

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
SOUTHEASTERN DIVISION**

In re:

NORANDA ALUMINUM, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 16-____(____)

(Joint Administration Requested)

**DECLARATION OF DALE W. BOYLES IN SUPPORT
OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, DALE W. BOYLES, do hereby declare, under penalty of perjury, that:

1. I serve as the Chief Financial Officer of Noranda Aluminum Holding Corp. (“NAHC”), a corporation duly organized under the laws of the State of Delaware, that is the primary holding company of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors” and together with its non-debtor affiliate, “Noranda”). I have served in this capacity since 2013. Prior to joining Noranda, between 2011 and 2012, I served as the Interim and, later, Operating Chief Financial Officer of Hanesbrands Inc., a publically traded branded apparel company. I also served as the Vice President, Controller and Chief Accounting Officer of Hanesbrands Inc. from 2006 to 2011. Between 1997 and 2006, I was a partner at KPMG, and between 1993 and 1996, I was the Corporate Division Controller at Collins & Aikman Corp., an automotive and interior furnishings manufacturing company. Prior to that, I was an Audit Manager at Ernst & Young for six years.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number and state of incorporation, are: Noranda Aluminum, Inc. (Del.; 5285), Gramercy Alumina Holdings Inc. (Del.; 1941), Gramercy Alumina Holdings II, Inc. (Del.; 2806), NHB Capital, LLC (Del.; 0777), Noranda Alumina LLC (Del.; 4769), Noranda Aluminum Acquisition Corp. (Del.; 8458), Noranda Aluminum Holding Corp. (Del.; 8550), Noranda Bauxite Ltd. (Jamaica), Noranda Bauxite Holdings Ltd. (St. Lucia), Noranda Intermediate Holding Corp. (Del.; 3238) and Norandal USA, Inc. (Del.; 6477). The address of the Debtors’ corporate headquarters is 801 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067.

2. In my capacity as the Debtors' Chief Financial Officer, I am responsible for, among other things, overseeing the Debtors' financial affairs. In this capacity, I with the assistance of the Debtors' employees and advisors, have been extensively involved in the Debtors' chapter 11 preparations and the events leading up to the instant filings. I also have detailed knowledge of, and experience with, the business and financial affairs of Noranda, including each of the Debtors in these cases, and the industry in which the company operates.

3. On February 8, 2016 (the "Petition Date"), the Debtors filed voluntary petitions (the "Petitions") for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), to preserve and maximize the value of their chapter 11 estates. I submit this declaration in support of the Petitions and the relief requested by the Debtors in the various motions and applications (collectively, the "First Day Motions") filed contemporaneously herewith, and to provide an overview of the company and its current circumstances. I, along with the Debtors' employees and advisors, have reviewed the Petitions and the First Day Motions, or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to ensure the uninterrupted operation of the Debtors' business and the success of the instant cases (the "Chapter 11 Cases").

4. Except as otherwise indicated, the facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees with responsibility for the relevant business and corporate matters addressed in the First Day Motions, or my opinion based upon experience, knowledge, and information concerning the Debtors and the industry in which they operate. I am authorized to submit this declaration on behalf of each Debtor, and if called upon to testify, I would testify competently to the facts set forth herein.

I. Overview of the Debtors' Business

5. The Debtors are one of the country's largest integrated producers of primary aluminum and high-quality rolled aluminum coils. The Debtors are also one of the country's largest producers of value-added primary aluminum, and are also an integrated manufacturer of aluminum foil and light sheet aluminum products. In 2015, the Debtors produced approximately 498 million pounds of primary aluminum.

6. With the exception of Noranda Bauxite Holdings Ltd. (St. Lucia) ("NBHL") and Noranda Bauxite Ltd. (Jamaica) ("NBL"), each of the Debtors is organized under the laws of the State of Delaware. The principal assets of the lead Debtor, Noranda Aluminum, Inc. ("NAI"), consist of its primary aluminum reduction plant and fabrication facilities, located in New Madrid, Missouri (the "New Madrid Facility"). NAI currently has approximately 400 employees based at the New Madrid Facility, ranging from factory personnel to administration, information technology, human resources, and customer service. The remaining Debtors' assets are located in Louisiana, Tennessee, Arkansas, North Carolina, and Jamaica, from which they operate their respective businesses. The Debtors' corporate operations are located in Franklin, Tennessee, where they conduct their marketing, accounting, human resources, IT, customer service, legal, and treasury functions.

7. Each of NBHL and NBL has property in the U.S. That property includes, with respect to NBL, U.S. bank accounts, and cash retainers held by both NBL and NBHL's counsel.

8. The Debtors operate their businesses through two main business lines: the "Upstream Business" and the "Downstream Business." In 2015, the Debtors reported revenues of approximately \$1.23 billion and EBITDA of approximately \$7 million from the sale to third parties of approximately (i) 403 million pounds of primary aluminum; (ii) 1.9 million dry metric

tonnes (“DMT”) of bauxite; (iii) 734,000 DMT of alumina; and (iv) 379 million pounds of flat-rolled products.

a. The Upstream Business

9. Through their Upstream Business, the Debtors are one of the largest U.S. producers of primary aluminum. The process of making aluminum requires a significant, constant supply of electricity, and requires a large amount of alumina (aluminum oxide), which is derived from the raw material bauxite. The Company’s Upstream Business, which is vertically integrated, consists of three separate segments.

10. St. Ann Segment. The Debtors’ bauxite mining operations (the “St. Ann Facility”) are operated by NBL. Pursuant to an Establishment Agreement, dated September 30, 2004, between the Government of Jamaica (“GOJ”) and NBL, a special mining lease was conveyed to NBL and certain minimum bauxite reserves were made available for NBL to mine through Noranda Jamaica Bauxite Partners (“NJBP”) until 2030. NJBP is 51% owned by Jamaica Bauxite Mining Ltd. (“JBM”)—a GOJ entity—and 49% owned by NBL. The St. Ann Facility is owned by NBL and JBM, as partners of Noranda Jamaica Bauxite Partners (“NJBP”) in proportion to their ownership interest in NJBP. Pursuant to a Mining Agreement, dated September 30, 2004, between NBL and NJBP, NJBP is responsible for mining all of the bauxite used by the Debtors in its aluminum manufacturing process, with the remainder being sold to third parties.

11. Gramercy Segment. The Debtors’ alumina refinery in Gramercy, Louisiana (the “Gramercy Facility”) is owned and operated by Noranda Alumina LLC (“Noranda Alumina”). The Debtors transport bauxite from the St. Ann Facility to the Gramercy Facility using third party transportation providers. At the Gramercy Facility, bauxite is chemically refined and converted into alumina. In 2015, the Debtors refined approximately 1.1

million metric tons of alumina, approximately 400,000 tons of which was sold to NAI to be used in the aluminum smelting process at the New Madrid Facility, with the remainder being sold to third parties.

12. New Madrid Segment. All of the Debtors' 498 million pounds of annual primary aluminum production occurs at the New Madrid Facility. The New Madrid Facility also converts molten primary aluminum into value-added products, which enables the Debtors to sell such products at higher prices. Value-added products the Debtors produce include (i) rod, used mainly for electrical applications and steel de-oxidation; (ii) extrusion billet, used mainly for building construction and architectural and transportation applications; and (iii) foundry ingot, used mainly for transportation applications. The New Madrid Facility has the capacity annually to produce approximately 155 million pounds of rod, 286 million pounds of extrusion billet, and 75 million pounds of foundry ingot. Molten aluminum that is not used in these three product lines is produced as a high purity ingot or a commodity-grade aluminum. Commodity-grade aluminum produced in the New Madrid Facility can be sold to the Debtors' Downstream Business (discussed below) or to other aluminum fabricators. However, as a result of a power outage on January 7, 2016 (discussed below), the Debtors have partially idled aluminum production at the New Madrid Facility, and the Debtors are currently beginning the process of idling all aluminum manufacturing at the New Madrid Facility.

b. The Downstream Business

13. The "Downstream Business" is owned and operated by Norandal USA, Inc. ("Norandal"). It consists of three rolling mills located in (a) Salisbury, North Carolina, (b) Huntingdon, Tennessee, and (c) Newport, Arkansas (collectively, the "Rolling Mills"). The Downstream Business is one of the largest aluminum foil producers in North America, and the

Rolling Mills have a combined maximum annual production capacity of approximately 410 million pounds.

14. The products produced by the Downstream Business include (i) heavy gauge foil products such as finstock and semi-rigid container stock, (ii) light gauge converter foils used for packaging applications, (iii) consumer foils, and (iv) light gauge sheet products such as transformer windings and building products. The Debtors primarily sell such products to original equipment manufacturers of air conditioners, transformers, semi-rigid containers and foil packaging, most of whom are located in the Eastern and Central parts of the United States.

c. Environmental Obligations

15. The Debtors' operations are subject to a wide variety of U.S. federal, state, local and foreign environmental laws and regulations, including those governing emissions to air, discharges to waters, the generation, use, storage, transportation, treatment and disposal of hazardous materials and waste, land reclamation, and employee health and safety. If the Debtors are unable to comply with environmental laws and regulations, the Debtors could incur substantial costs, including fines and civil or criminal sanctions, or costs associated with upgrades to the Debtors' facilities or changes in the Debtors' manufacturing processes to achieve and maintain compliance.

II. Overview of the Debtors' History, Corporate Structure and Prepetition Debt

16. NAHC is the direct or indirect parent of each of the Debtors. A chart showing the corporate organization of the company is annexed hereto as Exhibit A. NAHC and Noranda Aluminum Acquisition Corp. ("NAAC") were formed on March 27, 2007 by investment funds affiliated with Apollo Management, L.P. to acquire a portion of the aluminum business of Xstrata (Schweiz) A.G. Between 2004 and 2009, Debtor Gramercy Alumina Holdings Inc. ("Gramercy Alumina") held a 50% interest in the Gramercy and St. Ann

Segments, with Century Aluminum Co. holding the remaining 50%. On August 31, 2009, Gramercy Alumina became the sole owner of both the Gramercy and St. Ann Segments.

17. On May 19, 2010, NAHC completed an initial public offering of 11.5 million shares of common stock at an \$8.00 per share public offering price on the New York Stock Exchange (the “NYSE”). After additional offerings of common stock, there were approximately 70 million shares of common stock issued and outstanding as of July 2015. In August 2015, NAHC implemented a reverse stock split of their common stock at a ratio of 1-for-7. On December 15, 2015, NAHC’s stock was delisted from the NYSE because it had fallen below the NYSE’s continued listing standards. As of December 31, 2015, NAHC has approximately 10 million shares of common stock outstanding, with approximately 100 holders of record.

a. Secured Debt

18. As of the Petition Date, the Debtors had approximately \$529.6 million in outstanding principal amount of secured indebtedness, consisting of (a) a revolving credit facility and (b) a term loan facility.

19. The revolving senior secured asset-based credit facility (the “ABL”) is provided under a Credit Agreement dated February 29, 2012 (as amended, modified, or restated from time to time, the “ABL Agreement”) between NAAC, together with its domestic Debtor subsidiaries (other than NHB Capital, LLC), as co-borrowers and co-guarantors, and NAHC, as parent guarantor (collectively with the borrowers and other guarantors, the “Debtor Loan Parties”), the lenders party thereto (collectively, the “ABL Lenders”) and Bank of America, N.A. (“BofA”), as administrative agent (the “ABL Agent”). On May 15, 2013, the Debtors entered into that certain ABL Incremental Assumption Agreement No. 1, increasing the revolving loan commitment under the ABL Agreement by \$15 million (the “Incremental ABL Agreement”).

The ABL Agreement and the Incremental ABL Agreement provide for up to \$265 million in revolving credit and letters of credit (the “ABL Facility”), and matures on February 28, 2017.

As of the Petition Date, approximately \$44.9 million in letters of credit were issued and outstanding and \$61.5 million in direct borrowings were outstanding under the ABL Agreement.

20. Obligations under the ABL Agreement are secured by substantially all of the assets of the Debtors. Pursuant to an intercreditor agreement between the ABL Agent, the Term Loan Agent (as defined below), and the Debtor Loan Parties, dated as of February 29, 2012 (as amended, modified, or restated from time to time, the “Intercreditor Agreement”), the ABL Facility is secured by a first-priority lien on substantially all of the accounts, deposits and securities accounts, inventory, and other current assets (collectively, the “ABL Priority Collateral”). The ABL Facility is also secured by a second-priority lien on substantially all real estate assets, intellectual property, equipment, capital stock and all other collateral (other than ABL Priority Collateral) (collectively, the “Term Loan Priority Collateral”).²

21. A term loan facility (the “Term Loan”) was provided under a Credit Agreement dated February 29, 2012 (as amended, modified, or restated from time to time, the “Term Loan Agreement”) and, together with the ABL Agreement, the “Prepetition Loan Agreements”) among NAAC, as borrower, NAHC and the other domestic Debtor subsidiaries (other than NHB Capital, LLC) as guarantors, the lenders party thereto (collectively, the “Term Loan Lenders”) and, together with the ABL Lenders, the “Prepetition Secured Lenders”).

Cortland Capital Market Services LLC serves as administrative agent (the “Term Loan Agent”).

² The Term Priority Collateral also includes (i) a term note, dated as of October 28, 2013, payable by NBL to Noranda Alumina, in the amount of \$2 million; (ii) a term note, dated as of November 22, 2013 payable by NBL to Noranda Alumina, in the amount of \$2.9 million; (iii) a promissory note, dated as of March 31, 2010, payable by NAAC to NAHC, in the amount of the lesser of \$21,000,000 and the unpaid principal amount of all advances made by NAHC to NAAC after the date thereof.

under the Term Loan Agreement.³ The Term Loan Agreement provides for \$485 million in term loans, consisting of an initial commitment of \$325 million, an incremental term loan of \$110 million, and a second incremental term loan of \$50 million, and matures on February 28, 2019. As of the Petition Date, the aggregate principal amount outstanding under the Term Loan Agreement was approximately \$468 million.

22. Obligations under the Term Loan Agreement are secured by substantially all of the assets of the Debtor Loan Parties. Pursuant to the Intercreditor Agreement, obligations under the Term Loan Credit Agreement are secured by a first priority lien on all Term Loan Priority Collateral and a second priority lien on all ABL Priority Collateral.

b. Senior Unsecured Notes and Other Unsecured Debt

23. As of the Petition Date, the Debtor Loan Parties had approximately \$175 million in face amount of outstanding senior notes due 2019 (the “Senior Notes”). The Senior Notes were issued by NAAC on March 8, 2013, and are guaranteed by the Debtor Loan Parties. The proceeds from the Senior Notes were used to retire then-existing debt issued in 2007. U.S. Bank, N.A. serves as the trustee for the Senior Notes. The Senior Notes accrue interest at a rate of 11.00% per annum payable semi-annually in arrears on June 1 and December 1 of each year, resulting in approximately \$3.6 million of unpaid interest accrued as of the Petition Date.

24. Additionally, in 2012, NBL entered into a credit agreement with Surela Investments Ltd. (“Surela”), a subsidiary of Glencore, plc (“Glencore”), as lender, dated as of December 29, 2012 (as amended, the “Glencore Credit Agreement”). NBL is a party to a long term bauxite sales agreement, dated December 29, 2012 (the “Bauxite Supply Contract”) with Sherwin Alumina Co., LLC (“Sherwin”)—also a subsidiary of Glencore—pursuant to which

³ Effective as of January 28, 2016, Bank of America resigned as Term Loan Agent, and Cortland Capital Market Services LLC was appointed as its successor.

NBL sells to Sherwin up to approximately 49% of its bauxite production capacity from the St. Ann Facility. Under the Glencore Credit Agreement, Surela agreed to provide \$22.5 million on an unsecured basis to fund capital improvements related to port expansion and railing improvements designed to increase shipping capacity and improve the cost structure at the St. Ann bauxite mining operation. NBL makes monthly principal and interest payments in the amount of approximately \$585,000. NBL's obligations under the Glencore Credit Agreement are guaranteed on an unsecured basis by NAHC. On February 3, 2016, NBL received a notice from Sherwin, as the purported lender under the Glencore Credit Agreement, notifying NBL that it had defaulted under the Glencore Credit Agreement by failing to make a January 31, 2016 payment of principal and interest. As of the Petition Date, the amount outstanding under the Glencore Credit Agreement is approximately \$16.875 million.

c. Other Debt

25. On July 7, 2014, Noranda Alumina and First National Bank ("CalFirst") entered into a contract (as amended, modified, or restated from time to time, the "Mid-Stream Contract") to construct infrastructure and acquire equipment to increase the bauxite shipment unloading capacity of the Gramercy Facility (the "Mid-Stream Project"). Pursuant to the Mid-Stream Contract, CalFirst was to advance funding of up to approximately \$12.2 million during the Mid-Stream Project, and Noranda Alumina is obligated to pay interest on the amounts advanced.

26. The Mid-Stream Project was initially scheduled to conclude on September 30, 2015, at which point any funding advanced by CalFirst was to convert to a capital lease. However, by September 30, 2015, the Mid-Stream Project had not been completed, and CalFirst had advanced funds totaling approximately \$3.8 million. Accordingly, on October 9, 2015, CalFirst and Noranda Alumina amended the Mid-Stream Contract (the "Amended Mid-Stream

Contract”), pursuant to which CalFirst agreed (i) to advance an additional approximately \$1.2 million, and (ii) to advance further funds only if Noranda Alumina posted letters of credit of at least 90% of any such amounts.

27. As of the Petition Date, CalFirst has advanced approximately \$7.3 million under the Amended Mid-Stream Contract. Noranda Alumina’s obligations under the Amended Mid-Stream Contract are secured by an irrevocable standby letter of credit in the amount of \$6.6 million, and are guaranteed on an unsecured basis by NAHC, NAAC, Noranda Intermediate Holding Corp., Norandal, Gramercy Alumina, and Gramercy Alumina Holdings II, Inc.

28. On June 4, 2015 NAI entered into a Master Lease Agreement and Lease Schedule (the “Rod Mill Lease”) with NXT Capital, LLC (“NXT”). Under the Rod Mill Lease, NAI leased from NXT all equipment, machinery, parts and components known as Rod Mill No. 3 (the “Rod Mill”)—a piece of machinery used to produce rod in the New Madrid Facility. NAI leased the Rod Mill from NXT for a term of sixty (60) months beginning June 4, 2015, with a monthly rent of approximately \$281,000. The Rod Mill Lease requires NAI to meet certain pre-determined output metrics with respect to the Rod Mill, and NAI’s obligations under the Rod Mill Lease are secured by NAI’s right, title, and interest in the Rod Mill, and are guaranteed on an unsecured basis by NAHC.

III. Events Leading to the Chapter 11 Cases

29. The Debtors’ businesses have reached a point of unsustainability without assistance from this Court and use of the restructuring tools provided by the Bankruptcy Code. This is due to a number of factors, principal among them is the sustained and dramatic decline in the price of primary aluminum. Additional exacerbating factors have placed significant pressure on the Debtors’ already strained businesses, including (i) multiple incidents at the New Madrid Facility; (ii) the substantial increase in rates the Debtors pay for electricity to power the New

Madrid Facility; (iii) an unsuccessful arbitration with the GOJ regarding the production levy NBL is obligated to pay to the GOJ for the bauxite it mines; (iv) the Bauxite Supply Contract with Sherwin, one of NBL's significant customers, that is substantially below-market, thereby increasing NBL's operational challenges; and (v) significant labor-related liabilities. At the same time, the Debtors' liabilities have been increasing at an unsustainable pace.

a. Decline in Primary Aluminum Price

30. Primary aluminum is a global commodity, and its price is set on global exchanges such as the London Metal Exchange (the "LME"). The LME aluminum price is a globally quoted price which does not take into account logistics, warehousing or temporary market supply demand dynamics. These factors are taken into account by the "Midwest premium"—a premium that is added to the LME aluminum price of the commodity aluminum products the Debtors sell.⁴ However, the LME price has experienced a significant decline since November 2014, as a result of (i) an oversupply of aluminum in the market; (ii) increasing exports from China; and (iii) decreased demand, resulting in the lowest prices since 2009. As a consequence, the Midwest premium has not been enough to offset the decline in the LME aluminum price and despite the advantages the Debtors enjoy with respect to their vertically integrated Upstream Business, the sustained downward pressure on aluminum prices had a significant negative impact on the Debtors' business throughout 2015, and has resulted in reduced margins for both primary aluminum and alumina sales.

31. The net result of this industry-wide downturn, coupled with the company's leverage and dwindling liquidity, was a material decrease in the Debtors' financial performance in 2015. In fiscal year 2014, the company reported total revenues of approximately \$1.355

⁴ The Debtors' value-added products, such as rod, billet, and silafont, earn an additional fabrication premium.

billion and a net loss of approximately \$26.6 million. However, through December 31, 2015, the Debtors reported total revenues of approximately \$1.23 billion and a net loss of approximately \$258 million.

b. Events at the New Madrid Facility

32. The challenges confronting the Debtors were exacerbated when, on August 4, 2015, a molten metal explosion occurred in the casthouse of the New Madrid Facility, where molten aluminum is converted into commodity and value added products. A portion of the casthouse suffered extensive damage, affecting the Debtors' entire production of extrusion billet, a product that earns fabrication premiums for the Debtors. While the Debtors were able to redirect their molten aluminum output to other products, the Debtors' inability to produce extrusion billet adversely affected their Upstream Business' operations.⁵

33. Additionally, on January 7, 2016, the Debtors lost power to two of the three pot-lines for smelting primary aluminum at the New Madrid Facility when an electrical control circuit failed. As a result, production was curtailed at these two pot-lines. The third pot-line was not directly affected and its production has not been interrupted. As a result, the Debtors had to take steps to move to a one pot-line operation and to reduce staffing to this lower level of production. The Debtors intend to continue a one pot-line operation at the New Madrid Facility until the Debtors exhaust their existing supplies and inventory, after which point the Debtors will idle aluminum production at the New Madrid Facility.

c. Rising Power Rates

34. Electricity is the single largest cost at the Debtors' various facilities, and managing the Debtors' electricity costs is key to ensuring their long-term success. The Debtors

have a long-term power supply agreement with Ameren Missouri (“Ameren”), Missouri’s largest electric utility, which provides substantially all of the electricity required by the New Madrid Facility. In addition, Ameren is required to serve the New Madrid Facility under a certificate of convenience and resulting tariffs. These arrangements with Ameren provide that the rate for power will be established by the Missouri Public Service Commission (the “MPSC”). Since 2008 through May 31, 2015, Ameren has brought successful rate increase cases before the MPSC, resulting in cumulatively increased annual power costs in the amount of approximately \$44 million.

d. Arbitration with the GOJ

35. In connection with the Debtors’ efforts to make their bauxite mining operations in Jamaica cash flow positive, the Debtors attempted in 2015 to negotiate a new fiscal regime with the GOJ. During this process, a dispute arose concerning the amount of the production levy payments required to be paid under the Establishment Agreement. From January 1, 2009 to December 31, 2014, the Debtors paid a base levy rate of \$2.50 per DMT of bauxite that the Debtors mined and exported, subject to upward adjustment based on the LME. As of January 1, 2015, the GOJ sought to impose a base levy rate of \$5.00 per DMT, subject to LME adjustment. The Debtors disputed this amount, and during the pendency of the arbitration with the GOJ, the Debtors agreed to pay a production levy of \$3.75, and post an irrevocable letter of credit securing an additional levy of \$1.25 per DMT of bauxite.

36. On March 16, 2015, the Debtors submitted a notice requesting arbitration to resolve their disputes with the GOJ. On December 18, 2015, the arbitration panel issued its decision. While the Debtors await the arbitration panel’s final award, the Debtors calculate the

⁵ In connection with the casthouse explosion the Debtors submitted claims under their applicable insurance programs. To date, the Debtors’ have received approximately \$24.1 million under their property damage and

effective production levy in effect for the year ended December 31, 2015 to be approximately \$6.35 per DMT of bauxite, and the effective production levy in effect for 2016 to be \$5.78 per DMT of bauxite, comprised of a base levy of \$5.00, plus an LME adjustment of \$0.78. This substantial increase in the production levy has placed significant additional pressure on the Debtors' ability to operate the St. Ann Facility.

e. The Bauxite Supply Contract

37. As discussed above, NBL is a party to the Bauxite Supply Contract with a subsidiary of Glencore, the world's largest commodity trading and mining company. Pursuant to the Bauxite Supply Contract, NBL sells bauxite to Sherwin on terms that are not only economically favorable to Sherwin, but also substantially below-market. Combined with the substantially increased levy NBL must now pay to the GOJ to mine and export bauxite, the economic terms of the Bauxite Supply Contract are now so unsustainable for NBL that they threaten the viability of the Upstream Business.

38. On January 11, 2016, Sherwin commenced a voluntary case under chapter 11 of the Bankruptcy Code in the Bankruptcy Court for the Southern District of Texas.⁶ In its chapter 11 case, Sherwin filed an emergency motion to assume the Bauxite Supply Contract, and proposes to assign the Bauxite Supply Contract to another Glencore affiliate—to which Sherwin proposes to sell substantially all of its assets through a chapter 11 plan or a sale under section 363 of the Bankruptcy Code. A hearing is scheduled to take place on March 1, 2016, where the Bankruptcy Court for the Southern District of Texas will decide (a) whether NBL can terminate the Bauxite Supply Contract pursuant to section 556 of the Bankruptcy Code, and (b) whether Sherwin can assume the Bauxite Supply Contract.

business interruption policies.

39. NBL's ability to reject the Bauxite Supply Contract as early as possible is critical to the successful reorganization of the Debtors' Upstream Business. The Debtors have filed contemporaneously herewith a *Debtors' Motion for an Order Pursuant to Sections 105(a) and 365 of the Bankruptcy Code and Bankruptcy Rule 6004 Authorizing Rejection of Certain Executory Contracts Nunc Pro Tunc to the Petition Date*, pursuant to which the Debtors are seeking to reject the Bauxite Supply Contract. Additionally, pending rejection of the Bauxite Supply Contract, the Debtors intend to seek relief from the automatic stay—to the extent necessary—in Sherwin's chapter 11 case to allow the Debtors to continue providing bauxite to Sherwin on commercial terms that can be negotiated between the parties.

f. Labor Contracts and Labor Liabilities

40. As of the Petition Date, the Debtors had approximately 1,857 employees. The U.S. Debtors are party to four (4) collective bargaining agreements with two (2) different unions, which represent approximately 54% of the Debtors' U.S. employees:

- (i) NAI is party to a collective bargaining agreement with the United Steelworkers of America (the "USWA"), covering all hourly employees at the New Madrid Facility, which will expire in August 2017.
- (ii) Noranda Alumina is party to a collective bargaining agreement with the USWA, covering all hourly employees at the Gramercy Facility, which will expire in September 2016.
- (iii) Norandal is party to a collective bargaining agreement with the USWA with respect to its employees at Norandal's Salisbury rolling mill, which is scheduled to expire in November 2016.
- (iv) Norandal is also party to a collective bargaining agreement with the International Association of Machinists and Aerospace Workers (the "IAMAW"), covering Norandal's employees at its Newport rolling mill, which is scheduled to expire in June 2018.⁷

⁶ Sherwin's chapter 11 case is being jointly administered with the case of an affiliate under the caption, *In re Sherwin Alumina Co., LLC*, Case No. 16-20012 (DRJ) (Bankr. S.D. Tex.).

⁷ Norandal's employees at its Huntingdon rolling mill are not union members.

41. NBL is party to three (3) collective bargaining agreements with three (3) separate unions, which represent approximately 93% of NBL's employees:

- (i) University and Allied Workers Union ("UAWU"), covering NBL's operators, which expires in April 2016.
- (ii) The Union of Technical, Administrative and Supervisory Personnel ("UTASP"), covering supervisory and technical salaried workers, which expires in December 2016.
- (iii) The Bustamante Industrial Trade Union ("BITU"), covering NBL's hourly and salaried employees. This agreement expired on December 31, 2015.^{8]}

42. The Debtors have substantial and unsustainable labor-related liabilities, principally in the form of pension obligations. Specifically, the Debtors' ERISA-regulated defined benefit pension plans have approximately \$473 million in liabilities against approximately \$314 million in assets, resulting in an underfunding in the aggregate amount of approximately \$159 million as of December 31, 2015. Moreover, the total number of active and retired employees participating in the Debtors' ERISA-regulated tax qualified defined benefit pension plans is more than double the number of active employees participating in such plans.

43. Of the Debtors' five ERISA-regulated defined benefit pension plans, four are required to be maintained pursuant to the Debtors' collective bargaining agreements with their U.S. unions. In 2015, the Debtors contributed approximately \$16.5 million to their defined benefit pension plans.

44. In 2016, the Debtors are obligated to contribute approximately \$17 million to their defined benefit pension plans, including approximately \$3.4 million that was due on January 15, 2016. The Debtors have contributed approximately \$1 million on account of the January 15 contribution.

IV. Pre-Petition Restructuring Efforts

45. The Debtors have taken significant steps to improve their financial condition. In April 2015, the MPSC established a reduced electricity rate structure for the New Madrid Facility, which, prior to the planned idling of the New Madrid Facility, the Debtors project would have resulted in \$17 to \$25 million in annual savings. Similarly, NBL recently completed a port expansion project at its St. Ann facilities, which the Debtors expect will provide \$5 million per year in shipping cost savings. Additionally, the Debtors reduced spending on capital expenditure projects by \$19.1 million during 2015.

46. The Debtors also worked to achieve cost savings relating to their employee base. Specifically, on December 15, 2015 and between January 13 and February 5, 2016, the Debtors completed a reduction in force affecting approximately 628 of the Debtors' employees, which accounted for approximately 25% of the Debtors' total workforce.

47. Despite these efforts, the sustained decline in aluminum prices has only intensified the pressure on the Debtors' business and capital structure. This has made maintaining acceptable levels of liquidity impossible.

48. In June 2015, the Debtors engaged Morgan Stanley & Co. LLC ("Morgan Stanley") to evaluate the Debtors' strategic alternatives. Between June 2015 and November 2015, with the aid of Morgan Stanley, the Debtors conducted a process designed to evaluate strategic alternatives. This process was ultimately unsuccessful, however, and in December 2015, with the aid of PJT Partners LP ("PJT") and Alvarez & Marsal ("A&M"), the Debtors began exploring various options to raise additional liquidity. As it became clear that the Debtors

⁸ As is customary in Jamaican labor practices negotiation of new collective bargaining agreements generally takes place after the expiration of the collective bargaining agreements. Until a new agreement is ratified, NBL will continue to operate under the terms of the expired agreement, and, once signed, the new agreement is retroactive to the previous expiration date.

would need to restructure in chapter 11, the Debtors and their advisors approached potential interested parties for debtor-in-possession (“DIP”) financing.

49. Ultimately, the Debtors secured two separate but coordinated facilities in the form of an asset-based revolving credit facility and a term loan facility (together, the “DIP Facilities”), and an agreement in principle to use the Prepetition Secured Lenders’ collateral, including cash collateral. One of the DIP Facilities is a senior secured asset-based revolving credit facility in the principal amount not to exceed approximately \$130 million, including sub-facilities for swingline loans in an amount equal to \$10 million and letters of credit in an amount equal to \$50 million (the “ABL DIP Facility”), with BofA, acting as agent (in such capacity, the “ABL DIP Agent”), for itself and a syndicate of banks, financial institutions and other institutional lenders party to the ABL Facility. Like the ABL Facility, the ABL DIP Facility will be secured by, among other things, the Debtors’ accounts receivable, inventory and cash proceeds thereof. The DIP Facility also provides for satisfaction of the Debtors’ obligations under the ABL Facility as the Debtors receive proceeds of the ABL Priority Collateral when available from time to time, and upon Court approval of the DIP Facilities. The other DIP Facility is a senior secured, new money multiple draw term loan facility in the principal amount of \$35 million (the “Term DIP Facility”) to be provided by certain lenders party to the Debtors’ Term Loan Agreement.

50. Access to cash collateral and credit under the DIP Facilities will instill much needed confidence in parties that are critical to the success of the Chapter 11 Cases, including the Debtors’ employees, vendors, regulators and customers, as well as potential bidders for the Debtors’ assets. I believe this assurance greatly enhances the likelihood that the Debtors will continue to receive the support of key constituents during the pendency of the

Chapter 11 Cases, and increases the opportunity for a robust, competitive sale process that will yield the greatest recovery for the Debtors' estates and creditors. The potential consequences to the Debtors of a failure to obtain adequate funding are dire: among other things, the Debtors could be forced to idle additional facilities, lose valuable customer accounts, and liquidate on a piecemeal basis, resulting in irreparable harm to the Debtors, their estates, and all parties in interest.

51. The DIP Facilities contemplate a comprehensive sale process for the Downstream Business. With respect to the Upstream Business, as discussed, the Debtors intend to continue operating the New Madrid Facility until its existing supplies and inventory are exhausted, which the Debtors expect to be March 2016. After that point, remaining operations at the New Madrid Facility will be curtailed, though the Debtors will retain the flexibility, should conditions allow, to resume operations at the New Madrid Facility.

52. However, the Debtors intend to continue to operate the St. Ann and Gramercy Facilities at full production levels throughout the Chapter 11 Cases. With respect to the Gramercy Facility, the Debtors intend increase domestic and export smelter grade alumina shipments, to replace the New Madrid Facility's alumina consumption. Additionally, the Debtors will expand the Gramercy Facility's capability of refining "non-metallurgical," or "chemical grade" alumina, by March 2016. The St. Ann Facility will continue to supply bauxite to the Gramercy Facility. As noted above, the Debtors' ability to sustain these facilities depends, in large part, on their ability to swiftly reject the Bauxite Supply Contract. Following the rejection of the Bauxite Supply Contract, the Debtors will engage with Sherwin on the terms of a new supply contract that is economically feasible and in the best interests of the Debtors' estates.

V. First Day Motions

53. The Debtors filed the First Day Motions concurrently with the commencement of the Chapter 11 Cases. As a result of my first-hand experience, and through my review of various materials and information, discussions with members of the Debtors' management, 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 described below, and (b) the immediate and irreparable harm to which the Debtors and their businesses would be exposed unless the relief requested in the First Day Motions is granted without delay.

54. I participated in preparing and have reviewed each of the First Day Motions (including the exhibits and schedules attached thereto) and, to the best of my knowledge, believe 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.

a. Venue

55. The Debtors determined that the Eastern District of Missouri is the optimal venue for the Chapter 11 Cases and is in the best interest of the Debtors, creditors and parties-in-interest, and these estates. Substantially all of the assets of NAI—consisting in principal part of the New Madrid Facility—are located in New Madrid County, Missouri. The majority of Debtors' businesses are located in the Midwestern and Southern United States, and the Debtors' target customers are located in the Midwestern United States.⁹

⁹ The Debtors are mindful of the geographic dispersion of parties in interest in the Chapter 11 Cases. To minimize any inconvenience to such parties, the Debtors will give parties in interest access to information

b. Administrative Motions

- i. Debtors' Motion for an Order Pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015 Authorizing Joint Administration (the "Joint Administration Motion")*

56. By this Motion, the Debtors request entry of an order, pursuant to section 105(a) of the Bankruptcy Code, Bankruptcy Rule 1015(b), and Rule 1015 of the Local Rules of the Bankruptcy Court for the Eastern District of Missouri (the "Local Rules"), directing the joint administration and consolidation of the Chapter 11 Cases for procedural purposes only.

57. Many of the motions, applications, hearings and orders that will arise in these Chapter 11 Cases will jointly affect each Debtor. For this reason, the Debtors respectfully submit that the interests of the Debtors, their creditors and other parties in interest would be best served by joint administration. To economically administer the Chapter 11 Cases, they should be jointly administered, for procedural purposes only, under the case number assigned to Noranda Aluminum, Inc.

58. I believe that the relief requested in the Joint Administration Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be granted.

through their restructuring website, <https://cases.primeclerk.com/noranda>. Additionally, advertisements will run in local newspapers that will contain the website and phone numbers for more information on the Chapter 11 Cases and other communications directed at such parties in interest.

- ii. *Debtors' Motion for an Order Pursuant to Sections 105, 341 and 521 of the Bankruptcy Code, Bankruptcy Rules 1007(c), 2002 and 2003(a) and Local Rule 1007-6(A) (I) Extending the Time to File Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases and Statements of Financial Affairs; (II) Extending the Time to Schedule the Meeting of Creditors; (III) Waiving the Requirements to File Equity Lists and Provide Notice to Equity Security Holders; and (IV) Authorizing the Debtors to File a Consolidated List of the Debtors' Thirty (30) Largest Unsecured Creditors (the "Waiver and Extension Motion")*

59. By this Motion, the Debtors request entry of an order (i) extending the fourteen (14) day period to file (a) schedules of assets and liabilities, (b) schedules of executory contracts and unexpired leases, and (c) statements of financial affairs (collectively, the "Schedules and Statements") for an additional forty-five (45) days, without prejudice to the Debtors' ability to request additional time, (ii) authorizing the Office of the United States Trustee for the Eastern District of Missouri to schedule the meeting of creditors under section 341 of the Bankruptcy Code after the forty (40) day deadline imposed by Bankruptcy Rule 2003(a), (iii) waiving the requirement to file a list of equity security holders for each Debtor (the "Equity Lists") and the requirement to give notice of the order for relief to all equity security holders of the Debtors, and (iv) authorizing the Debtors to file a consolidated list of the Debtors' thirty (30) largest unsecured creditors.

60. Good cause exists for granting an extension of the time to file Schedules and Statements. To prepare the Schedules and Statements, the Debtors must compile information from books, records, and documents relating to the claims of the Debtors' numerous creditors, as well as the Debtors' many assets and contracts. This information is voluminous and collecting it requires an enormous expenditure of time and effort on the part of the Debtors, their employees, and their professional advisors in the near term, when such resources would be best used to maintain the stability of the Debtors' business operations.

61. Noranda Aluminum Holding Corp. (“NAHC”), a Debtor, is a publicly held company. As of January 4, 2016, it had approximately 10,000,000 outstanding shares of publicly-held common stock. Each of the other Debtors has disclosed its equity security holders in the corporate ownership statements filed with its respective petition. The Debtors submit that preparing a list of the equity security holders of NAHC with last known addresses and sending notices to all parties on such Equity List would be extremely expensive and time-consuming. The Debtors further submit that, to the extent it is determined that equity security holders are entitled to distributions from the Debtors’ estates, such parties would be provided with notice of the bar date and would then have an opportunity to assert their interests. Thus, equity security holders will not be prejudiced.

62. Here, numerous creditors are common to the various Debtors. Compiling separate top twenty (20) creditor lists for each individual Debtor would consume an excessive amount of the Debtors’ scarce time and resources. Accordingly, the Debtors request authority to file a single, consolidated list of their thirty (30) largest general unsecured creditors.

63. I believe that the relief requested in the Waiver and Extension Motion is in the best interest of the Debtors’ estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Waiver and Extension Motion should be granted.

- iii. *Debtors' Motion for an Order Pursuant to Sections 363(c), 503(b), 507(a)(2) and 546(h) of the Bankruptcy Code for an Order (I) Granting Administrative Expense Status to Obligations from the Postpetition Delivery of Goods Ordered Prepetition; (II) Authorizing the Debtors to Pay Such Obligations; (III) Authorizing the Debtors to Return Goods; and (IV) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers (the "Postpetition Goods Motion")*

64. By this Motion, the Debtors seek entry of an order (i) granting administrative priority status under sections 503(b) and 507(a)(2) of Bankruptcy Code to the claims of Vendors (as defined below) for undisputed obligations arising from the Debtors' outstanding prepetition purchase orders and other longer term contracts (the "Prepetition Orders") for certain Goods (as defined in the Postpetition Goods Motion) received and accepted by the Debtors on or after the Petition Date, (ii) authorizing the Debtors, in their sole discretion, to pay such obligations in the ordinary course of business under section 363(c) of the Bankruptcy Code, (iii) authorizing the Debtors, in their sole discretion, under section 546(h) of the Bankruptcy Code, to return Goods purchased by the Debtors from Vendors prior to the Petition Date and (iv) authorizing financial institutions to honor and process related checks and electronic transfers.

65. The relief requested herein merely confirms the treatment of such obligations under the Bankruptcy Code and assures Vendors that they will be paid for Goods received and accepted by the Debtors postpetition in the ordinary course of business. Additionally, by proactively laying to rest any concerns Vendors may have about the treatment of claims relating to Prepetition Orders, the relief should also ensure a continuous supply of materials indispensable to the Debtors' operations.

66. I believe that the relief requested in the Postpetition Goods Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a

critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Postpetition Goods Motion should be granted.

- iv. *Debtors' Motion for an Order Confirming the Protections of Sections 105, 362, 365 and 525 of the Bankruptcy Code and Approving Procedures to Address Violations of the Bankruptcy Code (the "Automatic Stay Motion")*

67. By this Motion, and pursuant to sections 105, 362, 365 and 525 of the Bankruptcy Code, the Debtors seek entry of an order confirming the application of (i) the automatic stay provisions of section 362 of the Bankruptcy Code; (ii) the anti-termination and anti-modification provisions of section 365 of the Bankruptcy Code and (iii) the anti-discrimination provisions of section 525 of the Bankruptcy Code (collectively, the "Statutory Protections"); and (b) approving procedures to expeditiously address any violations of the Statutory Protections.

68. Despite the self-executing and global nature of the Statutory Protections, not all parties affected or potentially affected by the commencement of a chapter 11 case are aware of, comprehensively understand or will abide by these provisions. Experience has shown that it is often necessary to advise third parties of the existence, scope and effect of sections 362, 365 and 525 of the Bankruptcy Code through a separate order. Accordingly, the Debtors respectfully request that this Court issue an order that confirms the applicability of the Statutory Protections.

69. Given the vulnerability of the Debtors' business and operations to immediate disruption if parties violate the Statutory Protections, the Debtors seek authority to implement the following procedures to formally and expeditiously address violations of the Statutory Protections: If, in the Debtors' reasonable judgment, a party has violated the Statutory

Protections in any manner, the Debtors may: (a) file a notice setting forth (i) the identity of the non-compliant party, (ii) the Debtors' belief that the non-compliant party has violated the Statutory Protections and (iii) the nature of such violation; and (b) seek the entry of an order requiring the non-compliant party to appear before the Court and show cause why it should not be found to have violated the Statutory Protections.

70. I believe that the relief requested in the Automatic Stay Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Automatic Stay Motion should be granted.

- v. *Debtors' Motion for an Order Pursuant to Sections 105 and 503(b)(9) of the Bankruptcy Code for an Order Establishing Procedures to Resolve Claims Arising under Section 503(b)(9) of the Bankruptcy Code (the "Reclamation Procedures Motion")*

71. By this Motion, the Debtors seek entry of an order (i) establishing an orderly process (the "503(b)(9) Procedures") for the assertion of any claims (the "503(b)(9) Claims") entitled to priority under section 503(b)(9) of the Bankruptcy Code and (ii) granting certain related relief.

72. The Debtors request that the 503(b)(9) Procedures be the sole and exclusive method for creditors to assert, seek determination of, and obtain payment of the 503(b)(9) Claims. The Debtors further request that all Vendors (as defined in the Reclamation Procedures Motion) be prohibited from seeking any other means for the allowance or treatment of their 503(b)(9) Claims, unless leave is specifically granted by the Court.

73. I believe that the relief requested in the Reclamation Procedures Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11.

Accordingly, on behalf of the Debtors, I respectfully submit that the Reclamation Procedures Motion should be granted.

- vi. *Debtors' Motion for an Order Pursuant to Sections 105, 362 and 541 of the Bankruptcy Code and Bankruptcy Rules 3002 and 9014 Establishing Notification and Hearing Procedures for Transfers of, or Claims of Worthlessness with Respect to, Equity Securities (the "Trading Motion")*

74. By this Motion, the Debtors request entry of an order, pursuant to sections 105, 362, and 541 of the Bankruptcy Code, and Bankruptcy Rules 3002 and 9014:

(a) establishing notification and hearing procedures regarding the trading of, or declarations of worthlessness for federal or state tax purposes with respect to, the Equity Securities that must be complied with before trades or transfers of such securities or declarations of worthlessness become effective, and (b) ordering that any purchase, sale, or other transfer of, or declaration of worthlessness with respect to, Equity Securities in violation of the procedures set forth below shall be void *ab initio*.

75. The Debtors have incurred, and are currently incurring, significant net operating losses ("NOLs"), which are currently expected to be between \$15 million and \$25 million as of the end of 2015, translating to potential tax savings of between \$5.25 million and \$8.75 million based on a 35% federal income tax rate. The relief sought in the Trading Motion will protect and preserve the Debtors' valuable tax attributes, including the NOLs, tax credits and other tax attributes (collectively, the "Tax Attributes"), ultimately benefitting all stakeholders. Conversely, loss of the Debtors' Tax Attributes could cause substantial deterioration of value, harming the estates and significantly reducing the ultimate payout to the Debtors' stakeholders. Failure to obtain the relief sought in this motion will greatly increase the risk that the Debtors will be unable to make use of their Tax Attributes.

76. I believe that the relief requested in the Trading Motion is in the best interests of the Debtors' estates, their creditors and all parties in interest, and constitutes a significant element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Trading Motion should be granted.

c. Operational Motions

- i. Debtors' Motion for an Order Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004 and Local Rule 2015-3(B) Authorizing (I) the Debtors (A) to Continue Existing Insurance Policies and Related Agreements and (B) to Honor Certain Prepetition Obligations in Respect Thereof; and (II) Financial Institutions to Honor and Process Related Checks and Transfers (the "Insurance Motion")*

77. By this Motion, the Debtors seek an entry of order, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, rules 6003 and 6004 of the Bankruptcy Rules and Local Rule 2015-3(B), authorizing them to continue their existing Insurance Programs on an uninterrupted basis during the pendency of the Chapter 11 Cases, including, to the extent necessary, to revise, extend, renew, supplement or otherwise change their Insurance Policies in accordance with the same practices and procedures that were in effect before the Petition Date. The Debtors also seek authorization to pay premiums, deductibles, and other obligations arising under or in connection with the Insurance Policies and related agreements (collectively, the "Insurance Obligations") relating to the periods before and after the Petition Date. Finally, the Debtors seek entry of an order directing their banks to honor, process, and pay—to the extent funds are available in their accounts—any checks or wire transfer requests issued by the Debtors with respect to their Insurance Obligations.

78. Maintaining the Debtors' insurance coverage through their insurance programs is an ordinary course of business transaction that is critical to the Debtors' operation and their chapter 11 efforts. Authority to continue the insurance programs, and, where

necessary, pay prepetition amounts that may be due and owing under the Insurance Policies—to the extent the Debtors determine that such payment is necessary to avoid cancellation, default, alteration, assignment, attachment, lapse, or any form of impairment of the coverage, benefits or proceeds provided thereunder, if any—is necessary to ensure the orderly administration of the Chapter 11 Cases. The coverage provided under their insurance programs is essential for preserving the value of the Debtors’ assets and reducing potential liability of the estates, which will inure to the benefit of all stakeholders in the Chapter 11 Cases. In particular, should the Debtors not pay First Insurance Funding Corp. (“First Insurance”), the counterparty that has financed the majority of the Debtors’ insurance policies under the terms of the relevant financing agreement, First Insurance may immediately cancel the Debtors’ policies, leaving the Debtors without critical insurance coverage. Furthermore, maintenance of insurance coverage under certain of the insurance policies is required under the United States Trustee’s Operating Guidelines for Chapter 11 Cases and the laws of the various states in which the Debtors operate.

79. I believe that the relief requested in the Insurance Motion is in the best interest of the Debtors’ estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Insurance Motion should be granted.

ii. *Debtors’ Motion for an Order Pursuant to Sections 105(a), 363(b), 507(a)(8), and 541 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 Authorizing (I) Payment of Certain Prepetition Taxes and Fees and (II) Authorizing Financial Institutions to Process and Cash Related Checks and Transfers (the “Taxes Motion”)*

80. By this Motion, the Debtors seek authority to pay all prepetition taxes and fees in the ordinary course of business that were owed to taxing authorities prepetition, but were not in fact paid or processed prepetition, or that were paid prepetition in an amount less than is actually owed, or to the extent any such payments made prepetition were rejected, lost or

otherwise not received in full by any authority. Furthermore, the Debtors seek authority to pay any prepetition tax or fee that arose prior to the Petition Date that became due and owing during the pendency of the Chapter 11 Cases in the ordinary course of business. Finally, to the extent that any checks, drafts, deposits or transfers issued or initiated by the Debtors on account of prepetition taxes and fees have not cleared as of the Petition Date, the Debtors also seek an order directing banks and other financial institutions to honor and process such payments.

81. I believe that the relief requested in the Taxes Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Taxes Motion should be granted.

iii. Debtors' Motion for an Order Pursuant to Sections 105(a) and 366(b) of the Bankruptcy Code (I) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Utility Services; (II) Deeming Utility Companies Adequately Assured of Future Performance; and (III) Establishing Procedures for Determining Adequate Assurance of Payment (the "Utilities Motion")

82. By this Motion, the Debtors seek entry of an order (a) prohibiting their utility providers from altering, refusing or discontinuing utility services on account of prepetition invoices, including the making of demands for security deposits or accelerated payment terms; (b) determining that the Debtors have provided each of their utility companies with "adequate assurance of payment" within the meaning of section 366 of the Bankruptcy Code ("Adequate Assurance"), based, *inter alia*, on the Debtors' establishment of a segregated account containing a deposit equal to two weeks of the Debtors' estimated monthly cost of the utility services, calculated as a historical average over the past twelve months, less any deposit already held by any utility company; provided, however, that such deposits may be adjusted by the Debtors to account for the termination of certain utility services by the Debtors on account of any closed

business locations or by agreement between the Debtors and the affected utility company; and (c) establishing procedures for determining additional Adequate Assurance, if any, and authorizing the Debtors to provide Adequate Assurance to the utility companies.

83. The Utility Services are essential to operation of the Debtors' businesses and will continue to be necessary during the Chapter 11 Cases. The termination or cessation (even if only temporary) of Utility Services because of payment defaults related to prepetition Utility Services would result in a significant disruption to the Debtors' business operations. Such disruptions could result in substantial and irreparable harm to the Debtors and would impair the Debtors' efforts to preserve and maximize the value of their estates during the Chapter 11 Cases. It is therefore critical that the Utility Services continue uninterrupted.

84. I believe that the relief requested in the Utilities Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Utilities Motion should be granted.

iv. Debtors' Motion for an Order Pursuant to Sections 105(a), 363 and 507(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 (I) Authorizing, But Not Directing, the Debtors to Pay Certain Prepetition Wages, Compensation, and Employee Benefits and Continue Payment of Wages, Compensation, and Employee Benefits in the Ordinary Course of Business; and (II) Authorizing Applicable Banks and Other Financial Institutions to Process and Pay All Checks Presented for Payment and to Honor All Funds Transfer Requests Made by the Debtors Related Thereto (the "Wages and Benefits Motion")

85. By this Motion, the Debtors request entry of an order: (i) authorizing, but not directing, the Debtors, in accordance with their stated policies and in the ordinary course of business, to: (a) pay and honor all employee obligations as described in the Wages and Benefits Motion and all costs incident thereto in the ordinary course of business, (b) honor workers'

compensation obligations, (c) make certain contributions to prepetition employee programs and continue such employee programs postpetition, (d) make all payments for which prepetition payroll deductions were made, and (e) reimburse all prepetition employee expense obligations; (ii) authorizing, but not directing, the Debtors to continue payment of employee obligations and employee programs in the ordinary course of business and to pay other costs and expenses relating to the foregoing as described therein; and (iii) authorizing and directing disbursement banks to honor and pay all checks and transfers drawn on the Debtors' bank accounts to make the foregoing payments, regardless of whether such payment was issued prior to or following the Petition Date.

86. Preserving and maximizing the value of the Debtors' estates depends upon a stable workforce. Thus, the Debtors submit that any significant number of Employee departures or deterioration in morale at this time would substantially and adversely impact the Debtors and their estates, causing immediate and irreparable harm to the Debtors' estates and their creditors. Particularly given the reductions in force that have recently occurred and are described in the First Day Declaration, there is a real, immediate risk that if the Debtors are not authorized to continue to satisfy Employee Obligations in the ordinary course, Employees would no longer support and maintain the operations of the Debtors, thereby crippling the Debtors' ability to successfully maximize the value of their estates during the Chapter 11 Cases. Consequently, the Debtors should be authorized to continue, in the ordinary course and in their discretion, the Employee Programs that were in effect prior to the Petition Date, for all of their Employees.

87. I believe that the relief requested in the Wages and Benefits Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a

critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Wages and Benefits Motion should be granted.

- v. *Debtors' Motion for an Order Pursuant to Sections 105(a), 363, 1107(a) and 1108 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 Authorizing the Debtors to Honor Certain Prepetition Customer Obligations and to Continue Prepetition Customer Programs and Practices in the Ordinary Course of Business (the "Customer Programs Motion")*

88. By this Motion, the Debtors request entry of an order granting them the authority to: (a) honor their prepetition obligations related to their existing customer programs; (b) continue, renew, replace, modify and/or terminate any of the customer programs in the ordinary course of business without the need for a further court order; and (c) perform and pay obligations, including obligations arising from third-party arrangements, related thereto.

89. In the ordinary course of their business, the Debtors engage in certain practices to develop and sustain a positive reputation with their customers and in the marketplace for their products and to secure access to customers who purchase the Debtors' products using various third party arranged contracts and agreements. The Debtors' customer programs are typical in their industry, have been a part of the Debtors' normal business operations for many years, and are designed to address competitive pressures, encourage sales, ensure customer satisfaction, and generate goodwill for the Debtors. As such, the Debtors believe that the customer programs play an important role in enabling the Debtors to retain existing customers, to attract new customers, and ultimately, to enhance the Debtors' overall profitability.

90. I believe that the relief requested in the Customer Programs Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on

behalf of the Debtors, I respectfully submit that the Customer Programs Motion should be granted.

- vi. *Debtors' Motion for an Order Pursuant to Sections 105, 363, 503(b)(9) and 507(a)(2) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 (I) Authorizing the Debtors to Pay Prepetition Claims of Certain Critical Vendors and (II) Directing Financial Institutions to Honor and Process Related Checks and Transfers (the "Critical Vendors Motion")*

91. By this Motion, the Debtors seek entry of the Proposed Order authorizing the Debtors to pay, in their discretion and upon entry of the Proposed Order, up to an aggregate amount of \$8.1 million on account of the claims of Critical Vendors (as defined in the Critical Vendors Motion).

92. The goods and services provided by the Critical Vendors are vital to the Debtors' ongoing operations, specifically, to their ability to receive material from their vendors, and to ship material and supplies between their segments and to their customers on a timely and uninterrupted basis. If the relief requested herein is not granted, the Critical Vendors may refuse to provide goods or services, causing immediate harm to the Debtors and their estates. For this reason, the Debtors believe that, in the exercise of their sound business judgment, payment of the vendor claims as set forth in the Critical Vendors Motion is necessary and appropriate under the circumstances.

93. I believe that the relief requested in the Critical Vendors Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Critical Vendors Motion should be granted.

- vii. *Debtors' Motion for an Order Pursuant to Sections 105, 363 and 506(b) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 for an Order (I) Authorizing the Debtors to Pay Prepetition Claims of Certain Foreign Creditors; (II) Authorizing the Ordinary Course Payment of Foreign Expenses; and (III) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers (the "Foreign Creditors Motion")*

94. By this Motion, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtors seek entry of an order (a) authorizing but not directing the Debtors to pay or honor all or a portion of their prepetition obligations to Foreign Creditors (as defined below) in the ordinary course of business and (b) authorizing financial institutions to receive, process, honor and pay checks or wire transfers used by the Debtors to pay prepetition obligations to Foreign Creditors.

95. In the course of conducting their businesses the Debtors and, as explained in the Foreign Creditors Motion, non-debtor NJBP, incur obligations to foreign vendors, service providers, utility providers and independent contractors (the "Foreign Creditors"). Certain of the Foreign Creditors may lack minimum contacts with the United States and therefore are not likely to be subject to the jurisdiction of the Court or provisions of the Bankruptcy Code, such as the automatic stay, that otherwise protect the Debtors' assets and business operations.

96. Satisfaction of obligations owed to certain Foreign Creditors is crucial to the preservation and protection of the assets of the Debtors' estates. Without the support of their Foreign Creditors, the interests of all parties in interest—including both domestic creditors and Foreign Creditors—will suffer immeasurably as the Debtors' ability to operate their Upstream Business would be compromised. For these reasons, the Debtors request that the Court grant the relief requested herein.

97. I believe that the relief requested in the Foreign Creditors Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a

critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Foreign Creditors Motion should be granted.

viii. *Debtors' Motion for an Order Pursuant to Sections 105(a), 361, 363(b), 503(b)(9) and 507(a)(2) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 (I) Authorizing Debtors to Pay (A) Certain Possessory Lien Claims, (B) Certain Common Carrier Charges and (C) Any Related Administrative Fees, and (II) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers (the "Possessory Lien Claimants Motion")*

98. By this Motion, the Debtors request entry of an order (i) authorizing the Debtors to pay those prepetition charges to the Lien Claimants (as defined in the Possessory Lien Claimants Motion) that the Debtors determine, in their business judgment, to be necessary or appropriate to obtain the release of inventory, supplies, merchandise, goods, tools, equipment, components, materials, or other items held by any of the Lien Claimants; (ii) requiring, prior to paying any claims of Lien Claimants, that the Lien Claimants take all actions necessary to remove any liens obtained by such Lien Claimants in respect of such claims; provided that no such payment shall be deemed to be a waiver of rights regarding the extent, validity, perfection or possible avoidance of any such liens; and (iii) authorizing financial institutions to honor and process related checks and electronic transfers.

99. The payment of the Lien Claimants is necessary for the Debtors to continue their operations. The Debtors use the machinery, equipment, inventory, and other goods in the possession of the Lien Claimants in the ordinary course of their businesses and the Debtors may be unable to recover such items absent payment. Pursuant to applicable law, however, the Lien Claimants may hold possessory liens in the Debtors' property. Accordingly, the Lien Claimants may refuse to surrender such property until the Debtors satisfy outstanding obligations owed to them. As a result, the Debtors' operations could suffer immediate and irreparable harm because they would be unable to use the machinery, equipment, and inventory

in their daily operations or deliver goods *en route* to their customers. In contrast, prompt and continued payment of the Lien Claimants will provide for the uninterrupted use and delivery of goods and, in turn, the smooth continuation of the Debtors' operations.

100. I believe that the relief requested in the Possessory Lien Claimants Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Possessory Lien Claimants Motion should be granted.

ix. Debtors' Motion for an Order Pursuant to Sections 105(a), 345(b), 363(c) and 503(b)(1) of the Bankruptcy Code and Bankruptcy Rule 6004 (I) Approving Continued Use of the Debtors' Existing Cash Management System; (II) Authorizing Use of Existing Bank Accounts and Business Forms; (III) Waiving Requirements of Section 345(b) of the Bankruptcy Code; and (IV) Granting Administrative Expense Status to Postpetition Intercompany Claims (the "Cash Management Motion")

101. By this Motion, the Debtors request entry of an order, pursuant to sections 105(a), 345, 363 and 503 of the Bankruptcy Code and Bankruptcy Rule 6004: (a) authorizing the Debtors (i) to continue to utilize their prepetition cash management system, (ii) to continue certain ordinary course intercompany transactions with NJBP, and (iii) to maintain and continue using the Debtors' existing bank accounts and existing checks; (b) authorizing the Debtors to continue their deposit practices and waiving the requirements of section 345(b) of the Bankruptcy Code; and (c) granting administrative expense status to postpetition intercompany claims pursuant to section 503(b)(1) of the Bankruptcy Code. 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 Region 13 that require the Debtors to close all prepetition

bank accounts, open new accounts designated as debtor-in-possession accounts and obtain new checks bearing a “debtor-in possession” legend.

102. Any disruption to the Debtors’ current cash management procedures would impair the Debtors’ ability to successfully administer the Chapter 11 Cases. It would be time consuming, difficult and costly for the Debtors to establish an entirely new system of accounts and a new cash management system. The attendant delays from revising cash management procedures and redirecting receipts would create unnecessary pressure on the Debtors and their employees while they work to meet the other administrative obligations imposed by chapter 11.

103. I believe that the relief requested in the Cash Management Motion is in the best interest of the Debtors’ estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Cash Management Motion should be granted.

d. Professional Retention Application

- i. *Debtors’ Application for an Order Pursuant to 28 U.S.C. § 156(c), Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 2002(f) Authorizing and Approving the Appointment of Prime Clerk LLC as Notice, Claims and Solicitation Agent Effective Nunc Pro Tunc to the Petition Date (the “Prime Clerk Retention Application”)*

104. By this Application, the Debtors seek entry of an order, pursuant to 28 U.S.C. § 156(c), section 105 of the Bankruptcy Code, and Bankruptcy Rule 2002(f), authorizing the Debtors to employ and retain Prime Clerk as the notice, claims and solicitation agent (“Claims and Noticing Agent”). Specifically, the Debtors seek to engage Prime Clerk to provide, to the extent the Debtors request, certain noticing, claims processing and solicitation services including, without limitation:

105. Although the Debtors have not yet filed their schedules of assets and liabilities, they anticipate that there will be thousands of entities to be noticed. In view of the number of anticipated claimants and the complexity of the Debtors' businesses, the Debtors submit that the appointment of a Claims and Noticing Agent is both necessary and in the best interests of the Debtors' estates and their creditors.

106. I believe that the relief requested in the Prime Clerk Retention Application is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a critical element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Prime Clerk Retention Application should be granted.

e. Other Matters

Debtors' Motion for an Order Pursuant to Section 105(a) of the Bankruptcy Code, 28 U.S.C. § 1404, Bankruptcy Rules 1014(a)(1), 1015(c) and Local Rule 9004(C) (I) Transferring Divisions and (II) Establishing Certain Notice, Case Management and Administrative Procedures (the "Case Management and Transfer Motion")

107. By this Motion, and pursuant to section 105(a) the Bankruptcy Code, Bankruptcy Rule 1015(c), and Local Rule 9004(C), the Debtors seek entry of an order to transfer the Chapter 11 Cases to the Eastern Division of the Eastern District of Missouri and to implement certain procedures (the "Procedures") in connection with the administration of the Chapter 11 Cases and granting the Debtors leave to exceed the page limitations for motions going forward.

108. A transfer of the Chapter 11 Cases to the Eastern Division would ensure their economic and efficient administration. Aside from NAI's primary aluminum reduction plant and fabrication facilities, the remainder of the Debtors' assets are located outside of the State of Missouri. Additionally, the Debtors' corporate operations and the majority of their

executives and principals reside in the Nashville, Tennessee area, and the overwhelming majority of the creditors and witnesses that are involved in these Chapter 11 Cases are located in St. Louis, Missouri or in metropolitan areas outside of the State of Missouri. The Debtors have hired counsel located in St. Louis and in other metropolitan areas outside of the State of Missouri, and it is anticipated that the majority of the various interested parties will do the same. One of the primary utilities with an interest in the Chapter 11 Cases, Ameren UE, has its principal location in St. Louis, Missouri.

109. Administering the Chapter 11 Cases out of the Eastern Division would also provide greater access to the Debtors and creditors of the estate. Travel to and from the Southeastern Division is far more time consuming and expensive than travel to and from the Eastern Division, especially in light of the limited airport access to the Southeastern Division. Parties and their counsel flying into St. Louis would have to drive approximately two hours (each way) to reach the Southeastern Division. Accordingly, the Debtors' estate would be negatively impacted by the expenses incurred by the parties and their counsel traveling to and from the Southeastern Division.

110. Implementing the Procedures will maximize the efficiency and orderliness of the administration of the Chapter 11 Cases and reduce the costs associated with traditional case management procedures. Granting the relief requested will also limit the administrative burdens and costs associated with preparing for hearings and serving and mailing documents. In addition, the Procedures will assist the Debtors and their personnel and professionals in organizing and prioritizing the numerous tasks attendant to these cases. The Debtors estimate that implementing the Procedures will yield significant savings to these estates and will also avoid unnecessary costs or delays.

111. I believe that the relief requested in the Case Management Motion is in the best interest of the Debtors' estates, their creditors and all parties in interest, and constitutes a important element of achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtors, I respectfully submit that the Case Management Motion should be granted.

VI. Conclusion.

112. 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.

Dated: February 8, 2016
Franklin, Tennessee

/s/ Dale W. Boyles
Dale W. Boyles
Chief Financial Officer,
Noranda Aluminum, Inc.

Exhibit A

Corporate Organization Chart

Noranda Aluminum Holding Corporation
Corporate Organization Chart

