

# EXHIBIT D-11(a)

**Simard, Roger P.**

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De: Simard, Roger P.  
Envoyé: 14 septembre 2012 10:10  
À: Simard, Roger P.  
Objet: TR: Canadian North Inc.

**From:** Heather Brodie <[hbrodie@relgrp.com](mailto:hbrodie@relgrp.com)>  
**Subject: Re: Canadian North Inc.**  
**Date:** 25 May, 2012 12:16:40 PM EDT  
**To:** Terry Warner <[twarner@millerthomson.com](mailto:twarner@millerthomson.com)>  
**Cc:** Brogan Taylor <[Brogan.Taylor@fticonsulting.com](mailto:Brogan.Taylor@fticonsulting.com)>, "[dmaclellan@canadiannorth.com](mailto:dmaclellan@canadiannorth.com)" <[dmaclellan@canadiannorth.com](mailto:dmaclellan@canadiannorth.com)>, Irfan Rajabali <[irajabali@relgrp.com](mailto:irajabali@relgrp.com)>, Jeff Gollob <[jgollob@relgrp.com](mailto:jgollob@relgrp.com)>, "[tmedve@canadiannorth.com](mailto:tmedve@canadiannorth.com)" <[tmedve@canadiannorth.com](mailto:tmedve@canadiannorth.com)>, Toni Vanderlaan <[toni.vanderlaan@fticonsulting.com](mailto:toni.vanderlaan@fticonsulting.com)>, Stéphane Hébert <[shebert@millerthomsonpouliot.com](mailto:shebert@millerthomsonpouliot.com)>, "Roger P. Simard, LL.L." <[Roger.Simard@fmc-law.com](mailto:Roger.Simard@fmc-law.com)>

Mr. Warner,

I do not believe that any purpose will be served in responding to self-serving statements. However, I strongly suggest that you and the Court-appointed Monitor have a conversation, in which it may be possible to clarify the position of the parties.

Canadian North cannot reasonably expect Aveos to deliver when it is not prepared to fulfil its own obligations.

With that said, I will leave you and the Monitor to discuss the situation.

Heather

**Re.**  group inc. **Heather Brodie** • Principal  
[hbrodie@relgrp.com](mailto:hbrodie@relgrp.com) 647.292.1228  
[relgrp.com](http://relgrp.com)

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On 2012-05-25, at 11:36 AM, Terry Warner wrote:

Lets be clear. I do not accept that there were "numerous attempts by the Monitor" to speak with me. As far as I can tell, there was no attempt at all. My contact information is listed below; it hasn't changed. The phone system has been fully operational throughout. I have an operating voice messaging system. My office cell number is also listed below. No one from your office left a message. Our system keeps a record of missed calls, and I checked and there were no missed calls originating from your office.

Lets be clear about something else as well. As I indicated to Jeff Gollub, Canadian North is not refusing to pay. It never has refused. Making self serving statements like that does not assist in advancing this matter.

As I indicated to Jeff Gollub, we had requested and Canadian North agreed, to put the necessary funds in trust with our firm. Those funds are in fact in our trust account. The only reason they have not been paid to Aveos to this point is that Canadian North believes it has a legitimate set-off claim, which it has tried, in vain, to discuss with your firm. Rather than discuss it with Canadian North, it has been dismissed out of hand by the Monitor. I believe that you cancelled a scheduled meeting in which the issues were to be discussed with Canadian North. The problem is the Monitor's intransigence to discuss legitimate issues.

Lets be clear about one further matter. Your firm is well aware of the fact that Canadian North requires certain maintenance records (which I have been told are euphemistically called "back to birth records"), which are in Aveos's possession and which belong to Canadian North, in order to facilitate ongoing maintenance issues. Instead of acting in good faith and providing those records as per several requests, Aveos has chosen to hold Canadian North to ransom.

Initially, as I understand it, Aveos came forward with an inflated number which it claimed Canadian North owed. It was only after a great deal of time and effort on the part of our client that the real number was arrived at, which I would add was very close to what Canadian North had originally said the correct number was. Canadian North has never refused to pay what is legitimately owed, and its good faith in this matter is amply demonstrated by the fact that the funds to pay whatever is legitimately owed is in trust with us. If the monitor and/or the CRO are adamant in their refusal to discuss legitimate set-off issues and the return of Canadian North records, it will clearly have to be left to the court to decide. I hope we can avoid that.

Last point. I would strongly caution you about making threats concerning cutting off access to information systems as you have suggested in your email. Any interference with Canadian North's business operations will be met with the strongest possible response.

Terrence M. Warner  
Miller Thomson LLP  
2700 Commerce Place  
10155 - 102 Street  
Edmonton, Alberta  
T5J 4G8

Office Phone: (780) 429-9727  
Office Fax: (780) 424-5866  
Cell Phone: (780) 441-5250

Email: [twarner@millerthomson.com](mailto:twarner@millerthomson.com)  
[www.millerthomson.com](http://www.millerthomson.com)

Heather Brodie <[hbrodie@relgrp.com](mailto:hbrodie@relgrp.com)>

05/25/2012 08:56 AM

To "[twarner@millerthomson.com](mailto:twarner@millerthomson.com)" <[twarner@millerthomson.com](mailto:twarner@millerthomson.com)>  
cc Toni Vanderlaan <[toni.vanderlaan@fticonsulting.com](mailto:toni.vanderlaan@fticonsulting.com)>, Irfan Rajabali <[irajabali@relgrp.com](mailto:irajabali@relgrp.com)>, Jeff Gollub <[ggollob@relgrp.com](mailto:ggollob@relgrp.com)>, "[dmaclellan@canadiannorth.com](mailto:dmaclellan@canadiannorth.com)" <[dmaclellan@canadiannorth.com](mailto:dmaclellan@canadiannorth.com)>, "[tmedve@canadiannorth.com](mailto:tmedve@canadiannorth.com)" <[tmedve@canadiannorth.com](mailto:tmedve@canadiannorth.com)>, Brogan Taylor <[Brogan.Taylor@fticonsulting.com](mailto:Brogan.Taylor@fticonsulting.com)>

Subject Canadian North Inc.

Mr. Warner,

In response to your email to Jeff Gollob, and after numerous attempts by the Monitor to speak with you on this matter, please see attached to understand Aveos' position on this matter (a copy of an email I had previously sent to Canadian North). The urgency is that Canadian North owes Aveos over \$1.1 million dollars, for which Aveos wants immediate payment. We note that Canadian North has requested access and/or use of certain information systems belonging to Aveos - we will have to consider our response to this request in light of Canadian North's refusal to pay amounts owed to Aveos.

Please contact the Monitor (Toni Vanderlaan or Brogan Taylor) as soon as possible to discuss.

----- Message from Heather Brodie <[hbrodie@relgrp.com](mailto:hbrodie@relgrp.com)> on Fri, 11 May 2012 11:07:08 -0400 -----

To: "[dmaclellan@canadiannorth.com](mailto:dmaclellan@canadiannorth.com)" <[dmaclellan@canadiannorth.com](mailto:dmaclellan@canadiannorth.com)>,  
"[tmedve@canadiannorth.com](mailto:tmedve@canadiannorth.com)" <[tmedve@canadiannorth.com](mailto:tmedve@canadiannorth.com)>

cc: Stephan Cote <[stephan.cote@aveos.com](mailto:stephan.cote@aveos.com)>

**Subject:** Aveos receivable from Canadian North

Hi Tracy and Don,

Thank you for your time on the phone yesterday. We appreciate your offer to meet with us next week, however, I am not sure this is necessary.

I have flipped through the contract this morning, and it is clear to me that there is no concept or mention whatsoever of reserves. This is a situation where you are paying by the hour and if it breaks during the time you are using it/paying for it, Aveos fixes it - like an insurance policy, if you don't make a claim there is no refund at the end. Aveos has precedents with other large PBH customers who have paid their balances owing in this situation.

Accordingly, we take the position that the amount owed by your company to Aveos is the agreed upon \$1,109,746.19. We understand that there have been several concessions of material value given by Aveos to Canadian North in the resolution of the disputes that resulted in the above \$1.1m agreement, and therefore, we remain firm that this is the amount owed.

Kindly remit these funds on a timely basis - given it is Friday, we expect payment next week, as this issue has been ongoing for some time now. We do not favour taking a legal approach, but if Canadian North is not willing to pay what it clearly owes and has agreed is owing, we will regretfully initiate legal action.

Please confirm that the above amount will be paid to Aveos. Once the balance is paid in full, Aveos will release the documentation requested by Canadian North.

Thank you,  
Heather Brodie

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[attachment "ATT00001.htm" deleted by Terry Warner/mtca] [attachment "PastedGraphic-1.tiff" deleted by Terry Warner/mtca] [attachment "ATT00002.htm" deleted by Terry Warner/mtca]

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**Re!** group inc.

**Heather Brodie** • Principal  
hbrodie@relgrp.com 647.292.1228

relgrp.com

# EXHIBIT D-11(b)

## Aveos Fleet Performance Inc.

### Aveos Balance Sheet

(figures in C\$ mm)

	2012	2012	2011
	Jan	Feb	Dec
<b>Assets</b>			
Current assets			
Cash and cash equivalents	12.2	10.4	36.9
Trade receivables - Air Canada	112.2	113.6	96.6
Trade and other receivables & Prepaid expenses	31.1	31.5	34.2
Inventory	99.9	101.3	95.9
<b>Total Current Assets</b>	<b>255.4</b>	<b>256.8</b>	<b>263.6</b>
Property, plant and equipment	90.2	89.7	91.0
Intangible assets	191.6	191.1	191.9
Other assets	49.0	49.0	49.3
<b>Total Assets</b>	<b>586.2</b>	<b>586.6</b>	<b>595.8</b>
<b>Liabilities</b>			
Current liabilities			
Credit Facility	45.1	44.5	45.8
Trade payables - Air Canada	87.6	92.8	83.5
Trade and other payables	108.0	111.5	113.8
Net Deferred revenue	(20.3)	(23.4)	(21.2)
Customer deposits	19.8	22.7	22.9
<b>Total Current Liabilities</b>	<b>240.1</b>	<b>248.3</b>	<b>244.8</b>
Demand promissory note - Intergroup	280.1	280.1	280.1
Capital Leases Obligation & Other Liabilities	136.1	131.7	135.8
Asset Back Loan	30.1	29.7	30.5
Take-Back Term Loan	124.8	124.2	125.5
Deferred financing costs	0.0	0.0	0.0
AC Unsecured Note	22.0	22.0	22.0
<b>Long-Term Liabilities</b>	<b>593.1</b>	<b>587.7</b>	<b>593.9</b>
<b>Total Liabilities</b>	<b>833.2</b>	<b>836.0</b>	<b>838.7</b>
<b>Shareholders' (Deficiency) Equity</b>			
Shareholders' Equity	(247.0)	(249.4)	(243.0)
<b>Total Liabilities + Total Shareholders' Equity</b>	<b>586.2</b>	<b>586.6</b>	<b>595.8</b>

# EXHIBIT D-11(c)



## Deferred Revenue Summary As at February 29th, 2012

February 29th 2012  
Closing Balance

Customer 1	30.0
Customer 2	0.5
Customer 3	(8.2)
Canadian North	(0.8)
Customer 5	1.5
Customer 6	1.8
Customer 7	(1.4)

Deferred Revenue Balance 23.4

# EXHIBIT D-11(d)

Canadian North Deferred Revenue Account  
 Contract Year-to-Date (to March 31, 2012)  
 (in CAD \$)

Period	Flying Hours Applied (1)	Costs Applied (2)	Running Total (3)
Jan-09	\$ 844,248.58	\$ 388,519.05	\$ 455,729.53
Feb-09	114,297.98	364,160.56	205,866.96
Mar-09	521,926.10	1,522,982.47	(795,189.41)
Apr-09	525,087.28	(65,282.97)	(204,819.16)
May-09	522,218.88	576,974.79	(259,575.07)
Jun-09	406,342.97	470,017.92	(323,250.02)
Jul-09	(238,862.66)	897,399.93	(1,459,512.61)
Aug-09	405,770.68	901,627.87	(1,955,369.80)
Sep-09	406,329.34	698,794.48	(2,247,834.94)
Oct-09	403,072.79	285,291.27	(2,130,053.42)
Nov-09	405,021.27	922,404.52	(2,647,436.68)
Dec-09	406,901.62	(789,052.45)	(1,451,482.61)
Jan-10	409,493.79	193,701.79	(1,235,690.60)
Feb-10	370,865.51	324,417.72	(1,189,242.81)
Mar-10	384,831.56	388,875.87	(1,193,287.12)
Apr-10	398,797.61	1,174,410.84	(1,968,900.35)
May-10	634,993.84	523,469.18	(1,857,375.68)
Jun-10	451,197.60	961,876.45	(2,368,054.53)
Jul-10	474,126.45	464,169.59	(2,358,097.67)
Aug-10	523,568.43	433,974.45	(2,268,503.69)
Sep-10	565,894.56	535,332.46	(2,237,941.58)
Oct-10	532,476.42	301,896.18	(2,007,361.34)
Nov-10	513,817.08	688,871.64	(2,182,415.89)
Dec-10	450,828.63	(166,681.70)	(1,564,905.57)
Jan-11	489,569.56	413,415.79	(1,488,751.79)
Feb-11	468,505.42	622,218.10	(1,642,464.47)
Mar-11	534,827.91	542,320.81	(1,649,957.38)
Apr-11	588,456.13	400,743.39	(1,462,244.63)
May-11	649,092.94	687,526.66	(1,500,678.35)
Jun-11	625,811.35	(4,421.82)	(870,445.18)
Jul-11	645,148.96	319,178.10	(544,474.32)
Aug-11	650,274.11	299,620.34	(193,820.54)
Sep-11	684,923.80	280,075.61	211,027.65
Oct-11	649,487.01	795,132.72	65,381.94
Nov-11	685,931.25	381,158.53	370,154.66
Dec-11	720,649.60	512,092.59	578,711.67
Jan-12	615,220.12	294,781.45	899,150.35
Feb-12	699,738.99	833,460.93	765,428.40
Mar-12	414,901.42	708,533.41	471,796.41
<b>Total</b>	<b>\$ 19,555,784.88</b>	<b>\$ 19,083,988.47</b>	<b>\$ 471,796.41</b>

Sum total of Cost Applied:  
 \$ 7,085,836.5890

Components	\$ 5,796,871.40
Engines	46,679.49
Overhead	1,242,285.70
	<u>\$ 7,085,836.59</u>

(4)  
 (4)

Notes

- (1) Represents portion of flying hours invoiced applied to the deferred revenue accounts based on the "Matching Principle" (GAAP).
- (2) Represents direct costs incurred (labour and materials) plus estimate for overhead recovery.
- (3) Negative balance indicates account deficiency.
- (4) Flying hours invoice not paid by Canadian North.