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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"

THIRTY-EIGHTH REPORT OF THE MONITOR
OCTOBER 2, 2007

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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 Honourable Court dated September 16, 2003 (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (the "Monitor") of the Applicants.

2. The Applicants for the Initial Order included, among others, Ivaco, Ivaco Rolling Mills Inc. and the related limited partnership Ivaco Rolling Mills Limited Partnership ("IRM"), Ifastgroupe Inc. and the related limited partnership Ifastgroupe and Company Limited Partnership ("Ifastgroupe"), IFC (Fasteners) Inc. ("IFC") and Docap (1985) Corporation ("Docap").

3. This Thirty-Eighth Report of the Monitor (the "Report") is provided to this Honourable Court in support of a motion seeking orders: (i) approving the Salaried Minutes of Settlement, the Designated Minutes of Settlement, the Ingersoll Minutes of Settlement and the Docap Minutes of Settlement; (ii) approving the Pension Agreement and the Escrow Agreement and authorizing and directing Ernst & Young Inc. to act as the Escrow Agent; and (iii) authorizing and directing the Monitor to file assignments in bankruptcy on behalf of Ivaco and Docap upon the satisfaction of certain conditions precedent.

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4. The Report is organized as follows:

- Terms of Reference
- Approval of Minutes of Settlement
- Bankruptcy of Ivaco and Docap

TERMS OF REFERENCE

5. Capitalized terms not defined in this Report are defined in the Initial Order and the Monitor's previous 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 or otherwise verified the figures and estimates included herein. Actual results may vary and the differences may be material.

APPROVAL OF MINUTES OF SETTLEMENT

Minutes of Settlement

Salaried Minutes of Settlement

6. As reported in the Thirty-Seventh Report of the Monitor, as a result of a two-day mediation session with the assistance of Mr. Earl Cherniak on August 20 and 21, 2007 (following a prior mediation with the assistance of R.S.J. Winkler (as he then was) in August 2006), the Ontario Superintendent of Financial Services (the "Superintendent"), the Pension Committee of the Salaried Plan (the "Pension Committee") and the Informal Advisory Committee of Creditors, made up of National Bank of Canada ("NBC"), The Bank of Nova Scotia, QIT-Fer et Titane Inc. and the Informal Advisory Committee of Noteholders (together, the "IAC") agreed to resolve all claims relating to the Salaried Plan pursuant to Minutes of Settlement dated August 22, 2007 (the "Salaried Minutes of Settlement"). A copy of the Salaried Minutes of Settlement is attached hereto as Appendix "A".

7. The Salaried Minutes of Settlement provide for:

(a) A payment of $29 million to the Salaried Plan (the "Salaried Pension Payment") from the following Applicants' estates on or before October 31, 2007:

(i)	Ivaco	$ 1,000,000
(ii)	Ifastgroupe	$13,750,000
(iii)	IRM	$14,250,000

(b) The establishment of a pension escrow account and structure, including Court approval of an applicable escrow agreement, to administer the orderly payment of the Salaried Pension Payment into the Salaried Plan. A draft copy of the Pension Agreement dated October 31, 2007 between the Superintendent and the Pension Committee is attached to this Report as Appendix "B". A draft copy of the Escrow Agreement dated October 31, 2007 among the Superintendent, the Pension Committee and Ernst & Young Inc. is attached to this Report as Appendix "C";

(c) The release of the Superintendent, the Pension Committee, the Régie des rentes du Québec (the "Régie") and RBC Dexia Investor Services Trust and their respective agents, employees, professional advisors, and actuaries from all liability in respect of the Salaried Plan and its administration;

(d) An order of the Court barring and staying the Superintendent, the Pension Committee and the Régie from advancing any claims relating to the Salaried Plan; and

(e) An order of the Court staying, barring and discharging all claims relating to the Salaried Plan beneficiaries from advancing any claims relating to the Salaried Plan.

8. The Salaried Minutes of Settlement also provide that:

(a) The joint and several motion described in more detail herein will be adjourned to permit the settlement to be completed; and

(b) The appeal to the Supreme Court of Canada described in more detail herein will be deferred to permit the settlement to be completed.

9. Pursuant to the Salaried Minutes of Settlement, the parties agreed to settle any claims related to the Designated Plan, the Ingersoll Plan and the Docap Plan on substantially the same terms as the Salaried Plan pursuant to separate minutes of settlement.

Designated Minutes of Settlement

10. On September 18, 2007, NBC, the Superintendent and PricewaterhouseCoopers Inc. ("PwC"), the Administrator of the Designated Plan, executed Minutes of Settlement dated as of August 22, 2007, to resolve all claims relating to the Designated Plan (the "Designated Minutes of Settlement"). A copy of the Designated Minutes of Settlement is attached hereto as Appendix "D".

11. The Designated Minutes of Settlement provide for:

(a) A payment of $243,090.80 to the Designated Plan from the Ivaco estate on or before October 31, 2007;

(b) The release of the Superintendent, the Administrator and RBC Dexia Investor Services Trust and their respective agents, employees, professional advisors, and actuaries from all liability in respect of the Designated Plan and its administration;

(c) An order of the Court barring and staying the Superintendent and the Administrator from advancing any claims relating to the Designated Plan; and

(d) An order of the Court staying, barring and discharging all claims relating to the Designated Plan beneficiaries from advancing any claims relating to the Designated Plan.

12. The Designated Minutes of Settlement also provide that the appeal to the Supreme Court described in more detail herein will be deferred to permit the settlement to be completed.

Ingersoll Minutes of Settlement

13. On September 18, 2007, NBC, the Superintendent and PwC, the Administrator of the Ingersoll Plan, executed Minutes of Settlement dated August 22, 2007, to resolve all claims relating to the Ingersoll Plan (the "Ingersoll Minutes of Settlement"). A copy of the Ingersoll Minutes of Settlement is attached hereto as Appendix "E".

14. The Ingersoll Minutes of Settlement provide for:

    (a) A payment of $1,262,892.60 to the Ingersoll Plan on or before October 31, 2007 from the Ifastgroupe estate;

    (b) The release of the Superintendent, the Administrator and RBC Dexia Investor Services Trust and their respective agents, employees, professional advisors, and actuaries from all liability in respect of the Ingersoll Plan and its administration;

    (c) An order of the Court barring and staying the Superintendent and the Administrator from advancing any claims relating to the Ingersoll Plan; and

    (d) An order of the Court staying, barring and discharging all claims relating to the Ingersoll Plan beneficiaries from advancing any claims relating to the Ingersoll Plan.

15. The Ingersoll Minutes of Settlement also provide that he appeal to the Supreme Court described in more detail herein will be deferred to permit the settlement to be completed.

Docap Minutes of Settlement

16. On September 24, 2007, NBC, the Superintendent and PwC, the Administrator of the Docap Plan, executed Minutes of Settlement dated September 24, 2007, to resolve all claims relating to the Docap Plan (the "Docap Minutes of Settlement"). A copy of the Docap Minutes of Settlement is attached hereto as Appendix "F".

17. The Docap Minutes of Settlement provide for:

    (a) A payment of $216,000 to the Docap Plan on or before October 31, 2007 from Docap;

(b) The release of the Superintendent, the Administrator and RBC Dexia Investor Services Trust and their respective agents, employees, professional advisors, and actuaries from all liability in respect of the Docap Plan and its administration;

(c) An order of the Court barring and staying the Superintendent and the Administrator from advancing any claims relating to the Docap Plan; and

(d) An order of the Court staying, barring and discharging all claims relating to the Docap Plan beneficiaries from advancing any claims relating to the Docap Plan.

18. The Docap Minutes of Settlement also provide that the appeal to the Supreme Court described in more detail herein will be deferred to permit the settlement to be completed.

Background Information

Pension Plans

19. The following summary is derived from information provided in prior Monitor reports (including the Thirty-Fourth Report of the Monitor), and is summarized in this Report for ease of reference.

20. The Applicants sponsored a number of defined benefit pension plans for non-unionized employees in Canada. Those plans included:

(a) the Pension Plan for Salaried Employees of Ivaco Inc. and Participating Subsidiary Companies (the "Salaried Plan");

(b) the Pension Plan for Designated Hourly Rated Employees of Ivaco Inc. (the "Designated Plan");

(c) the Pension Plan for Salaried Employees of the Ifastgroupe Inc., Ingersoll Fasteners Division (the "Ingersoll Plan"); and

(d) the Pension Plan for Employees of Docap (1985) Corporation (the "Docap Plan").

The Salaried Plan, the Designated Plan, the Ingersoll Plan and the Docap Plan are collectively referred to herein as the "Pension Plans".

21. The participating employers in the Salaried Plan were Ivaco, Ifastgroupe and IRM. The Ivaco members of the Salaried Plan were employed in Quebec and Ontario. The Ifastgroupe members were employed in Quebec, Ontario and elsewhere. The IRM members were all employed in Ontario, and IRM had no assets or operations in Quebec.

22. The participating employer in the Designated Plan was Ivaco. The membership was comprised of both non-unionized and unionized employees located in Nova Scotia, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia.

23. The participating employer in the Ingersoll Plan was Ifastgroupe. All of its members were employed in Ontario.

24. The participating employer in the Docap Plan was Docap. All of its members were employed in Quebec, Ontario and Alberta.

25. When the Applicants filed for protection under the CCAA on September 16, 2003, varying amounts of unpaid employer current service contributions for the immediately preceding period had accrued in respect of each of the Pension Plans. Pursuant to the Initial Order, these amounts were not remitted into the Pension Plans.

26. Although additional employer current service contributions became payable to the Pension Plans during the CCAA Stay, pursuant to the Initial Order and a subsequent November 28, 2003 court order, no special payments (in respect of existing going concern unfunded liabilities or solvency deficiencies) were remitted into the Pension Plans after September 16, 2003.

27. In conjunction with the sale of Ivaco's, IRM's and Ifastgroupe's business to Heico Inc. and its affiliates, on November 29, 2004, and effective as of December 1, 2004, notices of termination were issued in respect of each of the Pension Plans (other than the Docap Plan). The purchasers did not assume the Pension Plans or responsibility for any of the benefits accrued thereunder (with the exception of the unionized employees' accrued benefits in the Designated Plan).

28. In April 2006, with Court approval, the Superintendent appointed PwC to administer the wind-ups of the Designated Plan and the Ingersoll Plan. Pursuant to orders of the Court dated September 24, 2007, Docap was directed to declare the wind-up of the Docap Plan through the issuance of a notice of wind-up, and the Superintendent appointed PwC as the administrator of the Docap Plan.

Pension Plan Litigation

29. In the spring of 2005, the IAC indicated that it intended to seek a lifting of the CCAA stay to permit creditors of Ivaco, IRM and Ifastgroupe to file or pursue petitions in bankruptcy. Meanwhile, the Superintendent indicated that it intended to initiate proceedings to have the Pension Benefits Guarantee Fund (the "PBGF") declared to be applicable to the Salaried Plan and a payment made, and that he would oppose any bankruptcy pending a motion:

(a) directing the Monitor to pay the amounts owing in respect of unpaid current service contributions, special payments and wind-up deficit payments into the Pension Plans;

(b) in the alternative, directing the Monitor to segregate sufficient funds to pay such claims; or

(c) in the further alternative, delaying the granting of any bankruptcy order until all pension liabilities had been finally determined or paid.

30. On March 4, 2005, Justice Farley issued a "standstill" order, which, *inter alia,* prohibited the IAC or the Superintendent from taking any step until the motions could be heard. The motions were heard on June 13-15, 2005 and, on July 18, 2005, Justice Farley dismissed the Superintendent's motion and ordered that bankruptcy trials be held at which further issues could be raised concerning the Pension Plans.

31. The Superintendent sought and obtained leave to appeal to the Ontario Court of Appeal. On October 17, 2006, the Ontario Court of Appeal released its decision, dismissing the Superintendent's appeal.

32. On October 27, 2006, on motion of the Pension Parties, the Ontario Court of Appeal stayed Justice Farley's July 18, 2005 order until determination of the Superintendent's application for leave to appeal to the Supreme Court of Canada. On May 3, 2007, the Supreme Court granted the Superintendent's application for leave to appeal. The parties agreed that upon the granting of leave to appeal, the stay of the order of Justice Farley was extended pursuant to the *Supreme Court Act* (Canada) until the final disposition of the appeal. But for the proposed settlement, the appeal was scheduled to be heard in February 2008.

33. On February 20, 2007, on motion of the Pension Committee, Justice Ground issued an order lifting the CCAA stay to allow a payment of approximately $10 million from the PBGF to be made to the Salaried Plan. On May 7, 2007, on motion of the Superintendent, Justice Ground issued an order lifting the CCAA stay to allow a payment of $155,000 from the PBGF into the Designated Plan and a payment of $1,643,000 from the PBGF into the Ingersoll Plan.

34. In June 2007, the Pension Committee served motion materials seeking, *inter alia*, a declaration that the Quebec *Supplemental Pension Plans Act* (the "QSPPA") applies to the Salaried Plan, and that Ivaco, Ifastgroupe and IRM are jointly and severally liable for the unfunded liabilities owing to the Salaried Plan (the "Joint and Several Motion"). The motion is currently scheduled to be heard November 6, 2007. On September 19, 2007, Justice Spence adjourned the Joint and Several Motion pending completion of the proposed settlements.

Legal Issues

35. There are at least three substantive categories of pension and insolvency law issues that could affect the amounts required to be paid from the estates of Ivaco, Ifastgroupe, IRM and Docap in satisfaction of the Pension Plan claims: "deemed trust" issues, "joint and several" issues, and "timing" issues. The following summary is only for the purpose of identifying the issues. Obviously, if these claims are not settled the arguments and submissions of the various interested parties will be very detailed and could differ from these issues in a material manner.

36. The available recoveries from the Applicants' estates to creditors and the pension claimants would vary depending on the resolution of these three series of issues. The Monitor created and disclosed to the parties to the various Minutes of Settlement hundreds of possible outcome scenarios involving multiple assumptions as to issues such as: asset realization by estate, expenses by estate, litigation risk assessment variables (with respect to litigation other than the Pension Plan litigation) and priority determinations.

Deemed Trust Issues

37. Essentially, the deemed trust issues boil down to whether: (i) the Monitor can be ordered to segregate, or pay into the Pension Plans, amounts subject to the deemed trusts under the Ontario *Pension Benefits Act*, the QSPPA or any other applicable provincial pension legislation; (ii) any such deemed trusts apply only to unremitted contributions or to the full wind-up deficit of each Pension Plan; and (iii) certain creditors can petition Ivaco, Ifastgroupe, and/or IRM into bankruptcy, with the result that such deemed trusts are not treated as constituting trusts within the meaning of paragraph 67(1)(a) of the *Bankruptcy and Insolvency Act*. In July 2005, Justice Farley declined to order such segregation or payment and effectively decided that a petition for bankruptcy should not be denied simply because the "disappearance" of the deemed trust would be one of the petition's goals. The Court of Appeal upheld this decision.

38. One of the results of that decision being upheld would be that, after bankruptcy, if a petition were granted, any amount otherwise subject to a deemed trust would likely rank as an unsecured claim. On the other hand, if that decision were reversed, it may be that the Pension Plans would enjoy the benefit of the deemed trusts and the trust would rank ahead of all other claims. As noted above, this could result in priority for the full pension plan deficit or only for the portion of the deficit represented by unpaid contributions that accrued due prior to the winding-up of each of the Pension Plans.

Joint and Several Issues

39. The joint and several issues are only relevant to the Salaried Plan. They concern the extent to which the solidarily liable (i.e. joint and several) provisions in Section 11 of the QSPPA should make Ivaco, Ifastgroupe and/or IRM assets available on a joint and several basis to satisfy claims relating to Salaried Plan obligations.

40. The resolution of the joint and several issues affects the quantum of the Salaried Plan's unsecured recovery, but not the rest of its claims. That is, if Ifastgroupe and IRM are liable jointly for the deficit in the Salaried Plan, then the recovery to the Salaried Plan will be significantly greater than if each estate is only liable for its several portion of the deficit. It is significant to note also that the Monitor projects that Ivaco will not have sufficient assets to distribute anything to unsecured creditors. There would be no recovery to the Salaried Plan from Ivaco absent deemed trust relief or a finding of joint liability by the other companies in respect of Ivaco's several portion of the deficit.

Timing Issues

41. The amount of recovery to the Salaried Plan is also dependent on the manner and order in which claims are asserted against the relevant estates. Two alternate approaches have been hypothesized, which can be characterized as the "simultaneous" approach and the "sequential" approach.

42. Under the simultaneous approach, the Salaried Plan would be entitled to assert its claim against each of Ivaco, Ifastgroupe and IRM estates at the same time until paid in full or the estate being depleted. Under the sequential approach, the relevant portions of the Salaried Plan's claims would be processed first against the estates of the respective employers. To the extent that, for example, the Ivaco estate could not satisfy the claim in respect of former Ivaco employees, only subsequently would a claim be processed against the Ifastgroupe estate (and, as the case may be, the IRM estate). Each of these models for processing claims is contested and would yield significantly different realization outcomes.

Representative Counsel

43. On September 24, 2007, the Court appointed Blake, Cassels & Graydon LLP as representative counsel to represent the interests of the Plan Beneficiaries (as defined in the Salaried Minutes of Settlement, the Designated Minutes of Settlement, the Ingersoll Minutes of Settlement and the Docap Minutes of Settlement) in respect of the proposed bar orders described in paragraphs 7(e), 11(d), 14(d) and 17(d) at the motion scheduled for October 9, 2007 to seek approval of the Minutes of Settlement. A copy of the September 24, 2007 order is attached hereto as Appendix "G".

44. Representative Counsel can be contacted at:

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Attention: Natalie Bussière

Monitor's Analysis and Recommendations

45. In addition to the legal issues described above, there are still a number of unresolved issues that will affect the ultimate recovery to creditors in each estate, including the Pension Plans, and as a result it is impossible to determine out with anything approaching certainty what the Pension Plans would receive without the proposed settlements. It is possible, however, to make assumptions about each of the other (non-pension) unresolved variables in order to compare the range of possible outcomes compares to the proposed fixed dollar settlements.

46. With respect to the Salaried Plan, the range of possible recoveries is approximately $13.4 million to $40.8 million shared between the estates of IRM, Ifastgroupe and Ivaco as follows: approximately $8 million to $16 million, approximately $5.5 million to $12.1 million and $0 to approximately $12.8, respectively. The Salaried Minutes of Settlement provides for the Salaried Pension Payment in the amount of $29 million.

47. With respect to the Designated Plan, the range of possible recoveries is $0 to approximately $600,000. The Designated Minutes of Settlement provides for the Designated Pension Payment in the amount of $243,090.80.

48. With respect to the Ingersoll Plan, the range of possible recoveries is approximately $900,000 to $2 million. The Ingersoll Minutes of Settlement provides for the Ingersoll Pension Payment in the amount of $1,262,892.60.

49. With respect to the Docap Plan, the range of possible recoveries is $0 to approximately $1.7 million. The Docap Minutes of Settlement provides for the Docap Pension Payment in the amount of $216,000.

50. It should be noted that the Designated Pension Payment, the Ingersoll Pension Payment and the Docap Pension Payment do not include the payments made or to be made by the PBGF in respect of each Pension Plan. Pursuant to the Order of Justice Ground dated May 7, 2007, the PBGF made a payment of $155,000 into the Designated Plan and a payment of $1,643,000 into the Ingersoll Plan. These payments are subject to adjustment based upon the payment of the Pension Payments, but the total amounts of such adjustments are not yet known. On September 24, 2007, Justice Spence made an order

permitting the Superintendent to make all declarations and allocations and to take such steps as may be required to make a PBGF payment into the Docap Plan. As such, the amount of the PBGF payment in respect of the Docap Plan is not yet known.

51. The negotiated pension payments for each of the Pension Plans fall within the range of possible legal outcomes. Furthermore, the parties involved are commercially sophisticated and represented by leading counsel. There has been both hard fought litigation and arms-length negotiation, with the assistance of two experienced mediators. The settlement that has resulted is truly a commercial compromise that reflects the assessment of the risks and strengths of each side's position with the result that the Monitor considers that all relevant interests have been represented and all possible issues and views aired. In addition, and not to be underestimated, the settlements have the significant advantage of:

(a) Bringing finality to a litigation process which has already occupied two and a half years and remains dependent on the outcome of the outstanding appeal to the Supreme Court of Canada (and possible subsequent bankruptcy trials and appeals) and the Joint and Several Motion and appeals;

(b) Avoiding the considerable professional fees which will be incurred in pursuing what could be several more years of litigation; and

(c) Allowing the administration of the various estates to advance, thereby permitting a distribution of proceeds from the December 2004 sales to the Applicants' creditors.

52. The Monitor believes that the agreed upon payments provided by each of the Minutes of Settlement are fair and commercially reasonable and recommends the approval of each of the proposed Minutes of Settlement.

BANKRUPTCY OF IVACO AND DOCAP

53. NBC is the secured creditor of both Ivaco and Docap. As at August 31, 2007, NBC's secured claims including fees and interest totalled approximately $23.9 million and $5.1 million, respectively. In respect of both Ivaco and Docap, it is anticipated that there will be no funds available for distribution to unsecured creditors following payment of the secured claims.

54. Since the sale of Ivaco's business effective December 1, 2004, there has been no prospect of a restructuring of Ivaco. Rather the focus has been on realization and distribution to creditors in accordance with their respective rights and priorities. Docap, on the other hand, has been operating as a going concern since the CCAA filing. It is not currently known whether a going concern transaction with respect to Docap's business is possible.

55. A petition in bankruptcy was previously filed against 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 Plan litigation described earlier in this Report.

56. In light of the anticipated settlements, NBC has brought a motion seeking an order authorizing and directing the Monitor to cause Ivaco and Docap to make voluntary Assignments in Bankruptcy, subject to satisfaction of the following conditions:

(a) the Salaried Pension Payment, the Designated Pension Payment, the Ingersoll Pension Payment and the Docap Pension Payment are made as contemplated by the Salaried Minutes of Settlement, the Designated Minutes of Settlement, the Ingersoll Minutes of Settlement and the Docap Minutes of Settlement, respectively; and

(b) the pending appeal to the Supreme Court of Canada by the Superintendent has been withdrawn and the stay associated therewith terminated.

57. In the Monitor's view, the ability to assign Ivaco and Docap (should a going concern transaction not be available) into bankruptcy provides an appropriate vehicle to complete the administration of these estates in an orderly fashion and permit additional distributions to be made to NBC on account of its secured claims, and the Monitor recommends approval of NBC's motion.

All of which is respectfully submitted this 2nd day of October, 2007.

ERNST & YOUNG INC.

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

Per

Michel Marleau

Brian M. Denega
Senior Vice-President

Michel Marleau
Senior Vice-President

Appendix A

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MINUTES OF SETTLEMENT

Private & Confidential

August 22, 2007

The Superintendent of Financial Services of Ontario (the "**Superintendent**") including as Administrator of the Pension Benefits Guarantee Fund, la Regie des Rentes du Quebec and the Pension Committee (the "**Pension Committee**") of the Registered Pension Plan for Salaried Employees of Ivaco Inc. and Participating Subsidiary Companies, CRA Registration Number 0410357 (the "**Salaried Plan**") and the members of the Informal Advisory Committee (the "**IAC**") are prepared to settle all claims (including potential claims of any nature) relating to the Salaried Plan against any of Ivaco, Ifastgroupe (the limited partnership and its general partner and IFC) (collectively "**Ifastgroupe**") and IRM (the limited partnership and its general partner) (collectively "**IRM**"), or any of their subsidiaries and affiliates, or against the Monitor, or against any of the former or present directors, officers, agents, employees, professional advisors, or creditors of any of the foregoing (collectively, the "**Ivaco Group**") on the following basis.

An Order will be sought in the CCAA proceedings, on the consent of the Superintendent, the Pension Committee, la Regie des Rentes du Quebec, and the members of the IAC and on such notice (including by means of giving notice and making such representation orders, if any, as the Court determines to be sufficient in respect of all persons identifiable as being presently or contingently entitled to the receipt of any pension, benefits or other entitlements under the Salaried Plan, (the "**Plan Beneficiaries**") and with the support of the Monitor and with an undertaking by the Superintendent to withdraw the Supreme Court of Canada appeal on a without costs basis to all parties, including costs at the Court of Appeal, and of the Pension Committee to withdraw (with prejudice and without any determination on the merits) the joint and several motion on a without costs basis, if the Orders referred to herein are made and become final. The Order referred to above shall provide for the matters referred to in paragraphs 1 to 5 hereof as follows:

1. Ordering and approving a payment of $29.0 million by the Monitor (the "**Salaried Pension Payment**"), to be allocated among the Ivaco estates as follows:

    (i) Ivaco $1,000,000;

    (ii) Ifastgroupe $13,750,000;

    (iii) IRM $14,250,000.

2. Ordering that the Monitor shall pay to the Superintendent and the Pension Committee (or as they may direct) the Salaried Pension Payment on the later of:

    I. The date the Orders referred to herein become final; and

    II. The earlier of:

        (i) in the case of IRM and Ifastgroupe (including IFC), the date on which distributions to unsecured creditors are made pursuant to a Plan of

Arrangement (or, with respect to Ifastgroupe, alternately pursuant to court order) to creditors of those debtors, respectively; and

(ii) October 31, 2007.

Despite anything contained herein, either of the Superintendent or the Pension Committee may terminate this agreement in the event that the Salaried Pension Payment is not paid by the Monitor on or before October 31, 2007. In the event that either the Superintendent or the Pension Committee terminates this Agreement, then this Agreement shall be null and void and deemed never to have been made. This provision is for the sole benefit of the Superintendent and the Pension Committee and may be waived by them jointly (and not individually) on such terms as they may agree.

3. Releasing the Superintendent, the Pension Committee, la Regie des Rentes du Quebec and RBC Dexia Investor Services Trust and their respective agents, employees, professional advisors, and actuaries from all liability in respect of the Salaried Plan and its administration, provided that such release shall not affect the obligations hereunder.

4. Establishing a pension escrow account and structure, including the approval of an escrow agreement in respect of the Salaried Pension Payment.

5. Ordering that the Superintendent, the Pension Committee and la Regie des Rentes du Quebec (collectively the "**Pension Parties**") are forever stayed from pursuing, and barring and discharging, all claims (liquidated or unliquidated, proven or unproven, in the nature of damages or otherwise, and whether or not asserted and whether arising under statute, civil law, common law or otherwise in any jurisdiction) relating to the Salaried Plan, any obligation to contribute to or to provide pensions, benefits or other entitlements under the Salaried Plan or the wind-up of the Salaried Plan against the Ivaco Group or any of them or any of the property or assets of the Ivaco Group or any of them, and against any other person who might make a claim over or for contribution or indemnity against any of the Ivaco Group or any of their assets relating to the Salaried Plan, including without limitation claims by way of debt, for priority, for liens, for trust obligations (deemed or otherwise) or in the nature of damages by any of the Pension Parties (or, as applicable, their heirs, executors, successors and assigns or legal personal representatives) or any of them, provided that the foregoing provisions of this paragraph shall not affect the Salaried Pension Payment. For greater certainty, none of the Pension Parties will be entitled to claim as a creditor or to have standing in any further proceedings or distributions relating to the Ivaco Group or any member thereof, other than for the enforcement of this settlement.

The above Order and the related undertakings are to be in form and substance satisfactory to the Superintendent, the Pension Committee and the members of the IAC, acting reasonably.

It is also a specific requirement of the IAC (and a condition to its agreement hereto) that the Court also order (in form and substance satisfactory to the IAC) that the Plan Beneficiaries are forever stayed from pursuing, and barring and discharging, all claims (liquidated or unliquidated, proven or unproven, in the nature of damages or otherwise, and whether or not asserted and whether arising under statute, civil law, common law or otherwise in any jurisdiction) relating to the Salaried Plan, any obligation to contribute to or to provide pensions, benefits or other entitlements under the Salaried Plan or the wind-up of the Salaried Plan against the Ivaco Group or any of them or any of the property or assets of the Ivaco Group or any of them, and against any other person who might make a claim over or for contribution or indemnity against any of the Ivaco Group or any of their assets relating to the Salaried Plan, including without limitation claims by way of debt, for priority, for liens, for trust obligations (deemed or otherwise) or in the nature of damages by any of the Plan Beneficiaries (or, as applicable, their heirs, executors, successors and assigns or legal personal representatives) or any of them, provided that the foregoing provisions of this paragraph shall not affect (i) the Salaried Pension Payment or (ii) any Plan Beneficiaries in respect of any claims unrelated to the Salaried Plan (including claims for supplemental pension benefits under any unregistered pension plan or post-retirement non-pension benefits that are triggered by, or depend upon, the payment of pension benefits to any such Plan Beneficiary under the Salaried Plan, but are not themselves obligations or entitlements to be paid pursuant to or in respect of the Salaried Plan).

All parties will co-operate in obtaining such further orders as may be needed that include such terms and conditions as the parties may reasonably request in order to facilitate:

I. an immediate distribution of not less than $56,000,000 to the unsecured creditors (other than the Pension Parties and the Plan Beneficiaries) of Ifastgroupe (the limited partnership and its general partner and IFC) (pursuant to a Plan of Arrangement or court order) and $131,500,000 to the unsecured creditors (other than the Pension Parties and the Plan Beneficiaries) of IRM (the limited partnership and its general partner) pursuant to a Plan of Arrangement; and

II. an immediate payment from Ivaco of the balance of National Bank's secured claim against Ivaco.

The joint and several motion (the "**Motion**") will be adjourned to a date not earlier than November 30, 2007. In the event that this Agreement terminates and it becomes necessary for the parties re-schedule the hearing of the Motion, the parties agree to cooperate and act reasonably to re-schedule the hearing date of the Motion on the earliest available date, subject to approval by the Court.

All parties to the Supreme Court of Canada appeal will take and consent to the steps necessary (including signing consents to a motion) to extend all deadlines for the filing of materials (including for any motion by the Pension Committee to intervene) to November 30, 2007 or such later date as may be agreed or ordered by the Supreme Court.

Claims relating to the Docap, Designated and Ingersoll Plans will be settled on substantially the same terms between the relevant members of the IAC, the Superintendent and PricewaterhouseCoopers Inc., in its capacity as the administrator of the Designated and Ingersoll Pension Plans. However, it is also a condition hereof that the Court Order provide that Ifastgroupe and IRM and their property and assets cannot be subject to any claims of any nature whatsoever by anyone whatsoever (including, without limitation, assertions of joint and several liability) in respect of the Docap and Designated Plans and that IRM and its property and assets cannot be subject to any claims of any nature whatsoever by anyone whatsoever (including, without limitation, assertions of joint and several liability) in respect of the Ingersoll Plan. The

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completion of each of the these settlements just mentioned and this settlement shall each be conditional on the others being completed in accordance with their respective terms, failing which this Agreement shall terminate.

It is understood and agreed that this Settlement may be executed in counterparts, each of which shall be deemed to be an original, and that such separate counterparts shall constitute together one and the same instrument, notwithstanding their date of actual execution, and that executed versions sent by facsimile or electronic mail shall be deemed to be original versions.

NATIONAL BANK OF CANADA, by its counsel Fasken Martineau DuMoulin LLP	27/08/07 (DATE)
THE BANK OF NOVA SCOTIA, by its counsel, McMillan Binch Mendelsohn LLP	(DATE)
QIT-FER ET TITANE, by its counsel McCarthy Tétrault LLP	(DATE)
INFORMAL COMMITTEE OF NOTEHOLDERS, by its counsel Bennett Jones LLP	(DATE)
THE ONTARIO SUPERINTENDENT OF FINANCIAL SERVICES, by its counsel Goodmans LLP	(DATE)
THE PENSION COMMITTEE OF THE SALARIED PLAN, by its counsel Rivest Schmidt	(DATE)

27

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It is understood and agreed that this Settlement may be executed in counterparts, each of which shall be deemed to be an original, and that such separate counterparts shall constitute together one and the same instrument, notwithstanding their date of actual execution, and that executed versions sent by facsimile or electronic mail shall be deemed to be original versions.

NATIONAL BANK OF CANADA, by its counsel Fasken Martineau DuMoulin LLP	(DATE)
THE BANK OF NOVA SCOTIA, by its counsel, McMillan Binch Mendelsohn LLP	08/29/07 (DATE)
QIT-FER ET TITANE, by its counsel McCarthy Tétrault LLP	(DATE)
INFORMAL COMMITTEE OF NOTEHOLDERS, by its counsel Bennett Jones LLP	(DATE)
THE ONTARIO SUPERINTENDENT OF FINANCIAL SERVICES, by its counsel Goodmans LLP	(DATE)
THE PENSION COMMITTEE OF THE SALARIED PLAN, by its counsel Rivest Schmidt	(DATE)

28

same instrument, notwithstanding their date of actual execution, and that executed versions sent by facsimile or electronic mail shall be deemed to be original versions.

NATIONAL BANK OF CANADA,
by its counsel Fasken Martineau DuMoulin LLP

(DATE)

THE BANK OF NOVA SCOTIA,
by its counsel, McMillan Binch Mendelsohn LLP

(DATE)

McCarthy Tétrault LLP per [signature]
QIT-FER ET TITANE,
by its counsel McCarthy Tétrault LLP

August 28, 2007
(DATE)

INFORMAL COMMITTEE OF NOTEHOLDERS,
by its counsel Bennett Jones LLP

(DATE)

THE ONTARIO SUPERINTENDENT
OF FINANCIAL SERVICES,
by its counsel Goodmans LLP

(DATE)

THE PENSION COMMITTEE
OF THE SALARIED PLAN,
by its counsel Rivest Schmidt

(DATE)

29

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NATIONAL BANK OF CANADA, by its counsel Fasken Martineau DuMoulin LLP	(DATE)
THE BANK OF NOVA SCOTIA, by its counsel, McMillan Binch Mendelsohn LLP	(DATE)
QIT-FER ET TITANE, by its counsel McCarthy Tétrault LLP	(DATE)
Bennett Jones LLP INFORMAL COMMITTEE OF NOTEHOLDERS, by its counsel Bennett Jones LLP	August 30/07 (DATE)
THE ONTARIO SUPERINTENDENT OF FINANCIAL SERVICES, by its counsel Goodmans LLP	(DATE)
THE PENSION COMMITTEE OF THE SALARIED PLAN, by its counsel Rivest Schmidt	(DATE)

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It is understood and agreed that this Settlement may be executed in counterparts, each of which shall be deemed to be an original, and that such separate counterparts shall constitute together one and the same instrument, notwithstanding their date of actual execution, and that executed versions sent by facsimile or electronic mail shall be deemed to be original versions.

NATIONAL BANK OF CANADA, by its counsel Fasken Martineau DuMoulin LLP	(DATE)
THE BANK OF NOVA SCOTIA, by its counsel, McMillan Binch Mendelsohn LLP	(DATE)
QIT-FER ET TITANE, by its counsel McCarthy Tétrault LLP	(DATE)
INFORMAL COMMITTEE OF NOTEHOLDERS, by its counsel Bennett Jones LLP	(DATE)
Goodmans per [signature] SUPERINTENDENT OF FINANCIAL SERVICES, ~~by his~~ counsel Goodmans LLP	Aug. 30, 2007 (DATE)
THE PENSION COMMITTEE OF THE SALARIED PLAN, by its counsel Rivest Schmidt	(DATE)

31

completion of each of the these settlements just mentioned and this settlement shall each be conditional on the others being completed in accordance with their respective terms, failing which this Agreement shall terminate.

It is understood and agreed that this Settlement may be executed in counterparts, each of which shall be deemed to be an original, and that such separate counterparts shall constitute together one and the same instrument, notwithstanding their date of actual execution, and that executed versions sent by facsimile or electronic mail shall be deemed to be original versions.

NATIONAL BANK OF CANADA, by its counsel Fasken Martineau DuMoulin LLP	(DATE)
THE BANK OF NOVA SCOTIA, by its counsel, McMillan Binch Mendelsohn LLP	(DATE)
QIT-FER ET TITANE, by its counsel McCarthy Tétrault LLP	(DATE)
INFORMAL COMMITTEE OF NOTEHOLDERS, by its counsel Bennett Jones LLP	(DATE)
THE ONTARIO SUPERINTENDENT OF FINANCIAL SERVICES, by its counsel Goodmans LLP	(DATE)
Rivest Schmidt. THE PENSION COMMITTEE OF THE SALARIED PLAN, by its counsel Rivest Schmidt	28/8/07 (DATE)

Appendix B

PENSION AGREEMENT

Made as of the 31st day of October, 2007

Between

THE PENSION COMMITTEE OF THE PENSION PLAN FOR SALARIED EMPLOYEES OF IVACO INC. AND PARTICIPATING SUBSIDIARY COMPANIES

- and -

SUPERINTENDENT OF FINANCIAL SERVICES

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PENSION AGREEMENT

THIS AGREEMENT made as of the 31st day of October, 2007

BETWEEN:

The Pension Committee of the Pension Plan for Salaried Employees of Ivaco Inc. and Participating Subsidiary Companies

(**"Pension Committee"**)

- and -

SUPERINTENDENT OF FINANCIAL SERVICES, appointed under the *Financial Services Commission of Ontario Act, 1997*

(**"Superintendent"**)

WHEREAS Ivaco Inc. sponsored the Ivaco Salaried Plan, and registered it with La Régie des Rentes du Quebec as number 26650 and with the Canada Revenue Agency as number 0410357;

AND WHEREAS Ivaco Inc., Ifastgroupe Inc. and Ivaco Rolling Mills Inc. were participating employers in the Ivaco Salaried Plan;

AND WHEREAS Ivaco Inc., Ifastgroupe Inc. and Ivaco Rolling Mills Inc. were declared insolvent on September 16, 2003 and were made subject to the CCAA;

AND WHEREAS the Ivaco Salaried Plan was wound-up effective December 1, 2004;

AND WHEREAS the Ivaco Salaried Plan had insufficient assets to meet its wind-up liabilities to its beneficiaries during the period from the effective date of the wind-up to the Pension Benefits Settlement Date;

AND WHEREAS the Pension Committee, in its capacity as the Administrator of the Ivaco Salaried Plan, and the Superintendent of Financial Services of Ontario filed claims with the Monitor on behalf of all of the beneficiaries of the Ivaco Salaried Plan and of the Pension Benefits Guarantee Fund of Ontario;

AND WHEREAS the Superintendent made a Declaration on March 2, 2007 that the Pension Benefits Guarantee Fund applies to the Ivaco Salaried Plan in respect of its Ontario beneficiaries as a consequence of which the Pension Benefits Guarantee Fund of Ontario made an advance of Ten Million Two Thousand Dollars ($10,002,000) to the Pension Fund of the Ivaco Salaried Plan;

AND WHEREAS an agreement has been reached in the CCAA proceedings to settle all Pension Claims made and filed by the Pension Committee and the Superintendent, which agreement is evidenced by the Minutes of Settlement, by making the Payment to the Monitor to be paid to the parties hereto or as they may direct, which agreement is subject to Court approval;

AND WHEREAS the Minutes of Settlement also provide for the establishment of an escrow account and structure, subject to Court approval;

AND WHEREAS this Agreement is intended to be a document that supports the Ivaco Salaried Plan;

AND WHEREAS the parties hereto agree that the Payment should be made into an Escrow Account, to be distributed in accordance with the provisions of the Escrow Agreement attached hereto in order to alleviate the hardship faced by the beneficiaries of the Ivaco Salaried Plan;

NOW THEREFORE in consideration the Payment of Twenty-nine Million Dollars ($29,000,000) as of the Settlement Date of October 31, 2007, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement capitalized words which are not otherwise defined have the meaning given to them in the Escrow Agreement. In addition, the following terms shall have the meanings set forth below:

"**Agreement**" means this Pension Agreement and all instruments and amendments or confirmations of it; "hereof", "hereto" and "hereunder" and similar expressions refer to the Agreement and not to any particular Article, Section or other subdivision of the Agreement; "Article", "Section" or other subdivision of the Agreement followed by a number refers to the specified Article, Section or other subdivision of the Agreement.

"**Basic Benefits**" means the accrued benefit, or the transfer value of the accrued benefit, to which a member of the Plan is entitled under the Plan determined at the Wind-up Date and, in respect of lump sum transfers, without interest from the Wind-up Date to the Pension Benefits Settlement Date.

"**Business Day**" means any day of the year (other than any Saturday or Sunday) on which banks are open for business in Toronto, Ontario.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada).

"**Court**" means the Ontario Superior Court of Justice.

"**Escrow Agreement**" means the agreement attached hereto as Schedule A.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Ivaco**" or "**Ivaco Inc.**" means Ivaco Inc.

"**Ivaco Group**" means Ivaco Inc. and its Subsidiaries.

"**Ivaco Salaried Plan**" or "**Plan**"means the Pension Plan for Salaried Employees of Ivaco Inc. and Participating Subsidiary Companies, registered with La Régie des Rentes du Quebec as number 26650 and with the Canada Revenue Agency as number 0410357.

"**Laws**" means in respect of any Person, property, transaction or event, all applicable laws, standards, requirements, policies, approvals, statutes, ordinances, codes, guidelines, treaties, rules, regulations, by-laws and all applicable orders, permits, judgments, injunctions, awards and decrees of any Regulatory Authority whether or not having the force of law.

"**Minutes of Settlement**" means the minutes of settlement dated August 22, 2007 with respect to the Ivaco Salaried Plan.

"**Monitor**" means Ernst & Young Inc. in its capacity as the court-appointed monitor of the Ivaco Group.

"**Notice of Proposal**" means a Notice of Proposal to Make an Order issued by the Superintendent under subsection 87(2) of the PBA.

"**Ontario Minimum Benefits**" means the minimum benefit, or the transfer value of the minimum benefit, due to an Ontario beneficiary under the PBA as a consequence of the wind-up, determined at the Wind-up Date using the wind-up funded ratio for Ontario beneficiaries that is disclosed in the Report following the transfer of the amount X from the Escrow Account and payable as at the Pension Benefits Settlement Date, with interest that is required to be paid under the PBA from the Wind-up Date to the Pension Benefits Settlement Date.

"**Ontario Regulation**" means Regulation 909, R.R.O. 1990, as amended.

"**Other Provinces**" means Provinces of Canada other than Ontario and Quebec.

"**Payment**" means the sum of Twenty-nine Million Dollars ($29,000,000) payable under the Minutes of Settlement.

"**PBA**" means the *Pension Benefits Act*, R.S.O. 1990, c. P.8.

"**PBGF**" means the Pension Benefits Guarantee Fund continued under section 82 of the PBA.

"**PBGF Advance**" means the amount of Ten Million Two Thousand Dollars ($10,002,000) advanced by the PBGF to the Pension Fund on March 8, 2007 on condition that any part of the

PBGF Advance which is not required to satisfy the obligations of the PBGF to the Ivaco Salaried Plan will be reimbursed to the PBGF.

"Pension Benefits Settlement Date" means on or about December 31, 2007, which is the date when the available assets of the Ivaco Salaried Plan are applied to settle the Residual Benefits due and payable to the beneficiaries of the Plan in accordance with this Agreement.

"Pension Claims" means all claims made and filed with the Monitor under the CCAA by the Pension Committee and by the Superintendent on behalf of all of the beneficiaries of the Ivaco Salaried Plan and the PBGF in respect of Ivaco Inc. and its subsidiaries.

"Pension Fund" means the trust fund established under the Ivaco Salaried Plan.

"Person" means a natural person, partnership, limited partnership, corporation, company, joint stock company, trust, unincorporated association, joint venture or other entity or Regulatory Authority, and pronouns that have a similarly extended meaning.

"Plan Expenses" means any expenses payable from the Pension Fund or the Escrow Account, including actuarial, administration, consulting, custodial, investment management and legal fees incurred by the Pension Committee in administering and terminating the Plan, including the implementation of the Agreement.

"Régie" means the La Régie des Rentes du Quebec, the Regulatory Authority in the Province of Quebec having jurisdiction to regulate private pension plans that are registered in that Province.

"Regulatory Authority" means any commission or board of any government, parliament or legislature, or any political subdivision thereof, or any court or (without limitation to the foregoing) any other Law, regulation or rule-making entity (including, without limitation, any authority regulating banks or pension plans) having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator) or any other authority charged with the administration or enforcement of applicable Laws.

"Report" means the supplementary wind-up report to be prepared in respect of the Ivaco Salaried Plan with an effective date that is not later than the Pension Benefits Settlement Date.

"Residual Basic Benefits" means the excess of the Basic Benefits over the amount of the partial settlement, whether in the form of an annuity or lump sum transfer, that was made in 2006 to Quebec beneficiaries and in April 2007 to all other beneficiaries, in any case without interest on the amount of the partial settlement.

"Residual Ontario Minimum Benefits" means the excess of (i) the Ontario Minimum Benefits over (ii) the amount of the partial settlement, whether in the form of an annuity or a lump sum transfer, that was made in April 2007 with respect to Ontario beneficiaries, with interest on the amount of the partial settlement from the date of the partial settlement to the Pension Benefits Settlement Date

"Residual Benefits" means the Residual Basic Benefits which is due and payable in respect of each of the beneficiaries of the Plan in accordance with this Agreement provided that, in the case of Ontario beneficiaries only, the Residual Benefits may not be less than the Residual Ontario Minimum Benefits.

"**SPPA**" means the *Supplemental Pension Plans Act* (Quebec).

"**Settlement Date**" means October 31, 2007 when the consideration under this Agreement is to be paid.

"**Subsidiaries**" means Ifastgroupe Inc. and Ivaco Rolling Mills Inc.

"**Superintendent**" means the Superintendent of Financial Services appointed under the *Financial Services Commission of Ontario Act, 1997.*

"**Wind-up Date**" means December 1, 2004 the effective date of the Plan termination.

"**Wind-up Report**" means the *Report on the Plan Wind-up as of December 1, 2004*, dated December 2005 and the *Addendum to Report on the Plan Wind-up as of December 1, 2004*, dated March 14, 2007 prepared in respect of the Ivaco Salaried Plan.

"**X**" is the amount determined in the Report which is to be transferred from the Escrow Account into the Pension Fund and attributed to Ontario beneficiaries as at the Pension Benefits Settlement Date, the discounted value of which at the Wind-up Date, based on the interest rates used in the Wind-up Report to determine transfer values, is combined with the assets attributed in the Wind-up Report to Ontario beneficiaries and used to determine (i) the wind-up funded ratio as at the Wind-up Date for purposes of the determination of the Ontario Minimum Benefits and (ii) the obligation of the PBGF as at the Wind-up Date in respect of the Ontario benefits that are guaranteed by the PBGF under the PBA.

"**Y**" is the amount determined in the Report which is to be transferred at the Pension Benefits Settlement Date from the Escrow Account to the Pension Fund and allocated in sufficient amounts to each provincial group (beneficiaries of Quebec, Ontario and the Other Provinces) so that when combined with the remainder of the assets of the Pension Fund attributed to each provincial group as at the Pension Benefits Settlement Date after the partial settlements, the transfer of X, Plan Expenses previously paid and/or accrued and an appropriate allowance for future Plan Expenses payable from the Pension Fund, the Residual Benefits in respect of the beneficiaries in each provincial group can be settled in accordance with this Agreement.

1.2 Interpretation

This Agreement will be interpreted in accordance with the following:

(a) words importing the singular include the plural and vice versa and words denoting any gender include all genders;

(b) headings will not affect the interpretation of this Agreement;

(c) references to dollars, unless otherwise specifically indicated, will be references to Canadian Dollars;

(d) the word "including" will mean "including without limitation" and "includes" will mean "includes without limitation";

(e) the expressions "the aggregate", "the total", "the sum" and expressions of similar meaning will mean "the aggregate (or total or sum) without duplication"; and

(f) in the computation of periods of time, unless otherwise expressly provided, the word "from" means "from and excluding" and the words "to" and "until" mean "to and including".

1.3 Accounting Terms

All accounting terms not specifically defined in this Agreement will be interpreted in accordance with GAAP.

1.4 Severability

If any provision of this Agreement is, or becomes as a result of a change of law or otherwise, illegal, invalid or unenforceable, such provision will be severed from this Agreement and be ineffective to the extent of such illegality, invalidity or unenforceability. The remainder of this Agreement will be construed as if such provision had not been inserted. Without prejudice to any other rights of the parties under or in respect of this Agreement, if the severance of an illegal, invalid or unenforceable provision would result in a material deviation from the general intent and purposes of the parties as reflected in this Agreement, the parties will use their best efforts to negotiate a mutually satisfactory amendment to this Agreement to address such circumstance and to achieve the original intent and purposes of the parties.

1.5 Entire Agreement

This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties relating to the subject matter hereof and entered into prior to the date of this Agreement.

1.6 Waiver

No failure on the part of any party to exercise, and no delay in exercising, any right under this Agreement will operate as a waiver of such right; nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right; nor will any waiver of one provision be deemed to constitute a waiver of any other provision (whether or not similar). No waiver of any of the provisions of this Agreement will be effective unless it is in writing and duly executed.

1.7 Supporting Document

This Agreement shall be a document that supports the Ivaco Salaried Plan under the provisions of the PBA. The Pension Committee shall file or cause to be filed a copy of this Agreement with the Régie along with the Report.

ARTICLE 2
THE PAYMENT

2.1 Payment of Pension Claims

The parties agree to direct the Monitor to pay the Payment into the Escrow Account on or before the Settlement Date.

ARTICLE 3
PAYMENTS TO BENEFICIARIES

3.1 Payment of Settlement Funds

The Pension Committee shall establish an Escrow Account in accordance with the Escrow Agreement attached hereto as Schedule A. All funds payable under this Agreement by the Ivaco Group, through the Monitor under Section 2.1, shall be paid into such Escrow Account, and shall be distributed solely in accordance with the terms and conditions of this Agreement and the Escrow Agreement.

3.2 Preparation of the Report

The Pension Committee shall instruct its actuaries to prepare and file with the Superintendent and the Régie the Report, effective as at the Pension Benefits Settlement Date and taking into account the following:

(a) The expected cost of settlement of the Residual Benefits as at the Pension Benefits Settlement Date, with the cost shown separately for beneficiaries of each provincial group, as well as by annuity purchases and lump sum transfers. The expected cost of annuities to be purchased shall be supported by a confirmed quotation from the insurer(s) selected to provide such annuities.

(b) The assets of the Plan attributed to each provincial group as at the Pension Benefits Settlement Date, after the PBGF Advance, and after the partial settlements and Plan Expenses previously paid and/or accrued, and after an appropriate allowance for future Plan Expenses payable from the Pension Fund.

(c) The expected deficit in respect of each provincial group determined as at the Pension Benefits Settlement Date. The Report shall include a reconciliation of the expected deficit at the Plan level from the Wind-up Date to the Pension Benefits Settlement Date.

(d) Determination in accordance with clause (g) of the amount X to be transferred at the Pension Benefits Settlement Date from the Escrow Account to the Pension Fund and added to the assets for Ontario beneficiaries in clause (b) thereby reducing the deficit in clause (c) for such members as at the Pension Benefits Settlement Date.

(e) Determination of the wind-up funded ratio at the Wind-up Date as a result of the transfer of X and no other transfer, as well as the obligation of the PBGF in accordance with the PBA in respect of Ontario beneficiaries as at the Wind-up Date and the Pension Benefits Settlement Date and the Residual Ontario Minimum Benefits as at the Pension Benefits Settlement Date.

(f) Determination after completion of clause (e) and in accordance with clause (g) of the amount Y to be transferred at the Pension Benefits Settlement Date from the Escrow Account to the Pension Fund and allocated to each provincial group in an amount equal to the deficit in clause (c), as adjusted by clause (d) in respect of Ontario beneficiaries.

(g) The amounts X and Y shall be determined so that the assets of the Plan in clause (b) plus the obligation of the PBGF in respect of Ontario beneficiaries as at the Pension Benefits Settlement Date in clause (e) plus the amount paid into the Escrow Account under Section 2.1 with interest to the Pension Benefits Settlement Date shall be equal to the Residual Benefits of all beneficiaries plus the PBGF Advance and an appropriate allowance for future Plan Expenses not already provided for in clause (b).

(h) After the transfers of X and Y under paragraph 3.3 of this Agreement, payments will be made from the Pension Fund to the beneficiaries in Ontario, Quebec and the Other Provinces in accordance with paragraph 3.4 of this Agreement.

(i) The Report shall also include a reconciliation of the obligation of the PBGF reflecting the Ontario assets at the Wind-up Date, the initial transfer X from the Escrow Account, the PBGF Advance, the partial settlements made in April 2007 in respect of Ontario beneficiaries, the Residual Ontario Minimum Benefits of the Ontario beneficiaries at the Pension Benefits Settlement Date, any Plan Expenses payable from the Pension Fund in respect of Ontario beneficiaries, any investment returns taking into account the timing of cash flows, and the amount to be reimbursed to the PBGF as at the Pension Benefits Settlement Date.

3.3 <u>Transfers to Pension Fund</u>

Forthwith after regulatory approval of the Report has been obtained from the Superintendent and the Régie but no later than the Pension Benefits Settlement Date:

(a) The Superintendent shall confirm the amount of the obligation of the PBGF at the Pension Benefits Settlement Date as determined in the Report, which amount shall be included in the reconciliation required by Section 3.2 (i).

(b) The Pension Committee shall authorize the Escrow Agent to transfer at the appropriate time the amounts X and Y, as determined in the Report, from the Escrow Account into the Pension Fund to facilitate settlement of the Residual Benefits as at the Pension Benefits Settlement Date.

(c) The Pension Committee shall instruct its actuaries to prepare a reconciliation of the Escrow Account, which may be included in the Report at the discretion of the Pension Committee, accounting for payment of the Pension Claims under Section 2.1 into the Escrow Account, transfers of the amounts X and Y, any Plan Expenses, investment returns taking cash flows into account, and the balance remaining in the Escrow Account at the Pension Benefits Settlement Date which is to be reimbursed to the PBGF.

3.4 Payment of Residual Benefits

All of the assets in the Pension Fund, and such amounts as are necessary from the Escrow Account shall be disbursed to the beneficiaries of the Ivaco Salaried Plan

(a) in sufficient amounts to equal the value of each beneficiary's Residual Benefits;

(b) in accordance with the elections made by each beneficiary and presently on file with the Pension Committee; and

(c) in accordance with the Report filed with the Régie

and the Pension Committee shall provide any and all documentation evidencing such disbursements as may be requested or required by the Superintendent or the Régie, as the case may be.

3.5 Final Payment From Escrow Account

The Pension Committee shall disburse in accordance with Section 2.5(iii) of the Escrow Agreement any amount that remains, after all Residual Benefits and all remaining Plan Expenses from the Escrow Account have been settled, from the Escrow Account.

ARTICLE 4
GENERAL

4.1 Amendments, etc.

No amendment or waiver of any provision of this Agreement, nor consent to any departure by Ivaco or any other Person from such provisions, is effective unless in writing and approved by the Court and the parties hereto. Any amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it is given.

4.2 Court Approval

This agreement and the Escrow Agreement are subject to and conditional on Court approval.

4.3 Notices, etc.

Any notice, direction or other communication to be given under this Agreement will, except as otherwise permitted, be in writing and given by delivering it or sending it by facsimile or other similar form of recorded communication addressed:

(i) to the Monitor at:

(ii) to the Pension Committee at:

a/s André Cromp
President of the Pension Committee
Rivest Schmidt
7712 Saint-Hubert Street
Montreal, Quebec
H2R 2N8

Fax: 514 948 0772

(iii) to the Superintendent at:

Deputy Superintendent, Pensions
Financial Services Commission of Ontario
5160 Yonge Street
4th Floor, Box 85
Toronto, Ontario
M2N 6L9

Fax: 416-226-7787

Any such communication will be deemed to have been validly and effectively given if:

(i) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, or

(ii) transmitted by facsimile or similar means of recorded communication on the Business Day following the date of transmission.

4.4 Successors and Assigns

This Agreement will become effective when executed by the parties and after that time will be binding upon and enure to the benefit of the Monitor, the Ivaco Group, the members of the

Pension Committee on their own behalf and in their capacity as the Administrator of the Ivaco Salaried Plan, all of the beneficiaries of the Ivaco Salaried Plan, and the Superintendent, and their respective heirs, administrators, successors and permitted assigns.

4.5 Governing Law

This Agreement will be governed by and interpreted and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The Pension Committee hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Ontario Superior Court of Justice and waives any objection based on venue or forum non conveniens with respect to any action commenced in connection with this Agreement.

4.6 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile) and all of such counterparts taken together will be deemed to constitute one and the same instrument.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the signatories hereto has caused this Agreement to be signed by its or his respective duly authorized officers or representatives as of the date first above written.

THE PENSION COMMITTEE OF THE PENSION PLAN FOR SALARIED EMPLOYEES OF IVACO INC. AND PARTICIPATING SUBSIDIARY COMPANIES

Per: ________________________________

Name: Andre Cromp
Title: President

I have authority to bind the Pension Committee under a resolution dated August 28, 2007

SUPERINTENDENT OF FINANCIAL SERVICES

Per: ________________________________
Name: K. David Gordon
Title: Deputy Superintendent, Pensions

Appendix C

ESCROW AGREEMENT

Made as of the 31st day of October, 2007

Between

**PENSION COMMITTEE OF THE
PENSION PLAN FOR SALARIED EMPLOYEES OF IVACO INC. AND
PARTICIPATING SUBSIDIARY COMPANIES**

- and -

SUPERINTENDENT OF FINANCIAL SERVICES

-and-

**ERNST & YOUNG INC.
in its capacity as the Escrow Agent**

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ESCROW AGREEMENT

THIS AGREEMENT made as of the 31 day of October, 2007

BETWEEN:

The Pension Committee of the Pension Plan for Salaried Employees of Ivaco Inc. and Participating Subsidiary Companies

(**"Pension Committee"**)

- and -

SUPERINTENDENT OF FINANCIAL SERVICES, appointed under the *Financial Services Commission of Ontario Act, 1997*

(**"Superintendent"**)

-and-

ERNST & YOUNG INC., in its capacity as the Escrow Agent

ESCROW AGREEMENT

WHEREAS Ivaco Inc. sponsored the Ivaco Salaried Plan, and registered it with La Régie des Rentes du Quebec as number 26650 and with the Canada Revenue Agency as number 0410357;

AND WHEREAS Ivaco Inc., Ifastgroupe Inc. and Ivaco Rolling Mills Inc. were participating employers in the Ivaco Salaried Plan;

AND WHEREAS Ivaco Inc., Ifastgroupe Inc. and Ivaco Rolling Mills Inc. were declared insolvent on September 16, 2003 and were made subject to the CCAA;

AND WHEREAS the Ivaco Salaried Plan was wound-up effective December 1, 2004;

AND WHEREAS the Ivaco Salaried Plan had insufficient assets to meet its wind-up liabilities to its beneficiaries during the period from the effective date of the wind-up to the Pension Benefits Settlement Date;

AND WHEREAS the Pension Committee, in its capacity as the Administrator of the Ivaco Salaried Plan, and the Superintendent of Financial Services of Ontario filed claims with the Monitor on behalf of all of the beneficiaries of the Ivaco Salaried Plan and of the Pension Benefits Guarantee Fund of Ontario;

AND WHEREAS the Superintendent made a Declaration on March 2, 2007 that the Pension Benefits Guarantee Fund applies to the Ivaco Salaried Plan in respect of its Ontario beneficiaries as a consequence of which the Pension Benefits Guarantee Fund of Ontario made an advance of Ten Million Two Thousand Dollars ($10,002,000) to the Pension Fund of the Ivaco Salaried Plan;

AND WHEREAS an agreement has been reached in the CCAA proceedings to settle all Pension Claims made and filed by the Pension Committee and the Superintendent, which agreement is evidenced by the Minutes of Settlement, by making the Payment to the Monitor to be paid to the parties hereto or as they may direct, which agreement is subject to Court approval;

AND WHEREAS the Minutes of Settlement also provide for the establishment of an escrow account and structure, subject to Court approval;

AND WHEREAS this Agreement is intended to be a document that supports the Ivaco Salaried Plan;

AND WHEREAS the parties hereto agree and direct the Payment to be made into an Escrow Account in order to alleviate the hardship faced by the beneficiaries of the Ivaco Salaried Plan;

NOW THEREFORE in consideration of a single lump sum payment of Twenty-nine Million Dollars ($29,000,000) and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, capitalized words which are not otherwise defined have the meaning given to them in the Pension Agreement. In addition, the following terms shall have the meanings ascribed to them:

"**Agreement**" means this Escrow Agreement and all instruments and amendments or confirmations of it; "hereof", "hereto" and "hereunder" and similar expressions refer to the Agreement and not to any particular Article, Section or other subdivision of the Agreement; "Article", "Section" or other subdivision of the Agreement followed by a number refers to the specified Article, Section or other subdivision of the Agreement.

"**Escrow Account**" means the trust account established under the terms of this Agreement for the purpose of holding the Payment until it is distributed in accordance with the provisions of the Pension Agreement, and includes interest thereon.

"**Escrow Agent**" means Ernst & Young Inc.

"**Objection**" is a duly completed and executed notice of objection in substantially the form of Schedule C attached hereto.

"**Payment Amount**" has the meaning given to such term in Section 2.5(i) hereof.

"**Payment Event**" means a payment from the Escrow Account made in accordance with Section 2.5(ii).

"**Pension Agreement**" means the agreement between the Pension Committee and the Superintendent made as of October 31, 2007.

"**Pension Committee Certificate**" is a duly completed and executed certificate in substantially the form of Schedule B attached hereto.

"**Termination Event**" means the completion of the wind-up of the Ivaco Salaried Plan.

1.2 Interpretation

This Agreement will be interpreted in accordance with the following:

(a) words importing the singular include the plural and vice versa and words denoting any gender include all genders;

(b) headings will not affect the interpretation of this Agreement;

(c) references to dollars, unless otherwise specifically indicated, will be references to Canadian Dollars;

(d) the word "including" will mean "including without limitation" and "includes" will mean "includes without limitation";

(e) the expressions "the aggregate", "the total", "the sum" and expressions of similar meaning will mean "the aggregate (or total or sum) without duplication"; and

(f) in the computation of periods of time, unless otherwise expressly provided, the word "from" means "from and excluding" and the words "to" and "until" mean "to and including".

1.3 Accounting Terms

All accounting terms not specifically defined in this Agreement will be interpreted in accordance with GAAP.

1.4 Severability

If any provision of this Agreement is, or becomes as a result of a change of law or otherwise, illegal, invalid or unenforceable, such provision will be severed from this Agreement and be ineffective to the extent of such illegality, invalidity or unenforceability. The remainder of this

Agreement will be construed as if such provision had not been inserted. Without prejudice to any other rights of the parties under or in respect of this Agreement, if the severance of an illegal, invalid or unenforceable provision would result in a material deviation from the general intent and purposes of the parties as reflected in this Agreement, the parties will use their best efforts to negotiate a mutually satisfactory amendment to this Agreement to address such circumstance and to achieve the original intent and purposes of the parties.

1.5 Entire Agreement

This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties relating to the subject matter hereof and entered into prior to the date of this Agreement.

1.6 Waiver

No failure on the part of any party to exercise, and no delay in exercising, any right under this Agreement will operate as a waiver of such right; nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right; nor will any waiver of one provision be deemed to constitute a waiver of any other provision (whether or not similar). No waiver of any of the provisions of this Agreement will be effective unless it is in writing and duly executed.

1.7 Supporting Document

This Agreement shall be a document that supports the Ivaco Salaried Plan. The Pension Committee shall file or cause to be filed a copy of this Agreement with the Regie within sixty (60) days of the effective date of this Agreement.

ARTICLE 2
ESCROW AGENT

2.1 Appointment of Escrow Agent

The Pension Committee and the Superintendent hereby appoint the Escrow Agent as escrow agent and custodian for the receipt, investment and distribution of the Payment in accordance with this Agreement and the Pension Agreement. The Escrow Agent accepts such appointment and agrees to act as escrow agent in accordance with this Agreement and the Pension Agreement. Upon release by the Escrow Agent of all amounts held in escrow hereunder, the appointment of the Escrow Agent shall be automatically terminated without further act or formality.

2.2 Receipt of Payment

The Escrow Agent acknowledges receipt of the Payment from the Ivaco Group. The Ivaco Group shall not have any legal or beneficial interest in or claim to the Payment or any portion thereof.

2.3 Investment of Payment

Unless instructed otherwise jointly by the Superintendent and the Pension Committee, the Escrow Agent shall invest the Payment, in trust, in an interest bearing term deposit or other similar certificate of deposit with a Canadian Schedule I chartered bank, with interest accrued thereon for the benefit of the Escrow Account.

2.4 Payment into Court

At any time, the Escrow Agent may deposit the balance of the Escrow Account with a court of competent jurisdiction, and upon making such deposit, the Escrow Agent will be automatically released and discharged without further act or formality from any and all further obligations to perform any and all obligations imposed upon the Escrow Agent under this Agreement.

2.5 Release of Payment

(i) Prior to the occurrence of a Payment Event, the Pension Committee will deliver to the Escrow Agent and the Superintendent a Pension Committee Certificate specifying the Payment Amount, and the section of the Pension Agreement under which the Payment Amount is to be made.

(ii) If the Superintendent objects to the release of any portion of the Payment Amount he shall, within five Business Days of receipt of the Pension Committee Certificate, deliver to the Escrow Agent (with a copy to the Pension Committee) an Objection to the payment specified in the Pension Committee Certificate and disclosing the basis for the objection. Following timely receipt of the Superintendent's Objection, the Escrow Agent (i) shall not act on the Pension Committee Certificate, (ii) shall not distribute the Payment Amount, and (iii) may exercise any of the options available to it under Section 2.4, Section 2.9(ii) or Section 2.9(iv). If the Escrow Agent does not receive the Superintendent's Objection within the said five Business Days, or if the Superintendent, in writing, waives his right to object, the Escrow Agent is hereby irrevocably authorized and directed to release, and shall distribute the Payment Amount not later than 2:00 p.m. on the second Business Day after receiving the Superintendent's waiver or the expiry of the five Business Days during which the Superintendent's Objection must be delivered, as the case may be.

(iii) Forthwith after the Termination Event occurs, the Pension Committee shall deliver a Pension Committee Certificate to the Escrow Agent and the Superintendent to direct the Escrow Agent to pay the balance of the Escrow Account (including any accrued interest) to the Pension Benefits Guarantee Fund.

2.6 Residency

The Escrow Agent warrants that it is a resident of Canada within the meaning of the Income Tax Act.

2.7 Escrow Agent is Court-Appointed Monitor

The Pension Committee and the Superintendent acknowledge that the Escrow Agent is the Court-Appointed Monitor of the Ivaco Group, may be appointed as Trustee in Bankruptcy of one or more of the Ivaco Group, and may act as agent to a secured creditor, and they hereby waive any objection or right that either one or both of them has or may have by reason of this Agreement or the Pension Agreement or otherwise at law which would impair, hinder or eliminate the Escrow Agent's right and ability to carry out its obligations under this Agreement or otherwise.

2.8 Limitation of Escrow Agent's Liability

The Escrow Agent:

(a) shall incur no liability under this Agreement for any act, or omission to act, under this Agreement if taken, or omitted, in good faith;

(b) shall be under no responsibility in respect of the sufficiency of the interest earned on the original principal amount constituting the Payment and all amounts constituting the Payment hereafter;

(c) may employ counsel and act on the advice of such counsel to carry out the terms of this Agreement and shall be fully protected in acting in accordance with such advice;

(d) shall not be required to defend any legal proceedings which may be instituted against it by any person not a party to this Agreement in respect of anything herein contained unless requested so to do by a party and provided that the Escrow Agent is fully indemnified against the cost and expense of such defence;

(e) shall have no responsibility for, and shall have no duty to inquire into, the genuineness, validity or veracity of any direction, letter, instrument or document delivered to it, and shall be fully protected in acting in accordance with any written instructions given to it under this Agreement reasonably believed by it to have been signed by the proper person, party or parties.

2.9 Escrow Agent Protection

(i) Court Order. Notwithstanding any other provision of this Agreement, the Escrow Agent shall comply with such notices and instructions as are provided for in this Agreement and any order, judgment or decree of any court of competent jurisdiction. If any part or all of the Payment held in escrow by the Escrow Agent is at any time attached or seized under any court order or in case any judicial order, judgment or decree shall be made affecting this Agreement or any part hereof then the Escrow Agent is authorized to rely upon and comply with such order, judgment or decree. In the case of such compliance, the Escrow Agent shall not be liable by reason thereof to any of the parties or to any other person even if thereafter any such order, judgment or decree is reversed, modified, annulled, set aside or vacated. The Escrow Agent is not bound to enquire into the authority of any person signing any notices, instructions, orders, judgments or decrees in connection with this Agreement.

(ii) Options of Escrow Agent. Notwithstanding any term in this Agreement, in the event of any conflicting demands or claims with respect to the subject matter of this Agreement, the Escrow Agent may (a) discontinue all further acts until such conflicts are resolved, (b) exercise its rights under Section 2.4 hereof, (c) commence or defend any action or proceeding for the determination of such conflict, or (d) exercise the Escrow Agent's rights under Section 2.9(iv). If the Escrow Agent commences or defends any action to resolve any conflict between the Pension Committee and the Superintendent, the Escrow Agent shall, upon deposit of all of the Payment with a court of competent jurisdiction, be automatically released and discharged from any and all further obligations to perform any and all obligations imposed upon the Escrow Agent under this Agreement.

(iii) Reimbursement of Escrow Agent. Notwithstanding any term in this Agreement, the Escrow Agent is entitled to be paid its reasonable fees and expenses from the Escrow Account for acting as escrow agent and custodian under this Agreement, including, without limitation, the fees and disbursements of its counsel.

(iv) Successors to Escrow Agent. In addition to its rights under Sections 2.4 and 2.9(ii) hereof, the Escrow Agent may resign and be discharged from all further obligations hereunder by giving to the Pension Committee and the Superintendent five Business Days' notice in writing or such shorter notice as they may accept as sufficient. On the Escrow Agent's resignation, the Escrow Agent may appoint a new escrow agent acceptable to both the Pension Committee and the Superintendent. If the Escrow Agent fails to make such an appointment, the Pension Committee and the Superintendent shall by agreement appoint a new escrow agent. On any new appointment, the new escrow agent shall be vested with the same powers, rights and obligations as if it had been originally named as Escrow Agent under this Agreement, without any further assurance, conveyance, act or deed and the Escrow Agent shall pay all Payments and all interest then accrued thereon to such new escrow agent.

ARTICLE 3
GENERAL

3.1 Further Assurances

Each party shall from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to the provisions and intent of this Agreement.

3.2 Notice

Unless otherwise specified, each notice to a party must be given in writing and delivered personally or by courier on a Business Day or transmitted by fax on a Business Day to each of the other parties as follows:

i. to the Pension Committee at:

a/s André Cromp
President of the Pension Committee
Rivest Schmidt
7712 Saint-Hubert Street
Montreal, Quebec
H2R 2N8

Fax: 514 948 0772

ii. to the Superintendent at:

Deputy Superintendent, Pensions
Financial Services Commission of Ontario
5160 Yonge Street
4th Floor, Box 85
Toronto, Ontario
M2N 6L9

Fax: 416 226 7787

iii. to the Escrow Agent at:

Ernst & Young Inc.
2100-222 Bay Street
Toronto, Ontario
M5K 1J7

Attention: Brian Denega

Fax: 416 943 3300

or to any other address, fax number or person that the party designates in writing. Any notice, if delivered or transmitted personally, or by courier or by fax prior to 5:00 p.m. on a Business Day, will be deemed to have been delivered on such Business Day.

3.3 Time

Time shall be of the essence of this Agreement.

3.4 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario, and each of the parties irrevocably attorns to the exclusive jurisdiction of the courts of Ontario.

3.5 Counterparts and Facsimile

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party's transmission by facsimile of a copy of this Agreement duly executed by that party shall constitute effective delivery by that party of an executed copy of this Agreement to the party receiving the transmission. A party that has delivered this Agreement by facsimile shall forthwith deliver an originally executed copy to the other party or parties.

[Signature Page Follows]

The parties have executed this Agreement.

The Pension Committee

By: ______________________________
Name: Andre Cromp
Title: President

I have authority to bind the Pension Committee under a resolution dated August 28, 2007

The Superintendent

By: ______________________________
Name: K. David Gordon
Title: Deputy Superintendent, Pensions

Ernst & Young Inc.

By: ________________________
Name:
Title:

Schedule B

PENSION COMMITTEE CERTIFICATE

TO: **Ernst & Young Inc., in its capacity as the Escrow Agent**

AND TO: **The Superintendent**

This Certificate is delivered in accordance with the terms and conditions of the Pension Agreement and the Escrow Agreement, both made as at October 31, 2007. Unless otherwise defined herein, all capitalized terms used herein have the same meanings ascribed to them in the Pension Agreement or the Escrow Agreement, as the case may be.

The undersigned hereby certifies that the following Payment Amount should be made under the provisions of Section ● of the Pension Agreement:

Accordingly, ______________________________ is entitled to a payment in the amount of ● Dollars ($●) from the funds held in escrow, and the Escrow Agent is hereby directed to pay the said amount in accordance with the terms of the Pension Agreement and the Escrow Agreement.

DATED the day of , 20 .

Pension Committee

Authorized signatory

Schedule C

OBJECTION

TO: **Ernst & Young Inc., in its capacity as the Escrow Agent**

AND TO: **The Pension Committee**

This Objection is delivered in accordance with the terms and conditions of the Pension Agreement and the Escrow Agreement, both made as at October 31, 2007. Unless otherwise defined herein, all capitalized terms used herein have the same meanings ascribed to them in the Pension Agreement or the Escrow Agreement, as the case may be.

The Superintendent hereby objects to the making of the Payment Amount of $ ●
set out in the Pension Committee Certificate dated ●
on the following basis:

DATED at Toronto, Ontario, this day of , 20 .

Superintendent of Financial Institutions

____
Authorized signatory

Appendix D

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MINUTES OF SETTLEMENT

Private & Confidential

August 22, 2007

The Superintendent of Financial Services of Ontario (the "**Superintendent**") including as Administrator of the Pension Benefits Guarantee Fund, PricewaterhouseCoopers Inc., in its capacity as the Administrator (the "**Administrator**") of the Pension Plan for Designated Hourly Rated Employees of Ivaco Inc., CRA Registration Number 0407130 (the "**Designated Plan**") and National Bank of Canada ("**NB**") are prepared to settle all claims (including potential claims of any nature) relating to the Designated Plan against any of Ivaco, Ifastgroupe (the limited partnership and its general partner and IFC) (collectively "**Ifastgroupe**") and IRM (the limited partnership and its general partner) (collectively "**IRM**"), or any of their subsidiaries and affiliates, or against the Monitor, or against any of the former or present directors, officers, agents, employees, professional advisors, or creditors of any of the foregoing (collectively, the "**Ivaco Group**") on the following basis.

An Order will be sought in the CCAA proceedings, on the consent of the Superintendent, the Administrator, and NB and on such notice (including by means of giving notice and making such representation orders, if any, as the Court determines to be sufficient in respect of all persons identifiable as being presently or contingently entitled to the receipt of any pension, benefits or other entitlements under the Designated Plan, (the "**Plan Beneficiaries**") and with the support of the Monitor and with an undertaking by the Superintendent to withdraw the Supreme Court of Canada appeal on a without costs basis to all parties, including costs at the Court of Appeal, if the Orders referred to herein are made and become final. The Order referred to above shall provide for the matters referred to in paragraphs 1 to 4 hereof as follows:

1. Ordering and approving a payment in the amount of $243,090.80 by the Monitor (the "**Designated Pension Payment**"), to be allocated among the Ivaco estates as follows:

(i)	Ivaco	$243,090.80
(ii)	Ifastgroupe	0
(iii)	IRM	0

2. Ordering that the Monitor shall pay to the Administrator, the Designated Pension Payment on the later of:

   I. The date the Orders referred to herein become final; and

   II. The earlier of:

      (i) in the case of IRM and Ifastgroupe (including IFC), the date on which distributions to unsecured creditors are made pursuant to a Plan of Arrangement (or, with respect to Ifastgroupe, alternatively pursuant to court order) to creditors of those debtors, respectively; and

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(ii) October 31, 2007.

Despite anything contained herein, either of the Superintendent or the Administrator may terminate this agreement in the event that the Designated Pension Payment is not paid by the Monitor on or before October 31, 2007. In the event that either the Superintendent or the Administrator terminates this Agreement, then this Agreement shall be null and void and deemed never to have been made. This provision is for the sole benefit of the Superintendent and the Administrator and may be waived by them jointly (and not individually) on such terms as they may agree.

3. Releasing the Superintendent, the Administrator, and RBC Dexia Investor Services Trust and their respective agents, employees, professional advisors, and actuaries from all liability in respect of the Designated Plan and its administration, provided that such release shall not affect the obligations hereunder.

4. Ordering that the Superintendent and the Administrator (collectively the "**Pension Parties**") are forever stayed from pursuing, and barring and discharging, all claims (liquidated or unliquidated, proven or unproven, in the nature of damages or otherwise, and whether or not asserted and whether arising under statute, civil law, common law or otherwise in any jurisdiction) relating to the Designated Plan, any obligation to contribute to or to provide pensions, benefits or other entitlements under the Designated Plan or the wind-up of the Designated Plan against the Ivaco Group or any of them or any of the property or assets of the Ivaco Group or any of them, and against any other person who might make a claim over or for contribution or indemnity against any of the Ivaco Group or any of their assets relating to the Designated Plan, including without limitation claims by way of debt, for priority, for liens, for trust obligations (deemed or otherwise) or in the nature of damages by any of the Pension Parties (or, as applicable, their heirs, executors, successors and assigns or legal personal representatives) or any of them, provided that the foregoing provisions of this paragraph shall not affect the Designated Pension Payment. For greater certainty, neither of the Pension Parties will be entitled to claim as a creditor or to have standing in any further proceedings or distributions relating to the Ivaco Group or any member thereof, other than for the enforcement of this settlement.

The above Order and the related undertakings are to be in form and substance satisfactory to the Superintendent, the Administrator and NB, acting reasonably.

It is also a specific requirement of NB (and a condition to its agreement hereto) that the Court also order (in form and substance satisfactory to NB) that the Plan Beneficiaries are forever stayed from pursuing, and barring and discharging, all claims (liquidated or unliquidated, proven or unproven, in the nature of damages or otherwise, and whether or not asserted and whether arising under statute, civil law, common law or otherwise in any jurisdiction) relating to the Designated Plan, any obligation to contribute to or to provide pensions, benefits or other entitlements under the Designated Plan or the wind-up of the Designated Plan against the Ivaco Group or any of them or any of the property or assets of the Ivaco Group or any of them, and against any other person who might make a claim over or for contribution or indemnity against any of the Ivaco Group or any of their assets relating to the Designated Plan, including without limitation claims by way of debt, for priority, for liens, for trust obligations (deemed or otherwise) or in the nature of damages by any of the Plan Beneficiaries (or, as applicable, their heirs, executors, successors and assigns or legal personal representatives) or any of them, provided that the foregoing provisions of this paragraph shall not affect (i) the Designated Pension Payment or (ii) any Plan Beneficiaries in respect of any claims unrelated to the Designated Plan (including claims for supplemental pension benefits under any unregistered pension plan or post-retirement non-pension benefits that are triggered by, or depend upon, the payment of pension benefits to any such Plan Beneficiary under the Designated Plan, but are not themselves obligations or entitlements to be paid pursuant to or in respect of the Designated Plan).

All parties will co-operate in obtaining such further orders as may be needed that include such terms and conditions as the parties may reasonably request in order to facilitate:

I. an immediate distribution of not less than $56,000,000 to the unsecured creditors (other than the Pension Parties and the Plan Beneficiaries) of Ifastgroupe (the limited partnership and its general partner and IFC) (pursuant to a Plan of Arrangement or court order) and $131,500,000 to the unsecured creditors (other than the Pension Parties and the Plan Beneficiaries) of IRM (the limited partnership and its general partner) pursuant to a Plan of Arrangement; and

II. an immediate payment from Ivaco of the balance of National Bank's secured claim against Ivaco.

All parties to the Supreme Court of Canada appeal will take and consent to the steps necessary (including signing consents to a motion) to extend all deadlines for the filing of materials (including for any motion by the Administrator to intervene) to November 30, 2007 or such later date as may be agreed or ordered by the Supreme Court.

It is also a condition hereof that the Court Order provide that Ifastgroupe and IRM and their property and assets cannot be subject to any claims of any nature whatsoever by anyone whatsoever (including, without limitation, assertions of joint and several liability) in respect of the Docap Plan and that IRM and its property and assets cannot be subject to any claims of any nature whatsoever by anyone whatsoever (including, without limitation, assertions of joint and several liability) in respect of the Ingersoll Plan. The completion of each of these settlements just mentioned and this settlement shall each be conditional on the others being completed in accordance with their respective terms, failing which this Agreement shall terminate.

It is understood and agreed that this Settlement may be executed in counterparts, each of which shall be deemed to be an original, and that such separate counterparts shall constitute together one and the same instrument, notwithstanding their date of actual execution, and that executed versions sent by facsimile or electronic mail shall be deemed to be original versions.

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NATIONAL BANK OF CANADA,
by its counsel Fasken Martineau DuMoulin LLP

18/09/07
(DATE)

SUPERINTENDENT OF FINANCIAL SERVICES, by its counsel Goodmans LLP

(DATE)

PRICEWATERHOUSECOOPERS INC., in its capacity as the Administrator of the Salaried Plan, by its counsel Goodmans LLP

(DATE)

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NATIONAL BANK OF CANADA,
by its counsel Fasken Martineau DuMoulin LLP

(DATE)

Superintendent of Financial Services by Goodmans LLP

SUPERINTENDENT OF FINANCIAL SERVICES, by its counsel Goodmans LLP

Sept. 18, 2007
(DATE)

PricewaterhouseCoopers Inc. by Goodmans LLP

PRICEWATERHOUSECOOPERS INC., in its capacity as the Administrator of the Salaried Plan, by its counsel Goodmans LLP

Sept. 18, 2007
(DATE)

GOODMANS\\5487094.5

Appendix E

MINUTES OF SETTLEMENT

Private & Confidential

August 22, 2007

The Superintendent of Financial Services of Ontario (the "**Superintendent**") including as Administrator of the Pension Benefits Guarantee Fund, PricewaterhouseCoopers Inc., in its capacity as the Administrator (the "**Administrator**") of the Pension Plan for the Ingersoll Employees of Ifastgroupe Inc., Ingersoll Fasteners Division, CRA Registration Number 1048669 (the "**Ingersoll Plan**") and certain members of the Informal Advisory Committee (the "**IAC**") are prepared to settle all claims (including potential claims of any nature) relating to the Ingersoll Plan against any of Ivaco, Ifastgroupe (the limited partnership and its general partner and IFC) (collectively "**Ifastgroupe**") and IRM (the limited partnership and its general partner) (collectively "**IRM**"), or any of their subsidiaries and affiliates, or against the Monitor, or against any of the former or present directors, officers, agents, employees, professional advisors, or creditors of any of the foregoing (collectively, the "**Ivaco Group**") on the following basis.

An Order will be sought in the CCAA proceedings, on the consent of the Superintendent, the Administrator, and the members of the IAC and on such notice (including by means of giving notice and making such representation orders, if any, as the Court determines to be sufficient in respect of all persons identifiable as being presently or contingently entitled to the receipt of any pension, benefits or other entitlements under the Ingersoll Plan, (the "**Plan Beneficiaries**") and with the support of the Monitor and with an undertaking by the Superintendent to withdraw the Supreme Court of Canada appeal on a without costs basis to all parties, including costs at the Court of Appeal, if the Orders referred to herein are made and become final. The Order referred to above shall provide for the matters referred to in paragraphs 1 to 4 hereof as follows:

1. Ordering and approving a payment in the amount of $1,262,892.60 by the Monitor (the "**Ingersoll Pension Payment**"), to be allocated among the Ivaco estates as follows:

(i)	Ivaco	0
(ii)	Ifastgroupe	$1,262,892.60
(iii)	IRM	0

2. Ordering that the Monitor shall pay to the Administrator the Ingersoll Pension Payment on the later of:

   I. The date the Orders referred to herein become final; and

   II. The earlier of:

      (i) in the case of IRM and Ifastgroupe (including IFC), the date on which distributions to unsecured creditors are made pursuant to a Plan of Arrangement (or, with respect to Ifastgroupe, alternately pursuant to court order) to creditors of those debtors, respectively; and

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(ii) October 31, 2007.

Despite anything contained herein, either of the Superintendent or the Administrator may terminate this agreement in the event that the Ingersoll Pension Payment is not paid by the Monitor on or before October 31, 2007. In the event that either the Superintendent or the Administrator terminates this Agreement, then this Agreement shall be null and void and deemed never to have been made. This provision is for the sole benefit of the Superintendent and the Administrator and may be waived by them jointly (and not individually) on such terms as they may agree.

3. Releasing the Superintendent, the Administrator, and RBC Dexia Investor Services Trust and their respective agents, employees, professional advisors, and actuaries from all liability in respect of the Ingersoll Plan and its administration, provided that such release shall not affect the obligations hereunder.

4. Ordering that the Superintendent and the Administrator (collectively the "**Pension Parties**") are forever stayed from pursuing, and barring and discharging, all claims (liquidated or unliquidated, proven or unproven, in the nature of damages or otherwise, and whether or not asserted and whether arising under statute, civil law, common law or otherwise in any jurisdiction) relating to the Ingersoll Plan, any obligation to contribute to or to provide pensions, benefits or other entitlements under the Ingersoll Plan or the wind-up of the Ingersoll Plan against the Ivaco Group or any of them or any of the property or assets of the Ivaco Group or any of them, and against any other person who might make a claim over or for contribution or indemnity against any of the Ivaco Group or any of their assets relating to the Ingersoll Plan, including without limitation claims by way of debt, for priority, for liens, for trust obligations (deemed or otherwise) or in the nature of damages by any of the Pension Parties (or, as applicable, their heirs, executors, successors and assigns or legal personal representatives) or any of them, provided that the foregoing provisions of this paragraph shall not affect the Ingersoll Pension Payment. For greater certainty, neither of the Pension Parties will be entitled to claim as a creditor or to have standing in any further proceedings or distributions relating to the Ivaco Group or any member thereof, other than for the enforcement of this settlement.

The above Order and the related undertakings are to be in form and substance satisfactory to the Superintendent, the Administrator and the members of the IAC, acting reasonably.

It is also a specific requirement of the IAC (and a condition to its agreement hereto) that the Court also order (in form and substance satisfactory to the IAC) that the Plan Beneficiaries are forever stayed from pursuing, and barring and discharging, all claims (liquidated or unliquidated, proven or unproven, in the nature of damages or otherwise, and whether or not asserted and whether arising under statute, civil law, common law or otherwise in any jurisdiction) relating to the Ingersoll Plan, any obligation to contribute to or to provide pensions, benefits or other entitlements under the Ingersoll Plan or the wind-up of the Ingersoll Plan against the Ivaco Group or any of them or any of the property or assets of the Ivaco Group or any of them, and against any other person who might make a claim over or for contribution or indemnity against any of the Ivaco Group or any of their assets relating to the Ingersoll Plan, including without limitation claims by way of debt, for priority, for liens, for trust obligations (deemed or otherwise) or in the nature of damages by any of the Plan Beneficiaries (or, as applicable, their heirs, executors, successors and assigns or legal personal representatives) or any of them, provided that the foregoing provisions of this paragraph shall not affect (i) the Ingersoll Pension Payment or (ii) any Plan Beneficiaries in respect of any claims unrelated to the Ingersoll Plan (including claims for supplemental pension benefits under any unregistered pension plan or post-retirement non-pension benefits that are triggered by, or depend upon, the payment of pension benefits to any such Plan Beneficiary under the Ingersoll Plan, but are not themselves obligations or entitlements to be paid pursuant to or in respect of the Ingersoll Plan).

All parties will co-operate in obtaining such further orders as may be needed that include such terms and conditions as the parties may reasonably request in order to facilitate:

I. an immediate distribution of not less than $56,000,000 to the unsecured creditors (other than the Pension Parties and the Plan Beneficiaries) of Ifastgroupe (the limited partnership and its general partner and IFC) (pursuant to a Plan of Arrangement or court order) and $131,500,000 to the unsecured creditors (other than the Pension Parties and the Plan Beneficiaries) of IRM (the limited partnership and its general partner) pursuant to a Plan of Arrangement; and

II. an immediate payment from Ivaco of the balance of National Bank's secured claim against Ivaco.

All parties to the Supreme Court of Canada appeal will take and consent to the steps necessary (including signing consents to a motion) to extend all deadlines for the filing of materials (including for any motion by the Administrator to intervene) to November 30, 2007 or such later date as may be agreed or ordered by the Supreme Court.

It is also a condition hereof that the Court Order provide that Ifastgroupe and IRM and their property and assets cannot be subject to any claims of any nature whatsoever by anyone whatsoever (including, without limitation, assertions of joint and several liability) in respect of the Docap Plan and that IRM and its property and assets cannot be subject to any claims of any nature whatsoever by anyone whatsoever (including, without limitation, assertions of joint and several liability) in respect of the Designated Plan. The completion of each of these settlements just mentioned and this settlement shall each be conditional on the others being completed in accordance with their respective terms, failing which this Agreement shall terminate.

It is understood and agreed that this Settlement may be executed in counterparts, each of which shall be deemed to be an original, and that such separate counterparts shall constitute together one and the same instrument, notwithstanding their date of actual execution, and that executed versions sent by facsimile or electronic mail shall be deemed to be original versions.

NATIONAL BANK OF CANADA,
by its counsel Fasken Martineau DuMoulin LLP

18/09/07
(DATE)

SUPERINTENDENT OF FINANCIAL SERVICES, by its counsel Goodmans LLP

(DATE)

PRICEWATERHOUSECOOPERS INC., in its capacity as the Administrator of the Ingersoll Plan, by its counsel Goodmans LLP

(DATE)

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NATIONAL BANK OF CANADA, (DATE)
by its counsel Fasken Martineau DuMoulin LLP

Superintendent of Financial Services Sept. 18, 2007
SUPERINTENDENT OF FINANCIAL SERVICES, by its (DATE)
counsel Goodmans LLP by Goodmans

PricewaterhouseCoopers Inc. by Goodmans Sept 18, 2007
PRICEWATERHOUSECOOPERS INC., in its capacity as (DATE)
the Administrator of the Ingersoll Plan, by its counsel
Goodmans LLP

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Appendix F

MINUTES OF SETTLEMENT

Private & Confidential

September 24, 2007

The Superintendent of Financial Services of Ontario (the "**Superintendent**") including as Administrator of the Pension Benefits Guarantee Fund, PricewaterhouseCoopers Inc., in its capacity as the Administrator (the "**Administrator**") of the Pension Plan for Employees of Docap (1985) Corporation, CRA Registration Number 0970095 (the "**Docap Plan**") and certain members of the Informal Advisory Committee (the "**IAC**") are prepared to settle all claims (including potential claims of any nature) relating to the Docap Plan against any of Ivaco, Ifastgroupe (the limited partnership and its general partner and IFC) (collectively "**Ifastgroupe**") and IRM (the limited partnership and its general partner) (collectively "**IRM**"), or any of their subsidiaries and affiliates, including Docap (1985) Corporation ("**Docap**"), or against the Monitor, or against any of the former or present directors, officers, agents, employees, professional advisors, or creditors of any of the foregoing (collectively, the "**Ivaco Group**") on the following basis.

An Order will be sought in the CCAA proceedings, on the consent of the Superintendent, the Administrator, and the members of the IAC and on such notice (including by means of giving notice and making such representation orders, if any, as the Court determines to be sufficient in respect of all persons identifiable as being presently or contingently entitled to the receipt of any pension, benefits or other entitlements under the Docap Plan, (the "**Plan Beneficiaries**") and with the support of the Monitor and with an undertaking by the Superintendent to withdraw the Supreme Court of Canada appeal on a without costs basis to all parties, including costs at the Court of Appeal, if the Orders referred to herein are made and become final. The Order referred to above shall provide for the matters referred to in paragraphs 1 to 4 hereof as follows:

1. Ordering and approving a payment in the amount of $216,000 by Docap (the "**Docap Pension Payment**").

2. Ordering that Docap shall pay to the Administrator the Docap Pension Payment on the later of:

    I. The date the Orders referred to herein become final; and

    II. The earlier of:

        (i) in the case of IRM and Ifastgroupe (including IFC), the date on which distributions to unsecured creditors are made pursuant to a Plan of Arrangement (or, with respect to Ifastgroupe, alternately pursuant to court order) to creditors of those debtors, respectively; and

        (ii) October 31, 2007.

    Despite anything contained herein, either of the Superintendent or the Administrator may terminate this agreement in the event that the Docap Pension Payment is not paid by

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Docap on or before October 31, 2007. In the event that either the Superintendent or the Administrator terminates this Agreement, then this Agreement shall be null and void and deemed never to have been made. This provision is for the sole benefit of the Superintendent and the Administrator and may be waived by them jointly (and not individually) on such terms as they may agree.

3. Releasing the Superintendent, the Administrator, and RBC Dexia Investor Services Trust and their respective agents, employees, professional advisors, and actuaries from all liability in respect of the Docap Plan and its administration, provided that such release shall not affect the obligations hereunder.

4. Ordering that the Superintendent and the Administrator (collectively the "**Pension Parties**") are forever stayed from pursuing, and barring and discharging, all claims (liquidated or unliquidated, proven or unproven, in the nature of damages or otherwise, and whether or not asserted and whether arising under statute, civil law, common law or otherwise in any jurisdiction) relating to the Docap Plan, any obligation to contribute to or to provide pensions, benefits or other entitlements under the Docap Plan or the wind-up of the Docap Plan against the Ivaco Group or any of them or any of the property or assets of the Ivaco Group or any of them, and against any other person who might make a claim over or for contribution or indemnity against any of the Ivaco Group or any of their assets relating to the Docap Plan, including without limitation claims by way of debt, for priority, for liens, for trust obligations (deemed or otherwise) or in the nature of damages by any of the Pension Parties (or, as applicable, their heirs, executors, successors and assigns or legal personal representatives) or any of them, provided that the foregoing provisions of this paragraph shall not affect the Docap Pension Payment. For greater certainty, neither of the Pension Parties will be entitled to claim as a creditor or to have standing in any further proceedings or distributions relating to the Ivaco Group or any member thereof, other than for the enforcement of this settlement.

The above Order and the related undertakings are to be in form and substance satisfactory to the Superintendent, the Administrator and the members of the IAC, acting reasonably.

It is also a specific requirement of the IAC (and a condition to its agreement hereto) that the Court also order (in form and substance satisfactory to the IAC) that the Plan Beneficiaries are forever stayed from pursuing, and barring and discharging, all claims (liquidated or unliquidated, proven or unproven, in the nature of damages or otherwise, and whether or not asserted and whether arising under statute, civil law, common law or otherwise in any jurisdiction) relating to the Docap Plan, any obligation to contribute to or to provide pensions, benefits or other entitlements under the Docap Plan or the wind-up of the Docap Plan against the Ivaco Group or any of them or any of the property or assets of the Ivaco Group or any of them, and against any other person who might make a claim over or for contribution or indemnity against any of the Ivaco Group or any of their assets relating to the Docap Plan, including without limitation claims by way of debt, for priority, for liens, for trust obligations (deemed or otherwise) or in the nature of damages by any of the Plan Beneficiaries (or, as applicable, their heirs, executors, successors and assigns or legal personal representatives) or any of them, provided that the foregoing provisions of this paragraph shall not affect (i) the Docap Pension Payment or (ii) any Plan

Beneficiaries in respect of any claims unrelated to the Docap Plan (including claims for supplemental pension benefits under any unregistered pension plan or post-retirement non-pension benefits that are triggered by, or depend upon, the payment of pension benefits to any such Plan Beneficiary under the Docap Plan, but are not themselves obligations or entitlements to be paid pursuant to or in respect of the Docap Plan).

All parties will co-operate in obtaining such further orders as may be needed that include such terms and conditions as the parties may reasonably request in order to facilitate:

I. an immediate distribution of not less than $56,000,000 to the unsecured creditors (other than the Pension Parties and the Plan Beneficiaries) of Ifastgroupe (the limited partnership and its general partner and IFC) (pursuant to a Plan of Arrangement or court order) and $131,500,000 to the unsecured creditors (other than the Pension Parties and the Plan Beneficiaries) of IRM (the limited partnership and its general partner) pursuant to a Plan of Arrangement; and

II. an immediate payment from Ivaco of the balance of National Bank's secured claim against Ivaco.

All parties to the Supreme Court of Canada appeal will take and consent to the steps necessary (including signing consents to a motion) to extend all deadlines for the filing of materials (including for any motion by the Administrator to intervene) to November 30, 2007 or such later date as may be agreed or ordered by the Supreme Court.

It is also a condition hereof that the Court Order provide that Ifastgroupe and IRM and their property and assets cannot be subject to any claims of any nature whatsoever by anyone whatsoever (including, without limitation, assertions of joint and several liability) in respect of the Docap Plan and their property and assets cannot be subject to any claims of any nature whatsoever by anyone whatsoever (including, without limitation, assertions of joint and several liability) in respect of the Docap Plan. The completion of each of these settlements just mentioned and this settlement shall each be conditional on the others being completed in accordance with their respective terms, failing which this Agreement shall terminate.

It is understood and agreed that this Settlement may be executed in counterparts, each of which shall be deemed to be an original, and that such separate counterparts shall constitute together one and the same instrument, notwithstanding their date of actual execution, and that executed versions sent by facsimile or electronic mail shall be deemed to be original versions.

24/09/07

NATIONAL BANK OF CANADA,
by its counsel Fasken Martineau DuMoulin LLP

(DATE)

Superintendent of Financial Services

Sept. 24, 2007

SUPERINTENDENT OF FINANCIAL SERVICES, by by Goodmans
its counsel Goodmans LLP

(DATE)

Pricewaterhouse Coopers by Goodmans

Sept. 24, 2007

PRICEWATERHOUSECOOPERS INC., in its capacity
as the Administrator of the Docap Plan, by its counsel
Goodmans LLP

(DATE)

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