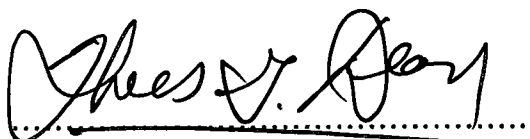


**TAB 'D'**

This is **Exhibit "D"** referred to in the  
affidavit of **KEITH B. CARRUTHERS**  
sworn before me, this  
15 day of August, 2009



Commissioner for taking affidavits

September 2008

# **Retirement Plan for the Executive Employees of Indalex Limited and Associated Companies**

Report on the Actuarial Valuation for  
Funding Purposes as at January 1, 2008

## **MERCER**



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

**Consulting. Outsourcing. Investments.**

## **Contents**

- 1. Summary of Results ..... 1**
- 2. Introduction ..... 3**
  - Report on the Actuarial Valuation as at January 1, 2008 ..... 3
- 3. Financial Position of the Plan ..... 7**
  - Valuation Results — Going-Concern Basis ..... 7
  - Valuation Results — Solvency Basis ..... 9
- 4. Funding Requirements ..... 11**
  - Current Service Cost – Going-Concern Basis ..... 11
  - Special Payments ..... 12
- 5. Maximum Funding Valuation ..... 14**
  - Financial Position ..... 14
  - Current Service Cost – Maximum Funding Valuation Basis ..... 15
- 6. Minimum and Maximum Employer Contributions ..... 16**
  - Minimum and Maximum Contributions ..... 17
- 7. Actuarial Opinion ..... 18**

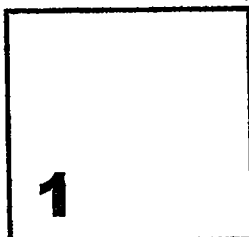
**Appendix A: Plan Assets**

**Appendix B: Actuarial Methods and Assumptions**

**Appendix C: Membership Data**

**Appendix D: Summary of Plan Provisions**

**Appendix E: Employer Certification**



## Summary of Results

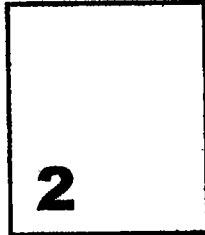
<b>Going-Concern Financial Position</b>	<b>01.01.2008</b>	<b>01.01.2005</b>
Actuarial value of assets	\$4,837,300	\$7,190,500
Actuarial liability	\$7,372,400	\$8,812,500
Funding excess (funding shortfall)	(\$2,535,100)	(\$1,622,000)
 <b>Solvency Financial Position</b>	 <b>01.01.2008</b>	 <b>01.01.2005</b>
Solvency assets	\$4,772,300	\$7,115,500
Adjusted solvency assets	\$6,685,900	\$7,830,700
Solvency liability	\$7,768,700	\$9,917,000
Solvency excess (deficiency)	(\$1,082,800)	(\$2,086,300)
Transfer ratio	61%	72%
 <b>Wind-Up Financial Position</b>	 <b>01.01.2008</b>	 <b>01.01.2005</b>
Market value of assets (net of termination expenses)	\$4,772,300	\$7,115,500
Total wind-up liability	\$7,768,700	\$9,917,000
Wind-up excess (deficiency)	(\$2,996,400)	(\$2,801,500)
 <b>Maximum Funding Valuation Results</b>	 <b>01.01.2008</b>	 <b>01.01.2005</b>
Actuarial value of assets	\$4,837,300	\$7,190,500
Actuarial liability	\$5,716,300	\$7,699,300
Funding excess (unfunded liability)	(\$879,000)	(\$508,800)

**Summary of Results**

---

<b>Estimated Minimum and Maximum Annual Contribution Requirements</b>	<b>Minimum</b>	<b>Maximum</b>
2008	\$897,000	\$897,000
2009	\$18,000	\$18,000
2010	\$18,000	\$18,000

---



## **Introduction**

### **Report on the Actuarial Valuation as at January 1, 2008**

#### ***To Indalex Limited***

At the request of Indalex Limited (the "Company"), we have conducted an actuarial valuation of the Retirement Plan for the Executive Employees of Indalex Limited and Associated Companies as at January 1, 2008. We are pleased to present the results of the valuation.

The purpose of this valuation is to:

- determine the funded status of the plan as at January 1, 2008 on going-concern, solvency, and maximum funding valuation bases; and,
- determine the funding requirements from January 1, 2008.

Although the transfer ratio of this plan is less than 80%, since this plan is a designated plan, the next actuarial valuation will be required as at a date not later than January 1, 2011 or as at the date of an earlier amendment to the plan, in accordance with the minimum requirements of the *Ontario Pension Benefits Act*.

The minimum contribution that Indalex Limited has to make to the plan in 2008, 2009 and 2010 are estimated to be \$897,000, \$18,000 and \$18,000 respectively. As a result of the restrictions imposed by the Income Tax Act on designated plans, these are also the estimated maximum permissible contributions to the plan. Additional details are provided in Section 6 of this report.

The minimum contribution requirements based on this report exceed the minimum contribution requirements recommended in the previous actuarial valuation. Upon filing this report, Indalex Limited must contribute the excess, if any, of the contributions

recommended in this report over contributions actually made in respect of the period following January 1, 2008. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

The plan is not fully funded on a wind-up basis. Even if Indalex Limited contributes in accordance with the funding requirements described in this valuation report, the assets of the plan may be less than the liabilities of the plan upon wind-up. Emerging experience, including the growth of wind-up liabilities compared to the plan's assets (including future contributions and investment returns), will also affect the wind-up funded position of the plan.

At the time of the last filed valuation as at January 1, 2005, the plan had two participating employers, namely, Indal Technologies Inc ("ITI") and Indalex Limited. A partial wind-up of the plan was declared effective March 1, 2005 in respect of all current and former ITI employees. This partial wind-up was approved by the Financial Services Commission of Ontario ("FSCO"), and all the benefits of the affected members were settled, in 2006.

This valuation reflects the provisions of the plan as at January 1, 2008. The plan was amended effective September 1, 2005 to close the plan to new entrants. A summary of the plan provisions is provided in Appendix D.

The going-concern valuation assumptions have been updated to reflect market conditions at the valuation date. These assumption changes increased the liabilities by \$873,600 and the employer current service cost by \$4,000 and are described in more detail in Appendix B.

Currently, there is no allowance for administrative expense in the investment return assumption on a going concern basis, nor is there any explicit loading to the going-concern normal cost. Including a provision for administrative expense would worsen the financial position of the plan; however, this would not have any impact on the contribution requirement due to the funding restrictions applicable to designated plans.

The solvency and wind-up assumptions have also been updated to reflect market conditions at the valuation date.

The assumptions used for purposes of this valuation are described in Appendix B. All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

A new Canadian Institute of Actuaries Standard of Practice for Determining Pension Commuted Values ("CIA Standard") became effective on February 1, 2005. The new CIA Standard changes the assumptions to be used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer and for other benefits for which this basis has been used as a proxy to the cost of purchasing annuities. The financial impact of the new CIA Standard has been reflected in this actuarial valuation.



This report has been prepared on the assumption that all of the assets in the pension fund are available to meet all of the claims on the pension plan. We are not in a position to assess the impact that the Ontario Court of Appeal's decision in *Aegon Canada Inc. and Transamerica Life Canada versus ING Canada Inc.* or similar decisions in other jurisdictions might have on the validity of this assumption.

On July 29, 2004, the Supreme Court of Canada dismissed the appeal in *Monsanto Canada Inc. versus Superintendent of Financial Services* ("Monsanto"), thereby upholding the requirement to distribute surplus on partial plan wind-ups under The Pension Benefits Act (Ontario). The decision has retroactive application. We are unaware of any partial plan wind-up having been declared in respect of the plan where Monsanto may apply. In preparing this actuarial valuation, we have assumed that all plan assets are available to cover the plan liabilities presented in this report. The subsequent declaration of a partial wind-up of the plan where Monsanto may apply in respect of a past event, or disclosure of an existing past partial wind-up, could cause an additional claim on plan assets, the consequences of which would be addressed in a subsequent report. We note the discretionary nature of the power of the regulatory authorities to declare partial wind-ups and the lack of clarity with respect to the retroactive scope of that power. We are making no representation as to whether the regulatory authorities might declare a partial wind-up in respect of other events in the plan's history.

Since the valuation date there have been some fluctuations in the financial markets and movements in long term interest rates. We have reflected the financial position of the plan as of the valuation date (i.e. January 1, 2008) and have not taken into account any experience after the valuation date. After checking with representatives of Indalex Limited, to the best of our knowledge, there have been no other events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice. It has also been prepared in accordance with the funding and solvency standards set by the Pension Benefits Act (Ontario) and in accordance with the *Income Tax Act*.

The information contained in this report was prepared for Indalex Limited for its internal use and for filing with the Financial Services Commission of Ontario ("FSCO") and with the Canada Revenue Agency ("CRA"), in connection with our actuarial valuation of the plan. This report is not intended or necessarily suitable for other purposes.

This report will be filed with FSCO and CRA.

Respectfully submitted,



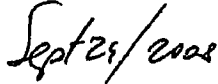
---

Hrvoje Lakota  
Fellow of the Society of Actuaries  
Fellow of the Canadian Institute of Actuaries




---

Wendy W.Y. Lo  
Fellow of the Society of Actuaries  
Fellow of the Canadian Institute of Actuaries



---

Date

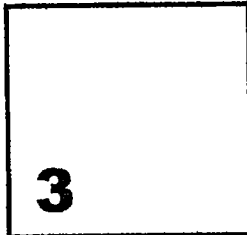


---

Date

***Retirement Plan for the Executive Employees of Indalex Limited and Associated  
Companies***

Registration number with the Financial Services Commission of Ontario and with the Canada  
Revenue Agency: 0455626



## Financial Position of the Plan

### Valuation Results — Going-Concern Basis

When conducting a valuation on a going-concern basis, we determine the relationship between the respective values of assets and accumulated benefits, assuming the plan will be maintained indefinitely.

#### *Financial Position*

The results of the valuation as at January 1, 2008, in comparison with those of the previous valuation as at January 1, 2005, are summarised as follows:

#### Financial Position — Going-Concern Basis

	01.01.2008	01.01.2005
Market value of assets	\$4,837,300	\$7,190,500
Actuarial liability		
Present value of accrued benefits for:		
▪ Active members	\$521,200	\$2,573,600
▪ Transferred members with frozen service	\$44,800	\$889,800
▪ Deferred pensioners	\$812,300	\$410,400
▪ Pensioners and beneficiaries	\$5,994,100	\$4,938,700
Total liability	\$7,372,400	\$8,812,500
Funding excess (shortfall) (A)	(\$2,535,100)	(\$1,622,000)
Present value of existing going-concern unfunded liability special payments (B)	\$1,258,300	\$0
Going-concern unfunded liability created at this valuation = max[0, -(A + B)]	\$1,276,800	\$1,622,000

### Reconciliation of Financial Position

The plan's financial position, a funding shortfall of \$2,535,100 as at January 1, 2008, is reconciled with its previous position, a funding shortfall of \$1,622,000 as at January 1, 2005, as follows:

#### Reconciliation of Financial Position

Funding excess (shortfall) as at 01.01.2005		(\$1,622,000)
Interest on funding excess (shortfall) at 6.00% per year to 01.01.2008		(\$309,800)
Impact of the plan's partial wind-up at March 1, 2005		
▪ Gain/(Loss) at the time of partial wind-up	(\$312,800)	
▪ Experience between the partial wind-up date and the date of settlement	\$600	
	<u>(\$312,200)</u>	(\$312,200)
Employer contributions		
▪ Employer contributions to fully fund the deficiency of the partial wind-up at March 1, 2005	\$417,400	
▪ Other special payments	\$533,800	
▪ Impact of maximum contribution limits for designated plans	<u>(\$18,700)</u>	
	\$932,500	\$932,500
Net investment return less than expected		(\$12,500)
Impact of changes in actuarial assumptions		(\$873,600)
Demographic experience		
▪ Mortality experience	\$282,400	
▪ Termination experience	(\$196,600)	
▪ Retirement experience	<u>(\$76,300)</u>	
	\$9,500	\$9,500
Data Corrections and impact of other elements of gains and losses		(\$347,000)
Funding excess (shortfall) as at 01.01.2008		<u>(\$2,535,100)</u>

## Valuation Results — Solvency Basis

When conducting a solvency valuation, we determine the relationship between the respective values of the plan's assets and its liabilities on a solvency basis, determined in accordance with the *Ontario Pension Benefits Act*. The values of the plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the plan were wound up and settled on the valuation date.

The solvency liabilities do not include any value for potential benefits related to projected earning increases following the valuation date. This is consistent with the assumption that the employment of all active members terminated on the valuation date. We have included the value of all other benefits that may be recognized upon the circumstances of the postulated plan wind-up.

### Financial Position on a Solvency Basis

The plan's solvency position as at January 1, 2008, in comparison with that of the previous valuation as at January 1, 2005, is determined as follows:

<b>Solvency Position</b>		
	<b>01.01.2008</b>	<b>01.01.2005</b>
Market value of assets	\$4,837,300	\$7,190,500
Termination expense provision	(\$65,000)	(\$75,000)
Solvency assets (1)	\$4,772,300	\$7,115,500
Present value of special payments for the next 5 years	\$1,913,600	\$715,200
Adjusted solvency assets	\$6,685,900	\$7,830,700
<b>Actuarial liability</b>		
Present value of accrued benefits for:		
▪ Active members	\$563,600	\$2,980,000
▪ Transferred members with frozen service	\$41,900	\$1,066,900
▪ Deferred pensioners	\$847,500	\$456,500
▪ Pensioners and beneficiaries	\$6,315,700	\$5,413,600
Solvency Liabilities (2)	\$7,768,700	\$9,917,000
Solvency excess (deficiency) created as at the valuation date	(\$1,082,800)	(\$2,086,300)
Transfer ratio = (1) ÷ (2)	61%	72%

### **Payment of Benefits**

Since the transfer ratio is less than one, the plan administrator should ensure that the monthly special payments are sufficient to meet the requirements of the *Ontario Pension Benefits Act* to allow for the full payment of benefits. Otherwise, the plan administrator should take the actions prescribed by the *Act*.

### **Financial Position on a Wind-Up Basis**

The plan's hypothetical wind-up position as of January 1, 2008, in comparison with that of the previous valuation as at January 1, 2005, assuming circumstances producing the maximum wind-up liabilities on the valuation date, is determined as follows:

<b>Wind-Up Position</b>		
	<b>01.01.2008</b>	<b>01.01.2005</b>
Market value of assets	\$4,837,300	\$7,190,500
Termination expense provision	(\$65,000)	(\$75,000)
Wind-up assets	\$4,772,300	\$7,115,500
Present value of accrued benefits for:		
▪ Active members	\$563,600	\$2,980,000
▪ Transferred members with frozen service	\$41,900	\$1,066,900
▪ Deferred pensioners	\$847,500	\$456,500
▪ Pensioners and beneficiaries	\$6,315,700	\$5,413,600
Total wind-up liability	\$7,768,700	\$9,917,000
Wind-up excess (deficiency)	(\$2,996,400)	(\$2,801,500)

### **Impact of plan Wind Up**

In our opinion, the value of the plan's assets would be less than its actuarial liabilities if the plan were to be wound up on the valuation date.

Specifically, actuarial liabilities would exceed the market value of plan assets by \$2,996,400. This calculation includes a provision for termination expenses that might be payable from the pension fund.

### **Pension Benefits Guarantee Fund (PBGF) Assessment**

Since this plan is a designated plan under the *Income Tax Act*, no PBGF assessment is payable.

4

## **Funding Requirements**

### **Current Service Cost – Going-Concern Basis**

The estimated value of the benefits that will accrue on behalf of the active and disabled members during 2008, in comparison with the corresponding value determined in the previous valuation as at January 1, 2005, is summarised below:

#### **Employer's Current Service Cost for 2008**

	2008	2005
Total current service cost (per annum)	\$28,800	\$131,000
Estimated pensionable earnings	\$115,000	\$1,468,200
Employer's current service cost expressed as a percentage of members' pensionable earnings	25.0%	8.9%

An analysis of the changes in the employer's current service cost follows:

#### **Changes in Employer's Current Service Cost**

Employer's current service cost as at 01.01.2005	8.9%
Demographic changes	12.7%
Changes in assumptions and methods	3.4%
Employer's current service cost as at 01.01.2008	25.0%

**Special Payments****Going-Concern Basis**

Before considering the maximum funding restrictions imposed by the *Income Tax Act*, the present value of the unfunded liability monthly special payment determined in the previous valuation, is as follows:

**Present Value of Monthly Special Payments  
Determined as at January 1, 2005**

Type of Deficit	Effective Date	Current Special Payment	Last Payment	Present Value of Remaining Payments as at Jan 1, 2008
Unfunded liability	January 1, 2005	\$11,508	December 31, 2019	\$1,258,300
Total		\$11,508		\$1,258,300

Due to the experience loss arising since the previous valuation, a new going-concern unfunded liability of \$1,276,800 was created as at January 1, 2008.

In accordance with the *Ontario Pension Benefits Act*, this going-concern unfunded liability should be amortized over a period not exceeding 15 years. As such, before taking into account the maximum funding restrictions imposed by the *Income Tax Act*, special payments should be increased by \$9,960 per month, until December 31, 2022 to amortize this going-concern unfunded liability.

**Solvency Basis**

In accordance with the *Ontario Pension Benefits Act*, each solvency deficiency should be eliminated by special payments within five years of the respective effective date. Before considering the maximum funding restriction imposed by the *Income Tax Act*, the present values as at January 1, 2008 of the special payments established to eliminate the solvency deficiencies are as follows:

**Present Value of Existing Monthly Special Payments**

Type of Deficit	Effective Date	Special Payment	Last Payment	Present Value of Remaining Payments as at Jan 1, 2008
Unfunded liability	January 1, 2005	\$11,508	December 31, 2019	\$623,000
Unfunded liability	January 1, 2008	\$9,960	December 31, 2022	\$539,300
Solvency deficiency	January 1, 2005	\$32,667	December 31, 2009	\$751,300
Total		\$54,135		\$1,913,600



Since there is a new solvency deficiency created as at January 1, 2008, before considering the maximum funding restriction imposed by the *Income Tax Act*, the *Ontario Pension Benefits Act* would require special payments to be increased by \$20,001 per month until December 31, 2012 to eliminate this new solvency deficiency.

### ***Total Special Payments***

Before considering the maximum funding restrictions imposed by the *Income Tax Act*, the following table summarizes the minimum monthly special payments that would have to be made to the plan to eliminate the going-concern unfunded liability and the solvency deficiency as at January 1, 2008, within the periods prescribed by the *Ontario Pension Benefits Act*.

<b>Minimum Monthly Special Payments</b>			
<b>Type of Deficit</b>	<b>Effective Date</b>	<b>Special Payment</b>	<b>Last Payment</b>
Unfunded liability	January 1, 2005	\$11,508	December 31, 2019
Unfunded liability	January 1, 2008	\$9,960	December 31, 2022
Solvency deficiency	January 1, 2005	\$32,667	December 31, 2009
Solvency deficiency	January 1, 2008	\$20,001	December 31, 2012
<b>Total</b>		<b>\$74,136</b>	

5

## Maximum Funding Valuation

This plan is a designated plan under the *Income Tax Act*. For a designated plan, the *Income Tax Act* imposes an additional restriction on the maximum permissible tax-deductible contribution that can be made. The assumptions and methodology used to determine the plan liabilities and current service cost under this maximum funding valuation basis are prescribed in Section 8515 of the Income Tax Regulations.

## Financial Position

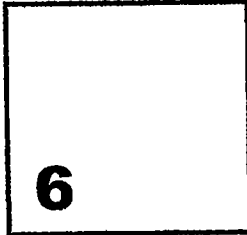
The results of the maximum funding valuation as at January 1, 2008, in comparison with those of the previous valuation as at January 1, 2005, are summarised below:

	01.01.2008	01.01.2005
Actuarial value of assets	\$4,837,300	\$7,190,500
Actuarial liability		
Present value of accrued benefits for:		
▪ Active members	\$325,900	\$2,221,200
▪ Transferred members with frozen service	\$17,100	\$622,600
▪ Deferred pensioners	\$607,800	\$417,600
▪ Pensioners and beneficiaries	\$4,765,500	\$4,437,900
Total liability	\$5,716,300	\$7,699,300
Funding excess (unfunded liability)	(\$879,000)	(\$508,800)

### **Current Service Cost**

On a maximum funding valuation basis, the annualized current service cost of the plan in 2008 is \$18,000, or 15.7% of the members' estimated pensionable earnings. The 2008 current service cost on a maximum funding valuation basis, in comparison with the corresponding values determined in the previous valuation as at January 1, 2005, is as follows:

	<b>2008</b>	<b>2005</b>
Total current service cost (annualized)	\$18,000	\$112,100
Monthly current service cost	\$1,500	\$9,342
Estimated pensionable earnings during the year	\$115,000	\$1,468,200
Employer's current service cost expressed as a percentage of members' pensionable earnings	15.7%	7.6%



### **Minimum and Maximum Employer Contributions**

Since this plan is a designated plan, special rules for designated plans prescribed in Section 8515 of Regulations to the *Income Tax Act* impose restrictions on the maximum tax-deductible contributions that can be made to the plan. Effectively, the maximum tax-deductible contribution that can be made to the plan is limited to the sum of the current service cost and the funding deficiency based on the maximum funding valuation results outlined in Section 5 of this report.

Taking into account these restrictions, the minimum and maximum required contributions to the plan are as described on the following pages.

## Minimum and Maximum Contributions

The current service cost on the maximum funding valuation basis is less than on a going-concern basis, and the plan has a smaller deficiency on a maximum funding valuation basis than on either the going-concern or the solvency basis. As a result, the maximum tax-deductible contributions allowed under the *Income Tax Act* are as follows:

### Indalex Limited – Maximum Employer Contributions

Current service cost:  
15.7% of members' pensionable earnings

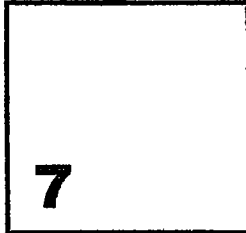
Special payments for unfunded liability and solvency:  
A total contribution of \$879,000 (i.e. the maximum funding valuation deficiency).

As such, the estimated minimum required and maximum permitted annual contributions over the next three years are outlined in the following table:

		Minimum Employer Contribution	Maximum Employer Contribution
	Current service cost*	\$18,000	\$18,000
2008	Special payments	<u>879,000</u>	<u>879,000</u>
	Total	\$897,000	\$897,000
	Current service cost*	\$18,000	\$18,000
2009	Special payments	<u>0</u>	<u>0</u>
	Total	\$18,000	\$18,000
	Current service cost*	\$18,000	\$18,000
2010	Special payments	<u>0</u>	<u>0</u>
	Total	\$18,000	\$18,000

\* The only member accruing benefits under the plan is on disability. Therefore the current service cost is projected to remain at the same level.

The minimum contribution requirements based on this report exceed the minimum contribution requirements recommended in the previous actuarial valuation. Upon filing this report, Indalex Limited must contribute the excess, if any, of the contributions recommended in this report over contributions actually made in respect of the period following January 1, 2008. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.



## Actuarial Opinion

With respect to the Actuarial Valuation as at January 1, 2008  
of the Retirement Plan for the Executive Employees of Indalex  
Limited and Associated Companies  
Financial Services Commission of Ontario Registration No. 0455626  
Canada Revenue Agency Registration No. 0455626

Based on the results of this valuation, we hereby certify that, as at January 1, 2008,

- On a going-concern basis, Employer's current service cost for 2008 and subsequent years, up to the next actuarial valuation should be calculated as 25.0% of the members' pensionable earnings.
- On a going-concern basis, Employer's current service cost for 2008 is estimated to be \$28,800.
- The plan would be fully funded on a going-concern basis if its assets were augmented by \$2,535,100. If this was not a designated plan, in order to comply with the *Ontario Pension Benefits Act* the unfunded liability would have to be liquidated at least equal to the amounts indicated, and for the periods set forth, below:

### Monthly Unfunded Liability Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment
Unfunded liability	January 1, 2005	\$11,508	December 31, 2019
Unfunded liability	January 1, 2008	\$9,960	December 31, 2022
Total		\$21,468	

- The plan would be fully funded on a solvency basis if its assets were augmented by \$2,996,400. If this was not a designated plan, in order to comply with the *Ontario Pension Benefits Act*, the solvency deficiency would have to be liquidated by monthly special payments at least equal to the amounts indicated, and for the periods set forth, below:

**Monthly Solvency Special Payments**

Type of Deficit	Effective Date	Special Payment	Last Payment
Unfunded liability	January 1, 2005	\$11,508	December 31, 2019
Unfunded liability	January 1, 2008	\$9,960	December 31, 2022
Solvency deficiency	January 1, 2005	\$32,667	December 31, 2009
Solvency deficiency	January 1, 2008	\$20,001	December 31, 2012
<b>Total</b>		<b>\$74,136</b>	

- The solvency liabilities used to determine the solvency status of the plan do not include any benefit related to projected earnings increases following the valuation date.
- Since this plan is a designated plan, special rules for designated plans prescribed in Section 8515 of Regulations to the *Income Tax Act* impose a restriction on the maximum tax-deductible contributions that can be made to the plan. As a result of these restrictions, the maximum permitted contributions to the plan are as follows:

**Maximum Employer Contributions**

For current service: 15.7% of members' pensionable earnings  
(estimated to be \$1,500 per month  
in each year of 2008, 2009 and 2010)

Special payments for unfunded liability and solvency:  
A total contribution of \$879,000

- Since this plan is a designated plan under the *Ontario Pension Benefits Act*, no PBGF assessment is payable.
- The transfer ratio of the plan is 61%. The Prior Year Credit Balance on January 1, 2008 is \$0.

- In our opinion,
  - the data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
  - the assumptions are, in aggregate, appropriate for the purposes of determining the funded status of the plan as at January 1, 2008 on going-concern and solvency bases, in the absence of the maximum funding rules,
  - the methods employed in the valuation are appropriate for the purposes of determining the funded status of the plan as at January 1, 2008 on going-concern and solvency bases, in the absence of the maximum funding rules, and
  - the assumptions and the methods employed in the valuation for the purposes of determining the funded status of the plan as at January 1, 2008 on Maximum Funding Valuation basis are those prescribed by the *Income Tax Act* Section 8515.
- This report has been prepared, and our opinions given, in accordance with accepted actuarial practice. It has also been prepared in accordance with the funding and solvency standards set by the *Ontario Pension Benefits Act* and the *Income Tax Act*.
- All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.



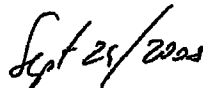

---

Hrvoje Lakota  
Fellow of the Society of Actuaries  
Fellow of the Canadian Institute of Actuaries



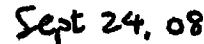

---

Wendy W.Y. Lo  
Fellow of the Society of Actuaries  
Fellow of the Canadian Institute of Actuaries




---

Date




---

Date



Appendix A

## **Plan Assets**

### ***Sources of Plan Asset Data***

The pension fund is held in trust by CIBC Mellon and is invested in accordance with the investment policy by McLean Budden.

We have relied upon fund statements prepared by CIBC Mellon, for the period from January 1, 2005 to January 1, 2008.

### ***Reconciliation of Plan Assets***

The pension fund transactions for the period from January 1, 2005 to January 1, 2008 are summarised as follows:

**Reconciliation of Plan Assets (Market Value)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>
January 1	\$7,174,365	\$7,537,088	\$5,776,820
PLUS			
Company's contributions	\$0	\$1,009,532 <sup>1</sup>	\$7,700
Investment income	\$13	\$197,784	\$268,312
Net realized and unrealized capital gains/(losses)	\$908,139	\$298,885	(\$277,394)
	\$908,152	\$1,506,201	(\$1,382)
LESS			
Pensions paid	\$422,750	\$423,456	\$384,055
Lump-sum refunds	\$0	\$864,033 <sup>2</sup>	\$465,069
Benefit payments in respect of the March 1, 2005 partial wind-up	\$0	\$1,840,825	\$0
Administration fees	\$122,679	\$138,155	\$89,673
	\$545,429	\$3,266,469	\$938,797
December 31	\$7,537,088	\$5,776,820	\$4,836,641

This market value of assets was adjusted to reflect in-transit contribution of \$700. The resulting market value of assets as at January 1, 2008 is \$4,837,341.

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

<sup>1</sup> Includes the contribution to fully fund the wind-up deficiency in respect of the members affected by the plan's partial wind-up effective March 1, 2005.

<sup>2</sup> Includes an adjustment of \$21,405 for a payment made from an incorrect plan.

**Investment Policy**

The plan administrator adopted a statement of investment policy and procedures effective July 1, 2006. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the plan's investment objectives. A significant component of this investment policy is the asset mix.

The constraints on the asset mix, and the actual asset mix as at January 1, 2008, are provided for information purposes:

**Distribution of the Market Value of the Fund by Asset Class**

	Investment Policy			Actual Asset Mix As at 01.01.2008
	Minimum	Target	Maximum	
Fixed Income Securities	60%	80%	100%	78.7%
Equities	15%	20%	25%	20.6%
Cash and cash equivalents	N/A	N/A	N/A	0.7%
		100%		100%

**Performance of Fund Assets**

The performance of fund assets, net of expenses, from January 1, 2005 to January 1, 2008 as per our calculations (which assume that the net cash flow occurred in the middle of each month) are shown below:

Year	Net Rate of Return
2005	11.3%
2006	7.1%
2007	(1.5%)

The average return on the adjusted market value, net of expenses, since the last valuation at January 1, 2005 was 5.5% per year. This rate is less than the assumed investment return of 6.00% by 0.5% per year.

Appendix B

## **Actuarial Methods and Assumptions**

### **Actuarial Valuations Methods — Going-Concern Basis**

#### ***Valuation of Assets***

For this valuation, we used the market value of plan assets.

#### ***Valuation of Actuarial Liabilities***

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the *projected unit credit actuarial cost method*. Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits, based on projected final average earnings. This is referred to as the *actuarial liability*.

The *funding excess or funding shortfall*, as the case may be, is the difference between the actuarial value of assets and the actuarial liability. An unfunded liability will be amortised over no more than 15 years through special payments as required under the *Ontario Pension Benefits Act*. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

This actuarial funding method produces a reasonable matching of contributions with accruing benefits. Because benefits are recognised as they accrue, the actuarial funding method aims at keeping the plan fully funded at all times. This promotes benefit security, once any unfunded liabilities and solvency deficiencies have been funded.

### ***Current Service Cost***

The *current service cost* is the actuarial present value of projected benefits to be paid under the plan with respect to service during the year following the valuation date.

The employer's current service cost has been expressed as a percentage of the members' pensionable earnings to provide an automatic adjustment in the event of fluctuations in membership and/or pensionable earnings.

Under the projected unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement. However, the current service cost of the entire group, expressed as a percentage of the members' pensionable earnings, can be expected to remain stable as long as the average age of the group remains constant.

### ***Employer's Contribution***

Accordingly, the employer's contributions for this purpose are determined as follows:

#### **Employer's Contributions**

<b>With a funding excess</b>	<b>With an unfunded liability</b>
Current service cost	Current service cost
MINUS	PLUS
Any funding excess applied to cover the employer's current service cost	Payments to amortise any unfunded liability

### ***Actuarial Assumptions — Going-Concern Basis***

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation, we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them if necessary.

In this valuation, we have used the same assumptions as in the previous valuation, except as noted. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. For this valuation, we have used the following assumptions:

## ***Economic Assumptions***

### ***Investment Return***

We have assumed that the investment return on the actuarial value of the fund, net of expenses charged to the fund, will average 4.9% per year over the long term. We have based this assumption on an expected long-term return on the pension fund less an allowance for investment expenses less a margin for adverse deviation.

Specifically,

- We have assumed a gross rate of return of 5.8% consistent with market conditions applicable on the valuation date, based on estimated returns for each major asset class and the target asset mix specified in the plan's investment policy. Additional returns of 0.1% are assumed to be achievable due to active management .
- We have allowed for investment expenses of 0.5% per year.
- We have included a margin for adverse deviations, from all sources, of 0.5% per year.

The previous valuation assumed an investment return of 6.0% per year.

### ***Expenses***

The assumed Investment Return reflects an implicit provision for investment management expenses.

There is no allowance for administrative expense in the investment return assumption, nor is there any explicit loading to the normal cost. Including a provision for administrative expense would worsen the financial position of the plan; however, this would not have any impact on the contribution requirement due to the funding restrictions applicable to designated plans.

### ***Inflation***

The benefits ultimately paid depend on the level of inflation. We assumed inflation will be 2.25% per year. This assumption reflects our best estimate of future inflation considering the Bank of Canada's inflation target and market expectations of long-term inflation implied by the yields on nominal and real return bonds.

### ***Increases in Pensionable Earnings***

The benefits ultimately paid will depend on each member's final average earnings. To calculate the pension benefits payable upon retirement, death or termination of employment, we have assumed the pensionable earnings will increase at 4.00% per year after 2008.

This is based on:

- an inflation rate of 2.25% per year,
- productivity increases of 1.00% per year, and
- merit and promotional increases of 0.75% per year.

The current merit and promotional increases component is based on our best estimate of future merit and promotional increases considering current economic and financial market conditions. The experience indicates that these assumptions remain appropriate.

The previous valuation had assumed an increase of 4.50% per year.

### ***Increases in the YMPE***

Since the benefits provided by the plan depend on the final average Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension plan, it is necessary to make an assumption about increases in the YMPE for this valuation. We have assumed that the YMPE will increase at the assumed rate of inflation of 2.25% per year plus an allowance of 1.0% per year for the effect of real economic growth and productivity gains in the Canadian economy, which is consistent with historical real economic growth. The increase was applied from the 2008 level of the YMPE of \$44,900.

The previous valuation had assumed an increase of 3.75% per year from the 2005 level of \$41,100.

### ***Increases in the Maximum Pension under the Income Tax Act***

The *Income Tax Act* stipulates that the maximum pension that can be provided under a registered pension plan will be increased to specified amounts in 2009, and automatically, starting in 2010, in accordance with general increases in the average wage.

For this valuation, we have assumed that the maximum pension payable under the plan will increase based on the amounts specified in the *Income Tax Act* up to 2009, and will increase starting in 2010 at the same rate as the YMPE of 3.25% (previously 3.75%) per year.

## ***Demographic Assumptions***

### ***Retirement Age***

Because early retirement pensions are reduced in accordance with a formula, the retirement age of plan members has an impact on the cost of the plan.

Retirement rates are typically developed taking into account the past experience of the plan. However, considering the size of the plan, there is no meaningful retirement experience appropriate for predicting the future rates of retirements. Accordingly, the rates of retirement have been developed as our expectation of the best-estimate rates of retirement based on the plan provisions and our experience with other similar plans.

We have assumed that all members will retire on their 59<sup>th</sup> birthday.

### *Termination of Employment*

No allowance has been made for termination of employment prior to retirement. This is because the only member accruing benefits under the plan is on disability, and we have assumed that he would continue to accrued benefits until retirement in accordance with the plan terms.

### *Mortality*

The actuarial value of the pension depends on the lifetime of the member.

The 1994 Uninsured Pension Mortality Table reflects the mortality experience as of 1994 for a large sample of North American pension plans. Applying projection scale AA provides an allowance for improvements in mortality after 1994. This table is commonly used for valuations where the membership of a plan is insufficient to assess plan specific experience and where there is no reason to expect the mortality to differ from that of other pension plans. Both are true for this plan.

While there is strong evidence of continuing improvement in mortality, forecasts of the rate of future improvement are very uncertain. We have used the projection scale AA to reflect future improvements in mortality.

We have assumed mortality rates, both before and after retirement, in accordance with the 1994 Uninsured Pension Mortality Table with projection scale AA to reflect continuing future improvements in mortality. According to this table, the life expectancy at age 65, as of the valuation date, is 19.4 years for males and 21.9 years for females.

The previous valuation had assumed mortality in accordance with the Group Annuity Mortality (GAM) Table for 1994.

### *Family Composition*

Benefits in case of death, before and after retirement, depend on the plan member's marital status.

For this valuation, we have assumed that 100% of plan members will have an eligible spouse on the earlier of death or retirement, and that the male partner will be four years older than the female partner.



## ***Actuarial Valuation Methods and Assumptions — Solvency and Impact of Plan Wind-up***

We have used the market value of the plan's assets in our valuation of the plan for solvency purposes.

To determine the solvency actuarial liability, we have valued those benefits that would be payable if the employment of each member had been terminated and the plan were wound up and settled on the valuation date, with all members fully vested in their accrued benefits.

The solvency actuarial liabilities do not include any value for potential benefits related to projected earning increases following the valuation date. This is consistent with the assumption that the employment of all active members terminate on the valuation date. Therefore, no assumption is required for future rates of termination of employment. We have included the value of all other benefits that may be contingent upon the circumstances of the postulated plan wind-up.

We have considered that members under 55 years of age on the valuation date would be entitled to a deferred pension payable from age 65 or such earlier age for which plan eligibility requirements have been satisfied at January 1, 2008. Members aged 55 and over are considered to be entitled to an immediate pension, reduced in accordance with the plan rules. We have also considered that Ontario members whose age plus years of service equal at least 55 at January 1, 2008 would be entitled to a deferred pension payable from the age that would produce the greatest value if employment were to have continued for the purpose of determining eligibility for early retirement benefits.

Benefits are assumed to be settled through a lump sum transfer for one transferred member who is under age 55 as at January 1, 2008. The value of the benefits accrued on January 1, 2008 for this member is based on the assumptions described in Section 3800 – *Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice applicable for January 1, 2008 for benefits expected to be settled through transfer in accordance with relevant portability requirements.

Benefits of all other members are assumed to be settled through the purchase of immediate annuities. The value of the benefits accrued on January 1, 2008, for such members, is based on an estimate of the cost of settlement through purchase of annuities.

We have estimated the cost of settlement through purchase of annuities in accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2007 and December 30, 2008*.

Assumptions are as follows:

**Actuarial Assumptions**

---

Mortality:	UP94 projected to year 2015
Interest rates for benefits to be settled through lump sum transfer:	4.50% per year for the first 10 years following January 1, 2008, 5.0% per year thereafter
Interest rates for benefits to be settled through annuity purchase:	4.30% per year
Interest rates used to determine the present value of the solvency deficiency special payments :	4.30% per year
Final average earnings:	Based on actual pensionable earnings over the averaging period
Family composition:	Same as for going-concern valuation
Termination expenses:	\$65,000

---

In a solvency valuation, the accrued benefits are based on the member's final average earnings on the valuation date; therefore, no salary projection is used. Also the employment of each member is assumed to have terminated on the valuation date; therefore, no assumption is required for future rates of termination of employment.

The provision for termination expenses payable from the plan's assets is in respect of actuarial, administration and legal expenses that would be incurred in terminating the plan.

Because the settlement of benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of the hypothetical wind-up being contested.

In determining the provision for termination expenses payable from the plan's assets, we have assumed that the plan sponsor would be solvent on the wind-up date.

In accordance with the *Ontario Pension Benefits Act*, we have not included a provision for adverse deviation in the solvency and wind-up valuations.

Appendix C

## **Membership Data**

### ***Analysis of Membership Data***

The actuarial valuation is based on membership data as at January 1, 2008 provided by Indalex Limited, adjusted to reflect the retirement of a transferred member who commenced his pension in the first quarter of 2008.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarised below. For comparison, we have also summarised corresponding data from the previous valuation.

**Membership Data**

	<b>01.01.2008</b>	<b>01.01.2005</b>
<b>Active or Disabled Members</b>		
▪ Number	1 <sup>1</sup>	6 <sup>2</sup>
▪ Total estimated pensionable earnings in the year following the valuation date	n/a <sup>3</sup>	\$1,468,194
▪ Average estimated pensionable earnings in the year following the valuation date	n/a <sup>3</sup>	\$244,699
▪ Average years of pensionable service	n/a <sup>3</sup>	18.9 years
▪ Average age	n/a <sup>3</sup>	51.0
<b>Transferred Members with Frozen Service</b>		
▪ Number	1	3
▪ Total annual pension	n/a <sup>3</sup>	\$83,106
▪ Average annual pension	n/a <sup>3</sup>	\$27,702
▪ Average age	n/a <sup>3</sup>	50.5
<b>Deferred Pensioners</b>		
▪ Number	2	3
▪ Total annual pension	n/a <sup>3</sup>	\$46,847
▪ Average annual pension	n/a <sup>3</sup>	\$15,616
▪ Average age	n/a <sup>3</sup>	59.9
<b>Pensioners and Survivors</b>		
▪ Number	14	13
▪ Total annual lifetime pension	\$454,055	\$420,957
▪ Average annual lifetime pension	\$32,432	\$32,381
▪ Average age	67.8	67.2

<sup>1</sup> Disabled member.

<sup>2</sup> This includes 2 disabled members.

<sup>3</sup> Information not provided due to confidentiality issues.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

**Reconciliation of Membership**

	<b>Active / Disabled Members</b>	<b>Transferred Members with Frozen Service</b>	<b>Deferred Vested</b>	<b>Pensioners and Beneficiaries</b>	<b>Total</b>
<b>Total at 01.01.2005</b>	6 <sup>1</sup>	3	3	13	25
Terminations:					
▪ Transfers/refunds	(3)				(3)
▪ Deferred pensions		(1)	1		
▪ Benefits settled as a result of March 1, 2005 partial wind-up	(2)			(1)	(3)
Deaths				(1)	(1)
Retirements		(1)	(2)	3	-
<b>Total at 01.01.2008</b>	1 <sup>2</sup>	1	2	14	18

<sup>1</sup> Includes 2 disabled members.

<sup>2</sup> Disabled member.

The distribution of the inactive members by age as at January 1, 2008, is summarised as follows:

**Distribution of Inactive Members  
By Age Group as at 01.01.2008**

Age	Deferred Pensioners		Pensioners and Survivors	
	Number	Average Annual Pension	Number	Average Annual Pension
50 - 54				
55 - 59	1	n/a <sup>1</sup>	1	n/a <sup>1</sup>
60 - 64	1	n/a <sup>1</sup>	1	n/a <sup>1</sup>
65 - 69			9	\$26,377
70 - 74			3	\$42,554
75 - 79				
80 - 84				
<b>Total</b>	<b>2</b>	<b>n/a<sup>1</sup></b>	<b>14</b>	<b>\$32,432</b>

<sup>1</sup> Information not provided due to confidentiality issues.

Appendix D

## **Summary of Plan Provisions**

### **Introduction**

The *Retirement Plan for the Executive Employees of Indalex Limited and Associated Companies* became effective January 1, 1983.

This valuation is based on the plan provisions in effect on January 1, 2008. The following is a summary of the plan's main provisions in effect on January 1, 2008. It is not intended as a complete description of the plan.

### **Eligibility for Membership**

Designated Executives who were members of the Prior plan on December 31, 1982 automatically became members of this plan on the effective date and were entitled to one year of additional service if they enrolled in the Prior Plan when first eligible. Other employees were enrolled on the first day of the month coincident with or next following their date of employment.

Effective September 1, 2005, the plan was closed to new entrants.

### **Contributions**

Members are not required to contribute. Executives may have made contributions as previous members of the Salaried Plan.

### **Retirement Dates**

#### ***Normal Retirement Date***

The normal retirement date is the first day of the month coincident with or next following the member's 65<sup>th</sup> birthday.

### ***Early Retirement Date***

If a member has been in the plan for at least two years, the member may choose to retire as early as age 55.

### ***Postponed Retirement***

With Company consent, retirement may be postponed on a year by year basis but not beyond age 69.

## **Retirement Benefits**

### ***Normal Retirement Pension***

If a member retires on the normal retirement date, the member will be entitled to an annual pension equal to 1.25% of the member's final average earnings up to the final average YMPE, plus 2.0% of the member's final average earnings in excess of the final average YMPE for each year of credited service.

The final average earnings means the average of the member's earnings during the 36 consecutive months within the 120 month period preceding the member's retirement, death or termination of continuous employment in which the highest average is attained. The final average YMPE is determined based on the period used in the determination of the final average earnings.

### ***Early Retirement Pension***

If a member retires early, the member will be entitled to a pension that is calculated in the same way as for normal retirement; however, this pension will be reduced if the member elects to commence it prior to the normal retirement date. The reduction is determined as follows:

- If the member has attained age 60 and 20 years of continuous employment, the pension will not be reduced.
- If the member has attained age 55 and 10 years of continuous employment, the pension will be reduced by 1/6 of 1% for each month by which pension commencement precedes the date on which the member would have been entitled to an unreduced pension if his or her employment had continued.
- If the member has attained age 55, the pension will be reduced by 0.4% for each month by which pension commencement precedes the date on which the member would have been entitled to an unreduced pension if his or her employment had continued.



### ***Postponed Retirement Pension***

If a member remains in continuous employment after the normal retirement date, the member will receive a pension commencing on the postponed retirement date. This pension will be calculated in the same manner as for normal retirement based on the final average earnings, final average YMPE and pensionable service at the postponed retirement date.

### ***Maximum Pension***

The annual pension provided under the plan cannot exceed the maximum pension benefit permissible under the Income Tax Act in effect at the date of pension commencement.

### **Survivor Benefits**

#### ***Death Before Retirement***

If a member dies before the normal retirement date and before any pension payment has begun, the member's spouse, or beneficiary if there is no spouse, will receive a lump sum payment equal to the accumulated balance of member's required contributions to the Prior Plan made before January 1, 1987, together with credited interest to the date of death, plus the commuted value of the vested pension accrued after December 31, 1986.

#### ***Death After Retirement***

The normal form of pension for single members is a lifetime pension guaranteed for 10 years. For members who have a spouse at the date of pension commencement, the normal form of pension is a joint and survivor pension with 50% of the member's benefit continuing to the surviving spouse. The percentage continuing to a surviving spouse is adjusted if the spouse is more than 10 years younger than the member. In that case, the spouse's continuing pension will be reduced by 1% of the member's pension for each complete year of age difference in excess of 10 years.

At retirement, members can elect to receive an optional form of pension based on an actuarial equivalent basis.

## **Termination Benefits**

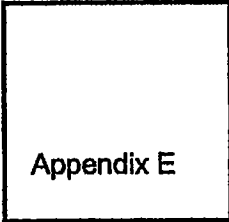
If a member's employment terminates for reasons other than death or retirement, the benefits payable in respect of service prior to January 1, 1987 will be as follows:

- If a member has less than five years of continuous employment, the member will receive a refund of the accumulated balance of his required contributions made before January 1, 1987 to the Prior Plan with credited interest.
- If a member has five or more years of continuous employment, the member will be entitled to a deferred pension payable at the normal retirement date. Alternatively, the member can elect to transfer the value of the benefit out of the plan in a lump sum.

## ***Benefits Accrued After December 31, 1986***

If a member's employment terminates for reasons other than death or retirement, the benefits payable in respect of service after December 31, 1986 will be as follows:

- If a member has been a member of the plan for less than two years, the member will receive a refund of the accumulated balance of his required contributions made after December 31, 1986 to the Prior Plan with credited interest.
- If a member has been a member of the plan for more than two years, the member will be entitled to a deferred pension payable at the normal retirement date. Alternatively, the member can elect to transfer the value of the benefit out of the plan in a lump sum.



**Employer Certification**

With respect to the report on the actuarial valuation of the *Retirement Plan for the Executive Employees of Indalex Limited and Associated Companies* as at January 1, 2008, I hereby certify that, to the best of my knowledge and belief:

- a copy of the official plan documents and of all amendments made up to January 1, 2008, were provided to the actuary;
- the membership data provided to the actuary include a complete and accurate description of every person who is entitled to benefits under the terms of the plan for service up to January 1, 2008, and
- all events subsequent to January 1, 2008 that may have an impact on the results of the valuation have been communicated to the actuary.

SEPTEMBER 19, 2008  
Date

*Wesley Ross*  
Signed

WESLEY ROSS  
Name

# MERCER



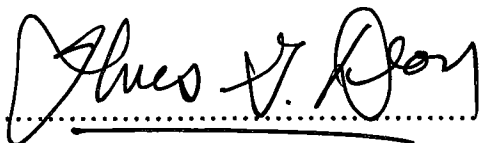
MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

Mercer (Canada) Limited  
161 Bay Street  
P.O. Box 501  
Toronto, Ontario M5J 2S5  
416 868 2000

**Consulting. Outsourcing. Investments.**

# TAB 'E'

This is **Exhibit "E"** referred to in the  
affidavit of **KEITH B. CARRUTHERS**  
sworn before me, this  
15<sup>th</sup> day of August, 2009

A handwritten signature in black ink, appearing to read "James V. Dean". The signature is written in a cursive style and is positioned above a horizontal dotted line.

Commissioner for taking affidavits

895 Don Mills Road, Suite 700  
One Morneau Sobeco Centre  
Toronto ON M3C 1W3  
tel: 416.445.2700 • fax: 416.445.7989

July 16, 2009

**Privileged**

Mr. Andrew J. Hatnay  
Koskie Minsky LLP  
Barristers & Solicitors  
20 Queen Street West, Suite 900  
Toronto, Ontario M5H 3R3

**Re: Retirement Plan for the Executive Employees of  
Indalex Limited and Associated Companies**

Dear Mr. Hatnay:

You have retained us to provide you with a rough estimate of the amount that should be deposited into the above-mentioned Plan assuming it were to be wound up as at July 15, 2009.

We understand that:

1. You are representing the retirees of the Plan.
2. The actuarial report as at January 1, 2008 that you provided to us was the most recent report filed with the pension regulators.
3. No amendments have been made to the Plan since January 1, 2008.
4. All required contributions set out in the actuarial report as at January 1, 2008, have been deposited into the Plan as at July 15, 2009.
5. You do not have any information regarding the current value of the Plan's assets. We are asked to estimate this figure.
6. The Plan is registered in Ontario and is subject to the funding requirements of the Pension Benefits Act of Ontario and Regulation 909. All members, former members, and retirees were employed in Ontario.

Pursuant to Section 75 of the Pension Benefits Act of Ontario, the employer is required to pay into the Plan the amount by which the Plan's wind up liability exceed the Plan's assets. You requested us to provide you with a rough estimate of this amount.

For the purpose of our calculations, we have relied on the information and results set out in the actuarial report as at January 1, 2008. There is insufficient information in the report for us to verify the reasonableness of the results of actuarial report as at January 1, 2008.

Mr. Andrew J. Hatnay  
July 16, 2009  
Page 2 of 2

It may take two years or more for the Plan administrator to complete the wind up process and fully settle the pension benefits under the Plan. The Plan's financial position can change significantly from now to the date when the benefits are fully settled. We have not quantified the financial implications of the potential adverse deviations. Should the Plan's assets be insufficient to settle the full benefits, the Plan beneficiaries' benefits would have to be reduced.

We have set out the assumptions that we used in the attached Exhibit.

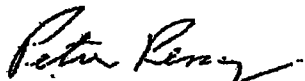
Our rough estimate of the Plan's wind up liability is \$8.0 million as at July 15, 2009 and the assets available for benefits are \$4.8 million, resulting in a wind up deficiency of \$3.2 million.

In performing our calculations, in our opinion:

- a) The data on which our calculations are based are sufficient and reliable for the purposes of this letter.
- b) The assumptions used are appropriate for the purposes of this letter.
- c) The methods employed are appropriate for the purposes of this letter.

Please call us if you have any questions.

Yours truly,



Peter Peng, F.C.I.A., F.S.A.  
Principal



Richard M. Kular, F.C.I.A., F.S.A.  
Principal



**Exhibit****Assumptions**

In determining the assets and liabilities of the Plan, it is necessary to make assumptions with respect to the factors which will affect these amounts in the future. Emerging experience, differing from the assumptions, will result in gains or losses, which will be revealed at the time the assets of the Plan are disbursed.

The factors and assumptions used to develop the financial position as at the last valuation date of January 1, 2008 and July 15, 2009 are described below.

	July 15, 2009 Wind up Valuation	January 1, 2008 Wind up/ Solvency
Interest rates for lump sum settlements	3.8% per annum for 10 years, 5.8% per annum thereafter	4.5% per annum for 10 years, 5% per annum thereafter
Interest rate for settlement through annuity purchase	4% per annum	4.3% per annum
Settlement method	All but one transferred member would be settled by annuity purchase	All but one transferred member would be settled by annuity purchase
Settlement date	July 15, 2009	January 1, 2008
Mortality	1994 Uninsured Pensioners Mortality Table (projected by scale AA to 2020) (UP94@2020).	1994 Uninsured Pensioners Mortality Table (projected by scale AA to 2015) (UP94@2015)
Percentage of members who are married at retirement and assumed spousal ages	100% married Husband is 4 years older than the wife.	100% married Husband is 4 years older than the wife.
Retirement	Will retire at an age between 55 and 65 at which the value of their pension benefits is greatest.	Will retire at an age between 55 and 65 at which the value of their pension benefits is greatest.
Contingency reserve for any data corrections or additions	Nil	Nil
Wind up expenses	\$100,000	\$65,000

According to the actuarial report as at January 1, 2008, the Plan provides that the annual pension is limited to the maximum pension benefit permissible under the Income Tax Act in effect at the date of pension commencement. The report did not disclose any assumption regarding the escalation of the maximum benefit permissible. We have assumed that the valuation has appropriately escalated the maximum, where necessary.

### Asset Extrapolation

We extrapolated the asset value as at July 15, 2009, by adding to the value of the assets as at January 1, 2008 the contributions set out in Section 6 of the actuarial report as at January 1, 2008, subtracting the assumed pension payments and expenses, and adjusting for the assumed investment gains and losses from January 1, 2008 to July 15, 2009.

We assumed that there were no changes to the membership from January 1, 2008 to July 15, 2009. Specifically, we assumed that there were no deaths among the pensioners. Consequently, our assumed pension payments were calculated as the annual amount set out in Appendix C of the actuarial report as at January 1, 2008, multiplied by 19 / 12 (representing 19 monthly payments).

We assumed that the Plan's expenses from January 1, 2008 to July 15, 2009, were at the same rate as the average of the three years prior to January 1, 2008.

We assumed that the Plan's asset allocation remained the same from January 1, 2008 to July 15, 2009. (Assets were invested 80% in fixed income and 20% in equities.) We also assumed that the rate of investment gains and losses for each asset class was the same as the appropriate market total-return index.

### Rationale for Key Assumptions

The most important assumptions we made were with respect to the annuity prices, which are determined by interest rates and mortality table.

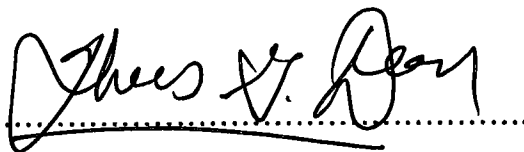
We have referred to the "Educational Note – Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates between December 31, 2008 and December 30, 2009" prepared by the Canadian Institute of Actuaries, and made adjustments for the following:

1. Based on our recent experience, the risk premium over the Canada bonds has narrowed since the publication of the Educational Note.
2. The Plan's average annual pension amount was over \$32,000. The insurance companies will assume lower mortality rates for retirees with higher pension amounts, resulting in higher annuity prices.
3. It will be necessary to split the pension amounts among insurance companies to ensure full Assuris coverage.

We assumed the wind up expenses to be \$100,000 in total based on our experience with other plan wind ups with similar characteristics.

**TAB 'F'**

This is **Exhibit "F"** referred to in the  
affidavit of **KEITH B. CARRUTHERS**  
sworn before me, this  
15<sup>th</sup> day of August, 2009

A handwritten signature in cursive script, appearing to read "James V. Bean", written over a horizontal dotted line.

Commissioner for taking affidavits

**KOSKIE  
MOSKY LLP**  
BARRISTERS & SOLICITORS

June 26, 2009

**E-MAILED**

Andrew J. Hatnay  
Direct Dial: 416-595-2083  
Direct Fax: 416-204-2872  
ahatnay@kmlaw.ca

Sent via Email

Linc Rogers / Jackie Moher  
Blake, Cassels & Graydon LLP  
199 Bay Street  
Suite 2800, Commerce Court West  
Toronto, ON M5L 1A9

Ashley Taylor  
Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9

Dear Counsel:

- Re: **In the Matter of the *Companies Creditors' Arrangement Act* (the "CCAA") and in the Matter of a Plan of Compromise or Arrangement of Indalex Limited, Indalex Holdings (B.C.) Ltd., 6326765 Canada Inc. and Novar Inc. ("Indalex Canada" or the "company")**
- Re: **The Supplementary Retirement Plan for the Executive Employees of Indalex Canada and Associated Companies, Registration Number 0455626 (the "Executive Plan")**
- Re: **Our File No. 09/0776**

As you are know, we represent Keith Carruthers, Leon Kozierok, Max Degen, Bertram McBride, Eugene D'Orto, Neil Fraser, Robert Leckie and Richard Smith who are retirees of Indalex or its predecessor companies. We are in the process of reviewing the company's motion record for the motion returnable on July 2, 2009 seeking approval of a proposed bidding procedure and deeming the Asset Purchase Agreement dated June 16, 2009 between Sapa Holding AB and the Applicants as a "Qualified Bid".

It appears to us that no provision has been made in that Asset Purchase Agreement nor elsewhere for any purchaser to take on responsibility for the Executive Plan, which is a registered pension plan with approximately 14 members and which is underfunded. Our clients are 8 of those members.



It also appears to us that there is no provision in that Asset Purchase Agreement nor elsewhere for a purchaser to take on responsibility for the Supplementary Pension Plan of which our clients are also members.

In the event the company does not adequately fund the Executive Plan or if it the Executive Plan will be wound-up in an underfunded state, please be advised that we will be asserting all rights under section 57(4) of the Ontario *Pension Benefits Act*, which states:

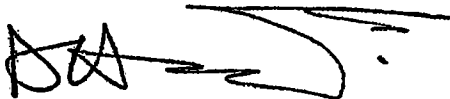
(4) Where a pension plan is wound-up in whole or in part, an employer who is required to pay contributions to the pension fund shall be deemed to hold in trust for the beneficiaries of the pension plan an amount of money equal to employer contributions accrued to the date of the wind-up, but not yet due under the plan or regulations.

We will also rely on section 57(5) of the Ontario *Pension Benefits Act* which states:

(5) The administrator of the pension plan has a lien and charge on the assets of the employer in an amount equal to the amounts deemed to be held in trust under subsection subsections (1), (3) and (4).

Yours truly,

**KOSKIE MINSKY LLP**



Andrew J. Hatnay

AJH:jm

- cc: Keith Carruthers
- Leon Kozierok
- Max Degen
- Bertram McBride
- Eugene D'Iorio
- Neil Fraser
- Dick Smith
- Robert Leckie
- Service List
- Mark Bailey, *Financial Services Commission of Ontario*