THIS IS EXHIBIT "3" 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

Court File No. 05-CL-5876

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

IVACO INC. and 1039028 ONTARIO INC.

Applicants

- and -

III CANADA ACQUISITION COMPANY, SIVACO WIRE GROUP 2004 L.P., HEICO HOLDING, INC. and THE HEICO COMPANIES, L.L.C.

Respondents

APPLICATION UNDER Rule 14.05(3)(d) of the *Rules of Civil Procedure*

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicants. The claim made by the applicants appears on the following page.

THIS APPLICATION will come on for a hearing on Wednesday, the 18th day of May, 2005, at 10:00 a.m., at 393 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date April 28, 2005

Issued by ____________________
Local registrar

Address of court office 393 University Avenue
Toronto, Ontario

TO: III Canada Acquisition Company
Sivaco Wire Group 2004 L.P.
Heico Holdings Inc.
The Heico Companies, L.L.C.
c/o Cassels Brock & Blackwell LLP
Barristers and Solicitors
2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2
Attention: E.B. Leonard
D. Ward

APPLICATION

1. The Applicants make application for:

(a) Interpretation of Article 2.12 of the Asset Purchase Agreement dated August 6, 2004 as amended and restated as of November 30, 2004 (the "APA") as between Ivaco Inc., 1039028 Ontario Inc. (collectively, "Ivaco") and III Canada Acquisition Company, Sivaco Wire Group 2004 L.P., Heico Holding, Inc. and The Heico Companies, L.L.C. (collectively, "Heico");

(b) A declaration that pursuant to Article 2.12 of the APA, the Expert (all terms as defined in the APA) is charged with providing a report to Heico and Ivaco with respect to Adjustments to Exhibit C and is neither authorized nor directed to make adjustments or Adjustments to Exhibit B;

(c) Costs of this application;

(d) Such further and other relief as to this Honourable Court seems just.

2. The grounds for the application are:

(a) Articles 2.10, 2.11 and 2.12 of the APA are as follows:

"2.10 Delivery of Exhibit A; Calculation of Exhibits A and C

(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, 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 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 Determination of Working Capital and Adjustments

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 KPMG LLP or its successor firm (the "Expert") to designate a senior partner in its Hamilton office, with unrestricted access to KPMG LLP's professional practice department located in its 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. Upon agreement 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 the purposes of this Agreement." (Emphasis added)

(b) The APA transaction closed on December 1, 2004. On December 23, 2004 Ivaco delivered to Heico a copy of Exhibit C as required by the APA. At the same time Exhibits C were delivered in the two other identical APAs with respect to Ifastgroupe and Company, L.P. ("Ifastgroupe") and Ivaco Rolling Mills L.P. ("IRM"). The total Adjustments in favour of the Selling Parties were $65,258,008 comprised of Ivaco-$10,383,500; IRM-$26,909,408; and Ifastgroupe $27,965,100.

(c) By letter dated January 11, 2005, Heico delivered what it termed a "Purchasers' Dispute Notice", which was apparently intended to be the Objection Notice provided for in Article 2.12 of the APA. Heico attached revised Exhibits C but also included revised Exhibits B for all three entities. According to Heico, the revised total Adjustments in favour of the Selling Parties were $15,399,008 comprised of Ivaco-($2,050,500); IRM-$3,145,408 and Ifastgroupe-$14,304,100.

(d) The difference between the parties totals approximately $50,000,000. With respect to Ivaco alone, the delta is approximately $12,000,000.

(e) The parties had a conference call and exchanged information which did not resolve matters. Pursuant to a letter dated February 4, 2005, the Selling Parties (including Ivaco) responded in some detail including the key disagreements of the parties as to the legal interpretation of the APAs. In part, the letter said:

> "As discussed on our conference call, the Selling Parties do not accept the majority of the adjustments set out in the Purchaser's Objection Notice. The parties have agreed to attempt to resolve their differences and to that end, on behalf of the Selling Parties, this letter will set out some of the reasons for the Selling Parties' dispute with the Objection Notice.
>
> The first part of this letter addresses key disagreements of the parties in the legal interpretation of the Purchase Agreements regarding the preparation of Exhibits A, B and C and any Adjustments thereto. Unless otherwise specifically noted, a reference herein to the Purchaser is a reference to any of the Purchasers and a reference to a Purchase Agreement is a reference to any of the Purchase Agreements."

(f) Heico responded by letter dated March 25, 2005 received on March 29, 2005 maintaining that "each of the adjustments described in our Dispute Notice is appropriate". In particular, Heico advanced a number of arguments as to "Adjustments to Exhibit B" and "Preparation of Exhibit B". In closing, Heico said:

> "In summary, it appears there are significant remaining differences between the parties regarding the calculation of Working Capital. Please let us know if you believe further discussion would be useful or if the parties should initiate the dispute resolution process set forth in Section 2.12 of the Purchase Agreement."

(g) The Selling Parties including Ivaco responded by letter dated April 8, 2005 as follows:

> "Your letter makes extensive reference to proposed adjustments to Exhibit B and, at the end, poses the question "Please let us know, etc.". Leaving aside for the moment that we disagree with most, if not all of what you state regarding Exhibit B, we are concerned that there may be a fundamental disagreement between the parties as to the scope of the reference to the accounting expert pursuant to the terms of the APAs. It is absolutely clear in each of the APAs that (i) KPMG is appointed as "an expert and not as an arbitrator"; and (ii) the Expert is tasked only with respect to "Adjustments" to Exhibit C (which itself is a defined term referable to Exhibit C).
>
> It appears from your letter that you may be intending to ask KPMG to consider and adjust Exhibit B. It is possible that we are in error in that assumption and, if so, we would welcome your advice in that regard. If we are not in error and that is indeed your intention, we would appreciate your advice to that effect, as well, within five days of the date of this letter. If that is the case, we have a fundamental disagreement as to the interpretation of the APAs and would welcome a discussion with your Canadian counsel as to the most expeditious mode of resolving that disagreement. I have taken the liberty of copying them with this letter so that we can move the matter forward promptly." (Emphasis added)

(h) Heico then purported to initiate the 2.12 Expert process without any further discussion with the Selling Parties. Heico sent a letter to the Expert on April 14, 2005 and a letter of the same date to the Selling Parties advising that it had done so, repeating its arguments as to Exhibit B.

(i) By letter dated April 18, 2005, the Selling Parties wrote to the Expert with copies to Heico advising of the fundamental disagreement as to the interpretation of the APA with respect to Exhibit B. On April 19, 2005 the Expert advised the Selling Parties that it had received the letter and "basically we're not moving until you guys have mutually agreed as to what is to be done in terms of next steps".

(j) The Expert is expressly appointed "as an expert and not as an arbitrator". The Expert is not authorized or empowered to adjudicate as to contested legal issues such as the interpretation of the APA's which is a matter of law or mixed fact and law. There is a fundamental disagreement as between Ivaco and Heico as to the interpretation of the APA with respect to whether the Expert is to make Adjustments to both Exhibits C and B (Heico's apparent position) or only Exhibit C (Ivaco's position).

(k) As the parties are in dispute on this issue, a ruling by way of declaration by this Honourable Court is sought. It is the position of Ivaco that the APA is clear and unambiguous on this issue and extrinsic evidence is neither necessary nor admissible.

(l) Rule 14.05 of the *Rules of Civil Procedure*.

(m) Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

(a) Affidavit of Jocelyn Hannah dated April 26, 2005.

(b) Such further and other materials as counsel may advise and this Honourable Court may permit.

April 28, 2005

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Applicants

and

III CANADA ACQUISITION COMPANY, et al.
Respondents

Court File No:

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Proceeding commenced at Toronto

NOTICE OF APPLICATION

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