

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

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.

Applicants

SETTLEMENT AGREEMENT

WHEREAS Sun Indalex Finance, LLC ("**Sun**"), Morneau Shepell Ltd. ("**Morneau**") as administrator of the Retirement Plan for Executive Employees of Indalex Limited and Associated Companies (the "**Executive Plan**") and the Retirement Plan for Salaried Employees of Indalex Limited and Related Companies (the "**Salaried Plan**"), United Steelworkers (the "**USW**"), George L. Miller (the "**US Trustee**") in his capacity as Chapter 7 Trustee of the bankruptcy estates of IH 2, Inc. (f/k/a Indalex Holding Corp.), IH 1, Inc. (f/k/a Indalex Holdings Finance Corp.), IH 3, Inc. (f/k/a Indalex Inc.), IH 4, Inc. (f/k/a Caradon Lebanon, Inc.) and IH 5, Inc. (f/k/a Dolton Aluminum Company, Inc.) (collectively, the "**US Debtors**"), and the group of fourteen (14) members of the Executive Plan represented by Koskie Minsky LLP and listed in the signature lines below (the "**Retired Executives**") have advanced secured and other priority claims against the Applicants senior to the claims of unsecured creditors.

AND WHEREAS the Superintendent of Financial Services (the "**Superintendent**") has supported claims brought by Morneau, USW and the Retired Executives in these proceedings.

AND WHEREAS Sun, Morneau, the Superintendent, the US Trustee, the USW, and the Retired Executives are referred to in this Settlement Agreement collectively as the "**Parties**" and each, individually, as a "**Party**".

AND WHEREAS the Parties have agreed to settle their claims and those asserted by each other on the terms and conditions set out in this Settlement Agreement.

AND WHEREAS FTI Consulting Canada ULC in its capacity as the Court-appointed monitor of the Applicants (the "**Monitor**") pursuant to the Order of Morawetz J. dated April 3, 2009, in these proceedings, as amended and restated from time to time (the "**Initial Order**") intends to bring a motion to seek the approval of the Court of the terms of this Settlement Agreement.

THEREFORE in consideration of the payment to each Party of the sum of TEN (\$10.00) DOLLARS¹ and the mutual promises and covenants set out below, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Parties and the Monitor agree as follows:

1. As soon as practicable after the execution of this Settlement Agreement, the Monitor will bring a motion to the Court seeking the approval of this Settlement Agreement (the “**Approval Order**”). The motion will be made on notice to the Parties, the service list in the CCAA Proceedings and to all persons who delivered claims against any of the Applicants or delivered a D&O Claim that has not been finally resolved in accordance with the Claims Procedure Order granted July 30, 2009 (the “**Claims Procedure Order**”). In case of any inconsistency, the Approval Order sought will supersede all prior orders made in these proceedings.

2. This Settlement Agreement is conditional upon: (a) the Approval Order being made on the terms set out in this Settlement Agreement and such other terms as are agreed to by the Parties; and (b) all time limits for appeal from the Approval Order having expired. In the event that an appeal is taken from a decision of the Court to grant the Approval Order, then this Settlement Agreement shall not become binding and effective until the last appeal available or taken within applicable time limits is dismissed.

3. Each of the Parties supports and hereby irrevocably consents to the making of the Approval Order on the terms set out herein.

4. The Approval Order will authorize and direct the Monitor to distribute the sum of \$1,405,000 as follows:

- (a) the sum of \$350,000, to Koskie Minsky LLP, in trust for the Retired Executives;
- (b) the sum of \$285,000, inclusive of applicable taxes, payable to Koskie Minsky LLP, in trust, as partial reimbursement of the legal costs of the Retired Executives;
- (c) the aggregate sum of \$15,000, payable in equal amounts of \$3,750 directly to each of the four (4) members of the Executive Plan who is not a Retired Executive, subject to any applicable statutory withholdings;
- (d) the sum of \$650,000, payable to Morneau on behalf of and for deposit into the Salaried Plan; and
- (e) the sum of \$105,000, payable to the USW on behalf of the seven (7) members of the Salaried Plan whom it represents.

5. The precise allocation and payment mechanics of the distributions of the amount referred to in paragraph 4(a) above to the Retired Executives by Koskie Minsky LLP will be determined by Koskie Minsky LLP on behalf of each relevant Retired Executive in consultation with Morneau and the Superintendent, each acting reasonably, or otherwise as ordered by the Court.

¹ All references to money in this Settlement Agreement are to the lawful currency of Canada.

6. The precise payment mechanics of the distributions referred to in paragraph 4(c) above will be agreed by the Monitor, Morneau, the Superintendent and each relevant member of the Executive Plan who is not a Retired Executive, each acting reasonably, or otherwise as ordered by the Court.

7. The Approval Order will provide that, with the consent of Sun and the US Trustee, the remainder of the funds being held by the Monitor, except as set out in paragraph 8 below, will be paid to the US Trustee on behalf of the bankruptcy estates of the US Debtors without prejudice to the claims and liens, if any, of Sun and its affiliates and the claims and responses, if any, of the US Trustee and other parties in those proceedings.

8. The payment in paragraph 7 above will be subject to the Monitor's entitlement to withhold a reasonable reserve for its fees and disbursements and those of its counsel, including an estimated amount needed by the Monitor to obtain its discharge. Any funds remaining with the Monitor upon the Monitor's discharge shall be paid to the US Trustee in accordance with paragraph 7.

9. The Approval Order will provide that (a) the USW and the seven (7) members of the Salaried Plan whom it represents shall have no entitlement to share in or receive any portion of the funds referred to in paragraph 4 above, other than the amount referenced in paragraph 4(e); and (b) the Salaried Plan text shall be amended to provide that these seven (7) members of the Salaried Plan have no entitlement to share in or receive any portion of the funds referred to in paragraph 4(d).

10. The Approval Order will provide that the payment made pursuant to paragraph 4 above is a full and final compromise and accord and in satisfaction of all rights and claims, including any and all deemed trusts and liens, that could be advanced on behalf of the Executive Plan and the Salaried Plan and all beneficiaries of the two pension plans or the Superintendent against the Applicants, the US Debtors and any other person or entity in respect of any insufficiency of funding of the Executive Plan and the Salaried Plan (the "**Pension Claims**"). Without limiting the generality of the foregoing, Pension Claims includes all claims advanced by the USW and the Retired Executives (including, without limitation, any claims in respect of or related to the Directors' Charge, as defined in paragraph 22 of the Initial Order, and D&O Claims, as defined in the Claims Procedure Order). It is acknowledged that Bertram McBride, Eugene D'Iorio, and Robert Waldron are plaintiffs in separate litigation involving Mercer Canada Limited in relation to their pension benefits. Nothing in this Settlement Agreement or the Approval Order or any schedules attached thereto shall prevent or otherwise impact the rights of recovery by Mr. McBride, Mr. D'Iorio, or Mr. Waldron of any remedies available to them in that litigation, subject only to the preclusion against double-recovery.

11. The Retired Executives and the USW will withdraw the claims they filed in response to the D&O Claims Process approved by the Order of Justice Morawetz dated July 30, 2009 (the "**D&O Claims Process**"), and the Retired Executives and the USW shall have no right to file or refile any claim in the D&O Claims Process. The Parties will consent to the issuance of an order granting the Monitor's motion returnable November 10, 2010, (a) declaring that none of the D&O Claims received by the Monitor (excluding the D&O Claim filed by the Retired Executives and the draft D&O Claim filed by the USW which are both being withdrawn in accordance with

this Settlement) are claims for which the Applicants are required to indemnify their directors and officers pursuant to paragraph 21 of the Initial Order; and (b) terminating, discharging and releasing the Directors' Charge from the Property (as defined in the Initial Order).

12. Each of the Parties hereby remises, releases and forever discharges each of the other Parties, the Monitor and each of their respective affiliates, directors, officers, shareholders, agents, accountants, lawyers, financial advisors, and each of the respective heirs, executors, administrators, successors, assigns and personal representatives, as the case may be, of each of the foregoing (collectively, the "**Releasees**"), of and from any and all actions, causes of action, suits, proceedings, debts, sums of money, obligations, duties, dues, accounts, interests, bonds, contracts, covenants, claims, losses, damages, liabilities, judgments, costs, expenses and demands, including, without limitation, all manner of claims which it ever had, now has, or hereafter can, shall or may have, arising, out of or in any way related to or connected with the Executive Plan and the Salaried Plan, the Releasees' obligations to the Executive Plan and the Salaried Plan, all acts or omissions made or due by each of the Releasees in connection with the Executive Plan and the Salaried Plan, all acts and omissions in this proceeding, all negotiations between and among any of the Releasees and their conduct in entering into this Settlement Agreement other than claims for the amounts set out in paragraphs 4 and 7 hereof. The Approval Order will also provide releases in favour of all of the Releasees in respect of all such matters. The releases herein and in the Approval Order expressly except and do not release any claims made by Sun and any of its affiliates, on the one side, and the US Trustee, on the other side, against one another. Rather all such claims and all responses thereto shall survive and are not affected by the terms of this Settlement Agreement or the Approval Order.

13. The Superintendent agrees, despite any previous orders or directions to the contrary, that Morneau shall not make any payment of surplus arising on any prior partial wind-up of the Salaried Plan, including without limitation the partial plan wind-ups declared effective December 31, 1989 and July 13, 1998. The revised wind-up report to be filed by Morneau with respect to the Salaried Plan shall reflect the treatment of historical surplus in accordance with this Settlement Agreement.

14. The Approval Order shall provide that Morneau shall have no liability as a result of entering into the Settlement Agreement, performing any of its obligations set forth in the Settlement Agreement or taking any actions contemplated by the Settlement Agreement; provided that Morneau shall not be released from any claims, demands, or proceedings arising from any act or omission in the performance of such obligations, or in the taking of any action, which is due to wilful misconduct, gross negligence or fraud.

15. The effectiveness of the acceptance of the terms of this Settlement Agreement by the US Trustee requires the approval of the US Bankruptcy Court. The US Trustee will seek such approval at its own expense as soon as practicable upon the execution of this Settlement Agreement. In the event this Settlement Agreement is not, by November 29, 2013, approved by the U.S. Bankruptcy Court pursuant to an order which is final and not subject to appeal (the "**US Approval Order**"), or such other date as may be agreed by the Parties, then this Settlement Agreement shall be null and void and of no effect. The Approval Order will provide that the terms of this Settlement Agreement and the other provisions of the Approval Order shall be conditioned upon entry of the US Approval Order.

16. This Settlement Agreement and the rights and obligations of the Parties hereto shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

17. This Settlement Agreement constitutes the entire agreement among the Parties concerning its subject matter and supersedes all other prior agreements and undertakings, both written and oral, among the Parties, or any of them, with respect to the subject matter hereof. No amendment to this agreement shall be valid unless it is made in writing and signed on behalf of each of the Parties.

18. This Settlement Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Settlement Agreement to produce more than one counterpart.

IN WITNESS WHEREOF, the Parties, by their lawyers, have executed this Settlement Agreement effective as of the 13th day of September, 2013.

Sun Indalex Finance, LLC, by its lawyers
Goodmans LLP

Per: [Signature]
Name: F. MEARS
Title: PARTNER

Morneau Shepell Ltd., as administrator of the Retirement Plan for Executive Employees of Indalex Limited and Associated Companies and the Retirement Plan for Salaried Employees of Indalex Limited and Related Companies, by its lawyers Cavalluzzo Shilton McIntyre & Cornish LLP

Per: _____
Name:
Title:

United Steelworkers, by its lawyers Sack Goldblatt Mitchell LLP

Per: _____
Name:
Title:

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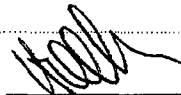
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Goodmans LLP

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Name:
Title:

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Indalex Limited and Related Companies, by its
lawyers Cavalluzzo Shilton McIntyre & Cornish
LLP

Per:  _____
Name: "Hugh M. B. O'Reilly"
Title: Partner

United Steelworkers, by its lawyers Sack Goldblatt
Mitchell LLP

Per: _____
Name:
Title:

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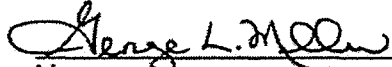
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Indalex Limited and Associated Companies and
the Retirement Plan for Salaried Employees of
Indalex Limited and Related Companies, by its
lawyers Cavalluzzo Shilton McIntyre & Cornish
LLP

Per: _____
Name:
Title:

United Steelworkers, by its lawyers Sack Goldblatt
Mitchell LLP

Per: Darrell Brown
Name: Darrell Brown
Title: Partner, SGM LLP

George L. Miller, in his capacity as Chapter 7 Trustee of the bankruptcy estates of IH 2, Inc. (f/k/a Indalex Holding Corp.), IH 1, Inc. (f/k/a Indalex Holdings Finance Corp.), IH 3, Inc. (f/k/a Indalex Inc.), IH 4, Inc. (f/k/a Caradon Lebanon, Inc.) and IH 5, Inc. (f/k/a Dolton Aluminum Company, Inc.), by his lawyers Chaitons LLP

Per: 
Name: GEORGE L. MILLER
Title: CHAPTER 7 TRUSTEE

Frederick John Granville, Richard Nelson Benson, Leon Kozierok, Keith Burton Carruthers, Robert B. Leckie, Max Degen, Bertram Gerald Arthur McBride, Eugene John D'Iorio Jr., John William Rooney, John Eugene Faveri, Richard Donald Smith, Neil Edward Fraser, Robert Kenneth Waldron, by their lawyers Koskie Minsky LLP.

Per: _____
Name:
Title:

The Superintendent of Financial Services

Per: _____
Name:
Title:

George L. Miller, in his capacity as Chapter 7 Trustee of the bankruptcy estates of IH 2, Inc. (f/k/a Indalex Holding Corp.), IH 1, Inc. (f/k/a Indalex Holdings Finance Corp.), IH 3, Inc. (f/k/a Indalex Inc.), IH 4, Inc. (f/k/a Caradon Lebanon, Inc.) and IH 5, Inc. (f/k/a Dolton Aluminum Company, Inc.), by his lawyers Chaitons LLP

Per: _____

Name:

Title:

Frederick John Granville, Richard Nelson Benson, Leon Kozierok, Keith Burton Carruthers, Robert B. Leckie, Max Degen, Bertram Gerald Arthur McBride, Eugene John D'Iorio Jr., John William Rooney, John Eugene Faveri, Richard Donald Smith, Neil Edward Fraser, Robert Kenneth Waldron, Douglas Williams by their lawyers Koskie Minsky LLP.

Per: _____

Name: ANDREW HATNAY

Title: PARTNER

The Superintendent of Financial Services

Per: _____

Name:

Title:


George L. Miller, in his capacity as Chapter 7 Trustee of the bankruptcy estates of IH 2, Inc. (f/k/a Indalex Holding Corp.), IH 1, Inc. (f/k/a Indalex Holdings Finance Corp.), IH 3, Inc. (f/k/a Indalex Inc.), IH 4, Inc. (f/k/a Caradon Lebanon, Inc.) and IH 5, Inc. (f/k/a Dolton Aluminum Company, Inc.), by his lawyers Chaitons LLP

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Per: _____
Name:
Title:

The Superintendent of Financial Services

Per: 
Name: Brian Mills
Title: Deputy Superintendent,
Pensions