

DATE: May 30, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, MANITOBA, SASKATCHEWAN, ONTARIO, QUEBEC, NOVA SCOTIA,
NEW BRUNSWICK, NEWFOUNDLAND AND LABRADOR**

**AND
IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND
IN THE MATTER OF
PHILIP SERVICES CORPORATION**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the provinces of Alberta, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the "**Jurisdictions**") has received an application (the "**Application**") from Philip Services Corporation (the "**Filer**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the Filer is deemed to have ceased to be a reporting issuer in the Jurisdictions (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this Application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* have the same meaning in this Decision unless they are otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation incorporated under the laws of Delaware, with its head office located in Houston, Texas.

2. Prior to the completion of the Reorganization Plan (as hereinafter defined), the Filer was a reporting issuer or had an equivalent status in each of the provinces of Alberta, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland and Labrador. The Filer was also a reporting issuer in British Columbia and on March 29, 2006 notified the British Columbia Securities Commission of its voluntary surrender of its status as a reporting issuer under BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*, effective April 11, 2006.
3. The Filer commenced Chapter 11 reorganization proceedings under the U.S. Bankruptcy Code on June 2, 2003 and filed, together with certain of its wholly-owned Canadian subsidiaries, under the *Companies' Creditors Arrangement Act* (Canada) on September 19, 2003. Pursuant to the reorganization plan (the "Reorganization Plan") filed with and confirmed by the U.S. Bankruptcy Court, the existing shares of common stock of the Filer were extinguished on December 31, 2003 (the "**Effective Date**").
4. The existing shares of common stock were de-listed from The Toronto Stock Exchange at the close of trading on December 24, 2003 at the request of the Filer.
5. New shares of common stock of the Filer (the "**Common Stock**") were issued on the Effective Date. The Common Stock was not offered to the public and is not listed on any stock exchange or quotation system.
6. As at January 1, 2006, Arnos Corp. owned 95.57% (9557 shares) of the Filer's outstanding Common Stock and American Real Estate Holdings L.P. owned the remaining 4.43% (443 shares).
7. The Filer has not accessed the capital markets in any of the Jurisdictions since the Effective Date and, except as noted above, the Filer does not have any securities outstanding.
8. The Filer has not complied with its obligations as a reporting issuer since the delisting and cancellation of its common shares at the end of December, 2003.
9. Other than as noted above, the Filer is not in default of any of the requirements of the Legislation.

Decision

Each of the Decision Makers is satisfied that the tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

" Paul M. Moore"
Vice-Chair
Ontario Securities Commission

"Robert W. Davis"
Commissioner
Ontario Securities Commission

