MATERIAL CHANGE REPORT

S.75(2) OF THE SECURITIES ACT (ONTARIO)
S.118(1)(b) OF THE SECURITIES ACT (ALBERTA)
S.67(1)(b) OF THE SECURITIES ACT (BRITISH COLUMBIA)
S.73 OF THE SECURITIES ACT (QUEBEC)
S.84(1)(b) OF THE SECURITIES ACT, 1988 (SASKATCHEWAN)
S.81(2) OF THE SECURITIES ACT (NOVA SCOTIA)
S.76(2) OF THE SECURITIES ACT (NEWFOUNDLAND)

1. Reporting Issuer

Philip Services Corp.
100 King Street West, Suite 2200, P.O. Box 2440, LCD 1, Hamilton, Ontario
L8N 4J6

2. Date of Material Change

November 30, 1999

3. Press Release

A press release was issued by Philip Services Corp. on November 30, 1999. A copy of the press release is attached hereto as Appendix "A".

4. Summary of the Material Change

The United States Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court") confirmed the first amended joint plan of reorganization (the "U.S. Plan") of Philip Services (Delaware), Inc. ("PSI"), Philip Services Corp. (the "Company"), and certain other entities (collectively, the U.S. Applicants) pursuant to the U.S. Bankruptcy Code.

5. Full Description of Material Change

The U.S. Bankruptcy Court confirmed the U.S. Plan on November 30, 1999. The plan of arrangement and compromise of the Company and certain of its Canadian subsidiaries (the "Canadian Applicants") as amended, restated and supplemented on October 27, 1999 (the "CCAA Plan") under the *Companies' Creditors Arrangement Act* (the "CCAA") had been sanctioned by the Ontario Superior Court of Justice on November 26, 1999. A copy of the U.S. confirmation order, which includes the U.S. Plan and the CCAA Plan is attached hereto as Schedule "B".

Pursuant to the U.S. Plan, existing secured debt of US$1 billion will be converted into US$350 million of secured debt, US$100 million of which being convertible into PSI common shares. Approximately US$140 million in existing unsecured obligations will be converted into US$48 million in payment-in-kind notes and US$18 million in convertible payment-in-kind notes. Implementation of the U.S Plan will include the distribution of 24 million PSI common shares on a pro rata basis to secured lenders (91%), unsecured creditors (5%), class action claimants (1.5%), other equity claimants (0.5%) and existing shareholders (2%). Shareholders of record of the Company on a date to be set in advance of the date of implementation will receive their pro rata share of 480,000 common shares of PSI or approximately one share for every 273 shares held.

Pursuant to the CCAA Plan, the businesses of the Canadian Applicants will be transferred to two new Canadian subsidiaries, Philip Services Inc. and Philip Analytical Services Inc. Upon implementation of the U.S. Plan, such companies will be wholly-owned subsidiaries of PSI and will no longer be subsidiaries of any of the Canadian Applicants.

A summary of the U.S. Plan and the CCAA Plan is included in the disclosure statement prepared in connection with the U.S. and Canadian bankruptcy proceedings and filed with the applicable Canadian and U.S. securities regulatory authorities pursuant to a report on Form 8-K dated September 27, 1999 as amended by a Form 8-K/A dated October 5, 1999.

6. Reliance on Section 67(2) of the *Securities Act* (British Columbia)
Section 75(3) of the *Securities Act* (Ontario)
Section 118(2) of the *Securities Act* (Alberta)
Section 74 of the *Securities Act* (Quebec)

Not Applicable

7. Omitted Information

Not Applicable

8. Senior Officer

For further information, please contact Colin Soule, Corporate Secretary, of Philip Services Corp. at (905) 521-1600.

9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Hamilton, Ontario, this 10th day of December, 1999.

PHILIP SERVICES CORP.

"Colin Soule"
Colin Soule
Corporate Secretary

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

APPENDIX "A"

News Release

Philip Services U.S Plan of Reorganization Approved Under Chapter 11

Hamilton, Ontario, November 30, 1999: Philip Services Corp. (TSE/ME: PHV) today announced that its U.S Plan of Reorganization has been confirmed under Chapter 11 of the U.S. Bankruptcy Code. The Company has already received approval under the Companies Creditors' Arrangement Act ("CCAA") for its Canadian Amended and Restated Plan of Compromise and Arrangement. With confirmation in both the Canadian and U.S. Courts, Philip will undertake the legal and administrative steps necessary over the next month to implement its Plan of Reorganization.

The Company has received a commitment from Foothill Capital Corporation to provide a US$175 million exit working capital facility. The commitment is subject to customary closing conditions and completion of documentation. The facility will support Philip's ongoing working capital requirements over the next thirty months. Obtaining the exit working capital commitment was the last step necessary for Philip to seek final confirmation under Chapter 11.

"This final U.S. Court approval is a milestone event for Philip Services," said Anthony Fernandes, President and Chief Executive Officer. "We have conquered many challenges and we are a stronger, more unified company because of it. Now we are going to tap this collective talent so that we can realize our potential. With the approval of both Courts our management team and all our employees can now focus their energy on building a profitable company."

As part of final Plan implementation, Philip will convert existing secured debt of US$1 billion into US$250 million in secured debt and US$100 million in convertible payment-in-kind notes. Over US$140 million in existing unsecured debt will be converted into US$48 million in payment-in-kind notes and US$18 million in convertible payment-in-kind notes. Upon final Plan implementation, 24 million shares will be issued by Philip Services (Delaware), Inc. on a pro rata basis to its secured lenders (91%), unsecured creditors (5%), class action claimants (1.5%), other equity claimants (0.5%) and existing shareholders (2%). Shareholders of record on the date of Plan implementation will receive their pro rata share of 480,000 common shares of the restructured Company, or one share for every 273 shares held.

Philip Services is an integrated metals recovery and industrial services company with operations throughout the United States, Canada and Europe. Philip provides diversified metals services, together with by-products management and industrial outsourcing services, to all major industry sectors.

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