

**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 SIGNATURE ALUMINUM INC.

Applicant

**MOTION RECORD
(Returnable May 11, 2010)**

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street, Suite 2800
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9

Linc Rogers LSUC#43562N
Tel: (416) 863-4168
Fax: (416) 863-2653

Katherine McEachern LSUC#38345M
Tel: (416) 863-2566
Fax: (416) 863-2653

Jackie Moher LSUC#53166V
Tel: (416) 863-3174
Fax: (416) 863-2653

Lawyers for the Applicant,
Signature Aluminum Canada Inc.

TO: ATTACHED SERVICE LIST

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of SIGNATURE ALUMINUM CANADA INC.

Applicant

SERVICE LIST

TO: BLAKE, CASSELS & GRAYDON LLP
199 Bay Street
Suite 2800, Commerce Court West
Toronto, ON M5L 1A9
Fax: (416) 863-2653

Linc A. Rogers
Tel: (416)863-4168
Email: Linc.Rogers@blakes.com

Katherine McEachern
Tel: (416) 863-2566
E-mail: katherine.mceachern@blakes.com

Jackie Moher
Tel: (416) 863-3174
E-mail: Jackie.moher@blakes.com

Chris Burr
Tel: (416) 863-3301
Email: Chris.Burr@blakes.com

Lawyers for the Applicant, Signature Aluminum Canada Inc.

AND TO: **OGILVY RENAULT**
Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4
Fax: (416) 216-3930

Virginie Gauthier
Tel: (416) 216-4853
E-mail: vgauthier@ogilvyrenault.com

Adrienne Glen
Tel: (416) 216-4082
E-mail: aglen@ogilvyrenault.com

Lawyers for the proposed Monitor, FTI Consulting Canada Inc.

AND TO: **GOWLING LAFLEUR HENDERSON LLP**
1 First Canadian Place
100 King Street West
Suite 1600
Toronto, Ontario M5X 1G5
Fax: (416) 862-7661

Cliff Prophet
Tel: (416) 862-3509
E-mail: Clifton.prophet@gowlings.com

Christine Mason
Tel: (416) 862-4408
E-mail: Christine.mason@gowlings.com

Lawyers for Biscayne Metals Finance, LLC

AND TO: **GREENBERG TRAUIG**
77 West Wacker Drive
Suite 3100
Chicago, IL 60601
Fax: (312) 456-8435

Amit Mehta
Tel: (312) 456-8456
E-mail: mehtaa@gtlaw.com

Lawyers for Shapes L.L.C., HIG Bayside LBO Fund II, L.P.

AND TO: **FTI CONSULTING CANADA INC. IN ITS CAPACITY AS MONITOR OF
SIGNATURE ALUMINUM CANADA INC.**

79 Wellington St. W.
Suite 2010, P.O. Box 104
Toronto, ON
M5K 1G8
Fax: 416-649-8101

Nigel Meakin
Tel: (416)-649-8065
E-mail: nigel.meakin@fticonsulting.com

Toni Vanderlaan
Tel: (416)-649-8075
E-mail: toni.vanderlaan@fticonsulting.com

Brogan Taylor
E-mail: Brogan.Taylor@fticonsulting.com

Steven Bissell
E-mail: Steven.Bissell@fticonsulting.com

AND TO: **MINISTRY OF THE ATTORNEY GENERAL**
Legal Services Branch
Financial Services Commission of Ontario
17th Floor – Box 85
5160 Yonge Street
Toronto, ON M2N 6L9

Deborah McPhail
Tel: (416) 226-7764
Fax: (416) 590-7070
E-mail: dmcphail@fsc.gov.on.ca

Mark Bailey
E-mail: m Bailey@fsc.gov.on.ca

Lawyers for the Superintendent of Financial Services

AND TO: **UNITED STEELWORKERS**
Canadian National Office
Legal Department
234 Eglinton Avenue East, Suite 800
Toronto, ON M4P 1K7

Robert Healey
Tel: (416) 544-5986
Fax: (416) 487-8826
E-mail: rhealey@usw.ca

Lawyers for The United Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial and Service Workers
International Union (United Steelworkers) and its Local Union 2784

AND TO: **NOËL & ASSOCIÉS, LLP**
111, Champlain Street
Gatineau (Québec) J8X 3R1

Me Sylvie Labbé
Tel: (819) 771-7393
Fax: (819) 771-5397
E-mail: s.labbe@noelassociés.com

Lawyers for the Confédération des syndicats nationaux

AND TO: **DEPARTMENT OF JUSTICE**
Ontario Regional Office
The Exchange Tower
130 King Street West
Suite 3400, Box 36
Toronto, ON M5X 1K6

Diane Winters
Tel: (416) 973-3172
Fax: (416) 973-0810
E-mail: diane.winters@justice.gc.ca

Lawyers for the Deputy Attorney General
of Canada on behalf of Her Majesty the
Queen in Right of Canada as represented
by the Minister of National Revenue

AND TO: **THORNTON GROUT FINNIGAN LLP**
100 Wellington Street West
Suite 3200
Toronto, ON M5K 1K7

Larry C. Ellis
Tel: (416) 304-0601
Fax: (416) 304-1313
E-mail: lellis@tgf.ca

Lawyers for Veridian Connections Inc.

AND TO: **TEPLITSKY, COLSON LLP**
Suite 200, 70 Bond Street
Toronto, ON M5B 1X3

Karey Anne Dhirani
Tel: (416) 865-5343
Fax: (416) 365-0695
E-mail: kdhirani@teplitskycolson.com

Lawyers for Hal Cameron

AND TO: **GARDINER ROBERTS LLP**
Scotia Plaza, 40 King Street West, Suite 3100
Toronto, ON, Canada M5H 3Y2

Mr. Jeffrey Rosekat
Tel: (416) 865-6662
Fax: (416) 865-6636
Email: jrosekat@gardiner-roberts.com

Lawyers for RHI Canada Inc.

AND TO: **HIG CAPITAL**
1001 Brickell Bay Drive
27th Floor
Miami, FL 33131
USA

Sean Ozbolt
Tel: (305)-379-8686
Fax: (305) 379-3655
E-mail: sozbolt@higcapital.com

Craig Kahler

Tel: (212) 506-0500

Fax: (212) 506-0599

E-mail: ckahler@higcapital.com

AND TO: **REGIE DES RENTES DU QUEBEC**

Direction Des Affaires Juridiques
2006 Boulevard Laurier, Bureau 501
Quebec, Quebec
G1V 4T3

Me Louis Robillard

Email: louis.robillard@rrq.gouv.qc.ca

AND TO: **LANG MICHENER**

Brookfield Place
Suite 2500, 181 Bay Street
Toronto, Ontario M5J 2T7

Alex Ilchenko

Tel: (416) 307-4116

Fax: (416) 365-1719

Email: ailchenko@langmichener.ca

Lawyers for Alcan Automotive LLC

AND TO: **JIM PATTISON INDUSTRIES LTD.**

1235 – 73rd Ave. S.E.
Calgary, AB
T2H 2X1

Patrick Jakubowski

Tel: (604) 296-3740

Fax: (604) 433-3392

Email: Patrick.Jakubowski@jplease.com

AND TO: **LIFTCAPITAL CORPORATION**

300 The East Mall
Suite 401
Toronto, ON M9B 6B7

Finella Grosso

Email: fgrosso@liftcapital.ca

AND TO: **3241715 NOVA SCOTIA LIMITED (formerly 6919464 Canada Inc.)**
199 Bay Street, Suite 2800
Toronto, ON M5L 1A9

Parminder Punia

Tel: 905-427-2238

Fax: 905-884-2453

Email: Parminder.Punia@SignatureAluminumCanada.com

AND TO: **MINISTRY OF FINANCE (Ontario)**

Office of Legal Services

33 King Street West, 6th Floor

Oshawa, ON L1H 8H5

Kevin J. O'Hara

Tel: (905) 433-6934

Fax: (905) 436-4510

Email: kevin.ohara@fin.gov.on.ca

Solicitors for Ontario Ministry of Finance

AND TO: **AYLESWORTH LLP**

P.O. Box 124

18th Floor, 222 Bay Street

Toronto, Ontario, M5K 1H1

Lisa S. Corne

Tel: (416) 646-4608

Fax: (416) 865-1398

Email: lcorne@aylaw.com

Lawyers for Tandet Dedicated Inc.

INDEX

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Applicant

**NOTICE OF MOTION
(Returnable May 11, 2010)**

THE APPLICANT, Signature Aluminum Canada Inc. (the "Applicant"), will make a motion to the Court, on Tuesday, May 11, 2010, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR AN ORDER:

- a) abridging the time for service of the Notice of Motion, the Third Report (as defined below) and Motion Record, if necessary, and declaring that the motion is properly returnable on Tuesday, May 11, 2010;
- b) approving the Third Report of the Monitor, FTI Consulting Canada Inc., to be filed (the "Third Report"), and the activities of the Monitor as described therein;
- c) authorizing the Applicant to, *inter alia*, call, hold and conduct a meeting of its unsecured creditors for the purposes of the voting of the Applicant's Plan of Arrangement and Compromise dated May 4, 2010;

- d) extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Morawetz dated January 29, 2010) from May 14, 2010 to and including June 11, 2010;
- e) approving the sale transaction contemplated by a purchase agreement between Signature and Alcan Automotive LLC ("Alcan") made of as April 23, 2010 (the "Purchase Agreement"), and vesting in Alcan the Applicant's right, title and interest in and to the assets described in the Purchase Agreement; and
- f) such further and other relief as the Applicant may request and this Honourable Court shall deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

- a) On January 29, 2010, the Applicant filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to an order of the Honourable Mr. Justice Morawetz (the "Initial Order");
- b) The Stay Period, as extended, expires on May 14, 2010;
- c) In order to facilitate a restructuring and enable a going concern solution, Biscayne Metals Finance, L.L.C. ("Biscayne"), a senior secured creditor of the Applicant and an indirect affiliate of the Applicant, agreed to the terms of a Plan Support Agreement dated January 28, 2010 with the Applicant (the "Plan Support Agreement");
- d) Pursuant to the terms of the Plan Support Agreement, Biscayne has agreed to fund a plan of arrangement and compromise (the "Plan"), subject to and in accordance with the terms of the Plan Support Agreement or, at its option, together with 3241715 Nova Scotia Limited ("324"), purchase the assets of the Applicant on

certain terms and conditions (the "Credit Bid") for the amount of CDN\$25,000,000;

- e) The Initial Order authorized a marketing process (the "Marketing Process") to determine whether it would be possible to identify a purchaser or purchasers for the Applicant's assets and business that (a) would individually or in the aggregate result in a higher and better recovery for the assets of the Applicant than it would receive under the Credit Bid, and/or (b) might be prepared to acquire more than one facility on a going concern basis;

Marketing Activities & Phase II of the Marketing Process

- f) In accordance with the Court-approved Marketing Process, non-binding letters of intent were due on or before February 26, 2010 (the "LOI Deadline"). On the LOI Deadline, five non-binding letters of intent (the "LOIs") were received from bidders that comply with the terms of the Marketing Process;
- g) As qualified LOIs were received, on March 18, 2010, the Applicant sought and was granted approval of Phase II of the Marketing Process. During Phase II of the Marketing Process, bidders were provided with a period of due diligence during which they had the opportunity to investigate the business and assets of the Applicant;
- h) This due diligence period expired on April 6, 2010 (the "Final Bid Deadline"), by which date bidders were required to submit a binding offer or offers for the Applicant's business based on a form of asset purchase agreement made available to such bidders;
- i) No binding offers were received by the Final Bid Deadline, and as such the Marketing Process has ceased;
- j) At this time, Biscayne and 324 have elected not to pursue the Credit Bid and instead submit a plan to Signature's creditors;

- k) The Plan Support Agreement requires that the Plan be implemented on or before June 7, 2010 (the "Plan Implementation Deadline").

The Plan and the Creditors' Meeting

- l) Signature has consulted with the Monitor and has formulated the Plan to be voted on by its creditors;
- m) In order to meet the Plan Implementation Deadline, the Applicant seeks authorization to call, hold and conduct a meeting of its unsecured creditors on June 1, 2010 for the purposes of voting on the Plan;
- n) The Plan and the draft Creditors' Meeting Order contemplate a single class comprised of Affected Claims (as defined in the Plan) of the Applicant's creditors. Generally speaking, the Plan is being put to the Applicant's unsecured creditors, and the Applicant's secured creditors will remain unaffected by the Plan;
- o) The Plan contemplates for a compromise and arrangement of all Affected Claims against the Applicant and a distribution to each Proven Creditor (as defined in the Plan) of a cash distribution equal to:
 - i) the **Base Distribution**, meaning (i) 100% of the amount of the Proven Claim (as defined in the Plan) that is less than or equal to CDN\$1,000, plus (ii) 50% of the amount of the Proven Claim that is greater than CDN\$1,000 and less than or equal to CDN\$4,750; plus
 - ii) the **Pro Rata Distribution**, meaning an amount calculated by multiplying the Plan Support Fund Residual (CDN\$1,925,000 less the aggregate total of Base Distributions) by the Proven Claim Residual (the amount of a Proven Claim less the Base Distribution on account of such Proven Claim), divided by the aggregate total of all Proven Claim Residuals.

Stay Extension

- p) As described above, the Applicant continues to act with due diligence and in good faith with a view of putting forward the Plan to its creditors;
- q) The draft Creditors' Meeting Order contemplates that the hearing for the sanctioning of the Plan will be heard on June 4, 2010 (the "Sanction Hearing") if the Plan is approved by the required majority of creditors as prescribed by the CCAA. Since the Applicant expects to proceed with the Sanction Hearing on June 4, 2010, it respectfully requests an extension of the Stay Period to and including June 11, 2010;
- r) The Applicant's updated cash flow forecast for the period ending June 6, 2010 will be filed together with the Third Report;
- s) The circumstances exist that make the order appropriate and the Applicant has acted and continues to act in good faith and with due diligence;

Alcan Sale Agreement

- t) Signature has manufactured and delivered to Alcan certain component parts, service parts or assembled goods (the "Component Parts") pursuant to the terms of the Purchase Agreement;
- u) Alcan wishes to purchase, and Signature wishes to sell, dies used in the production of the Component Parts and has entered into the Purchase Agreement which is subject to Signature obtaining an Approval and Vesting Order in connection therewith;
- v) Alcan has paid to the Monitor the Die Purchase Price of US\$30,000, which is currently being held by the Monitor in trust for the benefit of Signature and Alcan in accordance with their rights under the Purchase Agreement. The Monitor is satisfied that the price paid for the Component Parts is the best price possible

considering the Dies are specifically designed to produce only the Component Parts and have only scrap value otherwise;

- w) The Applicant's senior secured creditors support the relief sought;
- x) Section 11.02(2) of the CCAA;
- y) Rules 2.03, 3 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- z) Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- a) The Affidavit of Parminder Punia sworn May 4, 2010 and the exhibits thereto;
- b) The Third Report, to be filed; and
- c) Such further and other materials as counsel may advise and this Honourable Court may permit.

May 4, 2010

BLAKE, CASSELS & GRAYDON LLP
 Barristers and Solicitors
 199 Bay Street, Suite 2800
 Box 25, Commerce Court West
 Toronto, Ontario M5L 1A9

Line Rogers LSUC#43562N
 Tel: (416) 863-4168
 Fax: (416) 863-2653

Katherine McEachern LSUC#38345M
 Tel: (416) 863-2566
 Fax: (416) 863-2653

Jackie Moher LSUC#53166V
 Tel: (416) 863-3174
 Fax: (416) 863-2653

Lawyers for the Applicant,
Signature Aluminum Canada Inc.

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Proceeding commenced at Toronto

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BLAKE, CASSELS & GRAYDON LLP
199 Bay Street, Suite 2800
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9

Linc Rogers LSUC#43562N
Tel: (416) 863-4168
Fax: (416) 863-2653

Katherine McEachern LSUC#38345M
Tel: (416) 863-2566
Fax: (416) 863-2653

Jackie Moher LSUC#53166V
Tel: (416) 863-3174
Fax: (416) 863-2653

Lawyers for the Applicant,
Signature Aluminum Canada Inc.