

November 2004

**PENSION PLAN FOR
THE SALARIED EMPLOYEES OF
IFASTGROUPE INC., INGERSOLL
FASTENERS DIVISION**

**Report on the Actuarial Valuation for
Funding Purposes as at December 31, 2003**

MERCER

Human Resource Consulting

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Summary of Results

Going-Concern Financial Position	31.12.2003	31.12.2002
Actuarial value of assets	\$3,673,800	\$3,151,100
Actuarial liability	\$3,872,300	\$3,448,200
Funding excess (unfunded liability)	(\$198,500)	(\$297,100)
Solvency Financial Position	31.12.2003	31.12.2002
Adjusted solvency assets	\$3,602,200	\$3,382,700
Adjusted solvency liability	\$4,272,000	\$3,767,000
Solvency excess (deficiency)	(\$669,800)	(\$384,300)
Transfer ratio	79.9%	78.9%
Unpaid Contributions	31.12.2003	31.12.2002
For period ending December 31, 2003	\$124,700	–
Funding Requirements (annualised)	2004	2003
Total current service cost excluding the employer cost of the CAP	\$146,900	\$135,800
Employer's current service cost as a percentage of members' pensionable earnings	5.41%	4.92%
Minimum special payments	\$219,100	\$171,600
Estimated minimum employer contribution for year	\$366,000*	\$307,400

* In addition to unpaid contributions of \$124,700 for period ending December 31, 2003.

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Introduction

Report on the Actuarial Valuation as at December 31, 2003

To Mr. André Crompt
Acting Director – Corporate Human Resources
and Employee Benefits
Ivaco Inc.

At your request, we have conducted an actuarial valuation of the *Pension Plan for the Salaried Employees of Ifastgroupe Inc., Ingersoll Fasteners Division* as at December 31, 2003. We are pleased to present the results of the valuation.

The purpose of this valuation is to determine:

- the funded status of the plan as at December 31, 2003 on going-concern and solvency bases, and
- the minimum funding requirements for 2004.

The next actuarial valuation of the plan will be required as at a date not later than December 31, 2004 or as at the date of an earlier amendment to the plan, in accordance with the minimum requirements of the *Pension Benefits Act (Ontario)*.

This valuation reflects the provisions of the plan as at December 31, 2003. The plan has not been amended since the date of the previous valuation. A summary of the plan provisions is provided in Appendix D.

We have used the same going-concern valuation assumptions and methods as were used for the valuation as at December 31, 2002, except for the assumed investment return, net of investment expenses charged to the fund, which was reduced from 7% to 6.75%. This change has resulted in an increase of \$76,500 in the actuarial liability and of \$4,900 in the employer current service cost. The assumptions used for purposes of this valuation are described in detail in Appendix B.

All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

On September 16, 2003, Ifastgroupe Inc. filed with the Court an application under the *Companies' Creditors Arrangement Act*. The Company has omitted payment of contributions, except for current service contributions for service after the filing which have been remitted to the plan.

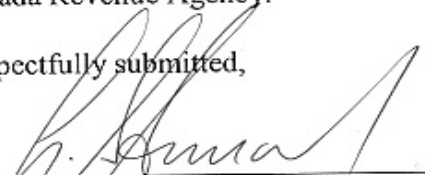
A transaction between Ifastgroupe Inc. and a possible purchaser is expected to close as of the end of November 2004. If this transaction effectively takes place, the pension plan is expected to be wound up. In view of this expected wind-up, all equity participation in the fund was redeemed and an immunization strategy was put into place in early November in order to reduce, to the extent possible, the volatility in the wind-up deficit of the pension plan.

A new Canadian Institute of Actuaries Standard of Practice for Determining Pension Commuted Values ("CIA Standard") was released in February 2004. The effective date of the new CIA Standard will be February 1, 2005. The new CIA Standard will change the assumptions to be used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer. The financial impact of the new CIA Standard will be reflected in future actuarial valuations following the effective date of the new CIA Standard.

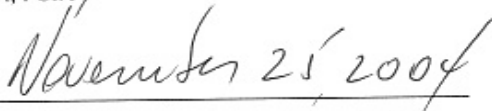
After checking with representatives of Ifastgroupe Inc., Ingersoll Fasteners Division, to the best of our knowledge there have been no events subsequent to the valuation date, other than the ones described above, which, in our opinion, would have a material impact on the results of the valuation.

This report will be filed with the Financial Services Commission of Ontario and with the Canada Revenue Agency.

Respectfully submitted,



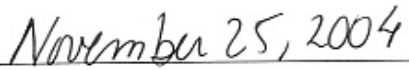
Louis-Georges Simard
FSA, FCIA



Date



Élyse Morin
FSA, FCIA



Date

Pension Plan for the Salaried Employees of Ifastgroupe Inc. Fasteners Division

Registration number with the Financial Services Commission of Ontario and with the
Canada Revenue Agency: 1048669

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Financial Position of the Plan

Valuation Results — Going-Concern Basis

When conducting a valuation on a going-concern basis, we determine the relationship between the respective values of assets and accumulated benefits, assuming the plan will be maintained indefinitely.

Financial Position

The results of the valuation as at December 31, 2003, in comparison with those of the previous valuation as at December 31, 2002, are summarised as follows:

Financial Position — Going-Concern Basis

	31.12.2003	31.12.2002
Actuarial value of assets (market value)	\$3,673,800	\$3,151,100
Actuarial liability		
Present value of accrued benefits for:		
▪ active members	\$1,299,700	\$1,291,400
▪ pensioners and survivors	\$1,573,600	\$1,374,200
▪ deferred pensioners	\$8,100	\$0
▪ Capital Accumulation Program (CAP)	\$990,900	\$782,600
Total liability	\$3,872,300	\$3,448,200
Funding excess (unfunded liability)	(\$198,500)	(\$297,100)

Unpaid contributions for the period ending December 31, 2003 amount to \$124,700 (\$2,700 for employer cost of the CAP, \$37,500 for current service, \$83,200 for past service and \$1,300 of interest on those amounts). These unpaid contributions are not included in the value of the assets.

Reconciliation of Financial Position

The plan's financial position, an unfunded liability of \$198,500 as at December 31, 2003, is reconciled with its previous position, an unfunded liability of \$297,100 as at December 31, 2002, as follows:

Reconciliation of Financial Position

Funding excess (unfunded liability) as at 31.12.2002	(\$297,100)
Interest on funding excess (unfunded liability) at 7% per year to 31.12.2003	(\$20,800)
Net experience gains (losses) in 2003*	\$133,800
Employer's special payments to eliminate the unfunded liability**	\$85,600
Unpaid current service contributions for period ending 31.12.2003 with interest	(\$38,000)
Impact of changes in assumptions	(\$76,500)
Net impact of other elements of gains and losses	\$14,500
Funding excess (unfunded liability) as at 31.12.2003	(\$198,500)

* Net experience gains (losses) are detailed below.

** Does not include unpaid past service contributions for the period ending December 31, 2003

Plan Experience

The main assumptions are compared with actual experience since the previous valuation as at December 31, 2002:

Plan Experience

	Impact Gain (Loss)
Net investment return	\$169,900
Credited interest on contributions lower than expected	\$1,300
Retirement	(\$10,400)
Termination	(\$200)
Mortality	(\$26,800)
Net experience gains (losses)	\$133,800

Annual Special Payments

The present value, as at December 31, 2003, of the annual special payments that were determined in the previous valuation, is as follows:

Present Value of Annual Special Payments Determined as at 31.12.2002

Type of Deficit	Effective Date	Current Special Payment	Last Payment	Present Value of Remaining Payments as at 31.12.2003
Going-Concern	December 31, 2000	\$28,200	December 31, 2015	\$233,900
Going-Concern	December 31, 2002	\$5,700	December 31, 2017	\$52,200
Total		\$33,900		\$286,100

The unfunded liability of \$198,500 when reduced by the unpaid contributions of \$121,900 (excluding the CAP) results in a net unfunded liability of \$76,600. This unfunded liability as at December 31, 2003 is now less than the present value of the special payments that were determined in the previous valuation, \$286,100.

In accordance with the *Pension Benefits Act (Ontario)*, this gain must first be used to reduce any going-concern unfunded liability, which may then be reamortised over the remainder of the original period or over a shorter period.

Accordingly, the recalculated minimum annual special payments are as follows:

Minimum Annual Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment	Present Value of Remaining Payments as at 31.12.2003
Going-Concern	December 31, 2000	\$12,300	December 31, 2008	\$52,400
Going-Concern	December 31, 2002	\$5,700	December 31, 2008	\$24,200
Total		\$18,000		\$76,600

Valuation Results — Solvency Basis

When conducting a solvency valuation, we determine the relationship between the respective values of the plan's assets and its liabilities on a solvency basis, determined in accordance with the *Pension Benefits Act (Ontario)*. The values of the plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the plan were wound up and settled on the valuation date.

The solvency liabilities used to determine the solvency status of the Plan do not exclude any benefits provided under the Plan.

Financial Position on a Solvency Basis

The plan's solvency position as at December 31, 2003, in comparison with that of the previous valuation as at December 31, 2002, is determined as follows:

Solvency Position		
	31.12.2003	31.12.2002
Market value of assets	\$3,673,800	\$3,151,100
Termination expenses	(\$115,000)	(\$55,000)
Solvency assets	\$3,558,800	\$3,096,100
Solvency asset adjustment:		
Averaging method adjustment	(\$35,500)	\$140,900
Present value of unfunded liability special payments for the prescribed period	\$78,900	\$145,700
Adjusted solvency assets	\$3,602,200	\$3,382,700
Actuarial liability		
Present value of accrued benefits for:		
▪ active members	\$1,612,900	\$1,516,000
▪ pensioners and survivors	\$1,736,900	\$1,484,400
▪ deferred pensioners	\$9,500	\$0
▪ Capital Accumulation Program (CAP)	\$990,900	\$782,600
Solvency liabilities	\$4,350,200	\$3,783,000
Solvency liability averaging method adjustment	(\$78,200)	(\$16,000)
Adjusted solvency liability	\$4,272,000	\$3,767,000
Solvency deficiency	\$669,800	\$384,300
Transfer ratio	79.9%	78.9%

Unpaid contributions for the period ending December 31, 2003 amount to \$124,700 (\$2,700 for employer cost of the CAP, \$37,500 for current service, \$83,200 for past service and \$1,300 of interest on those amounts). These unpaid contributions are not included in the value of the assets.

Present Value of Annual Special Payments

In accordance with the *Pension Benefits Act (Ontario)*, each solvency deficiency must be eliminated by special payments within five years of the respective effective date. The present values as at December 31, 2003 of the annual special payments established to eliminate the solvency deficiencies determined in the previous valuation are as follows:

Present Value of Annual Special Payments Determined as at December 31, 2002

Effective Date	Special Payment	Last Payment	Present Value of Remaining Payments as at 31.12.2003
December 31, 2000	\$104,400	June 30, 2005	\$150,200
December 31, 2002	\$33,300	December 31, 2007	\$119,800
	\$137,700		\$270,000

The solvency deficiency of \$669,800 when reduced by the unpaid contributions of \$121,900 (excluding CAP) results in a net solvency deficiency of \$547,900 to be amortized.

Since there is an additional solvency deficiency of \$277,900, special payments must be increased by \$63,400 per annum for five years to eliminate this additional solvency deficiency.

Payment of Benefits

Since the transfer ratio is less than one, the plan administrator should ensure that the monthly special payments are sufficient to meet the requirements of the *Pension Benefits Act (Ontario)* to allow for the full payment of benefits. Otherwise, the plan administrator should take the actions prescribed by the *Act*.

Impact of Plan Wind Up

In our opinion, the value of the plan's assets would be less than its actuarial liabilities if the plan were to be wound up on the valuation date. Actuarial liabilities would exceed the market value of plan assets by \$791,400. This calculation includes a provision for termination expenses that might be payable from the pension fund.

Pension Benefit Guarantee Fund (PBGF) Assessment

The PBGF assessment is calculated as follows:

\$1 for each Ontario member	\$79.00
PLUS	
0.5% of PBGF assessment base up to 10% of PBGF liabilities	\$1,679.65
PLUS	
1.0% of PBGF assessment base up to between 10% and 20% of PBGF liabilities	\$3,359.30
PLUS	
1.5% of PBGF assessment base over 20% of PBGF liabilities	\$68.10
PBGF assessment (taking into account the limit per member)	\$5,186.05

The PBGF assessment base and liabilities are derived as follows:

PBGF Assessment Base and PBGF Liabilities

PBGF liabilities	\$3,359,300	(a)
Total solvency liabilities	\$3,359,300	(b)
Ontario asset ratio	100%	(c) = (a) ÷ (b)
Market value of assets	\$2,682,900	(d)
Ontario portion of the fund	\$2,682,900	(e) = (c) x (d)
PBGF assessment base	\$676,400	(f) = (a) - (e)

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Funding Requirements

Current Service Cost

The estimated value of the benefits that will accrue on behalf of the active members during 2004, excluding the employer cost of the CAP, in comparison with the corresponding value determined in the previous valuation as at December 31, 2002, is summarised below:

Employer's Current Service Cost

	2004	2003
Present value of benefits expected to be accrued in respect of service in the following year	\$106,500	\$99,800
Provision for expenses	\$40,400	\$36,000
Estimated employer's current service cost	\$146,900	\$135,800
Employer's current service cost expressed as a percentage of members' pensionable earnings	5.41%	4.92%

An analysis of the changes in the employer's current service cost follows:

Changes in Employer's Current Service Cost

Employer's current service cost as at 31.12.2002	4.92%
Demographic changes	0.31%
Changes in assumptions	0.18%
Employer's current service cost as at 31.12.2003	5.41%

Special Payments

The following minimum monthly special payments must be made to the plan to eliminate the unfunded liability and any solvency deficiency as at December 31, 2003, within the periods prescribed by the *Pension Benefits Act (Ontario)*.

Minimum Annual Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment
Going-concern	December 31, 2000	\$12,300	December 31, 2008
Going-concern	December 31, 2002	\$5,700	December 31, 2008
Solvency	December 31, 2000	\$104,400	June 30, 2005
Solvency	December 31, 2002	\$33,300	December 31, 2007
Solvency	December 31, 2003	\$63,400	December 31, 2008
Total		\$219,100	

Unpaid Contributions

In addition to the above amounts, unpaid contributions for the period ending December 31, 2003 amount to \$124,700 (\$2,700 for employer cost of the CAP, \$37,500 for current service, \$83,200 for past service and \$1,300 of interest on those amounts).

Employer Contributions

There is an unfunded liability of \$198,500, and adjusted solvency liabilities exceed solvency assets by \$669,800. As such, we recommend that Ifastgroupe Inc. make annual contributions to the plan for 2004, as follows:

Annual Employer Contributions

For current service: 5.41% of members' pensionable earnings
Plus
25% of employee contributions to the CAP
Minimum special payments for unfunded liability and solvency deficiency: \$219,100
Unpaid contributions for the period ending December 31, 2003: \$124,700

The employer must also contribute 25% of the first 4% of contributions made by the employees under the defined contribution component of the plan (the CAP).

On the basis of the members' estimated pensionable earnings, we have estimated the minimum total employer contribution for 2004, excluding the employer cost of the CAP, to be \$366,000, or \$30,500 per month in addition to unpaid contributions of \$124,700.

Contributions for current service must be made within 30 days following the month to which they apply. Special payments to eliminate an unfunded liability or solvency deficiency must be made in the month to which they apply.

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Actuarial Opinion

**With respect to the Actuarial Valuation as at December 31, 2003
of the Pension Plan for the Salaried Employees of Ifastgroupe Inc. Ingersoll
Fasteners Division**
FSCO Registration and
Canada Revenue Agency 1048669

Based on the results of this valuation, we hereby certify that, as at December 31, 2003,

- The employer's current service cost for 2004 and subsequent years, up to the next actuarial valuation should be calculated as 5.41% of members' pensionable earnings plus 25% of employee contributions to the CAP.
- The employer's current service cost for 2004, excluding the employer cost of the CAP is estimated to be \$146,900.

- The plan would be fully funded on a going-concern basis if its assets were augmented by \$198,500 and the plan would be fully funded on an adjusted solvency basis if its assets were augmented by \$669,800. In order to comply with the provisions of the *Pension Benefits Act (Ontario)*, the unfunded liability must be liquidated by monthly special payments at least equal to the amounts indicated, and for the periods set forth, below:

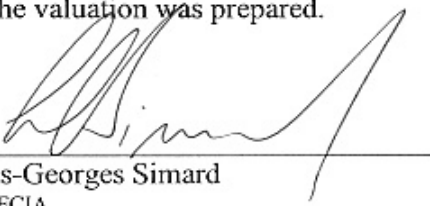
Annual Unfunded Liability Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment
Going-concern	December 31, 2000	\$12,300	December 31, 2008
Going-concern	December 31, 2002	\$5,700	December 31, 2008
Solvency	December 31, 2000	\$104,400	June 30, 2005
Solvency	December 31, 2002	\$33,300	December 31, 2007
Solvency	December 31, 2003	\$63,400	December 31, 2008
Total		\$219,100	

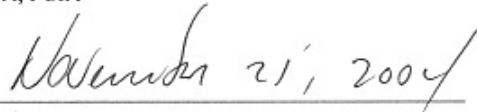
In addition to the above amounts, unpaid contributions for the period ending December 31, 2003 amount to \$124,700 (\$2,700 for employer cost of the CAP, \$37,500 for current service, \$83,200 for past service and \$1,300 of interest on those amounts).

- The solvency liabilities used to determine the solvency status of the plan do not exclude any benefit provided under the plan.
- The PBGF assessment base is \$676,400. The PBGF liabilities are \$3,359,300.
- The transfer ratio of the plan is 79.9%. The Prior Year Credit Balance on December 31, 2003 is \$0.

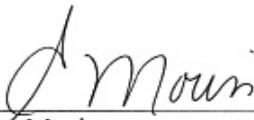
- In our opinion,
 - the data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
 - the assumptions are, in aggregate, appropriate for the purposes of determining the funded status of the plan as at December 31, 2003 on going-concern and solvency bases, and determining the minimum funding requirements, and
 - the methods employed in the valuation are appropriate for the purposes of determining the funded status of the plan as at December 31, 2003 on going-concern and solvency bases, and determining the minimum funding requirements.
- This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.
- All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.



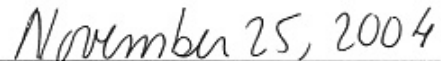
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FSA, FCIA



Date



Elyse Morin
FSA, FCIA



Date

Appendix A

Plan Assets

Sources of Plan Asset Data

The pension fund is held in trust by RBC Global Services and is largely invested in a master trust that Ivaco Inc. maintains for its various pension plans. The master trust is invested in accordance with the investment policy by McLean Budden, Letko Brosseau and Addenda Capital.

Members with CAP accounts may choose to invest their account in the Ivaco's master trust and they have also the option to invest their account, or a portion of it, in various funds maintained by RBC Global Services.

Plan assets in the amount of \$2,301,600 were transferred from the IMT Salaried Plan following approval by the Financial Services Commission of Ontario on March 1, 2003. We have relied upon the auditor's reports prepared by Samson Bélair/Deloitte & Touche for the period from February 28, 2003 to December 31, 2003. The reconciliation of assets was determined in our letter dated March 18, 2003 for the period from December 31, 2002 to February 28, 2003.

Reconciliation of Plan Assets

The pension fund transactions excluding the CAP fund for the period from December 31, 2002 to December 31, 2003 are summarised as follows:

Reconciliation of Plan Assets excluding CAP (Market Value)	
	2003
January 1	\$2,361,050
PLUS	
Company's contributions	
▪ current service	\$98,967
▪ special payments	\$94,153
Investment income and net capital gains (losses)	\$372,527
	<u>\$565,647</u>
LESS	
Pensions paid	\$167,928
Lump-sum refunds	\$2,405
Administration fees	\$73,441
	<u>\$243,774</u>
December 31	<u>\$2,682,923</u>

This asset value includes \$9,907 of in-transit contributions for current service cost.

Unpaid contributions for the period ending December 31, 2003 amount to \$124,700 (\$2,700 for employer cost of the CAP, \$37,500 for current service, \$83,200 for past service and \$1,300 of interest on those amounts). These unpaid contributions are not included in the value of the assets.

In addition, the CAP fund had a market value of \$990,882 as of December 31, 2003.

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits. The results of these tests were satisfactory.

Investment Policy

The plan administrator adopted a statement of investment policy and objectives effective October 28, 1999. This policy is intended to provide guidelines for the managers as to the level of risk which is commensurate with the plan's investment objectives. A significant component of this investment policy is the asset mix.

The constraints on the asset mix, and the actual asset mix of the commingled fund as of December 31, 2003, are provided for information purposes:

Distribution of the Market Value of the Fund by Asset Class

	Investment Policy			Actual Asset Mix as of 31.12.2003
	Minimum	Target	Maximum	
Canadian stocks	25%	35%	45%	37%
Bonds	35%	45%	65%	41%
Cash and cash equivalents	0%	5%	20%	6%
U.S. and International stocks	10%	15%	25%	16%
		100%		100%

While attempting to restructure under the *Companies' Creditors Arrangement Act*, it was decided in June 2004 to reduce temporarily the equity target of the fund from 50% to 42% and the maximum equity content from 65% to 47%. This change is effective at the latest June 30, 2004.

Performance of Fund Assets

The performance of fund assets (excluding the CAP), net of expenses, from December 31, 2002 to December 31, 2003 as per our calculations (which assume that the net cash flow occurred in the middle of each year), is 14.2% per year on a market value basis. This rate is greater than the assumed investment return of 7% by 7.2%.

Appendix B

Actuarial Methods and Assumptions

Actuarial Valuations Methods — Going-Concern Basis

Valuation of Assets

For this valuation, we have continued to use the market value method to determine the actuarial value of plan assets. The actuarial value of the assets, determined as at December 31, 2003 is \$3,673,800.

Valuation of Actuarial Liabilities

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the projected *unit credit actuarial cost method*. Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits. This is referred to as the *actuarial liability*.

For the defined contribution portion of the Plan (the CAP), the actuarial liability is equal to the sum of the account balance of each member.

The *funding excess* or *unfunded liability*, as the case may be, is the difference between the actuarial value of assets and the actuarial liability. An unfunded liability will be amortised over no more than 15 years through special payments as required under the *Pension Benefits Act (Ontario)*. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

This actuarial funding method produces a reasonable matching of contributions with accruing benefits. Because benefits are recognised as they accrue, the actuarial funding method aims at keeping the plan fully funded at all times. This promotes benefit security, once any unfunded liabilities and solvency deficiencies have been funded.

Current Service Cost

The *current service cost* is the actuarial present value of projected benefits to be paid under the plan with respect to service during the year following the valuation date.

Since the plan is a non-contributory plan, the employer's current service cost is equal to the total current service cost.

Under the projected *unit credit actuarial cost method*, the current service cost for an individual member will increase each year as the member approaches retirement. However, the current service cost of the entire group, can be expected to remain stable as long as the average age of the group remains constant.

Employer's Contribution

Accordingly, the employer's contributions for this purpose are determined as follows:

Employer's Contributions	
With a funding excess	With an unfunded liability
Current service cost	Current service cost
MINUS	PLUS
Any funding excess applied to cover the Employer's current service cost	Payments to amortise any unfunded liability

Actuarial Assumptions — Going-Concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation, we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them if necessary.

In this valuation, we have used the same assumptions as in the previous valuation except as noted. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. In establishing the assumptions for this valuation, we have recognized that the plan sponsor wishes to contribute no more than is needed to comply with the requirements of applicable legislation and accepted actuarial practice. For this valuation, we have used the following assumptions:

Economic Assumptions

Investment Return

We have assumed that the investment return on the actuarial value of the fund, net of investment expenses charged to the fund, will average 6.75% per year over the long term.

At the last valuation, we used 7.0% per year.

Expenses

We have included, in the current service cost, an allowance of 1.1% of the market value of the fund to meet the administrative expenses charged to the fund.

Increases in Pensionable Earnings

We have assumed that the pensionable earnings for 2004 would be equal to the 2003 pensionable earnings increased by 4.0%.

Increases in the YMPE

Since the benefits provided by the plan depend on the final average Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan, it is necessary to make an assumption about increases in the YMPE for this valuation. We have assumed that the YMPE will increase at the rate of 3.5% per year from its 2003 level of \$39,900.

Increase in the Maximum Pension Permitted under the *Income Tax Act*

For this valuation, we have assumed that the maximum pension payable under the plan will remain at a current level of \$1,715 per annum for each year of pensionable service as per the terms of the plan.

Interest Credited on Employee-Required Contributions

For this valuation, we have assumed that the interest rate to be credited on employee contributions will represent, on average, 4.0% per annum, over the long term.

Demographic Assumptions

Retirement Age

Because early retirement pensions are actuarially reduced, the retirement age of plan members has little impact on the cost of the plan. We have assumed that all members will retire on their normal retirement date, which is their 65th birthday.

Termination of Employment

No allowance has been made for members terminating their employment prior to retirement.

Mortality

The actuarial value of the pension depends on the lifetime of the member. We have assumed mortality rates, both before and after retirement, in accordance with the Static Group Annuity Mortality (GAM) Table for 1994. According to this table, the life expectancy at age 65 is 17.9 years for males and 21.3 years for females.

Actuarial Valuation Methods and Assumptions — Solvency Basis

We have used the market value of the plan's assets in our valuation of the plan for solvency purposes. In our determination of the solvency asset adjustment, we have used an adjusted market value method to determine the actuarial value of plan assets.

Under this method, market value over-performance or shortfall (from the assumed 7.5% return before 2001 and 7.0% for 2001-2003) arising during a given year are spread on a straight-line basis over 5 years. As a result, the asset value produced as of December 31, 2003 recognises the following percentages of the market value over-performance or shortfall that arose during the past 5 years:

2003	20%
2002	40%
2001	60%
2000	80%
before 2000	100%

The asset values produced by this method are related to the market value of the assets, with the advantage that, over time, the market-related asset values will tend to be more stable than market values.

The actuarial value of the assets, determined as of December 31, 2003 under the adjusted market value method, is \$3,638,300 which corresponds to \$2,647,400, plus the CAP fund of \$990,900.

This value was derived as follows:

	2000	2001	2002	2003
Market value 01.01	\$2,034,777	\$2,041,454	\$1,951,480	\$2,361,050
Net cash flow	(\$156,323)	(\$135,966)	\$371,725	(\$13,213)
Actual inv. income (including realized and unrealized gains and losses)	\$163,000	\$45,992	\$37,845	\$335,086
Expected inv. income ⁽¹⁾	\$146,746	\$138,143	\$149,614	\$164,811
Excess inv. income	\$16,254	(\$92,151)	(\$111,769)	\$170,275

⁽¹⁾ 7.5% and 3.75% on cash flow for 2000, 7.0% and 3.5% for 2001, 2002 and 2003.

Market value of assets 31.12.2003	\$2,682,923
LESS	
80% of excess inv. income of 2003	\$136,220
60% of excess inv. income of 2002	(\$67,061)
40% of excess inv. income of 2001	(\$36,860)
20% of excess inv. income of 2000	\$3,251
Actuarial value of assets 31.12.2003	\$2,647,373

This actuarial value is adjusted to include the CAP fund of \$990,882. The resulting value is \$3,638,255.

The use of this method has resulted in a decrease of \$35,550 in the value of plan assets. This is identified as the solvency asset adjustment.

To determine the solvency actuarial liability, we have valued those benefits that would have been paid had the plan been wound up on the valuation date, with all members fully vested in their accrued benefits. No benefits payable on plan wind up were excluded from our calculations.

We have considered that all members would be entitled to a pension reduced in accordance with the plan rules payable from the age that would produce the greatest value.

Benefits are assumed to be settled through a lump sum transfer for active members, transferred members and deferred pensioners under age 55. The value of the benefits accrued on December 31, 2003, for such members is based on the assumptions described in the Recommendations for the Computation of Transfer Values from Registered Pension Plans of the Canadian Institute of Actuaries applicable for December 2003 for benefits expected to be settled through transfer in accordance with relevant portability requirements. The average interest rate used in determining the solvency liability

adjustment is calculated as the average of the rates we would use for the solvency basis for the 60-month period ending in December 2003.

Benefits are assumed to be settled through the purchase of annuities for active members, transferred members and deferred pensioners aged 55 and over and for members in receipt of a pension. The value of the benefits accrued on December 31, 2003, for such members, is based on an estimate of the cost of settlement through purchase of annuities. The solvency liability adjustment reflects a change in the solvency valuation interest rate equal to the difference between the two interest rates described in the previous paragraph. Assumptions are as follows:

Actuarial Assumptions

Mortality rates:	GAM-1983
Interest rates for benefits to be settled through lump sum transfer:	
▪ Solvency liability	6.00% per year
▪ Smoothing adjustment	6.26% per year for the first 15 years following 31.12.2003, 6% per year thereafter
Interest rates for benefits to be settled through annuity purchase:	
▪ Solvency liability	5.00% per year
▪ Smoothing adjustment	5.26% per year
Termination expenses:	\$115,000

In a solvency valuation, the accrued benefits are based on the member's earnings on the valuation date therefore, no salary projection is used. Also, the employment of each member is assumed to have terminated on the valuation date therefore, no assumption is required for future rates of termination of employment.

The provision for termination expenses payable from the plan's assets is in respect of actuarial, administration and legal expenses that would be incurred in terminating the plan. Also included in the provision are transaction fees related to the liquidation of the plan's assets and any reduction in the value of the plan's equity assets resulting from their liquidation.

The provision for termination expenses does include custodial, investment management, auditing and consulting expenses that would be incurred between the wind-up date and the settlement date (assumed to be a 2-year period).

We have assumed that termination expenses are not dependent on the solvency status of the plan sponsor.

Appendix C

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at December 31, 2003, provided by Ifastgroupe Inc.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarised below. For comparison, we have also summarised corresponding data from the previous valuation.

	31.12.2003	31.12.2002
Active Members		
▪ Number	48	50
▪ Average years continuous service	17.8 years	16.2 years
▪ Total pensionable earnings last year	\$2,610,136 ⁽¹⁾	\$2,655,772 ⁽¹⁾
▪ Average pensionable earnings	\$55,535	\$54,199
▪ Average accumulated pension	\$4,634	\$4,399
▪ Average age	48.3 years	47.2 years
▪ Accumulated contributions with interest	\$267,535	\$259,743
Deferred Pensioners		
▪ Number	1	0
▪ Average annual pension	\$1,719	N/A
▪ Average age	53.0 years	N/A
Pensioners and Survivors		
▪ Number	30	30
▪ Total annual lifetime pension	\$172,410	\$152,861
▪ Average annual pension	\$5,747	\$5,095
▪ Average age	76.0 years	75.3 years

⁽¹⁾ Excluding earnings for one member aged 65.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Actives	Deferred Vested	Pensioners and Survivor
Total at 31.12.2002	50	0	30
New entrants	1	—	—
Terminations:			
▪ not vested	—	—	—
▪ transfers / refunds	(1)	—	—
▪ deferred pensions	(1)	1	—
Deaths	—	—	(1)
Retirements	(1)	—	1
Beneficiaries	—	—	—
Total at 31.12.2003	48	1	30

The distribution of the active members by age group as of December 31, 2003, is summarized as follows:

**Distribution of Active Members and Accumulated Pension by
Age Group as of 31.12.2003**

Age	Total
25 – 29	2 \$1,603
30 – 34	2 \$2,979
35 – 39	3 \$2,029
40 – 44	8 \$3,675
45 – 49	18 \$4,813
50 – 54	3 \$6,663
55 – 59	6 \$5,471
60 – 64	5 \$6,903
65 – 69	1 \$3,823
Total	48 \$4,634

The distribution of the inactive members by age as of December 31, 2003, is summarised as follows:

**Distribution of Inactive Members by
Age Group as of 31.12.2003**

Age	Deferred Pensioners		Pensioners and Survivors	
	Number	Average Annual Pension	Number	Average Annual Lifetime Pension
50 – 54	1	\$1,719		
55 – 59				
60 – 64				
65 – 69			8	\$8,028
70 – 74			7	\$6,108
75 – 79			5	\$6,468
80 – 84			7	\$4,656
85 – 89			2	\$132
90 – 94			1	\$240
Total	1	\$1,719	30	\$5,747

Appendix D

Summary of Plan Provisions

Introduction

The *Pension Plan for the Salaried Employees of Ifastgroupe Inc., Ingersoll Fasteners Division* became effective January 1, 1998.

The following is a brief summary of the principal provisions of the plan as of December 31, 2003. It is not intended as a complete description of the plan.

Eligibility for Membership

Salaried employees shall become a Member of the Plan on the first day of the month following or coincident with the date on which they have completed one year of continuous service.

Contributions

No employee contributions are required.

Retirement Dates

Normal Retirement Date

The normal retirement date is the first day of the month coinciding with or next following the member's 65th birthday.

Early Retirement Date

If a member has been in the plan for at least two years, the member may choose to retire as early as age 55.

Postponed Retirement

Postponed retirement is permitted up to the 69th birthday.

Retirement Benefits

Normal Retirement

(1) For Service prior to January 1, 1991

- (i) any pension earned under the prior Frozen Non-Contributory Plan, plus
- (ii) any pension earned under the Supplementary Contributory Plan.

(2) For Service from January 1, 1991 to December 31, 1999

- (i) 1.25% of the Member's Final Average Earnings multiplied by the number of years of the Member's Credited Service between January 1, 1991 and December 31, 1999.

less

- (ii) $1/70^{\text{th}}$ of the Canada/Quebec pension plan benefits multiplied by the number of years of the Member's Credited Service between January 1, 1991 and December 31, 1999, to a maximum of 35 years.

where Final Average Earnings is defined as the annual average of the highest remunerated 5 consecutive calendar years of Earnings up to December 31, 1999 in the last 10 calendar years of continuous service or, if greater, of the last 60 months of continuous service;

(3) For Service from January 1, 2000

- (i) 1.25% of the Member's Earnings for each Plan Year or portion thereof on and after January 1, 2000.

less

- (ii) $1/70^{\text{th}}$ of the Canada/Quebec pension plan benefit for each Plan Year or portion thereof on and after January 1, 2000.

Early Retirement

The early retirement pension shall be the member's normal retirement pension accrued to the early retirement date reduced by $\frac{1}{2}$ of 1% for each month by which the pension commencement date precedes Normal Retirement Date. The early retirement pension should be at least the Actuarial equivalent of the deferred pension payable at Normal Retirement Date.

Postponed Retirement

The postponed retirement pension will recognize membership after the Normal Retirement Date but without actuarial increase.

Normal Form of Pension

- (a) Frozen Non-Contributory Plan benefits are payable for life only.
- (b) Supplementary Contributory Plan benefits are payable for life and guaranteed for 5 years.
- (c) Non-Contributory Plan benefits earned for service after January 1, 1991 are payable for life only.

If the member has a spouse, benefits are actuarially reduced in order to provide a 60% joint and last survivor pension, as required by provincial law.

Survivor Benefits

Death Before Retirement

(i) Frozen Non-Contributory Plan

No death benefits.

(ii) Supplemental Contributory Plan

(1) Benefits Accrued prior to January 1, 1987

A refund of contributions made to the Plan before January 1, 1987 with credited interest.

(2) Benefits Accrued on and after January 1, 1987

Before 24 months of plan membership, a refund of contributions made to Plan on and after January 1, 1987 with credited interest.

After 24 months of plan membership, a death benefit is payable in an amount equal to the commuted value of the pension accrued on and after January 1, 1987 plus a refund of any employee contributions in excess of 50% of the commuted value of the pension.

(iii) Non-Contributory Plan for service after January 1, 1991

After 24 months of plan membership, a death benefit is payable in an amount equal to the commuted value of pension accrued for service after January 1, 1991.

After 10 years of continuous service a spousal pension equal to 50% of the member's benefit accrued after January 1, 1991 is payable.

Death after Retirement

The death benefits is determined in accordance with the form of the pension selected by the member.

Termination Benefits

If a member terminates his employment before being eligible to receive an early retirement pension, the member is entitled to:

(a) Frozen Non-Contributory Plan

A deferred pension commencing at normal retirement date equal to the pension accrued under the frozen plan.

(b) Supplemental Contributory Plan

(i) Benefits Accrued prior to January 1, 1987

Before 10 years of service and attaining age 45, refund of contributions made to the Plan prior to January 1, 1987 with credited interest.

After 10 years of service but before attaining age 45, the member may elect to receive a refund of contributions made to the Plan prior to January 1, 1987 with credited interest or receive a deferred pension commencing at Normal Retirement Date equal to the pension accrued before January 1, 1987.

After 10 years of service and attaining age 45, a deferred pension commencing at Normal Retirement Date equal to the pension accrued before January 1, 1987.

The minimum pension is the pension provided by employee contributions accumulated with credited interest.

(ii) *Benefits Accrued on and after January 1, 1987*

Before 24 months of plan membership, refund of contributions made to the Plan on and after January 1, 1987 with credited interest.

Capital Accumulation Program

Effective January 1, 1991 members may make voluntary contributions to the Capital Accumulation Program. Members may contribute 1%, 2%, 3% or 4% of their Base Pay the company will contribute 25% of the Member's contributions. Members are immediately vested in company contributions.

Appendix E

Employer Certification

With respect to the report on the actuarial valuation of the *Pension Plan for the Salaried Employees of Ifastgroupe Inc. Fasteners Division*, as at December 31, 2003, I hereby certify that, to the best of my knowledge and belief:

- a copy of the official plan documents and of all amendments made up to December 31, 2003, were provided to the actuary;
- the membership data provided to the actuary include a complete and accurate description of every person who is entitled to benefits under the terms of the plan for service up to December 31, 2003, and
- all events subsequent to December 31, 2003 that may have an impact on the results of the valuation have been communicated to the actuary.

Date

Nov. 24, 2004

Signed

André Cromp

Name

Acting Director – Corporate Human
Resources and Employee Benefits

Title

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