THIS IS EXHIBIT "13" 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

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September 25, 2006

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Via Facsimile

Ontario Superior Court of Justice
Osgoode Hall
130 Queen Street West
Toronto, ON M5H 2N5

Attention: The Honourable Mr. Justice Ground

Dear Mr. Justice Ground:

Re: In the Matter of Ivaco Inc. (CCAA)
Court File No.: 03-CL-5145
Our File No. 04/1203

We are writing in response to the four page letter sent to you by counsel to the National Bank (Faskén Martineau) dated September 8, 2006. In that letter, they request that Your Honour not schedule the motion filed by the Pension Committee for an order to lift the CCAA stay and amend the standstill order of March 4, 2005 to permit a payment to be released from the Pension Benefits Guarantee Fund (PBGF) to the fund of the Salaried Plan for the benefit of the Ontario members.

The Pension Committee's motion record was served on August 25, 2006. We wish to schedule this motion as soon as possible.

Paragraph 9 of the Fasken letter

The Fasken letter incorrectly states that there are "no new facts – only the passage of time". As set out in our motion record, there have been at least three significant events since the Standstill Order that detrimentally impact the members and retirees of the Salaried Plan:

1. In June 2005, the Québec pension regulator, (the Régie des rentes du Québec) ordered the Pension Committee to immediately reduce all pension benefits being paid to retirees by 21%, including the Ontario retirees. If the PBGF payment can be made, it will supplement such reduced benefits for more than half of the Ontario retirees who will then have their full pension benefits restored. These retirees receive the lowest amount of benefits and are most harmed by the 21% reduction.

2. On June 15, 2006 the Ontario Superintendent stated that it would not provide its approval to allow the Ontario members to transfer the commuted value of their accrued pension benefits out of the Salaried Plan until an order has been made that the PBGF payment can proceed. The Ontario members who have chosen to transfer their assets out of the Salaried Plan cannot do so until the PBGF payment is made. These individuals wish to retire and start accessing their

pension benefits but cannot do so. Their pension benefits are being held captive in the Salaried Plan.

3. The Ivaco CCAA proceedings are mired in litigation which could conceivably continue for years. Recently we were advised that Heico intends to move to lift the CCAA stay to file a lawsuit against Ivaco for $75 million for misrepresentation in respect of the asset purchase agreements concluded in the CCAA proceedings. A mediation held in August, 2006 with Justice Winkler was not successful. The decision of the Court of Appeal of the Superintendent's appeal is still under reserve and once released, could be appealed to the Supreme Court of Canada resulting in further years of litigation. The members and retirees of the Salaried Plan, most of whom are senior citizens or at later stages of their lives, should not be made to wait for the litigation to be resolved. The PBGF payment should proceed at this time.

Paragraphs 3 to 6 of the Fasken letter

The standstill was put in place to prevent any party from obtaining an advantage over another while the competing bankruptcy and deemed trust motions of June 2005 were being scheduled and litigated. The Pension Committee was not in attendance in chambers with Justice Farley on March 4, 2005 and did not expressly consent to that order, however, it did not object to the standstill once it became aware of it.

The timing was critical for the hearing of the June motions. Current law suggests that once a company is formally a bankrupt under the *BIA,* a provincial deemed trust may no longer be effective. Accordingly, the Superintendent sought to have its motion heard while Ivaco remained in CCAA protection and National Bank and BNS sought to proceed to bankrupt Ivaco. With the standstill in place, a schedule was eventually put in place for the orderly hearing of the motions.

Orders made on consent can be varied

The Fasken letter cites the case of *McCowan v. McCowan* (1995), 24 O.R. (3d) 707 (C.A.) as support for the proposition that the standstill order cannot be lifted or varied without the consent of all the parties, except upon the same grounds on which a binding contract could be set aside. That is an overly narrow reading of that case, and the proposition suggested by Fasken is not consistent with the Rules of Civil Procedure. An order (even one issued on consent) may be set aside or varied without the further consent of the parties in cases where facts have arisen subsequent to the Court's original order.

In addition to the inherent power of a CCAA judge to amend orders issued within the CCAA proceedings, Rule 59.06(2)(a) states that a party may bring a motion to set aside or vary an order of the Court "on the ground ... of facts arising or discovered after it was made." Jurisprudence subsequent to *McCowan* has interpreted that case as providing an additional ground to those provided for in Rule 59.06(2)(a): *L.R.F. v. D.M.H.* [1999] O.J. No. 2757 (Sup. Ct.).

No prejudice to other creditors

There is no prejudice to the National Bank and other creditors should the stay be lifted and the standstill order amended to allow the PBGF payment to proceed. If the Pension Committee's motion is granted and the PBGF payment can be made to the fund of the Salaried Plan, it would give rise, *prima facie*, to a lien and charge in favour of the Superintendent pursuant to s. 86(1) of the *Pension Benefits Act* (Ontario). The Superintendent has already advanced a contingent claim for the Superintendent's s. 86 lien and charge in the June 2005 motions. However, the Superintendent has indicated it will not take steps to enforce its lien and charge while the June motions remain before the courts. The Superintendent would abide by the terms of the standstill order of March 4, 2005 in all other respects should this Honourable Court order that the PBGF payment proceed.

Therefore, National Bank and the other creditors will not be prejudiced. They will remain in the same position they are in at present. The status quo will not be altered.

The Fasken letter suggests that the release of the Court of Appeal's decision of the Superintendent's deemed trust motion "could obviate" the need for the QPC motion. That is not correct. Regardless of which party is successful in the appeal, a leave application to the Supreme Court of Canada is a real possibility given the significant legal issues involved in the appeal. The matter would continue in litigation for years and the pension plan members would continue to suffer with the cuts to their pension benefits.

At this time the PBGF is ready to make a payment to the fund of the Salaried Plan. The Superintendent would not to enforce its lien and charge and would and abide by the standstill order in all other respects. There is no basis for National Bank and other creditors to oppose the PBGF payment at this time, let alone oppose the scheduling of the motion.

We will be requesting that the motion be scheduled at the earliest possible date.

Thank you for your consideration in this matter.

Yours truly,

KOSKIE MINSKY LLP

Andrew J. Hatnay
AJH/af

c.c. The Service List *(via email)*
Marcel Rivest, Andre Cromp, Louis-George Simard *(via email)*