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"

FOURTH REPORT OF THE MONITOR
NOVEMBER 10, 2003

INTRODUCTION

1. On September 16, 2003, Ivaco Inc. ("Ivaco") and certain of its affiliates (collectively the "Applicants" or the "Companies") filed for and obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act* R.S.C. 1985 c. C-36, *as amended* (the "CCAA"). The terms of these proceedings are governed by an order of this Honourable Court dated September 16, 2003, as amended and restated (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. ("EYI") was appointed as monitor (the "Monitor") of the Applicants during these CCAA proceedings.

2. The Fourth Report of the Monitor (the "Report") is being provided to this Honourable Court solely to provide information and the Monitor's recommendation in connection with the Company's application for this Honourable Court's approval of the terms of the appointment of a Chief Restructuring Officer ("CRO").

CHIEF RESTRUCTURING OFFICER

Background:

3. A CRO is sometimes appointed in large Canadian restructurings to oversee the company's operational and financial reorganization and to act as the primary point of contact for affected stakeholders. CROs have been appointed both from within the organization as well as from outside. There is no professional body of CROs, nor formal training, and there are a limited number of persons in Canada qualified by aptitude and experience available to act as a CRO.

4. Upon obtaining the Initial Order, the Applicants announced that Gordon Silverman had relinquished his day-to-day responsibilities as Vice-President and General Manager of Ivaco Rolling Mills and had been appointed as the CRO to focus on the Applicants' restructuring.

5. Immediately following the Initial Order, the Applicants established an Independent Committee of the Ivaco Board of Directors to oversee the restructuring. The Committee has retained separate legal counsel to advise it during the restructuring process.

6. From the outset, large creditors have expressed a strong preference to have an independent, external CRO. The Monitor and the Applicants' counsel advised the Applicants that, regardless of the abilities of the existing management team, the concerns of the stakeholders had to be satisfactorily addressed or else a constructive dialogue and negotiation between the Applicants and their creditors would be difficult if not impossible to achieve.

7. Effective October 1, 2002, the Applicants announced that Ivaco's Board of Directors had replaced Paul Ivanier with Gordon Silverman as President and CEO and had appointed Mr. Silverman as a director. Mr. Silverman continued to serve as interim CRO while the Independent Committee undertook a search for a CRO experienced in financial restructurings.

Selection Process:

8. The Independent Committee organized a thorough review to identify available qualified CRO candidates. This search resulted in a number of qualified candidates with restructuring experience being identified.

9. Through direct enquiry and behind the scenes investigation, the Independent Committee determined that all but four of the candidates were either unavailable or not interested.

10. The chairman of the Independent Committee of the Ivaco Board of Directors interviewed the four candidates. One of the identified candidates could not be available in the time frame required by this matter. The remaining three candidates had interviews with senior management of the Applicants.

11. The Independent Committee considered several criteria, including but not limited to:

- Business background, experience and qualifications;
- Ability to work effectively with the Applicants' management team;
- Input received from several major stakeholders;
- Objectivity and ability to act in the best interests of all stakeholders; and
- Terms of engagement.

12. The Monitor also received the views of certain of the stakeholders as to which candidate they supported. The Monitor conveyed this input to the Independent Committee and the Applicants.

PROPOSED CRO

13. After consideration of the available candidates, the Independent Committee has selected Mr. Randy Benson to act as CRO. Mr. Benson's resume is attached as Appendix A. The Monitor does not propose to comment on the relative strengths, weaknesses or overall ranking of the candidates considered by the Independent Committee. However, the Monitor considers that Mr. Benson is qualified to act

as the CRO in these proceedings because of both his broad financial and business experience as well as his leadership roles in several successful large and complex restructurings, notably Beatrice Foods Inc. and Call-Net Enterprises – Sprint Canada Inc.

TERMS OF ENGAGEMENT

14. As set out in the affidavit of William Cullens, the key terms of Mr. Benson's engagement (the "Terms of Engagement") are as follows:

- Monthly fee - $50,000, with $15,000 creditable to the success fee;
- Success fee - $750,000, reduced by 25% in the event there is success in only two out of Ivaco, Ifastgroupe and IRM, reduced by 50% in the event there is success in only one of Ivaco, Ifastgroupe and IRM;
- Success defined as:
  - Implementation of a restructuring;
  - Sale (or series of sales) of a majority of the assets of one or more of Ivaco, Ifastgroupe or IRM (unless through a hostile insolvency proceeding);
  - Refinancing of a majority of the indebtedness of the Applicants;
  - Restructuring or recapitalization of the Companies' equity and debt;
  - Combination of a majority of the Companies' businesses with one or more other business entities through a sale, merger, amalgamation, arrangement, partnership or otherwise.
- Bonus for achieving "success" within six months of commencement of CRO engagement - $200,000

15. The Monitor observed the final negotiations between the Independent Committee (with input from the Applicants) and Mr. Benson. In addition, the Monitor reviewed comparable terms of engagement from both public and non public sources of information. Based on this review, the Monitor has concluded that the Terms of Engagement set out above are not inconsistent with comparable mandates in the Canadian marketplace.

MONITOR'S CONCLUSIONS AND RECOMMENDATION

16. Based on all of the foregoing, the Monitor advises this Honourable Court that:

- The process conducted by the Independent Committee appears to have been as thorough and appropriate as reasonably possible in the circumstances;
- The candidate selected is qualified to perform the functions of CRO; and
- The Terms of Engagement are reasonable and comparable to other CRO arrangements in similar circumstances.

17. For the reasons outlined above and given the concerns raised by various stakeholders for the need to retain an independent CRO, the Monitor recommends that this Honourable Court approve the appointment and terms of engagement of Mr. Randy Benson as CRO.

All of which is respectfully submitted this 10th day of November 2003.

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

APPENDIX A

Randy Benson

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Profile

A Senior Executive with a strong financial background and a proven record of realizing bottom line growth. A leader in successfully managing organizations through periods of significant challenge and change. Extensive experience managing financial and operational turnaround situations and in negotiating complex financial restructurings and M&A transactions.

Career History

Call-Net Enterprises - Sprint Canada Inc. **1999 to December 2002**
Senior Vice President and Chief Financial Officer (2000-2002)
Special Advisor to the Board of Directors (1999-2000)

Parmalat Canada **1989 - 1999**
(A merger in 1997 of Beatrice Foods Inc. and Ault Foods Ltd.)
President, Refrigerated Product Division (1997-1999)

Beatrice Foods Inc.
Executive Vice President and Chief Financial Officer (1995-1997)
General Manager, Southwestern Ontario (1992 – 1995)
Director Finance, Dairy Division (1991 – 1992)
Director Finance, Food Products Division (1989 – 1991)

General Foods **1982 - 1989**
Operations Controller
Financial Director, Coffee Division
Manager, Capital Markets/Investment Funds

Education

MBA, York University, 1985
BBA, York University, 1982

Associations (Past/Present)

Member, Young President's Organization (YPO)
Board Member Urgent Care Canada Charitable Foundation
Chairman of the Board, NorthPoint Canada Inc.
Board Member, Cybersurf Inc.
Board Member, Quality Chek'd Dairy Products Association (North America)
Board Member Beatrice Foods Inc.
Member, FCPMC, Direct Store Delivery, Executive Committee

Interests

Family, skiing, running, travel and golf.

CALL-NET ENTERPRISES - SPRINT CANADA INC. **1999 TO DECEMBER 2002**

A leading national communications solutions company offering data, online services and local/ long distance voice services. An $800MM public company with 2000 employees, with shares listed on the TSX and debt SEC registered and publicly traded.

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER (2000-2002)

Reported to the CEO. Key executive mandated to develop and negotiate the financial restructuring of $2.6B of debt. Responsible for high profile activities in the areas of finance, investor relations and corporate development.

- Developed, negotiated and implemented the successful financial restructuring of Call-Net, thereby reducing debt by over $2B.
- Operated as a key executive resource in directing the operational and financial turnaround of Call-Net. Initiatives focused on dramatic quarterly improvements as follows:
    - EBITDA from $<3>MM to $25MM;
    - cash flow from $<86>MM to $7MM;
    - expenses from $101MM to $68MM and
    - interest expense from $50 MM to $12MM.
- Directed the sale of non-strategic assets thereby raising in excess of $300MM.
- Improved the accountability, productivity and performance of the Financial function. Increased the profile of the function to that of "business partner".
- Reduced headcount by 45% and provided stability and succession by recruiting professional resources.
- Appointed to represent Call-Net as a Board Member and Chairman of NorthPoint Canada, and as a Board member on Cybersurf Inc.

SPECIAL ADVISOR TO THE BOARD OF DIRECTORS (1999-2000)

Counseled the CEO and liaised with external advisors and the Board in evaluating strategic options for the company.

- Identified, evaluated and recommended changes in strategic direction for Call-Net to ensure the company's on-going competitiveness and future viability. Reviewed alternative scenarios including the sale of company, sale of assets, break-up value and 'stand alone' operating valuations.
- Reviewed potential M&A transactions for feasibility, achievability and value creation. Liaised and negotiated with strategic partners to determine alternatives.

PARMALAT CANADA **1997 – 1999**

The country's largest dairy food and bakery products company with sales of over $2 billion.

PRESIDENT, REFRIGERATED PRODUCT DIVISION

Reported to the CEO. Managed an autonomous operating division with $850MM in sales, 10 direct reports, 1,200 employees, 13 manufacturing operations and a national direct store delivery distribution system. Member of the executive management committee of Parmalat Canada.

- Merged two former competitors (Ault/Beatrice) with distinct corporate cultures and business systems into one national operation. Created a management team that developed a comprehensive strategy with a unified and competitive focus.

- Developed and implemented a strategy to take advantage of a rationalizing customer and competitive marketplace. Identified and acquired targeted companies, which facilitated both top and bottom-line growth. These initiatives were designed to generate over $300MM in growth and significantly enhance profitability.
- Led cost reduction initiatives in commodity based fluid milk. Designed initiatives to reengineer the supply chain process from product receipt through to customer distribution. Savings projected to reach $25MM annually by 2001.
- Initiated functional reorganizations in sales and marketing along with enhanced training and development, for increased effectiveness.
- Managed a joint venture partnership with Unilever.

Beatrice Foods Inc. **1989 – 1997**

An $800MM, autonomous Canadian dairy food/bakery company with operations throughout North America. The company was structured as a leveraged buy out whose equity was privately owned by U.S. institutional investors and whose subordinated debt was publicly traded and registered with the SEC.

Executive Vice President and Chief Financial Officer (1995-1997)

Reported to the CEO and was a member of the Board of Directors. Focal point of the role was the successful financial restructuring of Beatrice foods implemented via a CCAA filing.

- Worked closely as project manager with external counsel, financial advisors and the Board of Directors in the development of various restructuring alternatives.
- Negotiated with U.S. and Canadian senior and subordinated debt holders and successfully restructured over $400MM of debt.
- Turned cash flow from a deficit performance of $30MM to a positive generation of over $70MM in nine months. Implemented numerous operational cost saving strategies and cash preserving initiatives throughout the organization.
- Increased stakeholder value, resulting in the sale of the company for over $425MM. Key executive representing the company in the sale and due diligence process.

General Manager, Southwestern Ontario (1992 – 1995)

Reported to the President, Dairy Division. Managed a $120MM regional operating unit with full P&L and balance sheet responsibility.

- Consolidated two manufacturing operations into one location while integrating the administration and distribution functions.
- Assumed additional responsibilities by leading a multi-functional project team to reengineer the Ontario direct store delivery system resulting in a 25% reduction in costs ($10MM) and a 40% reduction in manpower. Successfully implemented changes without any significant disruption to the customer base or labour management relations.
- Established the basis for consolidation of five separate business units into one regional operation in order to facilitate other strategic efforts.