

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 CANADA INC.

Applicant

**AFFIDAVIT OF PARMINDER PUNIA**  
(Sworn February 22, 2010)

I, Parminder Punia, of the City of Mississauga, in the Province of Ontario, **MAKE  
OATH AND SAY AS FOLLOWS:**

**Introduction**

1. I am the Controller and Treasurer of Signature Aluminum Canada Inc. ("**Signature**" or the "**Applicant**"). Accordingly, I have knowledge of the matters deposed to in this affidavit. Where this affidavit is not based on my direct personal knowledge, it is based on information and belief and I verily believe such information to be true.
2. This affidavit is sworn in support of the Applicant's motion for (a) approval of a process for the determination of the claims of creditors of the Applicant (the "**Claims Procedure**"); and (b) an extension of the stay of proceedings granted to the Applicant under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") from February 26, 2010 to May 14, 2010.

### Background

3. On January 29, 2010, the Applicant filed for and obtained protection from its creditors under the CCAA, pursuant to an order of the Honourable Mr. Justice Morawetz (the “**Initial Order**”).
4. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed as Monitor of the Applicant (the “**Monitor**”).
5. 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 which is 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**”) pursuant to which 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 purchase the assets of the Applicant (the “**Credit Bid**”).
6. The Initial Order authorized a marketing process (the “**Marketing Process**”) to determine if it is possible to identify a purchaser for the Applicant’s assets and business that would make a higher and better offer for the assets of the Applicant than it would receive under the Credit Bid. In such event, the Applicant intends to attend before the Court to seek approval of the additional steps necessary to determine the highest and best offer or series of offers, and complete the Marketing Process.

### Restructuring Activities

7. Since the issuance of the Initial Order, the Applicant has been working diligently to stabilize its business and maintain operations in compliance with the cash projections filed with this Honourable Court. Details of such steps will be outlined in the First Report of the Monitor.
8. In summary, as previously disclosed to this Honourable Court in my affidavit sworn January 28, 2010 (the “**January 28 Affidavit**”), the Applicant has been implementing aggressive cost cutting measures, in accordance with its proposed budget, in an effort to make the business of the Applicant viable. This has included the continued rationalization of production at the Applicant’s plant in Pickering, Ontario (the “**Pickering Plant**”), the elimination of certain customer accounts that were not profitable, the negotiation of new prices and volumes with customers to enable production to be undertaken profitably, and, the reduction of the Applicant’s salaried workforce by laying off approximately 34 employees from its management staff.
9. Also as indicated in the January 28 Affidavit, the Applicant’s plants at Richmond Hill, Ontario, and St. Therese, Quebec, have been on extended shut down since December 13, 2009, and the employees have been on temporary lay-off. Operations have been moved to the Pickering Plant, or have been subcontracted to the Applicant’s affiliate in the United States, Shapes LLC. In the absence of a going concern sale to a third party purchaser willing to operate more than a single facility, the long-term restructuring strategy of the Applicant contemplates the rationalization of all operations at one of its three plants, most likely its Pickering Plant. During the

CCAA Proceedings, the Applicant's have been exploring all strategic options and accordingly, the Applicant has undertaken extensive discussions and negotiations with representatives of the bargaining units at all three of the Applicant's plants. It is expected that such discussions will be completed shortly.

10. The Applicant has undertaken discussions and made arrangements with certain customers to accommodate their needs for continued supply in order to ensure no disruption to the automotive supply chain while not exposing the Applicant and its stakeholders to further and unsustainable operating losses. In one instance, with Alcan Automotive LLC, this has resulted in the negotiation of the terms of an agreement in principle that provides for the payment of a one time production fee in the amount US\$50,000 together with an increase in the price of component parts to be produced, as agreed to by the parties. The agreement contemplates the Monitor will hold certain funds in trust pending delivery of the required component parts. The agreement in principle is currently being memorialized by legal counsel. The Applicant will return to Court to seek any required Court approvals and intends to continue to keep the Monitor fully apprised of the terms of the agreement and the status of negotiations.
11. The Applicant has also initiated discussions with the Financial Services Commission of Ontario ("FSCO") with respect to the two defined benefit pension plans that the Applicant currently has registered in Ontario with FSCO, and the prospect that in the event that the Applicant undertakes the option of a Plan, the deficiencies that will arise on their wind-up will be the subject matter of compromise. The Applicant is currently the administrator of both plans.

### Marketing Activities

12. Since the issuance of the Initial Order, the Applicant, the Monitor and the Applicant's financial advisor, CIBC Mid Market Investment Banking, a division of Canadian Imperial Bank of Commerce ("CIBC"), have commenced and continue to implement the Marketing Process. CIBC has contacted 100 potentially interested parties. Of the parties contacted 39 received and executed confidentiality agreements and were sent a copy of the confidential information memorandum providing information about the Company, and were provided access to a data room containing additional information about the Company.
13. In accordance with the Court approved Marketing Process, letters of intent are due on or before February 26, 2010. If no letters of intent that comply with the terms of the Plan Support Agreement are received from suitable bidders the Marketing Process will cease and the Applicant will begin to work towards formulating and negotiating the Plan with its creditors.

### Cash Flow and DIP Financing

14. The Initial Order authorized debtor-in-possession financing from Biscayne, conditional upon the Applicant adhering to its budget as set out in its cash flow projections filed with the Court. To date, the Applicant has not yet needed to draw on the authorized DIP Financing.
15. The Applicant has prepared updated cash flow projections for the period to June 6, 2010, which will be filed with the Court together with the First Report of the Monitor.

The updated cash flow projections show a positive variance with the original cash flow projections filed. The factors to which the positive variances can be attributed are to be discussed in the First Report of the Monitor.

### Projected Timeline

16. Upon cessation of the Marketing Process, the Plan Support Agreement requires that (i) the Applicant obtain an order on or prior to May 7, 2010 approving the filing of the Plan and scheduling a date for a meeting of the Applicant's creditors to vote on the Plan (the "Creditors' Meeting"), (ii) the Applicant hold the Creditors' Meeting on or before June 2, 2010, and (iii) the Plan be implemented on or before June 7, 2010.

### Claims Procedure

17. In order that the option of a Plan to be proposed to the Applicant's creditors can be undertaken in a timely fashion, it is necessary for the Applicant to undertake a process to determine all claims that creditors may have against the Applicant. I am advised by counsel that the proposed Claims Procedure will enable the Applicant and the Monitor to review and process potential claims so that the Applicant will be in a position to hold the Creditors' Meeting on or before June 2, 2010, if necessary, and thus remain in compliance with the requirements contained in the Plan Support Agreement.
18. I am further advised by counsel that the proposed Claims Procedure sets out a process to be administered by the Monitor that calls for all claims arising prior to the date of

the Initial Order to be submitted on or before a claims bar date of March 26, 2010.

The Claims Procedure also sets a rolling bar date for any claims arising subsequent to the Initial Order.

19. The Claims Procedure permits the Monitor to allow claims for voting purposes, without determining claims for distribution purposes in any Plan filed by the Applicant. The Claims Procedure also establishes a process for referring disputed claims to a claims officer for final determination for distribution purposes.
20. I understand that the proposed Claims Procedure is consistent with the purposes of the CCAA and further comment on the Claims Procedure will be included in the First Report of the Monitor.

#### **Stay Extension**

21. In order to permit the Applicant to complete the Marketing Process, in the event that Letters of Intent are received, or in the alternative develop the details of a Plan in conjunction with the Monitor and interested stakeholders in accordance with the timeline provided for by the Plan Support Agreement, it is appropriate to extend the stay of proceedings to May 14, 2010.
22. The continuation of the stay of proceedings is necessary to provide the stability needed to continue the Applicant's restructuring activities which have been ongoing following the granting of the Initial Order.

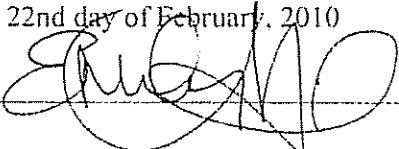
23. The Applicant has acted in good faith and with due diligence since the issuance of the Initial Order to pursue a restructuring within the parameters set out by the Plan Support Agreement.

**Conclusion**

24. The Applicant is insolvent and is facing a financial crisis which jeopardizes its ability to continue as a going concern enterprise without a substantial restructuring. The Applicant has taken significant steps, as outlined herein and as will be in the First Report of the Monitor, towards the implementation of its restructuring goals. The extension of the stay of proceedings will facilitate the continuation of these steps, which, if successful, will permit the Applicant to emerge from the protection of these CCAA proceedings as a viable going concern. The Applicant remains on course with its proposed timeline and its budget.

25. This Affidavit is therefore made in support of Signature's application for relief under the CCAA and for no other or improper purpose.

SWORN BEFORE ME at the City of )  
Richmond Hill, in the Province of Ontario )  
this 22nd day of February, 2010 )



EMILY ANNE HARRIS,  
A COMMISSIONER, ETC.,  
PROVINCE OF ONTARIO,  
WHILE A STUDENT-AT-LAW.  
EXPIRES APRIL 16, 2011.



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PARMINDER PUNIA



Court File No.

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COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF PARMINDER PUNIA  
(Sworn February 22, 2010)**

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