaterhouseCoopers Inc., in its capacity as the Administration of the Ingersoll Plan and National Bank of Canada;

(38) ***Person*** means any individual, body corporate, unincorporated association, banker, vendor, employee, trade union, employee association, purchaser, agent, associate, landlord, creditor, customer, client, supplier, contractor, lender, factor, customs broker, purchasing agent,

lessor of real or personal property of any kind or nature whatsoever, sublessor, tenant, subtenant, licensor, licensee, consignor, co-owner, co-tenant, shareholder, joint venture partner, co-venturer or partner with whom the Applicants had or have business dealings, contractual or otherwise, governments of any nation, province, state or municipality or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in Canada or elsewhere and any person, firm, corporation or other entity owned or controlled by or which is the agent of any of the foregoing;

(39) ***Plan*** means this Plan of Compromise or Arrangement, as varied, amended, modified or supplemented in accordance with the provisions hereof;

(40) ***Plan Committee*** means a committee consisting of the Plan Sponsors;

(41) ***Plan Filing Order*** means the Order of the Court pursuant to which, *inter alia*, the Creditors' Meeting will be called, as such Order may be amended from time to time;

(42) ***Plan Implementation Date*** means the date on or before November 30, 2007 on which all the conditions set out in Section 8 have been fulfilled, as evidenced by a certificate to that effect filed with the Court by the Monitor;

(43) ***Plan Record Date*** means the date that is seven (7) days before the Plan Implementation Date;

(44) ***Plan Sponsors*** means National Bank of Canada, Caisse Central Desjardins, Connecticut General Life Insurance Company, Life Insurance Company of North America and Principal Life Insurance Company;

(45) ***Post-Filing Claim*** means a Claim that arises from or is caused by, directly or indirectly, any action taken by IFC from and after the Filing Date, including the repudiation or termination after the Filing Date of any contract, agreement or arrangement of any kind (including, without limitation, any lease, customer contract or employment agreement);

(46) ***Post-Filing Creditor*** means any Person having a Post-Filing Claim;

(47) ***Pre-Filing Claim*** means a Claim that is based in whole or in part on facts existing prior to the Filing Date or that would have been a claim provable in bankruptcy if IFC had become bankrupt on the Filing Date, or both;

(48) ***Pre-Filing Creditor*** means any Person having a Pre-Filing Claim;

(49) ***Proceeds*** means all amounts held by the Monitor from time to time in respect of the realizations from the assets of IFC, together with any interest and other amounts earned thereon or in respect thereof, and any future recoveries from those assets, including, without limitation, any amounts recovered with respect to the Heico Transaction after the date hereof;

(50) ***Pro Rata Share*** means, in respect of any Affected Creditor, with respect to any Distribution, the ratio determined as of the Record Date for such Distribution by the following formula:

$$\text{Pro Rata Share} = \frac{\text{Proven Affected Claim of Affected Creditor}}{\text{aggregate amount of the Proven Affected Claims of all Affected Creditors} + \text{the Disputed Affected Claims Amount}}$$

(51) ***Proof of Claim*** means the form of proof of claim established pursuant to the Claims Process;

(52) ***Proven Claim*** means a Claim or a portion of a Claim with respect to which all issues concerning the validity, amount and status of the Claim have been Finally Determined;

(53) ***Proven Affected Claim*** means the amount of an Affected Claim that is a Proven Claim;

(54) ***Record Date*** means, with respect to a Distribution, the date that is ten (10) Business Days before the date the Distribution is to be made;

(55) ***Released Parties*** has the meaning given to it in Section 11.1;

(56) ***Sanction Order*** means the Order of the Court, as such Order may be amended or modified by the Court, sanctioning this Plan pursuant to the provisions of the CCAA, and containing other necessary provisions pursuant to the Plan;

(57) ***Sanction Order Date*** means the date on which the Sanction Order is made;

(58) ***Secured Claim*** means a Claim secured by a Charge, to the extent of the realizable value of the property subject to the Charge;

(59) ***Secured Creditor*** means any Person having a Secured Claim;

(60) ***Settlement Agreement*** means an agreement entered into among the Plan Sponsors and accepted by the Monitor relating to the settlement of any issues concerning the quantification of the Claims of the Plan Sponsors;

(61) ***Subsequent Claim*** means a Post-Filing Claim that arises from and after June 18, 2004;

(62) ***Subsequent Claims Bar Date*** means June 8, 2007;

(63) ***Subsequent Claims Order*** means the Order of the Court made on April 20, 2007 which, *inter alia*, establishes a deadline for forwarding completed Proofs of Claim in respect of Subsequent Claims, as may be amended from time to time;

(64) ***Subsequent Creditor*** means any Person having a Subsequent Claim;

(65) ***Unaffected Claims*** means the Claims against IFC that are described in Section 3.1;

(66) ***Unsecured Pension Claims*** means the Affected Claims dealt with under the Pension Settlement Order, other than the Enhanced Pension Claims; and

(67) ***Valuation Date*** means February 28, 2007.

1.2 Articles and Sections

The terms "this Plan", "hereof", "hereunder", "herein" and similar expressions refer to this Plan and not to any particular article, section, subsection, paragraph or clause of this Plan and include any variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, paragraph or clause shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

1.3 Extended Meanings

In this Plan, where the context requires, a word importing the singular number shall include the plural and vice versa and a word or words importing gender shall include all genders. The terms "including", "includes" and other similar terms mean "including without limitation".

1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

1.5 Date for any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day such action shall be required to be taken on the next succeeding day that is a Business Day.

1.6 Calculation of Time

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

1.7 Time

All times expressed herein are local time in Toronto, Ontario, unless otherwise stipulated herein.

1.8 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada. Monies owing to Creditors in foreign currencies shall be converted, for all purposes of this Plan, at the amount of Canadian Dollars which would be realized on the sale of such amount of foreign currency using the closing rate of the Bank of Canada on the Valuation Date, which was Cdn $1.1698 = U.S. $1.00.

1.9 Statutory References

Any reference in this Plan to a statute includes all provisions and regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.10 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person bound by this Plan.

1.11 Governing Law

This Plan and each of the documents contemplated by or delivered under or in connection with this Plan are governed by, and are to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

1.12 Severability

If any provision of this Plan is or becomes illegal, invalid or unenforceable on or following the Plan Implementation Date in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect,

(a) the legality, validity or enforceability of the remaining provisions of this Plan, or

(b) the legality, validity or enforceability of that provision in any other jurisdiction.

1.13 Schedules

The following are the Schedules to this Plan, which are incorporated by reference and deemed to be a part of this Plan:

Schedule "A" – Applicants

Schedule "B" – Form of Sanction Order

SECTION 2 – BACKGROUND AND PURPOSE OF PLAN

2.1 Background

The circumstances and events leading up to the Plan will be summarized in a Monitor's report to be distributed to Creditors of IFC.

2.2 Purpose and Effect of Plan

The purpose of this Plan is to settle or quantify Claims and effect a compromise and arrangement of all Claims against IFC (other than the Unaffected Claims) in a manner that provides consistent and equitable treatment among the Creditors, and allow for the timely distribution of the Proceeds to the Affected Creditors on a *pari passu* basis generally as if IFC had become bankrupt on the Valuation Date.

2.3 Persons Affected

On the Plan Implementation Date, this Plan will become effective and be binding on IFC and the Creditors and, for greater certainty, on all Persons with Claims, but shall not affect Unaffected Claims.

SECTION 3 – TREATMENT OF UNAFFECTED CLAIMS

3.1 Claims Unaffected by the Plan

Notwithstanding any other provision hereof, this Plan does not compromise or affect the following (collectively, the "**Unaffected Claims**"):

(a) CCAA Charge Indemnity Claims;

(b) Secured Claims;

(c) Enhanced Pension Claims;

(d) in the event that the Pension Settlement Conditions are satisfied, the Unsecured Pension Claims;

(e) claims of government entities as follows (collectively, "**Government Priority Claims**"):

  (i) claims by Her Majesty in Right of Canada pursuant to subsection 224(1.2) and 224(1.3) of the *Income Tax Act* (Canada);

  (ii) claims pursuant to any provision of the *Canada Pension Plan* or the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* (Canada) and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or employee's premium or employer's premium as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

  (iii) claims pursuant to any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act* (Canada), or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

    (A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act* (Canada), or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

(f) claims by the Monitor for fees and expenses including, without limitation, the fees and disbursements of its counsel; and

(g) claims by any Plan Sponsor for reimbursement of legal fees and disbursements incurred after the Valuation Date in connection with the drafting, negotiation, approval, sanctioning and implementation of this Plan.

3.2 No Vote or Distribution in Respect of Unaffected Claims

No holder of an Unaffected Claim shall be entitled to vote on or receive any Distributions under this Plan in respect of such Unaffected Claim.

SECTION 4 – CLASSIFICATION OF CLAIMS

4.1 Classification of Claims

For the purpose of considering and voting upon this Plan and receiving Distributions hereunder, there shall be one Class of Creditors consisting of the Affected Creditors and each Affected Creditor shall, to the extent herein provided, be entitled to vote upon the Plan as part of that Class in respect of its Affected Claim in accordance with the Plan Filing Order.

SECTION 5 – TREATMENT OF UNAFFECTED CREDITORS

5.1 CCAA Charge Indemnity Claims

CCAA Charge Indemnity Claims shall be paid at such times and in such amounts as may be determined by Court Order from time to time in accordance with the Claims Process.

5.2 Payment of Secured Creditors

As soon as practicable after the Plan Implementation Date, Secured Creditors shall receive payment of their applicable Proven Claims that are Secured Claims in full from any Proceeds that are subject to the applicable Charges held by them, upon or within a reasonable period of time following the date upon which the Secured Claim has become a Proven Claim (including, without limitation, that the amount of the Proceeds subject to the applicable Charges has been Finally Determined).

5.3 Enhanced Pension Claims

In the event that the Pension Settlement Conditions are satisfied, the Enhanced Pension Claims shall be stayed, barred and forever discharged by the Pension Settlement Order. In the event that the Pension Settlement Conditions are not satisfied, the Enhanced Pension Claims shall be paid at such times and in such amounts as may be determined by Court Order or in accordance with any settlement with respect thereto agreed to by the Plan Committee and approved by the Monitor or by the Court.

5.4 Unsecured Pension Claims

In the event that the Pension Settlement Conditions are satisfied, the Unsecured Pension Claims shall be stayed, barred and forever discharged by the Pension Settlement Order. In the event that the Pension Settlement Conditions are not satisfied, the Unsecured Pension Claims shall be subject to the provisions of the Plan with respect to Affected Claims to the extent they are Affected Claims.

5.5 Government Priority Claims

The Government Priority Claims shall be paid in full by the Monitor from the Proceeds to Her Majesty in right of Canada or the applicable province within six (6) months after the Sanction Order Date.

5.6 Monitor's Fees and Expenses

The Monitor's fees and expenses including, without limitation, the fees and disbursements of its counsel shall be paid from time to time as approved by the Plan Committee or by the Court.

5.7 Reimbursement of Costs

The costs referred to in Section 3.1(g) for the period up to the Plan Implementation Date shall be reimbursed as soon as practicable after the Plan Implementation Date. Such costs thereafter shall be paid from time to time as approved by the Plan Committee and the Monitor, jointly, or by the Court.

SECTION 6 – TREATMENT OF AFFECTED CREDITORS

6.1 Voting

Each Affected Creditor shall be entitled to vote to the extent that its Affected Claim is a Proven Affected Claim prior to the date on which such Creditor's Proxy is required to be filed with the Monitor pursuant to the Plan Filing Order, which shall constitute its Accepted Claim for Voting Purposes in respect of such Affected Claim. Voting in respect of Disputed Claims shall be dealt with in accordance with the Plan Filing Order. Notwithstanding any other provision of this Plan, none of the Applicants shall be entitled to vote on this Plan.

6.2 Distributions on Proven Affected Claims

(1) On the Plan Implementation Date, and from time to time thereafter as is hereinafter contemplated, Distributions shall be made to the Affected Creditors holding Proven Affected Claims as of the applicable Record Date, with each such Creditor being entitled to receive its Pro Rata Share (subject to Section 6.2(3) hereof) of such Distributions.

(2) The aggregate amount and timing of each Distribution shall be determined jointly by the Plan Committee and the Monitor, or by an Order of the Court, with a reasonable reserve, as so determined, being retained out of the Proceeds on account of (i) the Administration Reserve, (ii) any Affected Claims that have not been Finally Determined as of the applicable Record Date and (iii) any unpaid or contingent Unaffected Claims that have or may have priority over the Affected Claims. For greater certainty, upon an Affected Claim being Finally Determined, any Proceeds previously reserved in relation to such Affected Claim that are not required to make payment pursuant to the terms hereof on account of such Affected Claim will be available to form part of further Distributions from time to time.

(3) If, following one or more Record Dates, an Affected Claim becomes a Proven Affected Claim, the applicable Affected Creditor shall be entitled to receive a special catch-up payment at the same time as the next Distribution is made. The amount of the catch-up payment shall be calculated so that the ratio of the payment to the amount of the applicable Proven Affected Claim is the same as the ratio of the aggregate amount of the previous Distributions received by Affected Creditors who participated in all prior Distributions to the amount of such Affected Creditors' Proven Affected Claims.

SECTION 7– VALUATION OF CLAIMS AND PROCEDURAL MATTERS

7.1 Creditors' Meeting

Concurrent with the filing of the Plan with the Court, the Plan Committee will seek the Plan Filing Order authorizing the Monitor to hold the Creditors' Meeting to consider and vote upon the Plan, appointing the Monitor as chair of the Creditors' Meeting and fixing the Creditors' Meeting Date. The Creditors' Meeting shall be held in accordance with this Plan, the Plan Filing Order and any further Order.

7.2 Approval by Creditors

In order that the Plan be binding on the Creditors of IFC in accordance with the CCAA, it must first be accepted by vote passed by the Class as prescribed by this Plan by a majority in number of the Affected Creditors in the Class who actually vote upon the Plan (in person or by proxy) at the Creditors' Meeting, representing two-thirds in value of the Accepted Claims for Voting Purposes of the Creditors in the Class who actually vote upon the Plan (whether in person or by proxy) at the Creditors' Meeting. Any Affected Creditor wishing to vote on the Plan must have submitted a Proof of Claim in accordance with the Claims Process.

7.3 Application for Sanction Order

If this Plan is accepted by the Class in accordance with this Plan and the CCAA, Plan Committee shall apply for the Sanction Order. If such acceptance is not obtained at the Creditors' Meeting or any adjourned meeting, the Monitor shall report to the Court as soon as reasonably possible.

7.4 Procedure for Valuing Claims

The procedure for valuing Claims and resolving disputes for the purposes of this Plan and for the purposes of any bankruptcy of IFC that occurs following the Plan Implementation Date shall be as set forth in the Claims Process, as modified or supplemented by this Plan and the Plan Filing Order.

7.5 Transfer of Claims

(1) If, after the Valuation Date, the holder of a Claim on the Valuation Date, or any subsequent holder of the whole of a Claim who has been acknowledged by the Monitor as the Creditor in respect of such Claim, transfers or assigns the whole of such Claim to another Person, neither IFC nor the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Monitor and thereafter such transferee or assignee shall for the purpose hereof constitute the Creditor in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Plan and the Claims Order prior to receipt and acknowledgement by the Monitor of satisfactory evidence of such transfer or assignment.

(2) If, after the Valuation Date, the holder of a Claim on the Valuation Date, or any subsequent holder of the whole of a Claim who has been acknowledged by the Monitor as the Creditor in respect of such Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Claim or Claims and such Claim shall continue to constitute and be dealt with as a single Claim notwithstanding such transfer or assignment, and IFC and the Monitor shall in each such case not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim, provided such Creditor may by notice in writing to the Monitor direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and in such event such Creditor and such transferee or assignee of the Claim shall be bound by any notices given or steps taken in respect of such Claim with such Person in accordance with this Plan or the Claims Order.

7.6 Loss of Right to Vote

Any Creditor that did not submit a Proof of Claim in respect of a Claim or part thereof by the Claims Bar Date or the Subsequent Claims Bar Date, as applicable, or by such later date as was agreed to by the Monitor before October 15, 2007, will not be entitled to vote on this Plan in respect of its Claim or such part thereof.

7.7 Loss of Right to Receive Distributions

Any Creditor that did not submit a Proof of Claim in respect of a Claim or part thereof by the Claims Bar Date or the Subsequent Claims Bar Date, as applicable, or by such later date as was agreed to by the Monitor before the date of this Plan, will not be entitled to receive any Distributions under the Plan in respect of its Claim or part thereof and its Claim or part thereof will be forever barred and extinguished in accordance with the Claims Process, the Plan Filing Order and the Sanction Order.

7.8 Post-Filing Interest

Any Affected Creditor that has a Proven Affected Claim established pursuant to the Claims Order shall be entitled (without duplication for amounts included in its Proven Affected Claim) in accordance with the Plan Filing Order and this Plan to claim for any interest that such Affected Creditor is entitled to by contract with respect to such Proven Affected Claim, or where such Affected Creditor does not have a contractual entitlement to interest, 5% per annum, that is referable to the period commencing the day after the Filing Date (or such later date that such Affected Creditor's Affected Claim arose) and ending on and including the Valuation Date, but no claim shall be made by a Creditor, or accepted by the Monitor, for interest accrued after the Valuation Date. Such amounts will be added by the Monitor to each Affected Creditor's Affected Claim in accordance with the Plan Filing Order.

SECTION 8 – CONDITIONS OF PLAN IMPLEMENTATION

8.1 Conditions Precedent

The implementation of the Plan is conditional upon the fulfilment, satisfaction, or waiver by all of the Plan Sponsors of the following conditions, on or before November 30, 2007 or such later date as may be agreed by the Plan Sponsors:

(1) the Monitor reporting to the Creditors and to the Court that the terms and conditions of this Plan are fair and reasonable;

(2) the execution and delivery by all relevant Persons of all documentation necessary to give effect to all material terms and provisions of the Plan;

(3) the making of the Sanction Order, in form and substance as attached hereto as Schedule "B", by the Court or before November 15, 2007 or such later date as may be agreed by the Plan Sponsors and the Sanction Order shall have become a Final Order;

(4) the absence of any order or decree restraining or enjoining the confirmation of the transactions contemplated by this Plan;

(5) the implementation of the Settlement Agreement; and

(6) the Monitor having filed a certificate with the Court that it is ready and able to make on that day an initial Distribution to each holder of a Proven Affected Claim as of the Plan Record Date of at least 10% of the amount of such Creditor's Proven Affected Claim as of the Plan Record Date.

SECTION 9 – AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment of Plan Prior to Approval

Subject to the approval of the Monitor or the Court, the Plan Committee shall have the right to file any modification of or amendment to the Plan by way of a supplementary plan or plans of compromise or arrangement, filed with the Court at any time or from time to time prior to the conducting of the vote under the Plan by the affected Class of Affected Creditors at the Creditors' Meeting convened by the Monitor for that purpose, in which case any such supplementary plan or plans of compromise or arrangement shall, for all purposes, be and be deemed to be part of and incorporated into the Plan. The Monitor shall give at least one Business Day's notice by publication or otherwise to all Creditors of the details of any modifications or amendments prior to the vote being taken to approve the Plan. Notwithstanding the foregoing, however, the Plan Committee may propose an alteration or modification to the Plan at any meeting of Creditors.

9.2 Amendment of Plan Following Approval

After the Creditors' Meeting at which the Plan has been approved (and whether before or after the Sanction Order is made), the Plan Committee may at any time and from time to time vary, amend, modify or supplement the Plan in writing if such variation, amendment, modification or supplement either is non-material and approved by an Order or, if material, is approved by the same voting majority of creditors of the Class as is required hereunder to approve the Plan and by an Order.

SECTION 10 – PLAN ADMINISTRATION

10.1 Proceeds and Administration

Subject to the provisions of this Plan:

(1) the Proceeds shall continue to be held and invested by the Monitor in accordance with the Orders of the Court; and

(2) the Monitor shall continue to exercise the powers and authorities previously granted to the Monitor by the Court or pursuant to the CCAA.

Notwithstanding the foregoing, no material decisions or steps shall be taken by the Monitor without obtaining either the prior consent of the Plan Committee or prior approval of the Court.

10.2 Bankruptcy

The Affected Creditors agree that, unless otherwise agreed by the Plan Committee, promptly following the resolution of the litigation concerning the Enhanced Pension Claims and the making of the Distribution contemplated in section 8.1(6) to be made on the Plan Implementation Date, IFC shall consent to the making of a bankruptcy order against it. The Affected Creditors authorize and consent to the Monitor taking the steps necessary to make IFC to consent to the making of a bankruptcy order against it and to the Monitor acting as the trustee in the bankruptcy. This Plan shall be valid and binding on the trustee in bankruptcy and the bankruptcy estate of IFC, including, without limitation, the determination or settlement of Affected Claims in accordance with this Plan and the Plan Filing Order.

10.3 Advice and Directions

The Monitor or any Plan Sponsor shall be entitled to apply to the Court from time to time for advice and directions concerning the implementation, operation and administration of this Plan.

SECTION 11 - MISCELLANEOUS

11.1 Release

Effective on the Plan Implementation Date, the Monitor, the Plan Sponsors, and each of their respective directors, officers, employees, agents and professional advisers (collectively, the "**Released Parties**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, certain or contingent, existing or hereafter arising, based in whole or in part on any action or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date relating to, arising out of or in connection with any matter, cause or thing including, without limitation, matters relating to IFC or its respective business and affairs, the Plan and the CCAA proceedings; all without any other recourse whatsoever against such Released Parties on the part of such Persons establishing claims or any other Persons.

11.2 Stay of Proceedings

Any and all proceedings, including, without limitation, suits, actions, extra-judicial proceedings, enforcement processes or other remedies commenced, taken or proceeded with or that may be commenced, taken or proceeded with by any Person who is a Creditor of IFC and by any employees, shareholders, customers, suppliers, contractors, lenders, factors, customs brokers, purchasing agents, equipment lessors, licensors, licensees, sub-licensors, sub-licensees, grantors of concessions to IFC, governments of any nation, province, state or municipality or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in Canada or elsewhere and any corporation or other entity owned or controlled by or which is the agent of any of the foregoing, or by any other Person, firm, corporation or entity wherever situate or domiciled, against or in respect of IFC or in respect of any property, assets, rights, concessions and undertaking wherever located, whether held by IFC, in whole or in part, directly or indirectly, as principal, agent or nominee, beneficially or otherwise, whether pursuant to the *Bankruptcy and Insolvency Act*, the *Winding-up and Restructuring Act* or otherwise, shall be stayed as reflected in the Sanction Order.

11.3 Effect of Plan Generally

On the Plan Implementation Date the treatment of Affected Claims under this Plan shall be final and binding on IFC and all Creditors. Nothing in this Plan is intended to, or shall be construed or deemed to, affect the legal priorities or arguments of the parties in respect of the various outstanding litigation proceedings in respect of the Enhanced Pension Claims.

11.4 Paramountcy

From and after the Plan Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, hypothec, license or sub-license agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between one or more of the Affected Creditors and IFC as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority.

11.5 Compromise Effective for all Purposes

The payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the Court shall, in the case of any Creditor whose Claim is in a Class voting in favour of the Plan, from and after the Plan Implementation Date be binding upon such Creditor, its heirs, executors, administrators, successors and assigns for all purposes as against IFC or its bankruptcy estate.

11.6 No Prejudice to Claims Determination if Plan not Implemented

In the event that the Plan is not approved by the Affected Creditors, the Sanction Order is not issued or this Plan is not implemented for any other reason, Creditors shall not be bound to the valuation, settlement or compromise of their Claims in accordance with this Plan or the Plan Filing Order. For greater certainty, nothing in this Plan, the Plan Filing Order or in any settlement, compromise, agreement, document or instrument made or entered into in connection herewith or in contemplation hereof shall in any way prejudice, quantify, adjudicate, modify, release, waive or otherwise affect the validity, enforceability or quantum of any Claim, including, without limitation, in the CCAA proceedings or in any other proceeding or process, in the event that the Plan Implementation Date does not occur.

11.7 Participation in Different Capacity

Creditors whose Claims are affected by this Plan may be affected in more than one capacity. Each such Creditor shall be entitled to participate hereunder separately in each such capacity. Any action taken by a Creditor in any one capacity shall not affect the Creditor in any other capacity unless the Creditor agrees in writing.

11.8 Consent, Waivers and Agreements

As at 12:01 a.m. on the Plan Implementation Date, each Creditor shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Creditor shall be deemed to have executed and delivered to the Monitor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety.

11.9 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

11.10 Plan Committee

Decisions of the Plan Committee shall require the positive vote of National Bank of Canada and a majority (assessed by value of the Proven Affected Claim of the parties actually voting) of the other Plan Sponsors. The Plan Committee and the members thereof are not representatives of the other Creditors, and its members shall not by reason of or in connection with their membership or the exercise of or failure to exercise any of their rights or powers, owe any duty or incur any liability to any Creditor or any other Person, whether by contract, in the law of tort (including negligence) or in equity, as fiduciaries or otherwise.

11.11 Net Claim

The Claim of any Creditor shall be net of any amount owing by the Creditor to IFC as at the Valuation Date.

11.12 Notices

Any notices or communication to be made or given hereunder shall be in writing and shall reflect this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail, by courier or delivery, or by facsimile addressed to the respective parties as follows:

(1) If to IFC or the Monitor:

Ernst & Young Inc., in its capacity as
Monitor of IFC (Fasteners) Inc.
222 Bay Street
Ernst & Young Tower
Toronto-Dominion Centre
21st Floor
Toronto, Ontario
M5K 1J7

Attention: Brian Denega
Fax: (416) 943-3300

with a copy to :

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay St.
Toronto, Ontario
M5L 1B9

Attention: Peter Howard
Fax: (416) 947-0866

(2) If to the Plan Committee:

Fasken Martineau DuMoulin LLP
3400 Stock Exchange Tower
P.O. Box 2242
800 Place Victoria
Montréal, Québec
H4Z 1E9

Attention: Xeno C. Martis
Fax: (514) 397-7600

with a copy to :

Fasken Martineau DuMoulin LLP
4200 Toronto Dominion Bank Tower
P.O. Box 20
Toronto Dominion Centre
Toronto, Ontario
M5K 1N6

Attention: R. Graham Phoenix
Fax: (416) 364-7813

and to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto Ontario
M5X 1A4

Attention: S. Richard Orzy
Fax: (416) 863-1716

(3) If to a Creditor:

To the address as recorded in the books of IFC, or as specified in the Proofs of Claim filed by a Creditor pursuant to the Plan,

or to such other address as any party may from time to time notify the others in accordance with this section. Any notice or other communication, (i) if given by courier or delivery shall be deemed received on the next Business Day following dispatch, (ii) if given by facsimile transmission before 5:00 p.m. on a Business Day shall be deemed received on such Business Day; and (iii) if given by facsimile transmission after 5:00 p.m. on a Business Day shall be deemed received on the next following Business Day. The unintentional failure by the Monitor to give a notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

11.13 Further Assurances

Notwithstanding that some of the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall from time to time promptly execute and deliver all further documents and take all further action reasonably necessary to better implement this Plan.

11.14 Unclaimed Distributions

If any Person entitled to a Distribution pursuant to this Plan cannot be located on the Plan Implementation Date or at any time thereafter then, subject to the provisions of this Section 11.14, the amount of such Distribution shall be set aside on the date on which it would otherwise be payable to such Person and held in an interest bearing account to be maintained by the Monitor. If such Person is located within one (1) year of the Plan Implementation Date, a Distribution shall be made to such Person provided that any interest actually earned on such cash shall be retained by the Monitor for distribution to the Affected Creditors pursuant to this Plan. If such Person cannot be located within one year of the Plan Implementation Date, the amount of such Distribution and any interest actually earned on such amount (net of any applicable taxes) shall be retained by the Monitor for distribution to the Affected Creditors (other than Affected Creditors that cannot be located) pursuant to this Plan and such Person shall be deemed to have released any claim to such funds. Nothing contained in this Plan shall require the Monitor to take any positive steps to locate any such Person.

Dated at Toronto, Ontario the 17th day of October, 2007.

SCHEDULE "A"

Ivaco Inc.
Ivaco Rolling Mills Inc.
Ifastgroupe Inc.
IFC (Fasteners) Inc.
Ifastgroupe Realty Inc.
Docap (1985) Corporation
Florida Sub One Holdings, Inc.
3632610 Canada Inc.

SCHEDULE "B"

FORM OF SANCTION ORDER

(See attached)

THIS SETTLEMENT AGREEMENT dated the ____ day of October, 2007

AMONG:

NATIONAL BANK OF CANADA

- and -

CAISSE CENTRALE DESJARDINS

- and -

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

- and -

LIFE INSURANCE COMPANY OF NORTH AMERICA

- and -

PRINCIPAL LIFE INSURANCE COMPANY

WHEREAS:

A. On September 16, 2003, each of Ivaco Inc. ("**Inc.**"), Ivaco Rolling Mills Inc. (the general partner of the Ivaco Rolling Mills Limited Partnership) ("**IRM**"), Ifastgroupe Inc. (the general partner of Ifastgroupe and Company Limited Partnership), IFC (Fasteners) Inc. ("**IFC**"), Ifastgroupe Realty Inc. (the immediately preceding three entities being referred to collectively as "**Ifast**"), Docap (1985) Corporation, Florida Sub One Holdings, Inc. and 3632610 Canada Inc. (collectively, the "**Ivaco Entities**") sought and received various declaratory relief from the Ontario Superior Court (the "**Ontario Court**") under the *Companies' Creditors Arrangement Act* (the "CCAA"), including a stay of proceedings in respect of the Ivaco Entities (the "**Initial Order**");

B. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as Monitor in respect of the Ivaco Entities (the "**Monitor**");

C. On August 20, 2007, the parties hereto, being the largest creditors of IFC (collectively, the "**Plan Sponsors**"), entered into a Plan Sponsor Agreement (the "**Plan Sponsor Agreement**") regarding a number of issues, including the validity, enforceability and quantum of each of their respective claims against IFC, all with a view to moving towards implementing the Plan of Arrangement under the CCAA in the form attached as Schedule "B" hereto (the "**Plan**") which will see a substantial initial distribution be made to the creditors of IFC upon the implementation of such Plan, and further distributions being made thereafter on a timely basis;

D. A condition to the implementation of the Plan is that the Plan Sponsors implement this Settlement Agreement pertaining to the validity, enforceability and quantum of each Plan Sponsor's respective Proven Affected Claim against IFC for the purposes of the Plan, and the Monitor acknowledge and agree that the amount of each Plan Sponsor's Proven Affected Claim shall be as agreed among the Plan Sponors as set forth in Schedule "A" hereto;

E. The parties hereto have therefore entered into this Settlement Agreement.

Section 1
Definitions

1.1 Capitalized terms used but not otherwise defined herein shall have the meaning given to them in the Plan.

Section 2
Proven Affected Claims of Plan Sponsors

2.1 Subject to the terms hereof, the Plan Sponsors agree that, for voting and distribution purposes under and in relation to the Plan and for all purposes in any bankruptcy, receivership or other proceeding occurring after the Plan Implementation Date, the Proven Affected Claims of the Plan Sponsors shall be in the amounts set out in Schedule "A" hereto.

2.2 The Plan shall not be implemented, and in particular the condition precedent contained in section 8.1(5) of the Plan shall not be satisfied, unless the Monitor agrees to accept the amounts of the Proven Affected Claims of the Plan Sponsors as set forth in Schedule "A" hereto.

2.3 In the event that the Plan is not approved by the Affected Creditors, the Sanction Order is not issued or if the Plan is not implemented for any other reason, Creditors (including the Plan Sponsors) shall not be bound to the valuation, settlement or compromise of their Claims in accordance with the Plan, the Plan Filing Order or this Settlement Agreement. For greater certainty, in any of those circumstances, (a) nothing in the Plan, the Plan Filing Order, this Settlement Agreement or in any order, settlement, compromise, agreement, document or instrument made or entered into in connection with or in contemplation of the Plan, the Plan Filing Order or this Settlement Agreement shall, in any way prejudice, quantify, adjudicate, modify, release, waive or otherwise affect the validity, enforceability or quantum of any Claim, including, without limitation, in the CCAA proceedings or in any other proceeding or process, and (b) the Monitor shall be deemed not to have adjudicated upon the validity or amount of the Claims of the Plan Sponsors pursuant to the Claims Process.

Section 3
Corporate Power, Authority and Authorization

3.1 Each of the parties hereto hereby represents and warrants to the other parties hereto that it has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement.

3.2 Each of the parties hereto hereby represents and warrants to the other parties signatories hereto that the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate action on its part.

Section 4
Notices

4.1 Any notice or communication to be delivered hereunder shall be in writing and shall be made or given on the terms set out in the Plan Sponsor Agreement.

Section 5
Binding Obligation

5.1 Each of the parties hereto hereby represents and warrants to the other parties hereto that this Agreement is a legally valid and binding obligation of it, enforceable against it in accordance with the Agreement's terms, except as enforcement may be limited by applicable law.

Section 6
Good Faith

6.1 Each of the parties hereto agrees to cooperate in good faith with each other to facilitate the performance by the parties of their respective obligations hereunder and the purposes of this Agreement.

Section 7
Amendments and Modifications

7.1 Except as otherwise expressly provided herein, this Agreement shall not be amended, modified or supplemented, except in writing signed by each of the parties signatories hereto.

Section 8
Governing Law

8.1 This Agreement shall be governed by the laws of the Province of Ontario, without regard to any conflicts of law provision that would require the application of the law of any other jurisdiction.

Section 9
Specific Performance

9.1 It is understood and agreed by each of the parties hereto that money damages would not be a sufficient remedy for any breach of this Agreement by any party and each non-breaching party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach.

Section 10
Headings

10.1 The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

Section 11
Successors and Assigns

11.1 This Agreement is intended to bind and inure to the benefit of the parties hereto and their respective successors and assigns. The agreements, representatives and obligations of the undersigned parties under this Agreement are, in all respects, several and not joint.

Section 12
Counterparts

12.1 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page by telecopier shall be effective as delivery of a manually executed counterpart.

Section 13
No Third-Party Beneficiaries

13.1 This Agreement shall be solely for the benefit of the parties hereto and no other person or entity shall be a third-party beneficiary hereto.

NATIONAL BANK OF CANADA

Per: ______________________________

____

CAISSE CENTRALE DESJARDINS

Per: ______________________________

____

CONNECTICUT GENERAL LIFE INSURANCE COMPANY
By: CIGNA Investments, Inc., as agent

Per: ______________________________

____

LIFE INSURANCE COMPANY OF NORTH AMERICA
By: CIGNA Investments, Inc., as agent

Per: ______________________________

____

PRINCIPAL LIFE INSURANCE COMPANY

Per: ______________________________

____

The undersigned acknowledges that in the Monitor's view the terms of this Settlement Agreement represent a reasonable basis for the development of a Plan. Based on its review of the draft Plan and related documents, subject to further information, the Monitor intends at present to file a report with the Court recommending Court approval of the Plan as contemplated by section 8.1(1) of the Plan. The Monitor agrees to accept the amounts set out in Schedule "A" as each Plan Sponsor's Proven Affected Claim for voting, distribution and all other purposes under and in relation to the Plan.

ERNST & YOUNG INC., in its capacity as court-appointed monitor of IFC (Fasteners) Inc. and not in its personal or corporate capacities

Per: ______________________________

____

SCHEDULE "A"

PLAN SPONSOR PROVEN AFFECTED CLAIMS

Plan Sponsor	Proven Affected Claim
National Bank of Canada	$55,781,111
Caisse Centrale Desjardins	$17,237,486
Connecticut General Life Insurance Co.	$4,341,137
Life Insurance Company of North America	$685,442
Principal Life Insurance Company	$5,254,907

SCHEDULE "B"

PLAN OF COMPROMISE AND ARRANGEMENT AFFECTING CLAIMS AGAINST IFC (FASTENERS) INC.

(See Attached)

IN THE MATTER OF The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, As Amended

Court File No. 03-CL-5145

AND IN THE MATTER OF a Plan or Plans of Compromise or Arrangement of Ivaco Inc. and the Applicants listed in Schedule "A"

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)
Proceeding commenced at Toronto

SANCTION ORDER

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Solicitors for Ernst & Young Inc., the Court-appointed Monitor

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