THIS IS EXHIBIT "1" REFERRED TO IN THE AFFIDAVIT OF STANLEY H. MEADOWS, SWORN BEFORE ME THIS 29TH DAY OF SEPTEMBER, 2006.

Jessica M Frederick

A NOTARY PUBLIC

"OFFICIAL SEAL"
JESSICA M. FREDERICK
Notary Public, State of Illinois
My Commission Expires Aug 18, 2009

to the terms of the Escrow Agreement and paid on the final determination of the Adjustments in accordance with the provisions of this Article 2;

(ii) the payment by the Purchaser to the Seller and the Selling Parties or as the Selling Parties have directed of an amount equal to the balance of the Estimated Cash Amount that remains after payment of the amount delivered pursuant to clause (i) above; and

(iii) the assumption by the Purchaser of the Assumed Liabilities.

(b) Payments made pursuant to Section 2.9(a) shall be made in immediately available funds by wire transfer to a bank account specified by the party entitled to receive such payments (receipt confirmed by the receiving bank) or in such other manner as the appropriate Selling Party may in writing direct not less than two Business Days prior to the payment date.

2.10 <u>Delivery of Exhibit A; Calculation of Exhibits A and C</u>

(a) Three Business Days prior to the Closing Date, the Seller will cause to be prepared and delivered to the Purchaser, Exhibit A reflecting the Assumed Liabilities, Capex Expenditures and other line items in the form of Exhibit A annexed hereto estimated as at the Effective Time of Closing, prepared in accordance with either (i) Canadian GAAP, and, to the extent consistent with Canadian GAAP, on a basis consistent with the past practice of the Seller and each other Selling Party or (ii) as otherwise specifically provided in this Agreement. Concurrent with the delivery of Exhibit A, the Seller will cause to be delivered to the Purchaser a copy of all valuations prepared in support thereof. To the extent that a valuation is available prior to such date, the Seller will, acting reasonably, provide a copy of such report to the Purchaser.

(b) For purposes of preparing Exhibits A and C:

(i) the valuation of Post-Retirement Benefits will be performed based on:

(A) current membership data as of the Valuation Date;

(B) the discount rate determined in accordance with CICA handbook Section 3461 as of the Valuation Date;

(C) the valuation method as prescribed by the CICA handbook Section 3461;

(D) a per capita claim cost based on claims experience up to June 30, 2004 using the methodology described on page 8 of Appendix III of the Mercer Report; and

(E) all other assumptions will be the same as those described in the Mercer Report for the valuation of Post-Retirement Benefits.

The actuarial liability calculated on the Valuation Date will be adjusted to the Closing Date by adding interest based upon the discount rate used in the valuation, and current service cost for benefit accrual, reduced by expected benefits paid in respect of that period and, for purposes of preparing Exhibit A, the projection of actuarial liability will be made to October 31, 2004 instead of the Closing Date;

(ii) the Pension Deficit as at the Closing Date shall be calculated based on actuarial estimates made on a going-concern basis, giving effect to the following:

(A) the actuarial liability based on a valuation as at the Valuation Date based on current membership data as at the Valuation Date and giving effect to all negotiated amendments to an Assumed Pension Plan, and using the 1994 Group Annuity Mortality (Static) Table and a discount rate of 6.75% per annum with all other assumptions being the same as those used in the last valuation of each Assumed Pension Plan prepared by Mercer Human Resource Consulting Limited as listed on Schedule 2.10(b)(ii);

The actuarial liability of each Assumed Pension Plan calculated on the Valuation Date will be adjusted to the Closing Date by adding interest at the rate of 6.75% per annum and current service cost for benefit accrual in respect of that period and subtracting benefits payable in respect of that period, without making any adjustment for gains (losses) arising from retirements, terminations or deaths occurring between the Valuation Date and the Closing Date;

(B) the asset value as of the Closing Date determined with the methodology used in the last valuation of each Assumed Pension Plan prepared by Mercer Human Resource Consulting Limited for going-concern valuation purposes as listed on Schedule 2.10(b)(ii), that is an adjusted market value method or a market value method as was used in such last valuation of an Assumed Pension Plan, and based on the market value of the assets as reported by the custodian of the Assumed Pension Plan, reduced by the amount of benefits due but unpaid. For greater certainty, the asset value will not include the Pension Missed Payments;

(C) in calculating the Pension Deficit attributable to the Mixed Pension Plan, the Pension Deficit of the Mixed Pension Plan calculated on the Closing Date will be adjusted to reflect the fact that the Purchaser is assuming liabilities only in respect of a portion of the plan relating to the transferred members (active and inactive) that are assumed by the Purchaser; and

(D) for purposes of preparing Exhibit A, the projection of actuarial liability will be made to October 31, 2004 instead of the Closing Date and the asset value will be an estimate of the asset value as at October 31, 2004 instead of the Closing Date, determined using the same methodology as described in paragraph 2.10(b)(ii)(B).

2.11 Delivery of Exhibit C

(a) As promptly as practicable following the Closing Date, and in any event within 23 days from the Closing Date, the Seller will cause to be prepared and delivered to the Purchaser (i) Exhibit C reflecting the Assumed Liabilities, Working Capital and Capex Expenditures and other line items on the form of Exhibit C annexed hereto as at the Effective Time of Closing, prepared in accordance with Canadian GAAP and, to the extent consistent with Canadian GAAP, applied on a basis consistent with the past practice of the Seller and each other Selling Party and prepared, to the extent Section 2.10 applies, in accordance with Section 2.10 and, in the case of Inventory, based on a physical count of Inventory performed on the Closing Date jointly by the Seller and the Purchaser in accordance with the Selling Parties' past practices (except that with respect to the Seller's finished goods Inventory, the physical inventory count shall be conducted over one or more days not more than 10 Business Days prior to Closing, in a manner that least disrupts the operations of the Selling Parties and such physical counts will be updated to the Effective Time of Closing using rolling inventory count methods) and a calculation of the Adjustments based thereon and (ii) a copy of the valuation prepared in support thereof. The amount (each an "**Adjustment**" and collectively the "**Adjustments**") by which:

(i) the Working Capital as shown on Exhibit C exceeds the Estimated Working Capital shown on Exhibit B will be a positive Adjustment (and any shortfall a negative Adjustment); and

(ii) the Cash Amount as shown on Exhibit C exceeds the Estimated Cash Amount reflected on Exhibit A will be a positive Adjustment (and any shortfall a negative Adjustment).

If as a result of the process specified in this Section 2.11 or in Section 2.12, the basis for calculation and preparation of Exhibit C differs from the basis on which Exhibits A and B were calculated and prepared, then Exhibits A and B shall be deemed to be amended so as to reflect an identical basis for calculation as Exhibit C. Notwithstanding any change to Exhibit A made in accordance with the foregoing sentence, the Purchaser shall receive credit for all amounts actually paid as the Estimated Cash Amount as shown on the original version of Exhibit A prepared and delivered hereunder, which amounts will be taken into consideration when calculating an amount to be paid to or by the Purchaser in connection with Section 2.14.

(b) In order to permit the Seller to prepare such statements and to perform such Inventory count, the Purchaser shall provide the Seller and its accountants, representatives and advisors access to the Business and the Purchased Assets, including all working papers, computer records, systems and other information technology, and access to the Purchaser's employees, agents, external accountant and auditors, during normal business hours as reasonably requested and, in the case of the Inventory count, at such other times outside of normal business hours as requested by the Seller and in order to minimize disruption to the Purchaser's operation of the Business. The Purchaser shall instruct its employees, agents, external accountant and auditors to provide all assistance requested by the Seller to allow the Seller to prepare such statements and to perform such Inventory count.

2.12 <u>Determination of Working Capital and Adjustments</u>

The Purchaser may dispute the calculation of the Adjustments, as reflected on Exhibit C by notice (the "**Objection Notice**") in writing given to the Seller within 10 Business Days following the delivery of such exhibit to the Purchaser. Such Objection Notice shall specify, in detail, the basis for the dispute of the Adjustments to Exhibit C. If the Purchaser does not deliver the Objection Notice within the aforementioned 10 Business Day period, then the calculations of the Seller set out in Exhibit C shall be deemed to be conclusive and binding on the parties. If the dispute is not resolved promptly by agreement, and in any event within 20 days of the delivery of the Objection Notice, either party may request PricewaterhouseCoopers or its successor firm (the "**Expert**") to designate a senior partner in its Montréal or Toronto office to promptly review this Agreement and the disputed items or amounts for the purpose of calculating the Adjustments, acting as an expert and not as an arbitrator. In accepting such appointment, the Expert shall be deemed to have been instructed to deliver to the Seller and the Purchaser, as promptly as practicable and in any event within 15 Business Days of being appointed, a report setting forth any required calculations, including the Adjustments as determined by the Expert. Such report shall be final and binding upon the Seller and the Purchaser. The cost of such review and report shall be borne equally by the Seller and the Purchaser. Upon agreement with respect to the matters in dispute, if any, or upon a decision of the Expert with respect to the matters in dispute, such amendments shall promptly be made to Exhibit C as may be necessary to reflect such agreement or such decision, as the case may be. In such event, references in this Agreement to Exhibit C shall mean Exhibit C, as so agreed or decided, as the case may be and the Adjustments as decided by the Expert or as agreed by the parties shall be deemed to be the final Adjustments for all purposes of this Agreement.

2.13 <u>Adjustments Relating to Environmental Matters</u>

(a) The Purchaser acknowledges that the Seller has made disclosure to it of the information contained in the Environmental Disclosure Documents (with the exception of the Phase I Environmental Site Assessment reports to be delivered within 30 days of the date hereof) and the agreement by the Seller to a reduction of the Purchase Price by $2,038,500 (the "**Environmental Credit**") in specific consideration of the provisions of this Section 2.13 and the other provisions of this Agreement related thereto. Notwithstanding the provisions of Sections 2.2 and 2.3, the Selling Parties acknowledge that the Purchaser has not had the opportunity to complete the Purchaser's Environmental Assessment.

(b) During the 60 day period following receipt of the Court Approval, the Seller will provide to the Purchaser and its advisors, as requested by the Purchaser from time to time, access to the Real Property and to appropriate records in the possession of the Selling Parties (including reports of assessments obtained by the Selling Parties and regulatory notices and reports) and personnel (who shall have been instructed to inform the Purchaser of all known non-compliance with Environmental Laws and environmental concerns relevant to the Purchased Assets) of the

Selling Parties, on and subject to any reasonable restrictions, limitations and conditions imposed by the Purchaser, including as to the identity of the advisors, indemnification of the Seller against losses, minimizing interference with operations, insurance, health and safety, security, confidentiality and restoration of damages, solely for the purpose of completing the Purchaser's Environmental Assessment. The Purchaser shall keep the Selling Parties fully informed of the activities constituting part of the Purchaser's Environmental Assessment and the creation of the Environmental Assessment Summary (as defined below). Not later than the fifth Business Day following the expiration of said 60 day period (the "**EAS Delivery Date**"), the Purchaser may deliver to the Selling Parties a document stating the opinion of an environmental consultant selected by the Purchaser and satisfactory to the Selling Parties, acting reasonably (it being agreed that Conestoga-Rovers & Associates Ltd. is satisfactory to the Selling Parties) (the "**Environmental Assessment Summary**"), as to the following:

(i) each matter identified through the Purchaser's Environmental Assessment that constitutes a non-compliance with Environmental Law (each a "**Compliance Designated Matter**") or that would reasonably be expected to result in an enforceable requirement under Environmental Law for closure, remediation, clean-up, removal or disposal of any Hazardous Material (each a "**HazMat Designated Matter**"); and

(ii) (A) the amount of each anticipated expenditure related to rectification or remediation of each of the Compliance Designated Matters and the HazMat Designated Matters referred to in (i) and (B) the Required Expenditures resulting from the anticipated expenditures referred to in (A) above, in the case of each of the anticipated expenditures:

(I) to achieve compliance with Environmental Laws in all material respects after Closing with respect to each Compliance Designated Matter; and

(II) to comply with any enforceable requirement reasonably expected to be imposed with respect to each HazMat Designated Matter.

The aggregate of all the Required Expenditures set out in the Environmental Assessment Summary is the Original Environmental Costs.

The Purchaser shall provide copies of the reports of the Purchaser's Environmental Assessment that support the Environmental Assessment Summary to be delivered as produced and, in final form, with the Environmental Assessment Summary. The Seller may dispute the amount of any or all elements of the Original Environmental Costs as reflected in the Environmental Assessment Summary by notice in writing (the "**Environmental Objection Notice**") given to the Seller within five days following the delivery of the Environmental Assessment Summary to the Seller (the "**EAS Objection Delivery Date**"). The Environmental Objection Notice shall specify, in reasonable detail, the basis for the dispute. If the Seller does not deliver the Environmental Objection Notice on or before the EAS Objection Date, the Original Environmental Cost shall be deemed to be conclusive and binding on the parties. The parties agree to discuss and act promptly and reasonably with a view to understanding and resolving any matters raised in the Environmental Objection Notice and, upon resolution, the parties shall agree in writing to a revised Environmental Assessment Summary and the aggregate of the Required Expenditures set out in the agreed revised Environmental Assessment Summary shall be the Final Environmental Costs which shall be deemed determined upon the execution of the said written agreement. If the dispute is not resolved within five days of the delivery of the Environmental Objection Notice, either party may request Mark Lack of URS Dames & Moore Canada, located in its Markham, Ontario office, or at its successor firm (the "**Environmental Expert**") to promptly review this Agreement and the disputed items or amounts for the purpose of determining the proper and appropriate Compliance Designated Matters, HazMat Designated Matters, amounts of anticipated expenditures and dates which should have been put in the Environmental Assessment Summary as well as the Original Environmental Costs which should have resulted therefrom, which will thereupon be the Final Environmental Costs. The Environmental Expert shall act as an expert and not as an arbitrator. The costs of the Environmental Expert shall be shared equally between the Seller and the Purchaser unless the Environmental Expert determines otherwise. In accepting such appointment, the Environmental Expert shall be deemed to have been instructed to deliver to the Seller and the Purchaser, as promptly as practicable and in any event within 10 Business Days of being appointed, a report setting forth the Final Environmental Costs as determined by the Environmental Expert in accordance with the foregoing. Such report shall be final and binding upon the Seller and the Purchaser and the Final Environmental Costs will be deemed determined as of the time of the delivery of such report to the Seller and the Purchaser.

(c) The Purchaser agrees to assume all liability and responsibility for each and every matter regulated or governed by Environmental Law and related to the Business or the Purchased Assets (or both), whether arising before, at or after Closing, provided that, with respect to any matter arising in whole or in part at or before Closing, such shall be limited to the extent that such are disclosed in, or reasonably would be expected to exist as a result of the disclosure in, the Environmental Disclosure Documents or the Purchaser's Environmental Assessment.

(d) If the Deal Environmental Costs exceed $20,000,000 but are less than or equal to $25,000,000, then the Purchaser will receive an additional purchase price credit (the "**Environmental Excess Credit**" which credit shall not exceed $5,000,000 in aggregate for this Agreement, the IRM Agreement and the Sivaco Agreement) in an amount equal to the product of the excess of the Deal Environmental Costs over $20,000,000, multiplied by a fraction, the numerator of which is the sum of the Seller's portion of the Deal Environmental Costs minus the Environmental Credit, and the denominator of which is the sum of the Deal Environmental Costs minus the Environmental Credits under this Agreement, the IRM Agreement and the Sivaco Agreement.

2.14 Payment of Adjustments

(a) Within five Business Days of the agreement or deemed agreement of the parties or the delivery of the Expert's report, as applicable, pursuant to Section 2.12, the balance of the Purchase Price shall be paid as follows:

(i) if the aggregate of (i) the difference between the Estimated Cash Amount and the Cash Amount and (ii) the difference between the Estimated Working Capital and the Working Capital as shown on Exhibit C is a negative number, the Seller and the Purchaser shall jointly direct the Escrow Agent to release to the Purchaser from the Holdback Amount an amount equal to such shortfall, together with interest accrued on the absolute amount of such shortfall, from and including the Closing Date to but excluding the date of payment, with the balance, if any, to be released to the Seller; provided that, if the Holdback Amount is not sufficient to satisfy such shortfall, the Seller shall pay to the Purchaser an amount equal to such deficit, together with interest accrued on such deficit from and including the Closing Date to but excluding the date of payment, at the rate of interest applicable to the Holdback Amount; and

(ii) if the aggregate of (i) the difference between the Estimated Cash Amount and the Cash Amount and (ii) the difference between the Estimated Working Capital and the Working Capital as shown on Exhibit C is a positive number, the Seller and the Purchaser shall jointly direct the Escrow Agent to release to the Seller the entire Holdback Amount, together with interest accrued; provided that if the Holdback Amount is not sufficient to satisfy such excess, the Purchaser shall pay to the Seller any amount in excess of the Holdback Amount, together with interest accrued on such excess from and including the Closing Date to but excluding the date of payment, at the rate of interest applicable to the Holdback Amount.

(b) In the case of either Section 2.14(a)(i) or (ii), payment shall be made in immediately available funds by wire transfer to a bank account specified by the party entitled to receive such payment (receipt confirmed by the receiving bank) or in such other manner as the Seller or the Purchaser, as applicable, may in writing direct not less than two Business Days prior to the payment date.

2.15 Allocation of Purchase Price

The Selling Parties and the Purchaser agree to allocate the Purchase Price among the Purchased Assets in a manner consistent with the methodology exhibited in Schedule 2.15 and to report the purchase and sale of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation. For greater certainty, the parties agree that the numbers in Schedule 2.15 are values as at March 31, 2004 and are only illustrative of the principles to be employed when determining the allocation of Purchase Price based on the actual numbers as at the Closing Date, and a revised Schedule 2.15 reflecting the values as at the Closing Date shall be delivered by the Seller at the same time as Exhibit C is delivered.

2.16 ETA Election

The Purchaser and each Selling Party other than the Nominee Seller shall elect jointly under subsection 167(1) of the ETA, and under any similar provincial legislation, in the