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"

EIGHTH REPORT OF THE MONITOR
MARCH 18, 2004

INTRODUCTION

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

2. Pursuant to the Order of this Honourable Court dated December 11, 2003 (the "Process Order"), the Applicants (Ivaco, Ivaco Rolling Mills Limited Partnership ("IRM") and Ifastgroupe and Company, Limited Partnership Inc. ("Ifastgroupe")) have commenced a dual-track, parallel path approach to their respective restructurings. One track involves the possible sale of all or some of the Applicants' principal assets while the second track focuses on the stand-alone restructuring of each Applicant.

3. The Second Supplement to the Sixth Report of the Monitor dated February 11, 2004 (the "Second Supplement") commented on the preliminary results of the sale process, including a discussion with respect to the number of non-binding offers received and the credibility of the potential purchasers.

4. This Eighth Report of the Monitor (the "Report") is submitted to this Honourable Court in connection with the Applicants' motion for approval of:

   a) The second round of the sale process (the "Sale Process" or "Second Round");

   b) The proposed Short-Term Incentive Plan ("STI") and Key Executive Retention Program ("KERP"); and

   c) An extension of the stay of proceedings to May 17, 2004.

TERMS OF REFERENCE

5. In preparing this Report, the Monitor has relied upon discussions with management of the Applicants and their advisors. The Monitor has not performed an audit or other verification of such information.

6. Capitalized terms not defined in this Report are as defined in the Initial Order, the Sale Process memorandum attached as Appendix A (the "Sale Process Memo") and the Monitor's previous reports. All references to dollars are in Canadian currency unless otherwise noted.

OVERVIEW

6. In February, the Applicants sought and obtained an extension of the Stay Period to April 2, 2004 to permit the continuation of both tracks approved by the Process Order. Since that time, they have engaged in a complete review of the business plans that form the foundation for a stand-alone restructuring strategy

that does not involve the sale of the businesses. Given the massive shift in the economics of the steel industry since the original business plans and restructuring analyses were presented to major stakeholders, a thorough re-assessment of the financial projections was warranted and has been substantially completed by each of the Applicants. As soon as the revised business plans have been completed and approved, they will be provided to the major stakeholders who were participants in the management presentations in mid December and January so that discussions with stakeholders concerning the possible stand-alone restructuring of some or all of the Applicants can continue.

7. Since the February 13th attendance before this Honourable Court, the Applicants have also completed an assessment of the non-binding offers received from prospective purchasers of the Applicants' respective businesses and assets (as described generally in the Second Supplement). Based on their assessment of the expressions of interest received to date, the Applicants have had open and frank discussion with certain of their major stakeholders concerning the appropriate structure and rules for the important next stages in the Sale Process. The Monitor has observed these discussions and is satisfied that, although not every suggestion or concern raised has been resolved completely to the satisfaction of each stakeholder, the Applicants have acted in good faith to balance the legitimate concerns and wishes of individual stakeholders with the practical reality of a difficult and complex sale process.

8. The Applicants and their advisors appear to the Monitor to be sensitive to the imperative that a court-sanctioned sale process must be fair to all participants, transparent to all stakeholders and effective in generating the highest possible recovery to stakeholders in the context of the restructuring proceedings. With this in mind, the Applicants considered whether the sale process should include the concept of a stalking horse bid with a break fee and the possibility of a superior bid after the close of formal bidding (ie. a U.S. Chapter 11 "363" style

process) or alternatively should be structured in a manner more consistent with Canadian practice in court-supervised sale efforts conducted since the Soundair Corporation decision in 1991.

9. The Applicants consulted with the Informal Advisory Committee as to the proposed process and the Monitor participated in that consultation. As a result, and in light of the unique dynamics present in this effort to sell multiple businesses with discrete creditor groups and important future business partners who have not yet staked their go-forward positions, the Applicants have concluded that the certainty and integrity of process provided under the Canadian-style approach address more concerns and issues than the more flexible Chapter 11 approach. In the context of these circumstances in which certain material conditions (ie. labour and key supplier arrangements) may not be satisfied until after the Second Round, the process needs to have an end certain that permits the selection of the lead bidders based on reasonable assumptions relating to these material conditions. Accordingly, the Applicants are proposing a process that will require that all potential purchasers put forward their best bids in this next round of the process and will preclude any late-comers who miss the next bid deadline from upsetting the process by tabling a higher nominal purchase price or otherwise seemingly superior offer after the bidding has closed. The Monitor believes that this is a reasonable process for all stakeholders.

10. From the beginning of this restructuring and more definitively during the working out of this sale process, major stakeholders have expressed the overriding desire that nothing in any process, order or course of conduct should foreclose any alternative solution for any individual Applicant or its creditors. This desire to keep all the options open while flushing out better information and visibility with respect to each potential option has been reflected in the Applicants' strategy and actions to date.

11. Both tracks in the dual track process are being conducted with a view to each Applicant standing on its own in first instance, with the inter-company relationships just one of many economic and legal factors going into the projected value of each Applicant under different exit scenarios. To date, no stakeholder has raised concerns with the Monitor that the Applicants' business plans and preliminary stand-alone restructuring analyses have unnecessarily tied the Applicants together in the future.

12. Similarly, the major stakeholders reviewed and commented on the Confidential Information Memoranda that were prepared for each of Sivaco, IRM and Ifastgroupe (on which the preliminary expressions of interest received to date are based) before they were finalized and sent to interested parties. From its observations, the Monitor believes that the Applicants have been responsive to the stakeholders' concerns that there be no bias toward consolidation by the Applicants within the dual processes and have received the guarded support of the major stakeholders as a result and in recognition of this responsiveness.

SALE PROCESS

13. The Sale Process proposed by the Applicants (as set out in the Sale Process Memo) contemplates the logical continuation of the marketing program launched in January. After extensive deliberation with their legal and financial advisors and consultation with the Informal Advisory Committee, the Applicants have selected a number of interested parties whom they are inviting to proceed with detailed due diligence and further analysis of the individual business units. The Monitor has participated in these discussions and does not believe the Applicants are acting unreasonably or improvidently in deciding whom to include in the next phase of the process.

14. The Applicants have addressed several important issues in the Sale Process, the most important of which are as follows:

- The Second Round during which bidders conduct due diligence and have direct contact with management (and by the end of which bidders must submit binding offers) has been scheduled to last approximately six weeks, ending on April 30, 2004 (the "Bid Deadline"). Based on advice from their legal and financial advisors, the Applicants have concluded that this length of time strikes the appropriate balance between the needs of the bidders (to satisfy themselves as to the future prospects of the business units so they can be in a position to submit definitive offers free of any conditions relating to general due diligence) and the needs of the stakeholders (to have clear market feedback on the sale process in order to make decisions concerning the appropriate exit strategy for each Applicant (ie. sale versus stand-alone restructuring)).

- The second round of due diligence will provide Potential Purchasers with access to key members of the management team for each Applicant, plant tours and an electronic data room containing business, financial and legal information concerning each of the Applicants' businesses presented on an unconsolidated basis.

- New bidders will be permitted to enter the process during the Second Round but will be required to meet the same Bid Deadline as all of the other bidders. This maintains the maximum flexibility for the Applicants and UBS in seeking the highest value from the process while maintaining a fair and level playing field for all bidders. If an extension of the Bid Deadline is to be granted to one party, it will be granted to all. This open access policy will also permit potential bidders who may have elected to wait to see if a stalking horse process was being implemented to respond to the absolute and definitive deadlines being proposed under the Sale Process and to enter the process now if they wish to make a bid.

- The Applicants propose that bidders should be required to submit distinct bids for any or each of Sivaco, IRM and Ifastgroupe. This requirement is consistent with the open, flexible and unconsolidated approach that has been followed in both the restructuring and sale paths to date and responds to the interests of each Applicant's stakeholders, as discussed above.

- In particular with respect to Ifastgroupe, which has three distinct business units within it, bidders are invited to bid on any individual business unit(s) if they do not wish to acquire or would be willing to purchase less than all of Ifastgroupe. This division was implemented in response to concerns raised by National Bank of Canada, the largest unsecured creditor of Ifastgroupe, that the process should provide maximum flexibility in the menu of options available to realize value from the components of each Applicant.

- The Sale Process provides that the Applicants shall not authorize prospective bidders to have discussions with the Applicants' labour unions or major suppliers during the Second Round. Instead, bidders are asked to provide details in their Second Round bids as to any conditions they stipulate with respect to unions or suppliers, including the legal and economic terms upon which they have based the value(s) of their bid(s) and which, as a result, form the parameters for the related conditions to closing. This approach maintains a level playing field for all bidders through the Second Round and ensures that the labour unions and major suppliers who may be important future partners for the business units do not exert undue influence over the Sale Process and resulting values achieved.

- Steps taken include:

    - Ensuring that QIT, a major supplier to and unsecured creditor of IRM, and the labour unions are not members of the Informal Advisory Committee with access to confidential information regarding the Sale Process, the identity of Potential Purchasers or the quantum and description of offers received;

    - Stipulating that no meetings will be permitted between QIT or the labour unions and Potential Purchasers during the Second Round; and

    - The establishment of an exclusive period after the Bid Deadline, during which Potential Purchasers will have the opportunity to enter into negotiations with suppliers, including QIT, and the Applicants' labour unions.

- To the observation of the Monitor, the Applicants are also aware of the potential for competitors to use this process as an opportunity to obtain competitive intelligence concerning an Applicants' customer lists, production specifications and other confidential information. The Applicants together with their advisors will ensure that appropriate steps are taken to prevent competitors from obtaining privileged and confidential commercially sensitive information.

- After the submission of the Second Round bids, each of the Applicants intends to review the bidding with its financial and legal advisors, the Monitor and the relevant members of the Informal Advisory Committee before seeking this Honourable Court's approval to enter into exclusive arrangements with a single party with respect to its business. As part of the consultation process, the Applicants will have discussions with some or all of the bidders to clarify aspects of the bids and facilitate a robust assessment of the merits of each bid from the perspective of each Applicant's own stakeholders.

15. The Monitor believes that the features described above and the Sale Process generally provide the framework for a process that maintains a level playing field for all bidders and other stakeholders throughout the Second Round and preserves maximum flexibility for each Applicant and its unique stakeholder constituency to determine the optimal strategy to follow after the completion of the Second Round.

16. The Monitor will be present for all discussions between the Applicants and their advisors and bidders so as to be in a position to report to this Honourable Court at the completion of the Second Round as to the extent to which the Applicants have maintained the level playing field and flexibility for bidders and stakeholders alike that are contemplated in the framework described above. Specifically, the Monitor is aware that the stakeholders of each Applicant expect that the results of the Second Round bidding should represent, to the extent possible in the circumstances, the market's unbiased view as to the value in a sale of each Applicant on a stand-alone basis, unfettered by any pre-conceived ideas or preferences harboured by the Applicants' management or any individual stakeholder.

17. The Monitor believes that the steps that have been put in place will result, to the extent possible, in a fair and competitive sale process, the outcome of which should not be influenced by the potential for conflicts of interest due to the various relationships in this proceeding.

INCENTIVE AND RETENTION PLANS

18. As set out in the Affidavit of Randall C. Benson (to be sworn March 19, 2004) filed in support of the Applicants' motion returnable March 22, 2004, the Applicants are seeking this Honourable Court's approval of a Short-Term Incentive Plan ("STI") and a Key Executive Retention Program ("KERP") with respect to a limited number of employees within each of the Applicants.

19. As is common, prior to filing the Applicants remunerated many of their senior and middle managers on a "total compensation" basis under which a portion of their pay was paid semi-monthly or monthly as salary and a portion was contingent on achievement of agreed personal and/or corporate targets. The proposed STI would essentially mirror the contingent component of management's total compensation package that was in place prior to and at the time of the commencement of this CCAA proceeding. Except for corporate participants, the STI would operate on an unconsolidated basis, with each Applicant bearing the cost of its own employees. The cost of the STI for corporate employees would be allocated among the Applicants on the same basis as other post-filing corporate costs. The targets that would determine whether the managers received any incentive payments would be the revised 2004 business plans for each Applicant that will be discussed with the Informal Advisory Committee and certain other major creditors as soon as they have been completed and approved.

20. Subject to the completion of the revised business plans (to reflect the economic changes to the steel industry that have taken place since the original business plans were presented to certain major stakeholders in December 2003) and any significant concerns raised by major stakeholders with respect to the plans, the Monitor concurs with the Applicants' characterization of the STI as being simply a continuation in the short term of pre-filing base compensation for the

affected employees. The Monitor also believes that, with appropriate financial targets in place, the STI can effectively strengthen the alignment of the interests of the managers of each Applicant with the business and financial objectives of that Applicant's stakeholders.

21. The Applicants are also seeking approval of a $500,000 fixed KERP for the benefit of three senior employees and a discretionary $250,000 KERP fund to be applied only if needed to address important retention issues and subject to the approval of the major affected stakeholders. The STI entitlements of the three employees eligible for the fixed KERP have been reduced by the amount of their KERP entitlement. As a result, in the event that the Applicants meet their 2004 business plan targets, the payments under the KERP will be offset by reductions in the eligible payments under the STI. The Applicants have obtained independent advice from Mercer Human Resources Consulting that confirms that the total compensation proposed for the three beneficiaries of the fixed KERP (comprised of their base salary, net STI and KERP) is consistent with the current market for their services based on their experience and qualifications and current market conditions.

REQUEST FOR AN EXTENSION TO THE STAY OF PROCEEDINGS

22. Pursuant to the Order of this Honourable Court dated February 13, 2004, the Stay Period expires April 2, 2004. Given the Sale Process timeline set out above, the Applicants are seeking an extension of the Stay Period to May 17, 2004.

23. Given the April 30, 2004 Bid Deadline and the period of consultation with stakeholders that will follow, the Monitor considers it appropriate to have the Stay Period extended to May 17, 2004 so that it is aligned with the Sale Process timetable.

MONITOR'S ANALYSIS AND RECOMMENDATION

24. The Applicants are working diligently and in good faith in pursuit of the objectives embodied in the Process Order to identify and implement the strategy and business plan that provides the stakeholders of each individual Applicant with the optimal, timely recovery from this restructuring. Accordingly, the Monitor recommends that this Honourable Court approve the Sale Process so that the Applicants can assess the viability of a sale transaction for each Applicant on an expedited basis.

25. Given the timetable presented in the Sale Process memorandum, the Monitor also recommends that this Honourable Court grant the Applicants an extension of the Stay Period to May 17, 2004 to permit them to continue the Sale Process.

All of which is respectfully submitted this 18th day of March, 2004.

ERNST & YOUNG INC.

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

Per:

Brian M. Denega
Senior Vice-President

SCHEDULE “A”

Applicants Filing for CCAA

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

APPENDIX A

SALE PROCESS

Pursuant to the Order of the Ontario Superior Court of Justice dated December 11, 2003 (the "Process Order"), Ivaco Inc. ("Ivaco"), Ivaco Rolling Mills Limited Partnership ("Ivaco Rolling Mills") and Ifastgroupe and Company, Limited Partnership ("Ifastgroupe") (collectively Ivaco, Ivaco Rolling Mills and Ifastgroupe are sometimes referred to as the "Applicants") are each in the process of pursuing a dual-track, parallel path approach to their respective restructurings.

Each of the Applicants is currently exploring strategic alternatives, including a possible sale of all or some of its principal assets. In the case of Ivaco, it is proposing to sell its Sivaco divisions ("Sivaco"). Each of the three blocks of assets subject to this sale process is referred to as a "Targeted Asset". Ivaco is also independently pursuing the sale of certain of its non-core subsidiaries and non-core real estate and these assets do not form part of the Targeted Assets.

In accordance with the Process Order, the Applicants engaged and authorized UBS Securities LLC ("UBS") to seek proposals from potential acquirers or financiers for the sale of Targeted Assets. The first step of the process involved the preparation of a Confidential Information Memorandum for each of the Targeted Assets (each a "CIM") and the development of a list of potential purchasers for each of the Targeted Assets. Potential purchasers were contacted and those who wished to evaluate a potential acquisition of one or more of the Targeted Assets and who signed a confidentiality agreement received the applicable CIMs and had the ability to conduct initial due diligence.

Indicative Proposals

Potential purchasers who received CIMs were invited to submit preliminary indications of interest for one or more of the Targeted Assets (each a "Proposal") by February 6, 2004. Some Proposals were received after February 6, 2004. However, the Applicants determined that they will continue to consider new Proposals as long as doing so will not delay the completion of the Second Round of the sale process as described below. As of March 5, 2004, UBS has received Proposals from 17 parties, including some Proposals for all of the Targeted Assets and other Proposals for individual Targeted Assets.

Each of the Applicants, assisted by UBS and in consultation with the Monitor and members of an informal group of major financial creditors who have signed confidentiality agreements (the "Informal Advisory Committee"), has evaluated all Proposals received to date. The Informal Advisory Committee has been formed for consultative purposes only and has no authority or status to make decisions on behalf of the Applicants; each participant in such committee, through its position as a major creditor of one or more of the Applicants, has reserved all of its rights as a creditor and may object to any proposal or recommendation made by the relevant Applicant. Members of the Informal Advisory Committee also have reserved the right to request that the Court alter the sale process or the review of Offers to ensure that their individual interests as creditors are protected.

In connection with the evaluation of Proposals for Targeted Assets owned by it, each of the Applicants has considered such matters as it deemed appropriate, including, without limitation, the following:

1. the amount of consideration payable to each Applicant;

2. the timing of consummation of the proposed transaction;

3. conditions to closing the proposed transaction, including any requirement that Targeted Assets owned by other Applicants be sold to the potential purchaser;

4. the risk of non-consummation of the Proposal;

5. the structure of the Proposal;

6. the degree of certainty with respect to proposed financing arrangements and the sources for such financing; and

7. antitrust and other relevant legal considerations.

__Second Round__

The Applicants, in consultation with the Monitor and the Informal Advisory Committee, have determined that certain potential purchasers should be invited to participate in the next round of the sale process (the "Second Round"). Some of these potential purchasers have submitted Proposals that are conditional upon being successful in acquiring all of the Targeted Assets while others have indicated an interest in specific Targeted Assets or a willingness to complete a transaction for less than all of the Targeted Assets. UBS will invite these potential purchasers to participate in the Second Round at which time, UBS will provide the potential purchasers with details regarding the Second Round and the timetable for due diligence. Each of the Applicants reserves the right to invite additional potential purchasers to participate in the Second Round as long as this does not delay completion of the Second Round.

The Second Round will provide the potential purchasers with due diligence access that the Applicants believe will enable such potential purchasers to submit binding offers, subject to certain constraints described below. The Second Round will include access to management, plant tours and access to an electronic data room, which will be populated with detailed asset specific data. It is __not__ anticipated that potential purchasers will be invited to conduct negotiations with the labour unions, suppliers to or customers of the Applicants during the Second Round. Any material information that is not contained in the data room that is subsequently distributed at the request of a potential purchaser will also be distributed to all potential purchasers involved in the Second Round. In addition, if any further information is added to the data room during the process, the Applicants will notify all potential purchasers involved in the Second Round. The Applicants reserve the right not to provide all information to certain potential purchasers if to do so would have adverse competitive implications for the Applicants. The Applicants will advise the Informal Advisory Committee and the Monitor of any decision to refuse to provide information to some potential purchasers if such information is provided to other potential purchasers.

In advance of the Second Round, potential purchasers will be asked (i) either to represent in writing that they and their affiliates hold no securities of or claims against any of the Applicants or to disclose any holdings or ownership of securities of or claims against any of the Applicants, and (ii) to represent in writing that they and their affiliates will not acquire or sell any securities of or claims against the Applicants during the Second Round. During the Second Round, each Applicant will distribute to potential purchasers a draft purchase and sale agreement or agreements for the Targeted Assets owned by such Applicant (the "Agreement"), the terms of which will have been reviewed by the Monitor, UBS and the Informal Advisory Committee. The Applicants expect that any sale transaction will be structured substantially in accordance with the Agreement.

It is anticipated that the due diligence portion of the Second Round will take place over a period of approximately six weeks, after which time potential purchasers will be asked to submit a binding offer for any or all of the Targeted Assets (each an "Offer ") on or before 3:00 p.m. (Montreal time) on April 30, 2004.

Each Applicant is conducting an independent sale process and, as such, separate Offers must be made to each Applicant from which a potential purchaser wishes to acquire assets. In the case of Ifastgroupe, it is understood that proposed purchasers may elect to offer to purchase only certain divisions of its business and such Offers will be considered in the context of other Offers for Ifastgroupe. Each Applicant will evaluate Offers having regard only to the interests of its stakeholders. Nonetheless, an Offer submitted by a potential purchaser may be submitted on the basis that it is conditional upon the acceptance of other Offers made by such potential purchaser for one or more of the other Targeted Assets. Any Applicant may elect to reject all Offers received by it and pursue a Stand-Alone Restructuring (as described in the Process Order) if in its view, after consultation with UBS, the Monitor and the members of the Informal Advisory Committee who are creditors of such Applicant, such Stand-Alone Restructuring would be more beneficial to its stakeholders. Similarly, each Applicant, after consultation with such parties and based on the criteria set out below, may elect to pursue an Offer which is not the Offer which provides the highest price.

The following procedures will govern the submission of Offers:

1. Offers should be addressed and delivered to each Applicant, c/o UBS.

2. Offers must be received at or before 3:00 p.m. (Montreal time) on April 30, 2004 (the "Submission Date") unless extended by written notice to potential purchasers. If an Offer is received after the Submission Date as the same may be extended, it will not be considered. Offers should identify all material terms of the proposed transaction. An Offer may exclude certain Targeted Assets owned by any Applicant.

3. Offers must specify the purchase price in Canadian dollars to be paid to acquire the specified Targeted Asset on an Enterprise Value (debt and cash free) basis. Cash is the preferred form of consideration, but if an Offer proposes the use of other consideration a description of the material terms of the consideration should be provided.

4. If an Offer is for less than all of the Targeted Assets offered by any Applicant, the Offer should clearly identify which assets are included and excluded from the Offer.

5. Each potential purchaser must submit a copy of the draft Agreement for each of the Targeted Assets which it wishes to acquire marked to reflect the form of agreement that it is ready to execute (subject to the Further Conditions as defined below). Potential purchasers will be asked to mark their changes on the Agreement prepared by the relevant Applicant. A purchaser's willingness to accept the Agreement prepared by the relevant Applicant without significant modifications will be an important factor in the evaluation of Offers.

6. To the extent that an Offer is conditional upon new or amended agreements being entered into with other parties (including, without limitation, other Applicants, other successful purchasers, unions or suppliers), the potential purchaser shall provide the detailed terms of such amended or new agreements and identify how such agreements may differ from existing agreements to which the Applicant may be a party. A purchaser's willingness to proceed without such conditions and, where such conditions are included in the Offer, the likelihood of satisfying such conditions will be an important factor in the evaluation of Offers.

7. Each Applicant anticipates that the Agreement for its Targeted Assets will **not** include a provision that makes the purchaser's obligation to close the transaction contingent upon completing further due diligence. Potential purchasers will be asked to resolve all due diligence issues (other than those associated with the Further Conditions) before the submission of their Offers.

8. Each Applicant anticipates that any Offer submitted by a potential purchaser will not include a provision that makes the purchaser's obligation to close the transaction contingent upon obtaining financing and the inclusion of any such a condition will place a potential purchaser at a significant disadvantage. Each potential purchaser must provide with its Offer details regarding its ability to obtain and method of financing the transaction, including, if appropriate, the amount of senior debt, subordinated debt, equity and any other source of financing contemplated in the pro forma capital structure.

9. Questions or clarifications from potential purchasers regarding specific legal terms of the Agreement should be addressed with UBS or the relevant Applicant prior to submission of Offers.

10. All required corporate approvals of potential purchasers should be obtained prior to submitting Offers. Offers should clearly indicate any significant conditions in favour of the purchaser to be resolved prior to closing the transaction.

11. All Offers must be irrevocable until the end of the Exclusivity Period (as described below).

12. Any Offer should reflect the potential purchaser's best and highest offer.

The Applicants anticipate that the Offers may be subject to certain further conditions, including, without limitation, the following (the "Further Conditions"):

1. satisfactory completion of negotiations with the applicable labour unions;

2. negotiation of acceptable supply or sale agreements where applicable;

3. satisfactory arrangements for pension plans and pension liabilities for the relevant Applicant; and

4. Court approval and the granting of a vesting order.

As noted above, each potential purchaser will be required to identify in any Offer the terms and conditions required by it in any negotiations with the labour unions and any suppliers or customers (including other Applicants or purchasers), including detailed parameters to those terms and conditions.

Conclusion of the Second Round

As soon as practicable following the submission of Offers, each of the Applicants, with the advice and assistance of its legal and financial advisors and in consultation with the Monitor and the members of the Informal Advisory Committee who are creditors of such Applicant, will evaluate the Offers for its Targeted Assets and determine which of such Offers, if any, to pursue. The Applicants reserve the right to seek clarification and refinement of Offers after receipt. In evaluating the Offers, each Applicant will take into account a number of factors, including, without limitation, the following:

1. the value and form of the consideration to be received by such Applicant;

2. conditions to the Offer, including the expected feasibility of achieving the Further Conditions and whether the Offer is conditional upon acquiring other Targeted Assets; and

3. the ability of the potential purchaser to finance and consummate the proposed transaction within a reasonable time frame.

If an Offer from a potential purchaser is accepted, each Applicant will seek prior Court approval to enter into a binding Agreement with the potential purchaser, subject to the Further Conditions as outlined above. The potential purchaser will then be invited to a period of exclusivity, during which it will seek resolution of all Further Conditions (the "Exclusivity Period"). The Applicants will reserve judgment as to which potential purchaser(s) to invite into an Exclusivity Period until after receiving the Offers.

The Exclusivity Period is expected to last for a term of approximately three weeks, during which it is anticipated that the Applicant and the selected potential purchaser will enter into negotiations with the applicable labour unions and with any other parties with whom agreements must be reached to arrive at an unconditional offer. Each Applicant will devote all resources necessary to consummating the proposed transaction as promptly as possible but reserves the right to extend the Exclusivity Period for further periods if it is determined that there is a reasonable likelihood of a potential transaction being completed within a reasonable time frame. The Applicant will consult with UBS, the Monitor and members of the Informal Advisory Committee who are creditors of such Applicant before extending the Exclusivity Period. Following expiry of the Exclusivity Period, the purchaser will waive any conditions in its favour other than usual conditions relating to the steps and documents necessary to complete the closing and will forthwith pay a deposit in accordance with the Offer. Each Applicant will seek formal Court approval of any transaction which it proposes to complete and will seek a vesting order to effect the transaction.