

**SUPERIOR COURT  
(Commercial Division)**

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTRÉAL

NO: 500-11-042345-120

DATE: October 11, 2013

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**PRESIDING: THE HONOURABLE MARK SCHRAGER, J.S.C.**

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***IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C-36, AS AMENDED OF:***

**AVEOS FLEET PERFORMANCE INC. / AVEOS PERFORMANCE AÉRONAUTIQUE INC.**

and

**AERO TECHNICAL US, INC.**

Insolvent Debtors/Petitioners

and

**FTI CONSULTING CANADA INC.**

Monitor

and

**AIR CANADA .**

and

**CANADIAN IMPERIAL BANK OF COMMERCE**

and

**WELLS FARGO BANK NATIONAL ASSOCIATION, as Fondé de Pouvoir**

and

**CRÉDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Fondé de Pouvoir**

and

**AVEOS HOLDING COMPANY as Fondé de Pouvoir**

and

**THE ATTORNEY GENERAL OF CANADA**

And

**AON HEWITT, as administrator of the Aveos Fleet Performance Inc. pension plans**

and

**QUEBEC REVENUE AGENCY**

and

**CANADA REVENUE AGENCY**

**Mises-en-cause**

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**ORDER AUTHORIZING CANCELLATION OF A LETTER OF CREDIT  
AND TO MAKE CERTAIN DISTRIBUTIONS**

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[1] **ON READING** Petitioners' *Re-Amended Motion for Authorization to Cancel a Letter of Credit and to Make Certain Distributions* (the "**Motion**") pursuant to Section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended the "**CCAA**"), the affidavit of Jonathan Solursh filed in support thereof and the Twenty-Fourth Report of the Monitor FTI Consulting Canada Inc., relying upon the submissions of counsel and being advised that the interested parties were given prior notice of the presentation of the Motion;

[2] **SEEING** the provisions of the CCAA;

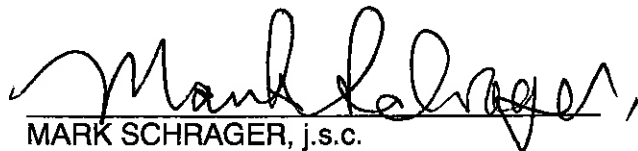
**WHEREFORE, THE COURT:**

[3] **GRANTS** the *Re-Amended Motion for Authorization to Cancel a Letter of Credit and to Make Certain Distributions*;

[4] **DECLARES** that all capitalized terms not otherwise defined in the Motion shall have the meaning ascribed to them in the Initial Order dated March 19, 2012, as amended and restated, granted by the Honourable Mark Schrager, J.S.C., in the present matter;

- [5] **AUTHORIZES AND DIRECTS** Aveos to take any and all steps which are necessary to deliver a notice (the "**L/C Notice**") to Canadian Imperial Bank of Commerce ("**CIBC**"), with a copy to Air Canada, requesting the cancellation of the Letter of Credit Reference No. SBGM746187 issued for the benefit of Aveos on March 12, 2010 by CIBC at the request of Air Canada, in the amount of \$20 million (said letter of credit as renewed and extended from time to time, the "**L/C**"), in which Aveos confirms that it has no further interest in the L/C and that CIBC is authorized to cancel the L/C with immediate effect, the whole in the form of the notice attached to this Order as **Schedule "A"**;
- [6] **DIRECTS** CIBC not to make any payments on any draw on the L/C should the original L/C ever be presented for payment, and **DECLARE** that the L/C shall be effectively cancelled upon CIBC receiving the L/C Notice and a copy of this Order;
- [7] **DIRECTS** CIBC, upon receipt of the L/C Notice and a copy of this Order, to forthwith return any cash collateral held in connection with the L/C to Air Canada or to release any restrictions imposed on said cash, such that Air Canada may freely transact with same;
- [8] **ORDERS** Air Canada, forthwith upon the delivery of the L/C Notice and a copy of this Order, to make a payment of \$5,511,499.00 to Aveos, of which the sum of \$5,361,499.00 is to be received and held in trust (such trust portion, the "**PBA Trust Payment**");
- [9] **ORDERS** Aveos, acting in trust and as fiduciary, to allocate and distribute, subject to any applicable statutory withholding and remittance obligations, the PBA Trust Payment to the following individuals and entities;
- (a) \$390,160.00 for the claims by former non-unionized employees of Aveos who transferred to Aveos as of October 17, 2007 and were then eligible for post-retirement group health benefits, to be paid in equal amounts for each individual;
  - (b) \$600,288.00 to the defined benefit pension plan for non-unionized employees entitled "Retirement Plan for Employees of Aveos," OSFI registration #57573, in respect of the liabilities of Aveos to the Non-Unionized Pension Plan;
  - (c) \$1,916,387.00 for the claims by former unionized employees of Aveos who qualified, as of July 14, 2011, for post-retirement group health benefits, to be distributed to such persons based on actuarial estimates of their individual claims, taking into account the partial entitlements of certain employees; and
  - (d) \$2,454,664.00 for the claims by former unionized employees of Aveos who qualified, as of July 14, 2011, for long term disability benefits, as well as for the two individuals with a pre-existing condition and the estate of the deceased individual described in paragraph 14(b) of the Motion who are included in the list of the Union LTD Group members and respective amounts provided to Aveos and to the Monitor, to be distributed to such persons based on actuarial estimates of their individual claims (save and except in the case of the deceased individual where payment is based on the monthly amounts which would have otherwise been payable for the three months prior to the date of death).

- [10] **ACKNOWLEDGES** the Parties' termination of the Pension and Benefits Agreement under the Amended PBA Termination Agreement, Exhibit R-5 to the Motion, as well as the Monitor's consent thereto;
- [11] **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Petitioners and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioners, (iii) any receivership of the Petitioners, and (iv) the provisions of any federal or provincial statute, the PBA Trust Payment funds are to be deemed held in trust and create a trust, enforceable against third parties, the Third Party Secured Lenders and other secured parties, the CCAA Charges, any receiver, trustee in bankruptcy and the payments or disposition of Property made by the Petitioners pursuant to this Order, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law;
- [12] **DECLARES** that the trust mentioned above and the payments to be made pursuant to this Order shall be valid and enforceable and have full effect as to the priorities applicable as against all Property of the Petitioners and opposable to all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioners, for all purposes;
- [13] **DECLARES** that Aveos, the Chief Restructuring Officer and the Monitor, along with their respective partners, principals, directors, officers, employees and agents shall have no liability with respect to the payments made in accordance with this Order;
- [14] **DECLARES** that nothing in this Order affects any rights and recourses of the Canada Revenue Agency and the Québec Revenue Agency for withholdings and remittance obligations on the payments made or to be made pursuant hereto;
- [15] **ORDERS** the provisional execution of this Order notwithstanding appeal and without the need to furnish any security.
- [16] **THE WHOLE WITHOUT COSTS.**

  
MARK SCHRAGER, j.s.c.

Hearing date: October 11, 2013

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**Greffier adjoint**

**SCHEDULE "A"**

To the Order issued on October 11, 2013 by Hon. Mark Schrager, j.s.c.  
in file : 500-11-042345-120

**[On letterhead of Beneficiary Aveos Fleet Performance Inc.]**

**[Date]**

TO: Canadian Imperial Bank of Commerce ("**CIBC**")  
Trade Finance Operations  
1155 boul. René-Lévesque Ouest, 12<sup>e</sup> étage,  
Montréal, QC H3B 3Z4

|                               |                              |
|-------------------------------|------------------------------|
| RE: CIBC Letter of Credit No. | SBGM746187                   |
| Applicant:                    | Air Canada                   |
| Beneficiary:                  | Aveos Fleet Performance Inc. |
| Amount:                       | \$20,000,000.00              |
| Current Expiry date:          | Mar 11, 2014                 |

With respect to the above-noted letter of credit, we confirm we have no further interest in the letter of credit and authorize CIBC to cancel the letter of credit with immediate effect. We are unable to locate the original letter of credit and undertake to return it to CIBC promptly if it is located.

**Aveos Fleet Performance Inc.**

Per: \_\_\_\_\_  
Name: Jonathan Solursh  
Title: Chief Restructuring Officer  
Authorized signing officer pursuant to his  
Appointment in a Court Order

No 500-11-042345-120

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SUPERIOR COURT (Commercial Division)  
DISTRICT OF MONTRÉAL

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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

And

FTI CONSULTING CANADA INC.

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And AL

Mises-en-cause

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ORDER AUTHORIZING CANCELLATION OF A LETTER  
OF CREDIT AND TO MAKE CERTAIN DISTRIBUTIONS

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DENTONS

Dentons Canada LLP/ ME ROGER P. SIMARD  
1 Place Ville Marie, Suite 3900  
Montréal QC H3B 4M7  
Tel. : 514 878 8800  
Fax : 514 866 2241 (our file : 548732-001)

dentons.com  
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