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 OF COMPROMISE OR ARRANGEMENT OF IVACO INC. AND THE APPLICANTS LISTED IN SCHEDULE "A"

FORTY-NINTH REPORT OF THE MONITOR
FEBRUARY 17, 2012

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INTRODUCTION

1. Ivaco Inc. ("Ivaco") and certain of its affiliates (collectively the "Applicants") obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), through an order of this Court dated September 16, 2003, as amended and restated (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor (the "Monitor") of the Applicants.

2. The Applicants for the Initial Order included, among others, Ivaco, Ivaco Rolling Mills Inc., Ifastgroupe Inc., IFC (Fasteners) Inc. ("IFC") and Docap (1985) Corporation ("Docap"). For purposes of this Report, Ivaco Rolling Mills Inc. and the related limited partnership Ivaco Rolling Mills Limited Partnership will be referred to as "IRM" and Ifastgroupe Inc. and the related limited partnership Ifastgroupe and Company Limited Partnership will be referred to as "Ifastgroupe". Both Ivaco Rolling Mills Limited Partnership and Ifastgroupe and Company Limited Partnership (together, the "Partnerships") are protected under the Initial Order.

3. This Forty-Ninth Report of the Monitor (the "Report") is provided to this Court as an update on the status of the Subsequent Claims Process and the IFC USA Interpleader Proceeding and in support of a motion, currently scheduled to be heard on February 29, 2012 at 10:00 a.m., seeking:

   a) Approval of the assignment into bankruptcy of Ivaco upon payment of all post-filing professional obligations in accordance with the Initial Order;

   b) An Order that the Claims Procedure Order, as amended, the Subsequent Claims Procedure Order and the D&O Claims Process Order, and the Claims Bar Date, the Subsequent Claims Bar Date, the D&O Claims Bar Date and the Indemnity Claim Bar Date continue to apply with respect to the identification and determination of all Claims, Subsequent Claims, D&O Claims and Indemnity Claims in relation to Ivaco in proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), together with incidental relief as described below;

   c) Approval of the activities of the Monitor; and

   d) Approval of the fees and disbursements of the Monitor and its counsel through February 3, 2012.

4. The Report is organized as follows:

   a) Terms of Reference;

   b) CCAA Proceedings;

   c) Termination of the CCAA Proceedings and Assignments in Bankruptcy;

   d) Post-Closing Statements of Receipts and Disbursements, including Professional Fees; and

e) Monitor's Analysis and Recommendations

TERMS OF REFERENCE

5. In preparing this Report and in making the comments herein, EYI has relied upon unaudited financial information and the Applicants' and Partnerships' books and records. Capitalized terms not defined in this Report are defined in the Initial Order, the Plans and previous Monitor's Reports. All references to dollars are in Canadian currency unless otherwise noted. The estimates provided in this Report are based on the Monitor's current assessment and incorporate assumptions as to possible future events and outcomes. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Report. Actual results may vary and the differences may be material.

CCAA PROCEEDINGS

Background

6. Ivaco was a corporation headquartered in Montreal, the shares of which were publicly traded on the Toronto Stock Exchange. It wholly owns all of its subsidiaries, directly or indirectly, including IRM, Ifastgroupe and IFC.

7. When the Applicants filed for CCAA protection in 2003, they operated from 12 locations across Canada and, to a limited extent, in the United States and were a leading North American producer of steel, fabricated steel products and precision machined components. The Applicants employed approximately 2,400 employees and conducted regular business with over 2,000 suppliers.

8. The Applicants operated their business in three primary operating groups: IRM, Ifastgroupe and the Sivaco Wire Group ("Sivaco"). Sivaco was the operating

division within the top (and only public) company in the group, Ivaco. IRM and Ifastgroupe were structured as limited partnerships and each had distinct creditors, financing and operations.

9. IRM, the largest subsidiary of Ivaco, was comprised of steel and wire rod manufacturing facilities in L'Orignal, Ontario. Ifastgroupe was the largest producer of fasteners (nuts and bolts) in North America. It was organized into four distinct operating segments located in both Ontario and Quebec. Ivaco itself had manufacturing operations, through Sivaco, in addition to housing the head office and corporate functions (as well as all the legacy debt from various discontinued operations). Sivaco had operations in both Quebec and Ontario and manufactured and distributed a wide variety of wire and wire products.

10. Although the Applicants had previously endured difficult market conditions as the steel market moved through economic cycles, they were unable to deal with the conditions in 2003.

11. The steel and steel products industries had been beset by serious difficulties caused, in part, by the broad economic downturn that affected the North American economy in 2001 to 2003. As a result of this downturn, manufacturing and capital spending declined, reducing the demand for steel, fabricated steel products and precision machined components produced and sold by Ivaco and its affiliates. The increase in imports of steel products from offshore countries also had a negative impact on the Applicants revenues and margins, especially in the fastener business.

12. Compounding these difficulties for Canadian exporters was the rapid rise of the Canadian dollar against the U.S. dollar. Approximately 70% of the Applicants' revenues were denominated in U.S. dollars. At the same time as currency fluctuations depressed revenues, a number of factors increased the Applicants'

costs of production. Both IRM and Sivaco entered into new labour contracts in late 2002, which substantially increased labour and pension costs for those businesses. Ivaco was also subject to substantial pension and legacy costs, including those related to previously discontinued operations.

13. The price of scrap metal, one of the most significant inputs in IRM's production of steel, increased substantially in 2003. Energy and transportation costs also increased significantly during the same period.

14. In October 2002, the United States International Trade Commission made a determination that certain wire rod products imported from seven countries, including Canada, were injuring the U.S. domestic steel industry. Ivaco was hit with a duty tariff and was required to deposit with the U.S. Customs Service 9.9% of the value of certain wire rod shipments to the United States. This also had a short term adverse impact on Ivaco's profitability and cash flow.

15. In large part, these factors led to the Applicants' filing for protection under the CCAA in September 2003.

16. In mid-November 2003, two months into the restructuring, the Monitor reported that the Applicants continued to be unable to convince stakeholders, including the IAC, that the whole of the consolidated enterprise was likely to be worth more than the sum of its parts. As a result, the Applicants concluded in consultation with their advisors and the Monitor that there should be a dual track process to canvass both a stand-alone restructuring and sale options.

17. The sale process generated more interest than the stand-alone restructuring process. The successful bidder, Heico, and the Applicants entered into purchase agreements in August 2004. Separate asset purchase agreements were executed for each of IRM, Ifastgroupe and Ivaco ascribing distinct purchase prices to each. Court approval of the transactions was obtained on August 18, 2004. The sales

closed on December 1, 2004, after which the Estates held cash of approximately $275 million.

18. As described at length in previous Monitor's Reports, a significant dispute between the Applicants and Heico concerning the post-closing working capital adjustment followed. After numerous court appearances, including a motion for leave to appeal to the Supreme Court, the working capital dispute was resolved and a total of approximately $63.8 million, including accrued interest, was received by the Applicants as a post-closing working capital adjustment.

19. After closing, the sole remaining representatives of the Ivaco selling entities and their estates were the directors and the CRO. The directors resigned in late February 2005 and the CRO wound down his involvement through the first half of 2005. Accordingly, the role of the Monitor in supervising the Applicants expanded and several orders were obtained providing a broader role for the Monitor in the circumstances. To date, the Monitor has continued to fulfill these obligations, including by preparing tax returns for the Applicants.

20. Shortly after the Heico sale closed, an issue emerged concerning the deficit in the Pension Plans that Heico had not assumed.

21. As described at length in previous Monitor's Reports, these pension issues involved numerous court appearances and prevented an interim distribution to creditors. The Monitor attempted to facilitate a resolution of these pension issues and, as described in previous Monitor's Reports, the Monitor, the IAC and the Pension Parties participated in two separate mediation sessions before settling the outstanding pension issues in a court approved mediated settlement which included a payment of $29 million by the Applicants and a further $10 million credited to the Pension Plan.

Distribution to National Bank

22. In its capacity as Ivaco's major secured creditor, National Bank of Canada ("NBC") sought repayment of its secured indebtedness of approximately $34 million. The Monitor obtained a report on the validity of the NBC's security from its independent counsel, Stikeman Elliott LLP.

23. Pursuant to the Order of this Court dated May 11, 2004, Ivaco was authorized to distribute to NBC existing and future proceeds of the sale of non-core assets, subject to any prior ranking liens or encumbrances on such non-core assets and/or closing adjustments in respect of the relevant sale transactions.

24. A Distribution Order was granted by this Court on December 17, 2004. The Distribution Order was obtained pursuant to an agreement reached between NBC, Ivaco, 1039028 Ontario Inc. and the Monitor, incorporating claw-back provisions in certain circumstances (the "Distribution Agreement"). The Distribution Agreement essentially provided that the Monitor was authorized to release a maximum of $16 million to NBC as a partial repayment of its loan; provided, however, that if in certain circumstances a bona fide claim were proven against the directors and officers of Ivaco pursuant to the D&O Claims Process, then NBC would be required to return up to $10 million of the proceeds to the Monitor.

25. This claw-back provision was consistent with the Initial Order, which provided the directors and officers with a charge against the property of the Applicants ranking ahead of NBC's security to a maximum of $10 million.

26. On December 20, 2004, the Monitor caused Ivaco to distribute $12 million to NBC pursuant to the Distribution Agreement and Distribution Order referred to above.

27. On October 31, 2007, the Monitor caused Ivaco to make an additional distribution of $8 million to NBC pursuant to another similar, distribution agreement and the October 23, 2007 Order of this Court.

28. On May 6, 2008, the Monitor obtained a further Order from this Court authorizing it to cause Ivaco to distribute to National Bank up to the full amount of its secured indebtedness with interest and fees of approximately $17.4 million, and providing that the December 17, 2004 Distribution Order and the Distribution Agreement (including the claw-back referenced above) continue in force. On that basis, the Monitor caused Ivaco to make an additional distribution of $9,125,500 to NBC.

29. On June 27, 2008, pursuant to the May 6, 2008 Order described above, the Monitor caused Ivaco to make an additional distribution of $8,239,998 to NBC as a full and final payment of its secured claim against Ivaco, subject to the claw-back described in the Forty-Sixth Report and referenced above.

<u>Repayment of the Sub-DIP</u>

30. Pursuant to the Initial Order, Ivaco was authorized to enter into Subordinated Debtor-in-possession arrangements (the "Ivaco Sub-DIP") with IRM and Ifastgroupe as lenders. The Initial Order provides that the Ivaco Sub–DIP is secured by a charge that ranks below NBC's security, the Director's Change and the Administration change. As of December 1, 2004, there was a balance owing on the Sub-DIP of $3 million owing by Ivaco to Ifastgroupe and IRM equally.

31. Pursuant to an order of this Court dated July 24, 2008, the Monitor caused Ivaco to repay the principal balance of the $3 million owed on the Sub-DIP to IRM and Ifastgroupe.

Pre-Filing Claims Process

32. As described in previous Monitor's Reports, including the Thirty-Seventh Report, this Court authorized the Applicants to conduct a process for soliciting and determining claims of their creditors arising prior to September 16, 2003 or post-filing claims arising between September 16, 2003 and June 18, 2004. The Claims Bar Date was established as August 6, 2004. The Court also made provision for a Subsequent Claims Bar Date for Subsequent Claims (discussed below).

33. The claims process was substantially completed with respect to IRM, Ifastgroupe and IFC by September 2007; was reported on in the Thirty-Seventh and Forty-First Reports; and has since been finally concluded. By contrast, the claims process was never fully concluded with respect to Ivaco. In the course of the claims process, unsecured claims in excess of $363 million were filed against Ivaco. Given the total realization of Ivaco's assets it became apparent to the Monitor that there could be no expectation of a distribution to the unsecured creditors of Ivaco. Accordingly, the Monitor did not issue notices of revision or disallowance in all cases where such claims were in dispute, as no distribution would justify the expense of completing the process.

34. As of February 3, 2012, the remaining cash balance at Ivaco was approximately $36,000.

Subsequent Claims Process

35. On April 20, 2007, this Court approved the Subsequent Claims Process relating to claims arising on or after June 18, 2004 as a result of the restructuring, repudiation or termination of any contract, lease, employment agreement, collective agreement or any other agreement. 1,103 Subsequent Claims were

received by the Monitor. A chronology of the more significant events relating to the Subsequent Claims Process is set forth in the Forty-Sixth Report.

36. No notices of revision or disallowance were prepared for claimants that only filed their Subsequent Claims against Ivaco since, as described above, there will be no distribution to these creditors. Instead, those Subsequent Claims were set aside by the Monitor and notices of revision or disallowance were not prepared in most cases.

37. With respect to Subsequent Claims filed against Ifastgroupe and/or IRM, Claims Officer Mr. J.L. McDougall (the "Subsequent Claims Officer") accepted the proposal of the Monitor that the Subsequent Claims of the Heico Employees be dealt with before those of the Retired Employees and that they be dealt with in groups, based upon the interests of the Subsequent Creditors and the nature of their Subsequent Claims, rather than individually. Subsequent Creditors that were represented by counsel first made submissions on the threshold common questions of law. In circumstances where a decision was rendered by the Subsequent Claims Officer, it was applied consistently by the Monitor to all remaining unrepresented Subsequent Creditors, thereby giving them the benefit of the arguments made by counsel to the represented Subsequent Creditors. Unrepresented Subsequent Creditors were also given an opportunity by the Subsequent Claims Officer to make submissions prior to any decision being made on their particular Subsequent Claim.

38. As previously reported, based on discussions with the Plan Sponsors, the Monitor entered into discussions with one of the Claimants' Counsel representing over two hundred of the Heico Employees and Retired Employees described in the Forty-Sixth Report, each of whom had asserted Subsequent Claims jointly against IRM, Ifastgroupe and Ivaco. As contemplated by the June 18, 2004 Claims Procedure Order, as amended and supplemented by the

April 20, 2007 Subsequent Claims Process Order, the Monitor came to an agreement with all but four of those Heico Employees and Retired Employees on or about October 30, 2008. Pursuant to the agreement, the Monitor consensually resolved their disputed Subsequent Claims in respect of certain issues, while other issues were abandoned by the Subsequent Creditors. The total value of the Subsequent Claims asserted by such Heico Employees and Retired Employees was reduced from approximately $11.6 million to $2.8 million against IRM; from approximately $11.6 million to $1 million against Ifastgroupe; and from approximately $11.4 million to $650,000 against Ivaco.

39. With respect to the remaining Subsequent Claims:

a) The Subsequent Claims Officer determined that the majority of the non-unionized Heico Employees that previously worked at IRM or Ifastgroupe (without written employment contracts) were not entitled to make a claim in the Subsequent Claims Process for severance or termination, as their employment was not terminated rather it was uninterrupted and their seniority was recognized by Heico.

b) There were a few Heico Employees that had written employment contracts that contained express termination provisions that were triggered by the Heico Transaction. In these cases, the Monitor, in accordance with the Claims Procedure Order, as amended and supplemented by the Subsequent Claims Process Order, and the written decisions of the Subsequent Claims Officer, entered into discussions to consensually resolve the amount of such Subsequent Claims. After consulting with the Plan Sponsors, these Subsequent Claims were accepted by the Monitor in all cases at an amount that was significantly less than the face amount of the claim that was filed.

c) The Monitor accepted that the Retired Employees were entitled to assert Subsequent Claims relating to the loss of future benefits that were terminated by the Applicants after June 18, 2004. The only issues were the proper valuation of the Subsequent Claim, and which of the Applicants was responsible for the Subsequent Claim. In order to determine the value of the Retired Employees' claims for terminated benefits, the Monitor retained AON Consulting, an internationally recognized human capital consulting firm that was determined to be independent of the Applicants and their significant creditors. Based on the valuation performed by AON, the Monitor issued notices of revision or disallowance to all Retired Employees that filed Subsequent Claims.

d) As a general matter, the Subsequent Claims Officer found that Subsequent Creditors could not enforce their Subsequent Claims against more than one of the three estates of IRM, Ivaco and Ifastgroupe and rejected the allegation that Ivaco, Ifastgroupe and IRM are jointly and severally liable for employee liability.

40. The Monitor prepared its final submissions to the Subsequent Claims Officer and, by August 2, 2011, all Subsequent Claims subject to a Notice of Dispute had been determined by the Subsequent Claims Officer.

41. Pursuant to the Claims Procedure Order, as amended and supplemented by the Subsequent Claims Process Order, an appeal of the Subsequent Claims Officer's determination must be brought within seven business days by filing a Notice of Motion (Claim Appeal) with this Court.

42. While a small number of Subsequent Creditors voiced their disagreement with the Subsequent Claims Officer's determination with the Monitor, they have elected not to appeal. One additional Subsequent Creditor advised the Monitor

in May and November 2011 that he intended to appeal the Subsequent Claims Officer's determination and was directed to the procedure for initiating an appeal; however, he has not done so. As he has indicated his intention to appear before this Court at some point, he has been added to the service list in order to receive notice of future court appearances.

43. As none of the Subsequent Creditors has appealed the Subsequent Claims Officer's determination with respect to his or her Subsequent Claim within the appeal period set out by the Subsequent Claims Process, the determinations of the Subsequent Claims Officer are now final.

44. As at date hereof, the total value of the Proven Claims that are Subsequent Claims was over $7.0 million against IRM and $3.6 million against Ifastgroupe.

Distributions under the Plans

45. To date, after deducting various reserves, Affected Creditors with Proven Claims against IRM and Ifastgroupe have each received a total of five distributions totalling 70.45% and 62.65%, respectively, of each such Creditor's Proven Affected Claim. Affected Creditors with Proven Claims against IFC received a total of four distributions totalling 14.8% of each such Creditor's Proven Affected Claim.

46. Based on the final decisions from the Subsequent Claims Officer with respect to the remaining Subsequent Claims, each of the IRM, Ifastgroupe and IFC estates will be able to make one final distribution to creditors holding Proven Affected Claims. The Monitor proposes to make that distribution before assigning Ifastgroupe Inc., Ivaco Rolling Mills Inc., the Partnerships and IFC into bankruptcy, as described below. Subject to obtaining approval from the Plan Sponsors, the Monitor proposes to withhold an administrative reserve of $150,000 from the amounts available for distribution in respect of each such

Estate to fund the present and future costs of administering the final distribution pursuant to the Plans and any remaining funds will be used to fund the bankruptcies.

Withholding in Respect of Distributions

47. In accordance with an Order from this Court dated March 19, 2009, the Monitor has not deducted, withheld or paid any Statutory Amounts in relation to distributions made in respect of those Proven Affected Claims of former employees or retirees pursuant to the Plans. Distributions to those persons have been reported by the Monitor on T4A and, as applicable, Relevé 1 slips, as "Other income", with the result that such amounts are required to be included by the recipients in computing their income for tax purposes. The Monitor has ensured that there is no EI overpayment (i.e., a distribution to a person who has already received EI in respect of the same claim) by reporting to the HRSDC and returning the overpayment, as necessary, in a manner consistent with the agreement reached between the HRSDC, and insolvency administrators, as described in a circular issued by the Superintendent of Bankruptcy, dated March 28, 2000 (as revised on March 7, 2008 and May 22, 2008).

IFC USA Interpleader Proceeding

48. As described in the Forty-Eighth Report of the Monitor, IFC USA is a wholly-owned subsidiary of IFC. Immediately prior to the date of the Initial Order, all of IFC USA's assets were held by, and all of its operations were carried on through, its 70% owned subsidiary, VFS, and its VFM division. IFC USA and VFS were not Applicants within these CCAA proceedings, nor have they sought insolvency protection in the United States.

49. As part of both the June 15, and August 17, 2005 Court Orders, the Monitor was authorized to collect and take control of all proceeds of sale of the VFM Assets

and the Vermont Property and to deposit such proceeds into one or more bank accounts, where the proceeds were retained together with the proceeds of the sale of IFC USA's shares of VFS pending further order of this Honourable Court. The Orders also permitted the Monitor to pay any applicable taxes and reasonable administrative costs from the proceeds.

50. In accordance with an order of this Court dated March 16, 2009, the Monitor commenced an interpleader action in the US District Court with respect to the proceeds of the liquidation of IFC USA's assets, which was accepted. An interpleader proceeding allowed the Monitor to deposit the IFC USA Funds with the US District Court; allowed the US District Court to determine appropriate notice procedures; and allowed IFC USA's creditors to agree upon (or litigate) their entitlement to the IFC USA Funds without the oversight of the Monitor. Doing so provided IFC USA's creditors with a distribution through a court process without the more significant fees and complexities associated with a Chapter 7 proceeding and allowed the Monitor, the Applicants and IFC USA's creditors to seek an order from the US District Court eliminating recourse to them by known or unknown creditors.

51. In accordance with the February 25, 2010 Order of the US District Court, the Monitor made two deposits into the US District Court of US $2,557,380 on March 1, 2010 and US $85,932.74 on June 4, 2010, representing the gross realization costs less the operating and administration costs. The February 25, 2010 Order, a copy of which is attached hereto as Appendix A, states that, upon such deposit, the Monitor was dismissed from such action and discharged from any further liability with respect to the liquidation process and proceeds and all claims against the Monitor relating thereto were forever barred, released, discharged and extinguished.

TERMINATION OF THE CCAA PROCEEDINGS AND ASSIGNMENTS IN BANKRUPTCY

52. As described in the Thirty-Fourth Report and as authorized pursuant to sub-paragraph 3(f) of the IAPO, the Monitor consulted extensively with the IAC and others concerning the structure necessary to complete the realization (and by extension, distribution) of the Remaining Assets (as defined therein). In 2005, the IAC concluded that it wished to pursue bankruptcy orders in respect of the Applicants and, with the input of the Applicants as to the appropriate transition order, initiated proceedings to transition the proceeding into bankruptcy.

53. Pursuant to the Order of this Court dated July 18, 2005, the CCAA stay termination date in respect of the Applicants was extended until (i) in the case of each of Ivaco, Ifastgroupe and IRM, such time as its bankruptcy has been effected, at which time it would automatically and without further order of this Court expire, (ii) in the case of IFC and Ifastgroupe Realty Inc., until such time as the bankruptcy of Ifastgroupe LP has been effected, and (iii) in the case of Florida Sub One Holdings Inc., and 3632610 Canada Inc., until such time as the bankruptcy of Ivaco has been effected.

54. The transition to bankruptcy was stalled by, amongst other things, the working capital and pension disputes and the D&O Claims process, as described above and in the Monitor's previous Reports. Indeed, a petition in bankruptcy was previously filed in respect of Ivaco, but was stayed by the CCAA stay and then pursuant to various stays issued by Justice Farley, the Court of Appeal and the Supreme Court of Canada pending a final determination of the pension issues. Those disputes have now been resolved and the D&O Claims process completed and the Monitor is in a position to effect a bankruptcy of Ivaco. As previously reported in the Thirty-Eighth and Fortieth Reports, it is the Monitor's view that

assigning Ivaco into bankruptcy provides an appropriate vehicle to complete the administration of the estate in an orderly and responsible fashion.

55. The Monitor is similarly in a position to effect a bankruptcy of Ifastgroupe Inc., Ivaco Rolling Mills Inc., the Partnerships and IFC. On November 19, 2007, this Court issued orders sanctioning plans of compromise and arrangement in respect of each of Ifastgroupe, IRM and IFC (together, the "Plans"). Each of the Plans provides that, unless otherwise agreed by the Plan Committee, Ifastgroupe Inc., Ivaco Rolling Mills Inc., the Partnerships and IFC shall consent to the making of bankruptcy orders against them and consent to the Monitor acting as the trustee in the bankruptcies. Each of the Plans also provides that it shall be valid and binding on the trustees in bankruptcy and on the bankruptcy estates, "including, without limitation, the determination or settlement of Affected Claims in accordance with this Plan and the Plan Filing Order".

56. The Monitor seeks an order authorizing and directing it to assign Ivaco into bankruptcy as soon as practicable. The Monitor proposes to then make the final distributions described above at paragraph, 46, and wait approximately six months thereafter to allow for the final distribution to be deposited by the creditors, before similarly seeking an order directing and authorizing it to assign Ifastgroupe Inc., Ivaco Rolling Mills Inc., the Partnerships and IFC into bankruptcy.

57. Ernst & Young Inc is prepared to act as trustee in bankruptcy of Ivaco (the "Ivaco Trustee").

58. As described above, this Court has issued the Claims Procedure Order, as amended, the Subsequent Claims Procedure Order and the D&O Claims Process Order to establish procedures for identifying and quantifying certain categories of claims against Ivaco and its Directors and Officers. Ivaco and the Monitor

worked diligently to solicit and review such claims in relation to Ivaco and all such claims have been identified and recorded. However, while the D&O Claims Process was completed, the Claims Procedure and Subsequent Claims Procedure were not concluded because there was no expectation of a distribution to Ivaco's unsecured creditors.

59. Accordingly, the Monitor is seeking an Order that the Claims Procedure Order, as amended, the Subsequent Claims Procedure Order and the D&O Claims Process Order, and the Claims Bar Date, the Subsequent Claims Bar Date, the D&O Claims Bar Date and the Indemnity Claim Bar Date continue to apply with respect to the identification and determination of all Claims, Subsequent Claims, D&O Claims and Indemnity Claims in relation to Ivaco in the proceedings under the BIA. The Monitor will also seek an order that if a Creditor's Claim or Subsequent Claim has not been finally determined in accordance with the foregoing, its value for voting purposes under the BIA shall be the value shown in the Creditor's duly filed Proof of Claim or Proof of Subsequent Claim.

POST-CLOSING STATEMENTS OF RECEIPTS AND DISBURSEMENTS, INCLUDING PROFESSIONAL FEES

60. Attached as Appendix B to this Report is an updated post-closing summary of receipts and disbursements for Ivaco, IRM, Ifastgroupe and IFC for the period from October 1, 2007 (prior to the filing and sanction of the Plans) to February 3, 2012.

61. For purposes of presenting the Monitor's fees and disbursements incurred in connection with the CCAA proceedings of all the Applicants, including the fees and disbursements of its counsel, for approval by this Court, the Monitor has attached as Appendix C to this Report a consolidated schedule illustrating the total fees and disbursements of the Monitor and its counsel for the period

beginning when such information was last presented to the Court (July 1, 2008) until February 3, 2012.

62. The details of the fees paid prior to July 1, 2008 were provided in the Monitor's Twenty-Fifth Report dated May 2, 2005, the Forty-Second Report dated November 9, 2007 and the Monitor's Forty-Seventh Report dated July 21, 2008. The fees of the Monitor and its counsel from September 16, 2003 to June 30, 2008 were approved by order of this Court dated July 25, 2008.

63. During the period from July 1, 2008 until February 3, 2012, the Monitor's fees and costs totalled approximately $0.96 million and the Monitor's counsel's fees and costs totalled approximately $1.27 million.

MONITOR'S ANALYSIS AND RECOMMENDATIONS

64. Since 2004 the Monitor, in consultation with major stakeholders, including the IAC, has worked to complete the administration of the Estates with a view of maximizing creditor recovery. Ivaco was able to generate sufficient proceeds to fully repay its secured indebtedness to NBC and to repay its post filing obligations under the Ivaco Sub-DIP agreement.

65. At Ivaco, there are insufficient funds remaining to justify any distribution to unsecured creditors.

66. For IRM, Ifastgroupe and IFC, unsecured creditors have each received multiple distributions on account of their claims, with one small incremental distribution that is yet to be made.

67. The Monitor believes that filing assignments in bankruptcy is in the best interest of the Estates, consistent with the expectations of the stakeholders and provides a recognized means of closure for the stakeholders in these proceedings.

68. For the reasons outlined above, the Monitor recommends that this Court:

a) Approve the assignment of Ivaco into bankruptcy with Ernst & Young Inc. named as trustee, as described at paragraph 59, above, upon paying all post filing professional obligations in accordance with the Initial Order;

b) Order that the Claims Procedure Order, as amended, the Subsequent Claims Procedure Order and the D&O Claims Process Order, and the Claims Bar Date, the Subsequent Claims Bar Date, the D&O Claims Bar Date and the Indemnity Claim Bar Date continue to apply with respect to the identification and determination of all Claims, Subsequent Claims, D&O Claims and Indemnity Claims in relation to Ivaco in the proceedings under the BIA, together with incidental relief, as described at paragraph 59, above;

c) Approve the activities of the Monitor to date; and

d) Approve the fees and disbursements of the Monitor and its counsel, from July 1, 2008 up to February 3, 2012.

All of which is respectfully submitted this 17th day of February, 2012.

ERNST & YOUNG INC.

In its capacity as Court-Appointed Monitor of
Ivaco Inc. and certain of its affiliates

Per

Brian M. Denega
Senior Vice-President

Christopher Mediratta
Vice President

SCHEDULE A

SCHEDULE 'A'

Applicants filing for CCAA

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

APPENDIX A

U.S. DISTRICT COURT
DISTRICT OF VERMONT
FILED

2010 FEB 25 AM 10: 38

CLERK
BY ~~KAK~~
DEPUTY CLERK

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF VERMONT

ERNST & YOUNG INC., in its capacity as court appointed monitor of Ivaco Inc. and certain of its affiliates, including IFC (Fasteners) Inc. and not in its personal capacity,

Plaintiff,

v.

CORPORATION SERVICE COMPANY, DIVERSIFIED COLLECTION SERVICES, INC., CT CORPORATION SYSTEM, FRANKLIN COUNTY INDUSTRIAL DEVELOPMENT CORPORATION, PRAXAIR INCORPORATED, GENERAL ELECTRIC CAPITAL CORPORATION, NATIONAL BANK OF CANADA, LA CAISSE CENTRALE DESJARDINS DU QUEBEC, FORTIS BANK, MEDIA GENERAL, and FACTORY MUTUAL INSURANCE COMPANY
Interpleader defendants.

Interpleader defendants

Civil File No. 1:09-CV-149

ORDER ON MOTIONS

This matter came before the Court upon; (i) the motion of Ernst & Young Inc., in its capacity as court appointed monitor of Ivaco Inc. and certain of its affiliates, including IFC (Fasteners) Inc. (the "Monitor") and not in its personal capacity, to recognize this action as an interpleader action pursuant to 28 U.S.C. § 1335 and for dismissal, discharge and injunction (the "Interpleader Motion") (Document ## 3-6), and (ii) the Monitor's Motion for Default and for Judgment on the Pleadings as to certain Defendants that have either failed to respond to the Complaint or assert no claims to the funds the Monitor seeks to deposit with the Court (Document # 18).

Based upon the Motions and the accompanying Verified Interpleader Complaint, as well as the pleadings of record, the Court makes the following findings of fact and conclusions of law:

A. This Court has jurisdiction over this interpleader action pursuant to 28 U.S.C. § 1335 as: (i) the fund in question exceeds $500, (ii) the Monitor stands ready to deposit the fund into the registry of the Court at the Court's direction; and (iii) two or more of the adverse claimants to the fund are citizens of different states.

B. Venue in this district is appropriate pursuant to 28 U.S.C § 1397 as one or more of the Defendants resides in this district.

C. Proof of service with respect to all Defendants has been filed with the Court. (Documents #_8, 11, 12, 16, and 17). Defendants Corporation Service Company, Diversified Collection Services, Inc., CT Corporation System, and Praxair Incorporated have neither entered an appearance nor filed an answer to the complaint. Accordingly, default may be entered against these Defendants under Fed. R. Civ. P. 55.

D. Defendant Franklin County Industrial Development Corporation has entered an appearance in the case (Document # 7), but has not filed an answer. The appearance filed on behalf of this Defendant states that it "intends to make no claim with respect to the liquidation proceeds" that are the subject of the Complaint. Defendants Media General and Factory Mutual Insurance Company have filed an answer to the complaint (Document # 10). In that answer, these defendants "disclaim any interest in or claim to" the funds which the plaintiff seeks to deposit with the Court. Id., III. In addition, these defendants do not state any facts in their answer that would constitute a defense to any of the relief requested in the Recognition Motion. Because these defendants do not assert any claim to the funds that are the centerpiece of this proceeding, judgment on the pleadings is appropriate as to these defendants dismissing them from this action.

D. Sufficient and adequate notice of the Motions were provided to the Defendants.

E. The Monitor is currently in possession of approximately $2,550,577 (the "Liquidation Proceeds"), which represents the proceeds of the liquidation of the assets of IFC USA Corp. ("IFC USA"), less certain expenses, operating costs and reserves.

F. The Monitor stands ready to deposit the Liquidation Proceeds with the Clerk of this Court upon this Court's instruction.

G. The Monitor does not assert any right or title to the Liquidation Proceeds.

H. The Defendants other than the three being dismissed based on lack of interest in the Liquidation Proceeds ("Remaining Defendants") are each former creditors of IFC USA whose claims collectively exceed the value of the Liquidation Proceeds. As such, these Defendants have competing claims to the Liquidation Proceeds.

I. If the Monitor surrenders the Liquidation Proceeds to any of the Remaining Defendants, it may be subject to the claims of the others.

J. Such claims could expose the Remaining Defendants or the Monitor to the threat of multiple litigation and multiple liability.

K. At all times, the Monitor has acted in good faith with respect to the handling of the Liquidation Proceeds.

L. The Monitor has incurred legal fees and costs as a result of these proceedings and may incur additional fees and costs hereinafter.

M. Interpleader is necessary and appropriate to resolve the manner in which the Liquidation Proceeds should be fairly and equitably divided among the potentially competing claims of the Remaining Defendants.

Based upon the foregoing, and upon the record made before this Court and good and sufficient cause appearing therefore,

IT IS HEREBY ORDERED AND ADJUDGED THAT:

1. The Motions are hereby granted as set forth herein.

2. Defendants Franklin County Industrial Development Corporation, Media General and Factory Mutual Insurance Company are dismissed as parties with no interest in the Liquidation Proceeds, but remain subject to the provisions of paragraphs 6 and 7 below.

3. Defendants Corporation Service Company, Diversified Collection Services, Inc., CT Corporation System, and Praxair Incorporated, having failed to respond to the Complaint despite proof of service, and the time for answering the Complaint having expired, these Defendants are barred from challenging the Monitor's request for interpleader relief, and from challenging the claim amount for any Defendant set forth in the Complaint.

4. The requirements of 28 U.S.C. § 1335(a) are met, and this action is recognized as an interpleader action pursuant to that statute. The Remaining Defendants are required interplead and litigate their respective rights to the Liquidation Proceeds.

5. The Monitor shall deposit the Liquidation Proceeds, net of a $150,000 expense reserve (the "Expense Reserve"), into the Court's Registry pursuant to L.R. 67, as soon as practicable following the issuance of this Order. The Clerk shall accept such deposit, and will hold

the funds in a non-interest bearing account pending a stipulated agreement between the parties or further court order.

6. Upon deposit of the Liquidation Proceeds less the Expense Reserve into the Court's Registry, the Monitor is hereby dismissed from this action and, pursuant to 28 U.S.C. § 2361, is discharged from any further liability with respect to the Liquidation Proceeds. Any and all claims that any Defendant, or any other party (including, but not limited to, any known or unknown creditors of IFC USA) may have against the Monitor relating to or arising out of the Liquidation Proceeds, IFC USA, the Monitor's handling of the Liquidation Proceeds or this interpleader action are forever barred, released, discharged and extinguished.

7. Upon deposit of the Liquidation Proceeds less the Expense Reserve into the Court's Registry, pursuant to 28 U.S.C. § 2361, the Defendants, and any other party who may claim an interest in the Liquidation Proceeds, are hereby enjoined from instituting or prosecuting any proceeding in any State or United States court affecting the Liquidation Proceeds until further order of this Court.

8. The Monitor shall be entitled to reimbursement for all reasonable fees and costs incurred with respect to this interpleader. The Monitor may reimburse such costs and fees from the Expense Reserve. To the extent that such fees and costs are less than the Expense Reserve, the Monitor shall deposit any excess funds with the Court. To the extent that such fees and expenses exceed the Expense Reserve, the Monitor shall be entitled to payment of such excess fees and expenses out of the Liquidation Proceeds upon application to the Court.

SO ORDERED.

Dated at Brattleboro, in the District of Vermont, this 25th day of February, 2010.

J. Garvan Murtha

Honorable J. Garvan Murtha
Senior United States District Judge

APPENDIX B

ERNST & YOUNG INC.
COURT APPOINTED MONITOR OF IVACO INC.
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CANADIAN DOLLAR
FOR THE PERIOD OCTOBER 1, 2007 TO FEBRUARY 3, 2012

Opening Cash as at September 30, 2007	**$**	**17,307,822**
Receipts:		
Heico Working Capital Proceeds (Including Interest)		9,496,981
Distributions from IMT Corporation		3,048,915
Interest Earned		431,137
Transfer in from Ivaco U.S. Account		368,819
Intercompany Allocation - IRM		303,641
Intercompany Allocation - Ifastgroupe		277,185
Miscellaneous Receipts		194,306
Return of Retainers		125,654
Intercompany Allocation - IFC (Fasteners) Inc.		23,315
Total Receipts	**$**	**14,269,953**
Disbursements:		
Distributions to National Bank		25,396,167
Repayment of Sub - DIP		3,000,000
Salaried Pension Plan Settlement		1,000,000
Legal Fees and Disbursements		969,098
Monitor's Fees and Disbursements		371,049
Subsequent Claims Officer Fees and Disbursements		338,850
Designated Plan Pension Settlement		243,091
Goods and Services Tax and Harmonized Sales Tax		122,603
Payroll Remittances - Deemed Trust		51,479
Storage Costs		20,329
Working Capital Expert Fees		10,563
Québec Sales Tax		7,783
Claims Officer Fees and Disbursements		6,835
Bank Charges		4,566
Total Disbursements	**$**	**31,542,413**
Excess (Shortfall) of Receipts over Disbursements	**$**	**(17,272,460)**
Closing Cash at February 3, 2012	**$**	**35,362**

ERNST & YOUNG INC.
COURT APPOINTED MONITOR OF IVACO INC.
STATEMENT OF RECEIPTS AND DISBURSEMENTS - U.S. DOLLAR
FOR THE PERIOD OCTOBER 1, 2007 TO FEBRUARY 3, 2012

Opening Cash as at September 30, 2007	**$**	**317,638**
Receipts:		
Interest Earned		11,573
Accounts Receivable		9,784
Miscellaneous Receipts		4,638
Total Receipts	**$**	**25,995**
Disbursements:		
Transfer to Ivaco Canadian Account		342,864
Legal Fees		748
Bank Charges		22
Total Disbursements	**$**	**343,633**
Excess (Shortfall) of Receipts over Disbursements	**$**	**(317,638)**
Closing Cash at February 3, 2012	**$**	**0**

ERNST & YOUNG INC.
COURT APPOINTED MONITOR OF IFASTGROUPE AND COMPANY LIMITED PARTNERSHIP
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CANADIAN DOLLAR
FOR THE PERIOD OCTOBER 1, 2007 TO FEBRUARY 3, 2012

Opening Cash as at September 30, 2007	**$ 73,043,901**
Receipts:	
Heico Working Capital Proceeds (Including Interest)	29,451,946
Distributions from IFC (Fasteners) Inc.	9,186,450
Interest Earned	2,211,810
Transfer in from Ifastgroupe U.S. Account	554,781
Goods and Services Tax and Harmonized Sales Tax Refunds	135,733
Intercompany Allocation - IFC (Fasteners) Inc.	156,725
WSIB Refund	16,819
Goods and Services Tax Refund Interest	81
Total Receipts	**$ 41,714,345**
Disbursements:	
Distribution to Ordinary Unsecured Creditors	85,548,615
Salaried Pension Plan Settlement	13,750,000
Allocation of IFC Working Capital to IFC (Fasteners) Inc.	5,650,390
Ingersoll Fasteners Pension Settlement	1,262,893
Monitor's Fees and Disbursements	766,491
Legal Fees and Disbursements	683,327
Plan Sponsor Costs	339,901
Intercompany Allocation - Ivaco Inc.	277,185
Goods and Services Tax and Harmonized Sales Tax	111,800
Remittance to HRSDC on Account of Distributions to Former Employees	70,900
Actuarial Fees and Expenses	54,947
Québec Sales Tax	16,041
Distribution to Secured Creditors	10,827
Bank Charges	3,759
Room Rental for the Meeting of Creditors	666
Total Disbursements	**$ 108,547,742**
Excess (Shortfall) of Receipts over Disbursements	**$ (66,833,397)**
Closing Cash at February 3, 2012	**$ 6,210,504**

ERNST & YOUNG INC.
COURT APPOINTED MONITOR OF IFASTGROUPE AND COMPANY LIMITED PARTNERSHIP
STATEMENT OF RECEIPTS AND DISBURSEMENTS - U.S. DOLLAR
FOR THE PERIOD OCTOBER 1, 2007 TO FEBRUARY 3, 2012

Opening Cash as at September 30, 2007	**$**	**554,759**
Receipts:		
Interest Earned		20,144
Total Receipts	**$**	**20,144**
Disbursements:		
Transfer to Ifastgroupe Canadian Account	$	574,902
Bank Charges		1
Total Disbursements	**$**	**574,903**
Excess (Shortfall) of Receipts over Disbursements	**$**	**(554,759)**
Closing Cash at February 3, 2012	**$**	**0**

ERNST & YOUNG INC.
COURT APPOINTED MONITOR OF IFC (FASTENERS) INC.
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CANADIAN DOLLAR
FOR THE PERIOD OCTOBER 1, 2007 TO FEBRUARY 3, 2012

Opening Cash as at September 30, 2007	**$**	**18,173,004**
Receipts:		
Heico Working Capital Proceeds (Including Interest)		5,650,390
Interest Earned		412,901
Repayment of Sub-DIP		300,000
Total Receipts	**$**	**6,363,291**
Disbursements:		
Distribution to Ordinary Creditors		22,910,459
Intercompany Allocation - Ifastgroupe		181,610
Monitor's Fees and Disbursements		164,667
Legal Fees and Disbursements		93,524
Goods and Services Tax and Harmonized Sales Tax		17,125
Québec Sales Tax		3,965
Room Rental for the Meeting of Creditors		667
Bank Charges		408
Total Disbursements	**$**	**23,372,426**
Excess (Shortfall) of Receipts over Disbursements	**$**	**(17,009,134)**
Closing Cash at February 3, 2012	**$**	**1,163,869**

ERNST & YOUNG INC.
COURT APPOINTED MONITOR OF IRM LIMITED PARTNERSHIP
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CANADIAN DOLLAR
FOR THE PERIOD OCTOBER 1, 2007 TO FEBRUARY 3, 2012

Opening Cash as at September 30, 2007	**$ 168,279,747**
Receipts:	
Heico Working Capital Proceeds (Including Interest)	26,049,207
Interest Earned	4,150,916
Transfer in from IRM U.S. Dollar Account	1,739,046
Repayment of Sub-DIP	1,500,000
Distribution from Ifastgroupe	1,182,779
Goods and Services Tax and Harmonized Sales Tax Refunds	168,466
HSBC Receipt	2,389
Miscellaneous Refund	99
Total Receipts	**$ 34,792,902**
Disbursements:	
Distribution to Ordinary Creditors	180,195,348
Salaried Pension Plan Settlement	14,250,000
Plan Sponsor Costs	1,168,040
Monitor's Fees and Disbursements	792,931
Legal Fees and Disbursements	677,206
Intercompany Allocation - Ivaco Inc.	302,071
Goods and Services Tax and Harmonized Sales Tax	159,981
Remittance to HRSDC on Account of Distributions to Former Employees	73,540
Actuarial Fees and Expenses	57,488
Québec Sales Tax	26,543
Bank Charges	3,168
Room Rental for the Meeting of Creditors	667
Total Disbursements	**$ 197,706,982**
Excess (Shortfall) of Receipts over Disbursements	**$ (162,914,080)**
Closing Cash at February 3, 2012	**$ 5,365,667**

ERNST & YOUNG INC.
COURT APPOINTED MONITOR OF IRM LIMITED PARTNERSHIP
STATEMENT OF RECEIPTS AND DISBURSEMENTS - U.S. DOLLAR
FOR THE PERIOD OCTOBER 1, 2007 TO FEBRUARY 3, 2012

Opening Cash as at September 30, 2007	**$**	**1,739,072**
Receipts:		
Interest Earned		63,147
Total Receipts	**$**	**63,147**
Disbursements:		
Transfer to IRM Canadian Account	$	1,802,120
Return of Funds to Heico		99
Total Disbursements	**$**	**1,802,219**
Excess (Shortfall) of Receipts over Disbursements	**$**	**(1,739,072)**
Closing Cash at February 3, 2012	**$**	**0**

ERNST & YOUNG INC.
COURT APPOINTED MONITOR OF IVACO INC. RE: IFC USA
STATEMENT OF RECEIPTS AND DISBURSEMENTS - U.S. DOLLAR
FOR THE PERIOD OCTOBER 1, 2007 TO FEBRUARY 3, 2012

Opening Cash as at September 30, 2007	**$**	**2,614,385**
Receipts:		
Interest Earned		95,021
Refund from State of Vermont		41,225
Miscellaneous Receipts		6,765
Total Receipts	**$**	**143,011**
Disbursements:		
Interpleader - State of Vermont		2,643,313
Legal Fees and Disbursements		66,433
Monitor's Fees and Disbursements		44,296
Goods and Services Tax		3,166
Bank Charges		188
Total Disbursements	**$**	**2,757,396**
Excess (Shortfall) of Receipts over Disbursements	**$**	**(2,614,385)**
Closing Cash at February 3, 2012	**$**	**0**

APPENDIX C

Ivaco Inc and Certain Affiliates
Summary of Professional Fees Paid
For the period from July 1, 2008 to February 3, 2012
$ Canadian (000's)

	2008		2009				2010				2011				2012		**Total July 1, 2008 to February 3, 2012**
	July - September	October - December	January - March	April - June	July - September	October - December	January - March	April - June	July - September	October - December	January - March	April - June	July - September	October - December	January	February	
Ernst & Young Inc.																	
(Court appointed Monitor)																	
Fees	81.93	101.85	95.10	67.58	72.13	55.71	115.18	32.71	50.29	54.07	33.31	64.92	16.14	16.22	12.24	9.56	**878.92**
Disbursements	11.64	9.17	8.99	6.16	6.49	5.01	11.68	2.94	4.53	4.87	3.00	5.84	1.45	1.46	1.10	0.86	**85.18**
Stikeman Elliott LLP																	
(Monitor's Counsel)																	
Fees	185.37	292.98	125.96	90.98	29.87	41.39	17.50	36.86	105.41	125.52	59.32	11.02	30.49	-	15.84	-	**1,168.51**
Disbursements	15.76	34.65	31.31	4.79	0.19	0.25	0.04	1.32	3.68	3.32	1.80	0.08	0.78	-	0.08	-	**98.05**

Monthly Fees from September 16, 2003 to November 7, 2008 were disclosed by the Monitor in the 25th Report of the Monitor, dated May 2, 2005, the 42nd Report of the Monitor dated November 9, 2007 and the 47th Report of the Monitor dated July 21, 2008.

The Monitor and its counsel have maintained separate dockets for each entity and these entities have paid their respective allocation of fees and disbursements.
The table above represents the total of all the fees and disbursements that were allocated to and paid by each entity during the period.