CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36)

No: 500-11-042345-120

IN THE MATTER OF THE PROPOSED PLAN OF COMPROMISE AND ARRANGEMENT OF:

AVEOS FLEET PERFORMANCE INC./
AVEOS PERFORMANCE AÉRONAUTIQUE INC.
and
AERO TECHNICAL US, INC.

Insolvent Debtors/Petitioners

AVEOS FLEET PERFORMANCE INC./
AVEOS PERFORMANCE AÉRONAUTIQUE INC.

Insolvent Debtor/Plaintiff

vs

CANADIAN NORTH INC.

Respondent/Cross-Plaintiff

and

FTI CONSULTING CANADA INC.

Mis en cause/Monitor

AMENDED ANSWER OF PLAINTIFF TO THE AMENDED CONTESTATION (...)
AND CROSS-CLAIM OF THE RESPONDENT CANADIAN NORTH INC.

IN RESPONSE TO CANADIAN NORTH INC.'S CONTESTATION, PLAINTIFF AVEOS FLEET PERFORMANCE INC./AVEOS PERFORMANCE AÉRONAUTIQUE INC. ("AVEOS") ALLEGES THE FOLLOWING:

1. It prays act of the admissions contained in paragraphs 1, 2, 3 and 4 of Canadian North Inc.'s ("**CN**") Amended Contestation and Cross-Claim ("**Contestation and Cross-Claim**");

2. It joins issue with respect to the allegations contained in paragraphs 5 and 6 of CN's Contestation and Cross-Claim;

3. It prays act of the admissions contained in paragraph 7 of CN's Contestation and Cross-Claim and joins issue with the remainder of the allegations;

4. It joins issue with respect to the allegations contained in paragraphs 8 and 9 of CN's Contestation and Cross-Claim;

5. It prays act of the admissions contained in paragraphs 10, 11, 12 and 13 of CN's Contestation and Cross-Claim and joins issue with respect to the allegations contained in paragraph 10.1;

6. It joins issue with respect to the allegations contained in paragraph 14 of CN's Contestation and Cross-Claim;

7. It prays act of the admissions contained in paragraph 15 of CN's Contestation and Cross-Claim;

8. It joins issue with respect to the allegations contained in paragraphs 16, 17 and 18 of CN's Contestation and Cross-Claim;

9. It prays act of the admissions contained in paragraphs 19 and 20 of CN's Contestation and Cross-Claim;

10. It joins issue with respect to the allegations contained in paragraphs 21 and 22 of CN's Contestation and Cross-Claim;

11. It prays act of the admissions contained in paragraphs 23 and 24 of CN's Contestation and Cross-Claim;

12. It joins issue with respect to the allegations contained in paragraphs 25, 25.1, 25.2, 25.3 26, 27, 28, 29, 30, 31, 32, 33 and 34 of CN's Contestation and Cross-Claim and refers this honourable Court to Exhibits D-8, D-8(a), D-8(b), D-8(c), D-9 and D-9(a), denying anything inconsistent therewith;

I. THE PBH COMPONENT OF THE B737 AGREEMENT

13. It denies the allegations contained in paragraphs 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47 of CN's Contestation and Cross-Claim and adds that these allegations are not relevant to the present dispute which concerns solely CN's refusal to pay Aveos sums rightfully earned by Aveos under the B737 Agreement;

II. THE TERMINATION OF THE B737 AGREEMENT

14. It denies as drafted the allegations contained in paragraphs 48, 49, 50, 51, 52, 53 and 54 of CN's Contestation and Cross-Claim;

15. It denies the allegations set forth in paragraphs 55, 56, 57 and 58 of CN's Contestation and Cross-Claim;

16. It denies the allegations set forth in paragraphs 59, 60 and 61 of CN's Contestation and Cross-Claim;

III. THE RECORDS ISSUE

17. It ignores the allegations set forth in paragraph 62 of CN's Contestation and Cross-Claim;

(a) Life limited parts

18. It denies as drafted the allegations set forth in paragraph 62 of CN's Contestation and Cross-Claim;

19. It denies the allegations set forth in paragraph 64 of CN's Contestation and Cross-Claim;

20. With respect to the allegations set forth at paragraphs 65 and 66 of CN's Contestation and Cross-Claim, Aveos refers this honourable Court to the B737 Agreement (Exhibit P-1) and denies anything inconsistent therewith;

(b) Supporting engineering documents

21. It ignores the allegations set forth in paragraph 67 of CN's Contestation and Cross-Claim;

22. It denies the allegations set forth in paragraphs 68 and 69 of CN's Contestation and Cross-Claim;

23. With respect to the allegations set forth in paragraph 70 of CN's Contestation and Cross-Claim, Aveos refers this honourable Court to Exhibit D-6 and denies anything inconsistent therewith;

24. It denies the allegations set forth in paragraphs 71, 72, 73 and 74 of CN's Contestation and Cross-Claim;

AND IN FURTHER CONTESTATION OF CN'S CROSS-CLAIM, AVEOS ADDS THAT:

25. It denies the allegations set forth in paragraphs 75 and 76 of CN's Contestation and Cross-Claim;

26. It admits the allegations contained in paragraph 77 of CN's Contestation and Cross-Claim;

27. It denies the allegations contained in paragraphs 78, 79, 80, 81, 82, 83, 84, 85, 86 and 87 of CN's Contestation and Cross-Claim and adds that CN is unable to establish any

damages whatsoever in connection with the facts alleged in its Contestation and Cross-Claim;

27.1 With respect to the allegations set forth in paragraph 83.1 of CN's Contestation and Cross-Claim, Aveos refers this honourable Court to Exhibits D-10, D-11, D-11(a), D-11(b), D-11(c), D-11(d), D-11(e), D-12, D-13, D-14, D-15 and D-16, denying anything inconsistent therewith and adds that these additional exhibits do not constitute proof of any damage suffered by CN;

28. Aveos reiterates all the allegations contained in its Amended Motion to recover amounts due for goods supplied and services rendered and for other orders, dated February 21, 2013;

29. The PBH rate paid by CN was agreed upon by the parties pursuant to the B737 Agreement (Exhibit P-1) and allowed CN to level its operational costs for the term of the B737 Agreement;

30. CN entered into the B737 Agreement on December 19, 2008 *en pleine connaissance de cause* and is now refusing to execute its obligations pursuant to this Agreement without valid cause or justification;

31. CN's position to the effect that it paid PBH amounts in excess of the services provided by Aveos is false and irrelevant;

32. The B737 Agreement does not provide that, at its natural end or early termination by the parties, adjustment payments will be made by either CN or Aveos in consideration of the number of engine overhauls, paint jobs or other scheduled maintenance events performed versus what was anticipated by the parties for the term of the Agreement;

33. CN must therefore pay what the B737 Agreement provide for, nothing more and nothing less, including the amount claimed in the Motion;

34. Aveos does not owe any sums whatsoever to CN following the alleged termination of the B737 Agreement;

35. [...];

36. With respect to CN's allegation to the effect that it may prove its damages using another method is false, CN admitted during its President Tracy Medve's examination, that no other valuation method than the one proposed in these proceedings was contemplated to establish their alleged damages;

37. Furthermore, CN, during its President Tracey Medve's examination, admitted that since it changed service provides for all of its maintenance needs, it has saved at least 15% of its operational costs for heavy maintenance and C-checks on all its B-737 aircrafts;

38. CN has no legitimate claim to make against Aveos;

39. The Contestation and Cross-Claim is therefore ill-founded in fact and in law;

40. CN is indebted towards Aveos for the sum of $2,229,282.20 for unpaid services rendered by Aveos until March 19, 2012;

FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO:

GRANT the present Amended Answer of Plaintiff to the Amended Contestation (...) and Cross-Claim of the Respondent Canadian North Inc.;

MAINTAIN Plaintiff Aveos Fleet Performance Inc./Aveos Performance Aéronautique Inc.'s Amended Motion to recover amounts due for goods supplied and services rendered and for other orders;

DISMISS Respondent Canadian North Inc.'s Amended Contestation and Cross-Claim;

THE WHOLE with costs.

Montreal, March 20, 2013

Fraser Milner Casgrain LLP

FRASER MILNER CASGRAIN LLP
Attorneys for Plaintiff
Aveos Fleet Performance Inc./
Aveos Performance Aéronautique Inc.

No. *500-11-042345-120*

SUPERIOR COURT (Commercial Division)
DISTRICT OF **MONTRÉAL**

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Respondent

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FTI CONSULTING CANADA INC.

Mis en Cause/Monitor

Me Roger P. Simard **#548732-1**

AMENDED ANSWER OF PLAINTIFF TO THE AMENDED CONTESTATION (...) AND CROSS-CLAIM OF THE RESPONDENT CANADIAN NORTH INC.

ORIGINAL

FMC LAW

Fraser Milner Casgrain LLP
1 Place Ville Marie, Suite 3900
Montréal, QC, Canada H3B 4M7

MAIN 514 878 8800
FAX 514 866 2241

BB0822