

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

2. Date of Material Change

April 7, 2000

3. Press Release

Press releases were issued by Philip Services Corporation on April 7, April 11 and April 14, 2000. Copies of the press releases are attached hereto as Appendices "A" and "B" and "C".

4. Summary of Material Change

On April 7, 2000 Philip Services Corp. ("Old Philip") completed its financial reorganization, and Philip Services Corporation ("New Philip"), the newly restructured company, emerged from Chapter 11 of the U.S. Bankruptcy Code and the *Companies Creditors' Arrangement Act* ("CCAA"). Old Philip was delisted by The Toronto Stock Exchange Inc. (the "TSE") at the close of the market on April 14, 2000 and the common shares of New Philip were posted for trading on the TSE on April 17, 2000 at the market opening under the stock symbol PSC.

5. Full Description of Material Change

Pursuant to the first amended joint plan of reorganization (the "U.S. Plan"), existing secured debt of US\$1 billion was converted into US\$235 million of secured debt, and US\$100 million in convertible payment-in-kind debt which is convertible into New Philip common shares. Approximately US\$140 million in existing unsecured obligations was converted into US\$48 million of payment-in-kind notes and US\$18 million in convertible payment-in-kind

notes. Implementation of the U.S. Plan includes the distribution of 24 million New Philip 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 Old Philip as at April 19, 2000 (the "Record Date") will receive their pro rata share of 480,000 common shares of New Philip or approximately one share for every 273 shares of Old Philip held. Old Philip common shares were delisted by the TSE at the close of the market on April 14, 2000, and the common shares of New Philip were posted for trading on the TSE on an ex.div basis on April 17, 2000.

Pursuant to the CCAA plan of reorganization, the businesses of the Canadian subsidiaries of Old Philip have been transferred to Philip Services Inc. and Philip Analytical Services Inc., which are recently incorporated wholly-owned Ontario subsidiaries of New Philip.

The remaining assets of Old Philip will likely not satisfy the creditors of Old Philip and consequently, the certificates representing common shares of Old Philip will likely have no value following the Record Date. Holders of certificates representing common shares of Old Philip are not required to surrender such certificates to receive certificates representing the common shares of New Philip to which they are entitled.

**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, Executive Vice-President, General Counsel and Corporate Secretary, of Philip Services Corporation at (905) 521-1600.

9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Hamilton, Ontario this 17th day of April, 2000.

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 MADE, IS A MISREPRESENTATION.

APPENDIX "A"

News Release

Philip Services Completes its Financial Reorganization Emerges With Solid Businesses and Renewed Financial Stability

Hamilton, Ontario, April 7, 2000: Philip Services Corp. (TSE: PHV) today announced that it has completed its financial reorganization, and that Philip Services Corporation, the newly restructured company incorporated in Delaware, has successfully emerged from Chapter 11 of the U.S. Bankruptcy Code and the Companies Creditors' Arrangement Act ("CCAA") in Canada.

"We have emerged with renewed financial stability and the strength of over 12,000 employees, a service network that spans North America, and a loyal client and supplier base," said Anthony Fernandes, President and Chief Executive Officer. "We have a unique ability to contribute a range of critical products and services to the market that provides us with a sound platform from which to build a profitable future."

Through the financial reorganization and proceeds from the prior sale of assets, the Company's senior secured debt has been reduced from over \$1 billion to \$235 million and \$100 million in secured convertible payment-in-kind debt. The \$235 million in senior secured debt will be further reduced to approximately \$190 million once the Company completes the sale of its UK Metals business to Simsmetal Limited. In addition, the Company has converted approximately \$140 million of unsecured debt into \$48 million in payment-in-kind notes and \$18 million in convertible payment-in-kind notes. Class action suits against the Company have been settled in return for 1.5% of the equity in the restructured Company. With access to US\$175 million in working capital financing, Philip has the financial resources necessary to support and grow its businesses.

As part of its financial reorganization, 24 million shares will be issued by the new legal entity, Philip Services Corporation, on a pro rata basis to its secured lenders (91%), unsecured creditors (5%), existing shareholders (2%), class action claimants (1.5%) and other equity claimants (0.5%). Under the Company's Plan of Reorganization, existing shareholders will receive 2% of the shares of the restructured company, which represents a total of 480,000 shares or one share for every 273 shares held as of the record date. The record date to determine shareholders who will receive shares in the restructured company will be fixed shortly by the Toronto Stock Exchange. Shares of the newly restructured company, Philip Services Corporation, are expected to commence trading once the record date has been set.

"We have exceptional employees that have stayed focused on the business and client service throughout our financial reorganization. With their professionalism and experience, supported by a solid management team and a new Board of Directors, Philip is focused on profitable business growth and generating solid returns for our shareholders," concluded Mr. Fernandes.

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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Contact: Lynda Kuhn
SVP Public Affairs
(905) 540-6658

APPENDIX "B"

News Release

TSE Sets Record Date to Determine Issuance of Shares in Philip Services Corporation

Hamilton, Ontario, April 11, 2000: Philip Services Corporation today announced that The Toronto Stock Exchange ("TSE") has set a record date of April 19, 2000 to determine shareholders entitled to receive shares of the newly restructured company. Shares of the restructured company, Philip Services Corporation, will commence trading on the TSE on April 20, 2000 under the stock symbol "PSC".

Philip Services has recently completed its financial reorganization and has emerged from Chapter 11 of the U.S. Bankruptcy Code and the Companies Creditors' Arrangement Act in Canada. Under the Company's Plan of Reorganization, 24 million shares will be issued by Philip Services Corporation on a pro rata basis to its secured lenders (91%), unsecured creditors (5%), existing shareholders (2%), class action claimants (1.5%) and other equity claimants (0.5%).

Shareholders of Philip Services Corp. will receive their pro rata share of 480,000 common shares of the restructured company or one share for every 273 shares they hold as of the close of trading on the record date of April 19, 2000. American Securities Transfer & Trust, Inc., Philip Services' U.S. transfer agent, will manage the share issuance. It is expected that the distribution of these new shares will occur within one week after the record date.

Based on the level of dilution to existing shareholders, the trading price of the shares in the newly restructured company would have to be approximately C\$65.00 per share to equal a present trading price of approximately C\$0.24. The Company cautions existing shareholders, as well as individuals considering the purchase of shares, that it expects the shares in the newly restructured company to commence trading well below this level.

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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Contact: Lynda Kuhn
Senior Vice President Public Affairs
(905) 540-6658

APPENDIX "C"

News Release

Shares of Newly Restructured Philip Services Corporation To Commence Trading April 17, 2000

Hamilton, Ontario, April 14, 2000: Philip Services Corporation today announced that The Toronto Stock Exchange ("TSE") and NASDAQ have notified the Company that the shares of Philip Services Corp. will be delisted on the TSE and will cease trading on the NASDAQ Electronic Bulletin Board at the close of trading on Friday April 14, 2000.

The shares of the newly restructured company, Philip Services Corporation, will be posted for trading on Monday April 17, 2000 at the market opening on the TSE under the stock symbol "PSC" and on the NASDAQ OTC market under the stock symbol "PHVC".

Existing shareholders of Philip Services Corp. will receive their pro rata share of 480,000 common shares of the restructured company, or one share for every 273 they hold as of the close of trading on the TSE record date of April 19, 2000. American Securities Transfer & Trust, Inc., Philip Services Corporation's U.S. transfer agent, will manage the share issuance. It is expected the distribution of these new shares to existing shareholders will occur within one week after the record date.

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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Contact: Lynda Kuhn
Senior Vice President Public Affairs
(905) 540-6702