

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

INDALEX HOLDINGS FINANCE, INC.,  
a Delaware Corporation, *et al.*<sup>1</sup>

Debtors.

Chapter 11

Case No. 09-\_\_\_\_(\_\_\_\_)

(Joint Administration Requested)

**DECLARATION OF TIMOTHY R.J. STUBBS IN SUPPORT OF  
CHAPTER 11 PETITIONS AND FIRST DAY RELIEF**

State of Illinois                    )  
  ) ss.  
County of Lake                    )

I, Timothy R.J. Stubbs, being duly sworn, hereby deposes and says:

1. I am the President and Chief Executive Officer of Indalex Holdings Finance, Inc. ("Indalex Finance"), a Delaware Corporation, and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"). I have been employed by the Debtors since February 2000.

2. I submit this declaration (the "Declaration") in connection with the voluntary chapter 11 petitions, first-day applications and motions listed on Exhibit A, attached hereto (collectively, the "First Day Motions").

3. Any capitalized term not expressly defined herein shall have the meaning ascribed to that term in the relevant first-day motion or application. All facts set forth in this

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<sup>1</sup> The Debtors in these cases and their tax identification numbers are: Indalex Holdings Finance, Inc. (XX-XXX0880), Indalex Holding Corp. (XX-XXX0715) ("Indalex Holding"), Indalex Inc. (XX-XXX7362) ("Indalex Inc."), Caradon Lebanon, Inc. (XX-XXX1208) ("Caradon"), and Dolton Aluminum Company, Inc. (XX-XXX2781) ("Dolton"). The business address for all of the Debtors is 75 Tri-State International, Suite 450, Lincolnshire, IL 60069.

Declaration are based on my personal knowledge, upon information supplied to me by people who report to me or are senior officers or employees with the Debtors, upon information supplied to me by the Debtors' professionals and consultants, or upon my opinion based on my experience and knowledge with respect to the Debtors' operations, financial condition and related business issues. If I were called upon to testify, I could and would testify competently to the facts set forth herein, and I am authorized to submit this Declaration on behalf of the Debtors.

### **GENERAL BACKGROUND**

4. On the date hereof (the "Petition Date"), the Debtors each commenced with this Court voluntary cases under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. I am advised by counsel that this Court has jurisdiction over these chapter 11 cases pursuant to 28 U.S.C. §§ 157 and 1334 and venue is proper in the United States Bankruptcy Court for the District of Delaware pursuant to 28 U.S.C. §§ 1408 and 1409.

6. No request for appointment of a chapter 11 trustee or examiner has been made and, as of the date hereof, no official committee has been appointed.

### **Corporate Structure and General Background Regarding Operations**

#### **A. Corporate History and Structure**

7. Indalex Finance is beneficially owned by Sun Capital Partners III, L.P., Sun Capital Partners, III QP, LP, Sun Capital Partners IV, LP, Sun Indalex, LLC and certain members of the Debtors' management team. Indalex Holding is a holding company that is a wholly-owned direct subsidiary of Indalex Finance. On September 16, 2005, Indalex Holding entered into a certain stock purchase agreement with Honeywell International Inc. (the

“Honeywell Acquisition”), pursuant to which it acquired all of the outstanding capital stock of Indalex Inc. and Indalex Limited.<sup>2</sup> Indalex Holding and operates through its two operating entities, Indalex Inc. and Indalex Limited. The Debtors’ United States operations are run through Indalex Inc. and the Canadian operations are run through Indalex Limited, its non-debtor affiliate.

**B. General Background Regarding Operations**

8. The Debtors are the second largest aluminum extruder and the largest independent extruder, in the United States and Canada. Unlike a typical commodity metals business, extruded aluminum products are typically customized to meet end-users’ specific requirements. Accordingly, approximately 94% of the Debtors’ products are customized, made-to-order aluminum extrusions for use in a wide array of end-user markets, including, but not limited to transportation, residential building and construction, electric and cable, commercial building and construction, consumer durables and machinery and equipment. In addition to the aluminum extrusions, the Debtors also offers a broad range of services, including, but not limited to fabrication, painting and anodizing. The Debtors serve in excess of 3,700 customers worldwide, including a broad spectrum of national, regional and local accounts.

9. The Debtors operations are run principally out of six (6) facilities with the headquarters located at 75 Tri-State International, Suite 450, Lincolnshire, Illinois.

**Existing Indebtedness**

10. As of December 2008, the Debtors’ existing secured indebtedness was in the approximate aggregate amount of \$305.8 million primarily composed of obligations

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<sup>2</sup> Caradon and Dolton were wholly owned dormant subsidiaries of Indalex Inc. whose assets were subsequently merged into Indalex Inc.

outstanding under the Revolving Credit Facility, Initial Term Loan, Incremental Term Loan and Senior Secured Notes (each as defined below).

a. Revolving Credit Facility

11. On May 21, 2008, Indalex Finance, Indalex Holding, Indalex Limited, the subsidiaries of Indalex Holding party thereto, JPMorgan Chase Bank, N.A. (“JPMorgan”), as administrative agent and the lenders party thereto entered into that certain Amended and Restated Credit Agreement, dated as of even date therewith (the “Amended Credit Agreement”) which matures on February 2, 2011.

12. Pursuant to the Amended Credit Agreement, the Debtors have a \$200 million revolving credit facility (the “Revolving Credit Facility”), all of which, subject to certain limitations as set forth more fully below, is available in the form of loans denominated in U.S. dollars to Indalex Holding and up to \$80 million of which is available as a revolving credit sub-facility (the “Revolving Credit Sub-Facility”) in the form of loans denominated in Canadian dollars and loans denominated in U.S. dollars to Indalex Limited or bankers’ acceptances denominated in Canadian dollars, subject in each case to the borrowing base limitations described below.

13. Indalex Holding’s obligations under the U.S. portion of the Revolving Credit Facility and the guarantees thereof are secured by a first priority secured lien on (i) all of the tangible and intangible assets of Indalex Finance, Indalex Holding and each domestic subsidiary of Indalex Holding, (ii) all capital stock of Indalex Holding and Indalex Holding’s domestic subsidiaries (which include Indalex, Inc.) and (iii) 65% of the capital stock of the foreign subsidiaries directly owned by Indalex Holding or any of its domestic subsidiaries. Indalex Limited’s obligations under the Revolving Credit Sub-Facility and the guarantees thereof

are secured by a first priority secured lien on (i) all of the tangible and intangible assets of Indalex Finance, Indalex Holding, each domestic subsidiary of Indalex Holding and certain foreign subsidiaries of Indalex Holding, (ii) all capital stock of Indalex Holding and Indalex Holding's domestic subsidiaries (which include Indalex, Inc.) and (iii) all capital stock of Indalex Limited and, to the extent permitted by law, Indalex Holding's foreign subsidiaries.

14. The funds available to Indalex Holding under the Revolving Credit Facility may not exceed a borrowing base comprised of the eligible accounts receivable, inventory, machinery and equipment and real property of Indalex Holding and its wholly owned domestic subsidiaries, subject to an aggregate total cap, when taken together with loans made to Indalex Limited of \$200 million.

15. The funds available to Indalex Limited under the Revolving Credit Sub-Facility may not exceed a borrowing base comprised of the eligible accounts receivable, inventory, machinery and equipment and real property of Indalex Limited and its wholly owned Canadian subsidiaries, subject to an aggregate sub-cap of \$80 million and subject further subject to an aggregate total cap, when taken together with loans made to Indalex Holdings of \$200 million.

16. The obligations of Indalex Holding under the Revolving Credit Facility are guaranteed by Indalex Finance and each domestic subsidiary of Indalex Holding. The obligations of Indalex Limited under the Revolving Sub-Credit Facility are guaranteed by Indalex Finance, Indalex Holding, each domestic subsidiary of Indalex Holding and certain foreign subsidiaries of Indalex Holding (other than Indalex Limited). As of February 2009, the balance due on the Revolving Credit Facility was approximately \$70 million.

17. In addition, the Amended Credit Agreement provided for, among other things, (i) a \$15.0 million non-amortizing term loan to be made by Sun Indalex Finance, LLC, an affiliate of the equity sponsor of the Indalex Finance (the “Initial Term Loan”) and (ii) a \$15.0 million non-amortizing incremental term loan, to be provided by affiliates of the Indalex Finance in their sole discretion with substantially the same terms as the Initial Term Loan; and (iii) an increase in the amount of real estate sales permitted as sale-leaseback transactions from \$5.0 million to \$20.0 million.

b. Initial Term Loan

18. The Initial Term Loan matures on February 2, 2011. As with the Revolving Credit Facility, the Initial Term Loan was secured by the same first priority secured lien that secures Indalex Holding’s obligations under the U.S. portion of the Revolving Credit Facility but is subject to a collateral proceeds waterfall such that lenders under the Initial Term Loan shall only receive proceeds of the collateral when the lenders under the Revolving Credit Facility are repaid in full. The proceeds of the Initial Term Loan were used to reduce outstanding obligations under the Revolving Credit Facility and pay fees and expenses in connection therewith. The obligations under the Initial Term Loan were guaranteed by the same guarantors of the obligations of Indalex Holding under the Revolving Credit Facility. As of February 24, 2009, the balance due on the Initial Term Loan was \$15 million.

c. Incremental Term Loan

19. On November 25, 2008, Indalex Finance, Indalex Holding, JPMorgan, as administrative agent, and Sun Indalex, LLC, as lender, entered into an Incremental Facility Amendment, dated as of November 25, 2008 (the “Incremental Facility Amendment”), to the Amended Credit Agreement. Pursuant to the terms of the Incremental Facility Amendment, Sun

Indalex LLC made a \$15.0 million non-amortizing incremental term loan (the “Incremental Term Loan”), with substantially the same terms as the Initial Term Loan. Borrowings under the Incremental Term Loan were secured by the same first-priority lien, but will be subject to a collateral proceeds waterfall such that lenders under the Incremental Term Loan are to receive proceeds of the collateral only when the lenders under the Revolving Credit Facility are repaid in full. The Incremental Term Loan will mature on February 2, 2011 and may be voluntarily prepaid if the Indalex Finance meets certain liquidity tests. The proceeds of the Incremental Term Loan were used to reduce outstanding obligations under the Revolving Credit Facility and pay fees and expenses in connection therewith. The obligations under the Incremental Term Loan are guaranteed by the same guarantors of the obligations of Indalex Holding under the Revolving Credit Facility. As of February 24, 2009, the balance due on the Incremental Term Loan was \$15 million.

Senior Secured Notes

20. On February 2, 2006, Indalex Holdings issued \$270 million worth of 11.5% senior secured notes (the “Senior Secured Notes”) which mature in 2014 and are guaranteed on a second-priority secured basis by each of Indalex Finance’s domestic subsidiaries that incur indebtedness, and each of Indalex Finance’s foreign subsidiaries that enter into a guarantee of any of Indalex Finance’s senior indebtedness (other than indebtedness incurred by another foreign subsidiary). On the closing date, the Senior Secured Notes were guaranteed by each of Indalex Finance’s subsidiaries and none of the Indalex Finance’s foreign subsidiaries. The Senior Secured Notes are secured by a second-priority lien on substantially all of Indalex Holding’s and the guarantors’ assets, and have a second priority pledge on (i) 100% of Indalex Holding’s stock, (ii) 100% of the capital stock of Indalex Holding’s domestic subsidiaries, and

(iii) 65% of the capital stock of the foreign subsidiaries owned directly by Indalex Holding.

Interest payments on the Senior Secured Notes are due semi-annually with payments to be made each February 1 and August 1.

21. On June 21, 2007, Indalex Finance repurchased certain of the Senior Secured Notes with a face value of approximately \$71.9 million at a 5% premium plus accrued interest. The offer to repurchase the Senior Secured Notes was required per the indenture agreement due to the sale of the Indalex Finance's investment in Asia Aluminum Group.<sup>3</sup> As of February 28, 2009, approximately \$198 million of the Senior Secured Notes were outstanding.

Forbearance Agreement

22. On March 6, 2009, Indalex Finance, Indalex Holding, Indalex Limited, the subsidiaries of Indalex Holding Corp. party thereto, JPMorgan, as administrative agent and a lender, and the other lenders party thereto, entered into Amendment No. 2, Waiver and Agreement (the "Forbearance Agreement") to the Amended Credit Agreement. Pursuant to the terms of the Forbearance Agreement, the lenders agreed to waive (the "Waiver") the condition precedent to the Revolving Credit Facility under the Amended Credit Agreement that no default shall have occurred and be continuing, solely with respect defaults arising directly as a result of: (i) the failure of the borrowers to make the semi-annual interest payment on Indalex Holding's Senior Secured Notes; (ii) the failure of the borrowers to comply with the minimum fixed charge coverage ratio covenant in the Amended Credit Agreement; (iii) the failure by the borrowers to make prepayments required to be made when the revolving loans exceed the borrowing base less

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<sup>3</sup> Prior to May 15, 2007, Indalex Finance owned a 25.01% interest in Asia Aluminum Group ("AAG"), an aluminum extruder in China, as a result of an investment made in 2001. On May 15, 2007, Indalex Finance sold its investment in AAG to OK Spring Roll Limited Partnership, an investment vehicle in association with ORIX Corporation. Indalex Finance received a net \$151.2 million in cash which was used to repurchase certain Senior Secured Notes (as defined below) in the approximate amount of \$71.9 million.



an availability block of \$15.0 million; and (iv) the failure by the borrowers to make the scheduled interest payment on the Initial Term Loan and Incremental Term Loan under the Amended Credit Agreement, which were due on February 27, 2009 (each, a “Specified Event of Default”).

23. The Waiver will terminate and expire at the earlier of: (i) 11:59 p.m., New York City time, on March 27, 2009, (ii) the filing of an involuntary case, action, proceeding or petition relating to liquidation or reorganization under bankruptcy, insolvency, receivership or similar laws, or the appointment of a receiver for a substantial part of any borrower’s assets; (iii) the occurrence of any other event of default under the Amended Credit Agreement; and (iv) acceleration of the Senior Secured Notes or any other action in respect of the enforcement of payment on the Senior Secured Notes.

24. Pursuant to the Forbearance Agreement, the aggregate revolving commitments were reduced. As a result, the aggregate amount of loans permitted to be made to Indalex Holding under the Revolving Credit Facility may not exceed a borrowing base comprised of the eligible accounts receivable, inventory, machinery and equipment and real property of Indalex Holding and its wholly owned domestic subsidiaries, subject to an aggregate total cap, when taken together with loans made to Indalex Limited, of \$150.0 million. The aggregate amount of loans permitted to be made to Indalex Limited under the Revolving Sub-Credit Facility may not exceed a borrowing base comprised of the eligible accounts receivable, inventory, machinery and equipment and real property of Indalex Limited and its wholly owned Canadian subsidiaries, subject to an aggregate sub-cap of \$60.0 million and further subject to an aggregate total cap, when taken together with loans made to Indalex Holding Corp., of \$150.0 million.

25. Pursuant to the Forbearance Agreement, the Debtors agreed to, among other things: (i) deliver weekly cash flow information, other financial reports and borrowing base certificates to the lender and to hold weekly conference calls with the lenders; (ii) retain a financial advisor to review and advise the Debtors' management concerning the Debtors' business, finances and condition; and (iii) deliver a seven-month forecast and a restructuring plan for the Debtors to the lenders. The Debtors agreed, for so long as any Specified Event of Default or other event of default has occurred and is continuing, that it will not (subject in each case to certain exceptions): incur indebtedness; incur liens; make investments, loans, advances guarantees or acquisitions; sell certain assets; enter into sale-leaseback transactions; enter into swap agreements; or make certain restricted payments or pay certain indebtedness. The Debtors further agreed to cooperate with, and pay reasonable fees and disbursements for, a financial advisor engaged by the administrative agent in connection with a review of the business, finances and condition of the Debtors.

#### **Events Leading to Commencement of Chapter 11 Cases**

26. The Debtors' profitability is dependent, in large part, on the varying economic and other conditions of the end-user markets they serve. All of the end-user markets the Debtors serve, including the Debtors' two largest markets, the transportation and residential building and construction end-user markets, are subject to volatility and, as a result, the demand for the Debtors' products has declined by approximately 35% since 2006 due to overall changes in general and regional economic conditions, consumer confidence, weather, the housing market, fuel and energy prices and availability, employment and income growth trends and interest rates, each of which are beyond the Debtors' control. These factors, and, specifically, the significant

downturn in the housing market, have caused a significant decrease in the demand for the Debtors' products.

27. The lower demand negatively impacted the Debtors' shipment volume and operating profitability. In addition to decreased demand, the aluminum prices have also experienced a nearly 50% decline since July of 2008 which has caused the Debtors to be subject to margin calls on certain metal hedging contracts and has restricted the Debtors ability to borrow cash and fund operations.

28. As a result of the above, the Debtors experienced a severe liquidity crisis. When combined with the recent deterioration in the nation's economy and, in particular, limited availability in the credit markets, it became extremely difficult to satisfy or refinance their obligations. Therefore, left with no viable alternative that would enable the Debtors to obtain financing to operate their business, the Debtors retained the investment banking firm of Jefferies & Co. ("Jefferies") and began a process of exploring strategic alternatives, including a potential sale or restructuring of the business. After consultation with the Debtors' professionals, the Debtors determined that commencing these cases was in the best interest of the Debtors, their creditors and other parties in interest.

29. In addition to the liquidity constraints described above, collection efforts from one of the Debtors' previous raw material suppliers, Alcoa Inc. ("Alcoa"), precipitated the immediate filing of these cases. Indalex Inc. and Alcoa were parties to that certain Purchase Agreement dated as of October 31, 2007 (the "Alcoa Agreement") pursuant to which Alcoa provided aluminum extrusion ingot. The parties operated under the Alcoa Agreement until its termination in December, 2008. Due to the Debtors' liquidity constraints, Indalex Inc. was

unable to make timely payment to Alcoa within terms, and, beginning in early 2009, Alcoa began collection efforts related to past-due amounts under the Alcoa Agreement.

30. On February 13, 2009, Indalex Inc. entered into that certain Forbearance Agreement and non-negotiable Promissory Note (collectively, the "Alcoa Note"), for the repayment of \$6,016,885.18 owed to Alcoa for invoices dating to November 14, 2008. Under the Alcoa Note, Indalex Inc. was obligated to make equal monthly payments of \$509,787 plus 10% interest each Friday, commencing on February 20, 2009 and ending on May 8, 2009. The Alcoa Note also contained a confession of judgment provision in the event of default by Indalex, Inc. Given the increased liquidity constraints immediately before the Petition Date, Indalex Inc. defaulted on its first payment.

31. Alcoa commenced proceedings, without notice to Indalex Inc., to confess judgment under the Alcoa Note in the Circuit Court for Lake County, Illinois (where Indalex Inc. is headquartered), and a judgment was entered against Indalex Inc. on February 24, 2009 (the "Lake County Judgment") in the amount of \$6,016,885.18 plus default interest at the rate of 12% per annum. Alcoa immediately sought to domesticate the Lake County Judgment in Hall County, Georgia, Fayette County, Indiana County, Pennsylvania.<sup>4</sup> On March 17, 2009, Indalex, Inc. was served with a Citation to Discover Assets pursuant to 735 ILCS 5/2-1402; such action taken together with the aforementioned liquidity crisis left the Debtors with no alternative but to immediately commence these Chapter 11 proceedings.

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<sup>4</sup> The Debtors and their professionals continue to investigate the Lake County Judgment and any other judgment related thereto or arising therefrom. Nothing set forth herein shall be deemed or construed as an admission of any liability to Alcoa on behalf of the Debtors or an admission as to the validity of any of the foregoing judgments, and the Debtors reserve all rights with respect thereto and to bring any actions and counterclaims against Alcoa.

## FIRST DAY MOTIONS<sup>5</sup>

32. As a result of my first-hand experience, and through my review of various materials and information, discussions with other of the Debtors' executives, and discussions with the Debtors' outside advisors, I have formed opinions as to (a) the necessity of obtaining the relief sought by the Debtors in the First Day Motions, (b) the need for the Debtors to continue to operate effectively, (c) the deleterious effects upon the Debtors of not obtaining such relief, and (d) the immediate and irreparable harm to which the Debtors will be exposed immediately following the Petition Date unless the relief requested in the First Day Motions is granted without delay.

33. I submit this Declaration in Support of the Debtors' Chapter 11 Petitions and First Day Relief filed with the Court in connection with the commencement of these cases and set forth on Exhibit A.

34. I reviewed each of the First Day Motions (including the exhibits and schedules attached thereto) and, to the best of my knowledge, believe that the facts set forth therein are true and correct. Such representation is based upon information and belief and through my review of various materials and information, as well as my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would, based on the foregoing, testify competently to the facts set forth in each of the First Day Motions.

35. The relief sought in the First Day Motions will minimize the adverse effects of the instant chapter 11 cases on the Debtors and result in maximum creditor recoveries. I

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<sup>5</sup> Capitalized terms used but not otherwise defined in the description of the various First Day Motions shall have the meanings ascribed to them in the respective First Day Motion described.

believe that the relief sought in each of the First Day Motions is necessary to enable the Debtors to operate effectively in chapter 11 as debtors in possession.

36. As described more fully below, the relief requested in the First Day Motions was carefully tailored by the Debtors, in consultation with their professionals, to ensure that the Debtors' immediate operational needs are met and that the Debtors suffer no immediate and irreparable harm. I have personally reviewed the analysis that led to the creation of each of the First Day Motions. At all times, the Debtors' management and professionals remained cognizant of the limitations imposed on debtors-in-possession and, in light of those limitations, the Debtors narrowed the relief requested at the outset of these cases to those issues that require urgent relief to sustain the Debtors' immediate operability.

- a. Debtors' Motion for Order Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure Directing Joint Administration of Cases

37. I believe that the motions, applications, hearings and orders that will arise in these chapter 11 cases will jointly affect each Debtor. Under these circumstances, I believe that the interest of the Debtors, their estates, their creditors and other parties in interest would be best served by the joint administration of these chapter 11 cases for procedural purposes only. The Debtors further believe that joint administration of these chapter 11 cases will ease the administrative burden on the Court and all parties in interest and will protect creditors of the respective estates against potential conflicts of interest. For these reasons, the Debtors submit, and I believe, that the relief requested in this motion is in the best interest of the Debtors, their estates and their creditors, and therefore should be approved.

- b. Debtors' Application for Order Pursuant to 28 U.S.C. § 156(c) and Bankruptcy Rule 2002 Authorizing Employment and Retention of Epiq Bankruptcy Solutions, LLC as Claims, Noticing and Balloting Agent

38. By this Motion, the Debtors seek entry of an order authorizing the Debtors to retain Epiq Bankruptcy Solutions LLP ("Epiq") as their claims, notice and balloting agent (the "Claims Agent"). Upon information and belief, Epiq is an experienced Claims Agent and is frequently used by debtors in large chapter 11 cases, and I believe Epiq is well qualified to serve as Claims Agent in these cases. The employment of Epiq will also provide the Debtors with efficient management of the claims, noticing and balloting processes in these cases leaving the Debtors' management and professionals to focus on the Debtors reorganization efforts.

- c. Debtors' Motion for an Order (I) Approving Cash Management System, (II) Authorizing Use of Prepetition Bank Accounts and Business Forms, and (III) Waiving the Requirements of 11 U.S.C. § 345(b) on an Interim Basis

39. By this motion, the Debtors seek entry of an order (a) authorizing the continued use of their existing cash management system, (b) authorizing the continued use of their existing bank accounts and business forms, and (c) authorizing their deposit practices and waiving the requirements of section 345(b) in connection therewith on an interim basis. In connection with this relief, the Debtors respectfully request a waiver of certain of the operating guidelines established by the Office of the United States Trustee for the District of Delaware that require the Debtors to close all prepetition bank accounts, open new accounts designated as debtor-in-possession accounts, and provide new business forms and stationary.

40. As described in detail in the motion, the Debtors maintain a cash management and disbursement system in the ordinary course of their operations (the "Cash Management System"). To lessen the disruption caused by the bankruptcy filings and maximize

the value of their estates in these chapter 11 proceedings, it is vital to the Debtors that they maintain their Cash Management System.

41. The Debtors maintain current and accurate accounting records of daily cash transactions and submit that maintenance of this Cash Management System is vital to prevent undue disruption to the Debtors' business operations while protecting the Debtors' cash for the benefit of the estates. It is critical that the Debtors be able to consolidate management of cash and centrally coordinate transfers of funds to efficiently and effectively operate their large and complex business operations. Substantially disrupting their current cash management procedures would impair the Debtors' operations and ability to optimize their business performance.

d. Debtors' Motion for Entry of Order Pursuant to Sections 507(a), 363(b) and 105(a) of the Bankruptcy Code Authorizing (I) Payment of Wages, Compensation and Employee Benefits and (II) Financial Institutions to Honor and Process Checks and Transfers Related Thereto

42. Pursuant to this motion, the Debtors are seeking authority to honor and pay all pre-petition employee wages, salaries and other accrued compensation, and to continue to honor certain other policies, programs and benefits the Debtors provide to their employees in the ordinary course of business.

43. The Debtors have a current workforce of approximately 1,969 employees. I believe that if they are unable to honor all such obligations immediately, employee morale and loyalty will be jeopardized at a time when such support is critical.

44. The uninterrupted continuation of the Debtors' business is critically dependent upon a stable work force. I believe that any significant number of employee departures or deterioration in morale at this time will immediately and substantially adversely impact the Debtors' business and result in immediate and irreparable harm to the estates and their creditors. There is a real, immediate risk that if the Debtors are not authorized to continue



to honor their pre-petition employee obligations in the ordinary course, the employees would no longer support and maintain the operations of the Debtors, thereby crippling the Debtors' business operations and instantly damaging the value of the Debtors materially. Consequently, the Debtors strongly believe that it is critical that they be permitted to pay their employees their pre-petition wages and continue with their ordinary course personnel policies, programs and procedures that were in effect prior to the Petition Date.

e. Debtors' Motion for Entry of Order Pursuant to Sections 105(a) and 363 of the Bankruptcy Code Authorizing Debtors to Honor Certain Prepetition Obligations to Customers

45. By this Motion, the Debtors request the entry of an order authorizing, but not directing, the Debtors to (i) honor prepetition obligations relating to the Customer Programs (as defined below), and (ii) continue, renew, replace, and/or terminate any of the Customer Programs, as they determine advisable in the ordinary course of business, pursuant to Bankruptcy Code sections 363(b), 363(c), and 105(a).

46. The Debtors are able to distinguish themselves and remain competitive among their peers in the aluminum extrusion and casting industries by maintaining high levels of customer service, consistently producing goods that meet their customers' specification, and providing competitive pricing. In furtherance thereof, the Debtors have instituted and adopted certain customer-related programs designed to enhance customer satisfaction, sustain goodwill, incentivize their customers to make additional purchases, and ensure that the Debtors remain competitive in the industry (collectively, the "Customer Programs").

47. Considering the relatively minimal expense of the relief requested herein and the critical importance of the Customer Programs, entry of an order granting the relief requested herein is appropriate and, indeed, essential. As a result, granting the relief requested herein is in the best interests of the Debtors, their estates, and their creditors.

- f. Debtors' Motion Pursuant to Sections 105(a), 361, 362, 363 and 552 of the Bankruptcy Code and Bankruptcy Rule 4001(b) for Entry of Interim and Final Orders Approving the Stipulation and Agreed Order: (A) Authorizing Use of Cash Collateral; (B) Granting Adequate Protection; and (C) Scheduling a Final Hearing on the Motion

48. Prior to the Petition Date, the Debtors began to negotiate with the Prepetition Revolving Lenders under the Prepetition Credit Agreement for the usage of cash collateral during these cases. The Debtors and the Prepetition Revolving Lenders have negotiated for the consensual usage of the Prepetition Revolving Lenders' Cash Collateral under the Prepetition Credit Agreement the principal terms of which are embodied in the Interim Order.<sup>6</sup> Under the Interim Order, the Debtors are entitled to use the Prepetition Revolving Lenders' Cash Collateral subject to the Budget through the earlier to occur of the Expiration Date or the Termination Date. As adequate protection for the usage of Cash Collateral, the Debtors granted the Prepetition Secured Lenders: (i) replacement liens, (ii) a section 507(b) superpriority claim, (iii) payment of certain Adequate Protection Payments, and (iii) a waiver of any section 506(c) claim against the Prepetition Collateral and Postpetition Collateral, all of which are subject to the Carve Out for certain statutory and professional fees.

49. The Debtors have filed the Cash Collateral Motion seeking approval of the Interim Order, and requesting the scheduling of a Final Hearing to consider a Final Order regarding the usage of Cash Collateral.

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<sup>6</sup> The Debtors have filed the Cash Collateral Motion with the proposed form of Interim Order provided by counsel to the Prepetition Revolving Lenders. However, the Debtors and the Prepetition Revolving Lenders have not agreed to the final form of the Interim Order. The Debtors and the Prepetition Revolving Lenders will continue to negotiate among themselves in order to present a consensual form of Interim Order at the hearing on the Cash Collateral Motion.

## CONCLUSION

50. In conclusion, for the reasons stated herein and in each of the First Day Motions filed concurrently or in connection with the commencement of these cases, I respectfully request that each of the First Day Motions be granted in its entirety, together with such other and further relief as this Court deems just and proper.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on MARCH 20, 2009.



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Timothy R.J. Stubbs

**EXHIBIT A**

**First Day Motions and Applications**

**INDEX FIRST DAY PLEADINGS**

1. Petitions
  - (a) Indalex Holdings Finance, Inc. 09-\_\_\_\_\_ (\_\_\_\_)
  - (b) Indalex Holding Corp. 09-\_\_\_\_\_ (\_\_\_\_)
  - (c) Indalex Inc. 09-\_\_\_\_\_ (\_\_\_\_)
  - (d) Caradon Lebanon, Inc. 09-\_\_\_\_\_ (\_\_\_\_)
  - (e) Dolton Aluminum Company, Inc. 09-\_\_\_\_\_ (\_\_\_\_)
2. Declaration of Timothy R.J. Stubbs in Support of Chapter 11 Petitions and First Day Relief
3. Debtors' Motion for Order Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure Directing Joint Administration Of Cases
4. Debtors' Application for Order Pursuant to 28 U.S.C. §156(c) and Bankruptcy Rule 2002 Authorizing Employment and Retention of Epiq Bankruptcy Solutions, LLC as Claims, Noticing, and Balloting Agent
5. Debtors' Motion for an Order (I) Approving Cash Management System, (II) Authorizing Use of Prepetition Bank Accounts and Business Forms, and (III) Waiving the Requirements of 11 U.S.C. § 345(b) on an Interim Basis
6. Debtors' Motion for Entry of Order Pursuant to Sections 507(a), 363(b) and 105(a) of the Bankruptcy Code Authorizing (I) Payment of Wages, Compensation and Employee Benefits and (II) Financial Institutions to Honor and Process Checks and Transfers Related Thereto
7. Debtors' Motion for Entry of Order Pursuant to Sections 105(a) and 363 of the Bankruptcy Code Authorizing Debtors to Honor Certain Prepetition Obligations to Customers
8. Debtors' Motion Pursuant to Sections 105(a), 361, 362, 363 and 552 of the Bankruptcy Code and Bankruptcy Rule 4001(b) for Entry of Interim and Final Orders Approving the Stipulation and Agreed Order: (A) Authorizing Use of Cash Collateral; (B) Granting Adequate Protection; and (C) Scheduling a Final Hearing on the Motion

Dated: Wilmington, Delaware  
March \_\_, 2009

YOUNG CONAWAY STARGATT & TAYLOR, LLP

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Robert S. Brady (No. 2847)  
Michael R. Nestor (No. 3526)  
Donald J. Bowman, Jr. (No. 4383)  
Ryan M. Bartley (No. 4985)  
The Brandywine Building  
1000 West Street, 17<sup>th</sup> Floor  
P.O. Box 391  
Wilmington, Delaware 19899-0391  
Telephone: (302) 571-6758  
Facsimile: (302) 571-1253

*Proposed Attorneys for the Debtors  
and Debtors in Possession*