Court File No. 03-CL-5145

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	TUESDAY, THE 23rd DAY
	)	
MR. JUSTICE CUMMING	)	OF OCTOBER, 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"

ORDER
(Distribution to National Bank)

THIS MOTION, made by National Bank of Canada (the "Secured Creditor"), a secured creditor of Ivaco Inc. and 1039028 Ontario Inc. (collectively, the "Debtor"), for an order approving a distribution by the Debtor on account of the secured claim of National Bank of Canada (the "Secured Creditor") and incidental relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fortieth Report of the Ernst & Young Inc., in its capacity as monitor of the Applicants (the "Monitor"), dated October 17, 2007, and on hearing the submissions of counsel for the Secured Creditor and of counsel for the Monitor:

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

2. **THIS COURT ORDERS** that the stay of proceedings and the standstill agreement in these proceedings are lifted or amended insofar as may be necessary to allow the notice of motion herein to be brought and heard.

3. **THIS COURT ORDERS** that the distribution agreement among the Secured Creditor, the Monitor and the Debtor (the "Distribution Agreement"), a copy of which is attached as Schedule "B" to this Order, is approved and the Monitor is authorized to enter into the Distribution Agreement and cause the Debtor to pay the Third Distribution (as defined in the Distribution Agreement) to the Secured Creditor in accordance with the Distribution Agreement.

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

(a) the pendency of these proceedings;

(b) any assignment in bankruptcy by the Debtor;

(c) the pendency of any application for a bankruptcy 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 bankruptcy order issued in respect of the Debtor;

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

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

the payment of the Third Distribution

(i) will not be void or voidable at the instance of creditors or claimants and does not constitute, nor shall it be deemed to be, a settlement, unjust preference, assignment, fraudulent conveyance or reviewable transaction under the BIA or any other applicable federal or provincial legislation;

(ii) does not constitute conduct meriting an oppression remedy; and

(iii) shall be binding on any trustee in bankruptcy, receiver, interim receiver or any like or similar person, representative or party that may be appointed in respect of the Debtor or its assets.

5. **THIS COURT DECLARES** that the Order of this Court dated December 17, 2004 in respect of the First Distribution Agreement (as defined in the Distribution Agreement) continues in force and is not affected by this Order.

Oct 23, 2007

Peter A. Cumming J.

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

OCT 23 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"

Distribution Agreement

DISTRIBUTION AGREEMENT

AMONG

NATIONAL BANK OF CANADA

AND

IVACO INC.

1039028 ONTARIO INC.

ERNST & YOUNG INC., in its capacity as Monitor

OCTOBER __, 2007

THIS DISTRIBUTION AGREEMENT, dated October ___, 2007,

AMONG:	**NATIONAL BANK OF CANADA (the "Bank")**
AND:	**IVACO INC. ("Ivaco")**
AND:	**1039028 ONTARIO INC. ("1039028")**
AND:	**ERNST & YOUNG INC., in its capacity as Monitor (the "Monitor")**

WITNESSES THAT:

WHEREAS the Bank is a secured creditor of Ivaco;

WHEREAS, pursuant to an Order of the Court dated May 11, 2004, distributions of $4,072.197 and US$3,170,500 were paid over to the Bank as secured creditor;

WHEREAS, pursuant to an Order of the Court dated December 17, 2004 and a related distribution agreement among the Bank, Ivaco, 1039028 and the Monitor (the "**First Distribution Agreement**"), a distribution of $12,000,000 was paid over to the Bank as secured creditor;

WHEREAS the Superintendent of Financial Services of Ontario, the administrators of certain pension plans of the salaried employees of Ivaco and/or others asserted or might have asserted statutory liens, deemed trusts or charges affecting certain property of Ivaco pursuant to the *Ontario Pension Benefits Act* and the *Québec Supplemental Pensions Plan Act* (the **"Employees' Encumbrances"**);

WHEREAS, pursuant to various minutes of settlement (collectively, the **"Settlements"**), all assertions and potential assertions of the Employees' Encumbrances are to be forever stayed and barred, on condition that the Court grant certain orders as called for by the Settlements, that those orders become final and that the pension plan related payments called for by the Settlements are made by October 31, 2007 (or such later date as may be agreed among the parties to the Settlements) (the **"Settlement Payments Condition"**);

WHEREAS, pursuant to the Initial Order, the Ivaco Directors, in conjunction with the Directors of each of the other Applicants, were provided with a Directors' Charge as security for the indemnity provided in paragraph 51 of the Initial Order, provided that the Director's Charge applies only to the extent that the Directors do not have coverage under any applicable directors' and officers' or fiduciary insurance;

WHEREAS, pursuant to the Initial Order, the Directors' Charge has priority over the Encumbrances granted to the Bank, to a maximum of $10,000,000 (the "**Priority Directors' Charge**");

WHEREAS the resolution of Claims filed pursuant to the D&O Claims Bar Process has not been completed and therefore it is not yet possible to say whether the Ivaco Directors will be the subject of one or more finally determined Claims that are subject to indemnification by Ivaco and secured by the Priority Directors' Charge;

WHEREAS, as the parties intend that the Bank and the Ivaco Directors will be in the same position in which they would be if an amount equal to the Priority Directors' Charge were to be held back and not distributed to the Bank, the First Distribution Agreement provides that the Bank may be required to return to the Monitor a Clawback Amount (as therein defined) of up to a maximum of $10,000,000 in respect of any Claims that may be finally determined to be subject to indemnification by Ivaco and secured by the Priority Directors' Charge;

WHEREAS the Monitor presently holds cash, cash equivalents or liquid debt securities sufficient, after deducting such reserves as the Monitor considers advisable, to pay over to the Bank as secured creditor a further distribution (the "**Third Distribution**") once the Settlement Payments Condition has been fulfilled;

THEREFORE, in consideration of the premises, the covenants contained herein and other consideration, the sufficiency and receipt whereof are acknowledged, the parties agree as follows:

ARTICLE 1

INTERPRETATION

1.1 **Definitions**. In this Agreement, unless there is something in the subject matter or the context inconsistent therewith, and except where otherwise expressly provided, the following words and expressions have the following meanings:

1.1.1 "**Administration Charge**" has the meaning ascribed thereto in the Initial Order;

1.1.2 "**Agreement**", "**this Agreement**", "**herein**", "**hereby**", "**hereunder**", "**hereof**", "**hereto**" and similar expressions refer to this Agreement, including as it may be amended, supplemented or restated at any time and from time to time;

1.1.3 "**Applicants**" has the meaning ascribed thereto in the Initial Order;

1.1.4 "**Claim**" has the meaning ascribed thereto in the Initial Order;

1.1.5 "**Court**" means the Ontario Superior Court of Justice, Commercial List;

1.1.6 "**D&O Claims Bar Process**" means the claims bar and resolution process established by Order of the Court dated April 19, 2005 and amended by Order of the Court dated January 16, 2006;

1.1.7 "**Directors**" has the meaning ascribed thereto in the Initial Order;

1.1.8 "**Directors' Charge**" has the meaning ascribed thereto in the Initial Order;

1.1.9 "**Encumbrances**" has the meaning ascribed thereto in the Initial Order;

1.1.10 "**Initial Order**" means the Order of the Court made September 16, 2003 initiating the proceedings brought by Ivaco and other applicants under the *Companies' Creditors Arrangement Act*, as such order was amended and restated on October 15, 2003 and further amended on January 27, 2004;

1.1.11 "**Ivaco Directors**" means the members of the restructuring committee of the board of directors of Ivaco; and

1.1.12 "**Third Distribution Order**" means an order of the Court lifting or amending the stay of proceedings and standstill agreement relating to the Applicants, insofar as may be necessary to allow the motion seeking such order to proceed, and approving this Distribution Agreement.

1.2 **Recitals.** The recitals form part of this Agreement, as if set out herein in full.

1.3 **Number, etc**. In this Agreement, unless there be something in the subject matter or the context that is inconsistent therewith, words importing the singular include the plural, and vice versa, and all references to dollars mean the lawful currency of Canada except where another currency is expressly indicated.

1.4 **Articles, etc**. The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of titles are for convenience of reference and do not affect the meaning or the interpretation of the present Agreement.

ARTICLE 2

DISTRIBUTION TO THE BANK

2.1 **Payment**. Following the granting of the Third Distribution Order and concurrently with, or if that is not possible then as soon as reasonably possible following, the Settlement Payments Condition being fulfilled, the Monitor shall pay over to the Bank, in same day funds, the Third Distribution.

2.2 **Interest**. The Bank acknowledges and agrees that, when received by the Bank, the Third Distribution shall be imputed to the indebtedness of Ivaco to the Bank and therefore no interest shall accrue under the terms of the credit documents concluded with Ivaco on the amount of the Third Distribution after the date of receipt.

ARTICLE 3

PRIOR DISTRIBUTION AGREEMENT

3.1 **Continuance.** The parties acknowledge and agree that the First Distribution Agreement continues in force and effect.

ARTICLE 4

MISCELLANEOUS

4.1 **Survival, etc**. Notwithstanding

(a) the pendency of the restructuring proceedings of Ivaco under the *Companies' Creditors Arrangement Act*, R.S.C. c. C-36, as amended;

(b) the pendency of any application for a bankruptcy order issued or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, any bankruptcy order issued pursuant to any such application in respect of Ivaco and any assignment (or deemed assignment) in bankruptcy by Ivaco;;

(c) the appointment of any receiver or interim receiver over the assets of Ivaco; or

(d) the provisions of any federal or provincial statute,

the payment of the Third Distribution

(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 any 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, and enforceable against, any trustee in bankruptcy, receiver, interim receiver or other person, representative or party that may be appointed in respect of Ivaco.

4.2 **Administration Charge**. Nothing herein shall be construed as affecting the priority of the Administration Charge over the Directors' Charge and the Encumbrances granted to the Bank.

4.3 **Governing Law**. This Agreement and the interpretation and enforcement thereof shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

4.4 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all counterparts shall together constitute one and the same instrument.

4.5 **Language**. The parties have expressly required that this Agreement and all contracts, documents and notices relating hereto be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente convention et tous les autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.*

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement.

NATIONAL BANK OF CANADA

Per: ______________________________

IVACO INC.

Per: ______________________________

1039028 ONTARIO INC.

Per: ______________________________

ERNST & YOUNG INC., in its capacity as the Monitor and not in its personal or corporate capacity

Per: ______________________________

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

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

Court File No. 03-CL-5145

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

ORDER
(Distribution to National Bank)

FASKEN MARTINEAU DuMOULIN LLP
Barristers & Solicitors
P.O. Box 20, Suite 4200
Toronto-Dominion Bank Tower
Toronto-Dominion Centre
Toronto, ON M5K 1N6

Carole J. Hunter [LSUC# 43087I]
R. Graham Phoenix [LSUC #52650N]
Tel. (416) 366-8381
Fax (416) 364-7813

Solicitors for National Bank of Canada