

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT

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

and

FTI CONSULTING CANADA INC.

Monitor

and

WELLS FARGO BANK NATIONAL ASSOCIATION, as
Fondé de Pouvoir

and

CRÉDIT SUISSE AG, CAYMAN ISLAND BRANCH, as
Fondé de Pouvoir

and

AVEOS HOLDING COMPANY as Fondé de Pouvoir

and

BREOF/BELMONT BAN L.P.

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

and

REGISTRAR OF THE PERSONAL AND MOVABLE
REAL RIGHTS REGISTER OF QUEBEC

and

REGISTRAR OF THE LAND REGISTRY,
REGISTRATION DIVISION OF MONTREAL

and

LOCKHEED MARTIN CANADA INC.

and

AIR CANADA

and

AÉROPORTS DE MONTRÉAL

Mis en causes

MOTION FOR SALE APPROVAL AND FOR A VESTING ORDER
(EMC BUILDING AND MISCELLANEOUS ENGINES MAINTENANCE DIVISION ASSETS)
(Sections 11 and 36 of the *Companies' Creditors Arrangement Act* ("CCAA"))

TO THE HONOURABLE JUSTICE MARK SCHRAGER, J.S.C., OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE PETITIONERS RESPECTFULLY SUBMIT THE FOLLOWING:

I. INTRODUCTION

1. Further to the filing, by Aveos Fleet Performance Inc. ("**Aveos**") and Aero Technical US, Inc. ("**Aero US**" and, collectively with Aveos, the "**Petitioners**"), of a *Petition for the Issuance of an Initial Order* (the "**Initial CCAA Petition**") as well as a *Motion for the Issuance of an Amended and Restated Initial Order*, this Honourable Court issued an *Initial Order* on March 19, 2012, as amended and restated by further orders (collectively, the "**Initial Order**"), the whole as appears from the Court record. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Initial CCAA Petition or in the Initial Order.
2. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed Monitor of the Petitioners (the "**Monitor**") and a stay of proceedings was granted until April 5, 2012 and subsequently extended by further orders until February 1st, 2013, the whole as appears from the Court record.

3. On March 20, 2012, Mr. Jonathan Solursh was appointed Chief Restructuring Officer (collectively, with R.e.l. Group Inc., the “CRO”) of the Petitioners, with authority to carry on, manage, operate and supervise the management and operations of the business and affairs of the Petitioners, further to the Petitioners’ *Motion for the Appointment of a Chief Restructuring Officer*, the whole as appears from the Court record.
4. As part of their overall restructuring, the Petitioners filed, on April 18, 2012, a *Motion for Approval of a Divestiture Process* in view of implementing a divestiture process regarding certain lines of business, divisions and other assets of Aveos (the “**Divestiture Process**”), the whole as appears from the Court record.
5. An *Order Approving the Divestiture Process* was subsequently issued by this Honourable Court on April 20, 2012 (the “**Divestiture Order**”), as appears from the Court record.
6. In conformity with the Divestiture Order, the Divestiture Process has been implemented by the Petitioners under the direction of the CRO and with the assistance of the Monitor. Details relating to the implementation and results of the Divestiture Process were previously provided by the CRO in various reports to the Court.
7. To date, this Honourable Court has authorized numerous transactions concerning the three main divisions or lines of business of Aveos:
 - a) On or around June 22, 2012, the Petitioners filed a *Motion for an Order Authorizing the Sale of Certain Assets of the Petitioners and for Vesting Orders* regarding the divestiture of assets comprising the Airframe Maintenance Division, also referred to as “Heavy Maintenance” and various Orders were granted on June 28, 2012, the whole as appears from the Court record.
 - b) On or around July 23, 2012, the Petitioners filed a *Motion for an Order Authorizing the Sale of Certain Assets of the Petitioners and for Vesting Orders (Engines Maintenance Division)* (the “**First EMC Motion**”) regarding the divestiture of assets comprising the Engines Maintenance Center (“EMC”) and an Order was granted on July 26, 2012, the whole as appears from the Court record.
 - c) On or around August 2, 2012, the Petitioners filed a *Motion for an Order Authorizing the Sale of Certain Assets of the Petitioners and for a Vesting Order (Components Maintenance Centre) and Authorizing an Agreement for Lease Termination* and an Order was granted on August 14, 2012, the whole as appears from the Court record.
8. Various other Motions were filed by Petitioners in view of obtaining approvals and vesting orders in respect of the divestiture of other assets of the Petitioners, including: the Engines Maintenance Services Agreement for Air Canada’s CFM56-5A and CFM56-5B as well as various other machinery, tooling, equipment and other assets. This Honourable Court granted various Orders on these Motions as appears from the Court record.

9. The transaction that was approved by the Court further to the filing of the First EMC Motion did not involve an *en bloc* sale of the EMC as a going concern. Rather, it contemplated the sale of inventory under an asset purchase agreement as well as the sale by auction or otherwise (liquidation) of tooling and equipment located in the EMC, under certain conditions, under a liquidation services agreement ("**Maynards LSA**"), under the auspices of a liquidator, Maynards Industries Ltd. and its partners (collectively "**Maynards**").
10. While the sale of the EMC inventory to Maynards has been concluded, Maynards agreed to postpone the scheduled October 2012 auction date originally provided for in the Maynards LSA to early 2013, in view of the developments described herein and in the Ninth CRO Report (as defined below).
11. As reported in the Fifth Report of the CRO to the Court and as set forth in the First EMC Motion, extensive efforts were deployed by the Petitioners under the direction of the CRO in order to conclude an *en bloc* sale of the EMC. Those efforts were unsuccessful and Aveos entered into the Maynards LSA, which was subsequently approved by this Honourable Court. However, subsequent to the approval of the Maynards LSA, Aveos and the CRO were approached by a party interested in pursuing an *en bloc* transaction which would lead to a going concern solution for the EMC business that could be recommended by the CRO and the Monitor to the Court.
12. Further to the developments initially reported by the CRO (in its Seventh Report and Eighth Report to the Court and the Addendum thereto) and further disclosed to the Court in the context of the hearing on the *Motion for an Amendment to the Initial Order* on December 14, 2012, the initiatives undertaken by Aveos under the direction of the CRO following the third party approach referenced above, resulted in the receipt of a substantial offer from the mis en cause, Lockheed Martin Canada Inc. (hereinafter "**LM**" or the "**Purchaser**") and lead to the execution of the agreements described below which, if approved and completed, will lead to a restart of of the EMC business.
13. The offer that was received from LM subsequent to the Divestiture Process, the negotiations that ensued, and the analysis conducted by Aveos and the CRO under the supervision of the Monitor, have resulted in the execution of an asset purchase agreement dated December 21, 2012 (the "**LMC Agreement**") with the Purchaser for the sale of the EMC Building and certain miscellaneous assets of Aveos exclusively used in the EMC Business (as set forth at Schedule 2.1 of the LMC Agreement, the "**Purchased Assets**"), the whole as more fully detailed below, the whole subject to approval of the Court (the "**LMC Transaction**"). A redacted copy of the LMC Agreement is filed in support hereof as **Exhibit P-1**.
14. Maynards has entered into an amended and restated asset purchase agreement with LM (the "**Maynards APA**") for certain tooling (the "**Maynards Assets**") and subsequently entered into an option agreement for the purchase by LM of the balance of the tooling,

equipment and other assets covered by the Maynards LSA (the "**Maynards Option Assets**").

15. After securing from Aveos an undertaking and promise to lease the EMC Building, as explained in the Ninth CRO Report (as defined below), Exhibit P-2, which Aveos negotiated pursuant to the authorization granted by this Court on December 14, 2012, LM was ultimately comfortable to exercise the option to purchase the Maynards Option Assets and did so on January 4, 2013. The resulting purchase transaction is scheduled to close between Maynards and the Purchaser concurrently with the LMC Transaction, if the LMC Transaction is approved by this Court.
16. This structure enabled LM to make certain commitments and satisfy certain of its business requirements pending the hearing of this Motion.
17. The present Motion seeks this Court's approval and the requisite Vesting Orders in order to give effect to and complete the LMC Transaction as contemplated in the LMC Agreement.
18. The Monitor supports the present Motion and will file its nineteenth report with the Court recommending that the requested relief be granted (the "**Monitor's Nineteenth Report**").

II. **THE LMC TRANSACTION**

A. The parties

19. The EMC division provided repair and overhaul services for engines as well as repair services for individual aircraft parts and auxiliary power units. It offered engine maintenance services for various aircraft and a wide range of engine types. Aveos was well regarded in the MRO industry for the quality and reliability of its engines services.
20. LM is a subsidiary of Lockheed Martin Corporation, a world leading global security and aerospace company.
21. As appears from the Ninth Report to the Court of the CRO (the "**Ninth CRO Report**"), to be filed at, or prior to, the hearing hereof as **Exhibit P-2**, Aveos, under the direction of the CRO, invested significant time and resources in analyzing, negotiating and concluding the LMC Agreement. In exploring the options at their disposal, Aveos and the CRO, with the assistance of the Monitor, sought to implement a solution which was most favourable to the Petitioners and their stakeholders, including the Third Party Secured Lenders, and giving appropriate weight to the interests of other stakeholders including former Aveos employees.

B. Modalities of the LMC Transaction

22. The LMC Agreement contemplates the acquisition of the EMC division and the building used by the EMC for its operations (the “**EMC Building**” or the “**Immovable**”), as well as certain other miscellaneous assets, intellectual property and other rights owned by Aveos and associated with the EMC business, the whole as described below.
23. The LMC Transaction is expected to result in a sustainable restart of Aveos’ EMC operations within a relatively short timeframe.
24. As appears from Sections 3 and 10.1 (c) of the LMC Agreement, the contemplated restart of operations by LM will benefit the former employees of Aveos. In accordance with the LMC Agreement, LM has informed Aveos that LM has entered into a satisfactory agreement with the International Association of Machinists & Aerospace Workers (“**IAMAW**”), the union representing the former employees of the EMC resulting in a new collective agreement for the IAMAW members who will be hired by LM.
25. LM has indicated an intention to extend offers of employment that could result in the employment of up to 200 former Aveos employees (as well as management staff).
26. LM has the intention, and estimates that it is capable, of restarting operations in a relatively short period of time.
27. Given the ongoing requirements that Aveos and the CRO have in connection with these proceedings and considering the relatively quick closing of the LMC Transaction and anticipated rapid restart of the operations of the EMC business in the present circumstances, LM and Aveos agreed to enter into a Transition Services Agreement in a form to be determined by the parties. The Transition Services Agreement aims to set out and facilitate the modalities of the various transitional services to be provided by LM to Aveos after the Closing of the LMC Transaction (as such term is defined therein).
28. Save for the condition that the requisite approval and vesting order requested from this Honourable Court be granted, the LMC Transaction is not subject to any material conditions precedent or subsequent that have not already been fulfilled or waived, other than normal closing conditions typical for a transaction of this nature.
29. In particular, there is no forced assignment of any customer or supplier agreement required by LM in order to give effect to the LMC Transaction, such that counterparties are unaffected by the orders sought herein.
30. The only notices, consents and assignments required to be given, obtained or made in the context of the LMC Transaction relate to the head land lease between Air Canada and Aéroports de Montréal (“**ADM**”) and the Land Sublease (as defined below) from Air Canada for the EMC Building as well as the Air Canada Supply & Services Agreement.

Aveos is entitled to, and will, assign these two agreements between Aveos and Air Canada to the Purchaser at closing of the sale of the EMC Building. While ADM's consent to an assignment of the Land Sublease is not required, a notice of assignment of the Land Sublease will be given to ADM. Because the use of the EMC Building contemplated by LM is the same as the one conducted by Aveos since 2007, Aveos anticipates no issue with respect to these assignments and notices.

31. In considering such factors as those mentioned above and the overall terms and conditions pertaining to the LMC Agreement, Aveos considers the LMC Transaction to be the most desirable scenario for the EMC division and remaining assets in the circumstances.

C. The Purchased Assets

32. Schedule 2.1 of the LMC Agreement enumerates all of the assets in respect of which a vesting order is hereby sought (as defined in the LMC Agreement, the "**Purchased Assets**"). These include the EMC Building and miscellaneous machinery, equipment, furniture, inventory, intellectual property, contracts, permits and other rights. The Maynards Assets and Maynards Option Assets located in the EMC Building will be sold concurrently under the Maynards APA and pursuant to the Vesting Order already granted by the Honourable Court in conjunction with the previous approval of the Maynards LSA.

i. The EMC Building

33. As mentioned above, the LMC Agreement contemplates the acquisition by LM of the immovable property owned by Aveos known as the EMC Building, located at 7171 Côte-Vertu Boulevard in Montreal.
34. The EMC Building was purchased by Aveos from Air Canada on or around October 16, 2007, as appears from a copy of the extract of the Index of Immovables for the Registration Division of Montreal, communicated as **Exhibit P-3**, and from a copy of the Deed of Sale registered at the Land Register for the Registration Division of Montreal (the "**Registry Office**") under number 14 709 925, communicated as **Exhibit P-4**.
35. The land on which the EMC Building is situated was the property of Her Majesty the Queen in Right of Canada as represented by the Minister of Transport (the "**Crown**"), which land is part of the land that was leased to the mis en cause Air Canada pursuant to a lease agreement dated July 28, 1992, which was subsequently assigned to ADM and amended on numerous occasions. A Notice of Lease in respect of said lease was published at the Land Registry on June 19, 2008, under No. 15 531 555, a copy of which is communicated herewith as **Exhibit P-5**.

36. Pursuant to a Deed of Lease registered at the Registry Office under number 4 530 405, the Crown transferred all of its rights, title and interest as lessor under the Land Lease to ADM on or around July 31, 1992.
37. The EMC Building was however owned by Air Canada under the provisions of the Deed of Lease P-5.
38. Pursuant to the Deed of Sale, Exhibit P-4, on or around October 16, 2007, Air Canada transferred its rights, title and interest in and to, *inter alia*, the EMC Building to Aveos.
39. On or around October 16, 2007, Air Canada (as sub-lessor) entered into a sublease agreement with Aveos (as sub-lessee) in respect of the land on which the EMC Building is situated (the "**Land Sublease**"), the whole as appears from a copy of said Land Sublease, communicated as **Exhibit P-6**.
40. Aveos has agreed to enter into an assignment agreement with LM providing for the assignment in favour of LM, of all of Aveos' rights, title and interest in and to the Land Sublease, on closing of the LMC Transaction, the whole as appears from a copy of said draft assignment agreement and notice of assignment to Air Canada and notice of assignment to ADM, filed en liasse as **Exhibit P-7**.
41. In addition, as part of the LMC Transaction, Aveos shall be assigning to LM all of its rights in and to the Air Canada Supply & Services Agreement dated October 16, 2007. In accordance with the LMC Agreement, Aveos shall execute an assignment regarding the said Supply & Services Agreement and will send a notice of same to Air Canada upon Closing of the LMC Transaction. A copy of the draft assignment agreement and notice of assignment is filed en liasse as **Exhibit P-8**.
42. Consequently, the Petitioners hereby request that this Honourable Court authorize Aveos to enter into the proposed Deed of Sale being Schedule 7 of the LMC Agreement, the assignment agreements P-7 and P-8 to ratify and approve same, and to render the necessary Orders in view of having the EMC Building vested in LM, free and clear of all Claims (as such term is defined in the conclusions hereof).

ii. Machinery, Furniture, Equipment and Tooling

43. In conjunction with with the LMC Agreement, LM also entered into the Maynards APA in respect of the assets forming the object of the First EMC Motion which were to be auctioned or sold by Maynards pursuant to the Orders rendered by this Honourable Court (being the Maynards Assets and the Maynards Option Assets).
44. Given that the Maynards Assets and the Maynards Option Assets formed part of the EMC division and were used for the purposes of the EMC business, the acquisition by LM of the Maynards Assets and the Maynards Option Assets was instrumental to the

conclusion of the LMC Agreement and will facilitate an efficient restart of the EMC business.

45. In light of the Orders already granted by this Court in respect of the Maynards Assets and the Maynards Option Assets pursuant to the first EMC Motion, the vesting orders and authorizations hereby sought pertain only to the assets described at Schedule 2.1 of the LMC Agreement, which, by definition exclude the Maynards Assets and the Maynards Option Assets.
46. Among the assets to be acquired by LM under the LMC Agreement are the CF34 engine test cell equipment located in the building known as Air Canada Building 7, Dorval Maintenance Base in Dorval, Quebec. This test cell will continue to be used in the context of the EMC operations. These assets were not located in the EMC Building and were therefore excluded from the Maynards LSA.

iii. Other assets

47. As appears from Schedule 2.1 of the LMC Agreement, LM and Aveos have contemplated the purchase and sale, subject to this Court's approval, of miscellaneous other Aveos property pertaining to or required for the EMC business, all as set out under the terms of the LMC Agreement, in addition to the Maynards Assets and the Maynards Option Assets.
48. The vesting in LM of all of Aveos' rights, title and interest in these other assets is also a crucial component and condition of the LMC Transaction.

III. GROUNDS FOR THE RELIEF SOUGHT

49. The decision made by the CRO to proceed with the LMC Transaction takes into account the commitment of LM to complete the LMC Transaction, the conditions attached to the offer received for the EMC assets, the time required to close the LMC Transaction and other relevant considerations, the whole as set forth above and in the Ninth CRO Report.
50. The terms and conditions of the LMC Transaction were considered by Aveos and the CRO as being: a) most favourable to Aveos and the stakeholders in the circumstances and b) consistent with the principles established in the Divestiture Process, the whole as more fully appears in the Ninth CRO Report.
51. It is submitted that the consideration, terms and conditions of the LMC Transaction are favourable to Aveos, and allow Aveos to obtain the best possible value for the Purchased Assets in the current circumstances, the whole as more fully detailed in the Ninth CRO Report.
52. It is therefore respectfully submitted that it is in the interest of the Petitioners, their stakeholders and in the interest of justice that Petitioners be authorized by this

Honourable Court to proceed with the LMC Transaction and that the Court authorize the LMC Transaction.

53. The only beneficiaries of deemed trusts and secured creditors that are likely to be affected by the proposed LMC Transaction are the *mis en cause* and also the members, former members, and any other persons entitled to pension benefits under the Pension Plans as defined at paragraph 19 of the Initial Order, who hold or may assert to hold either deemed trust claims or universal movable hypothecs, as appears from the updated security search report to be filed at the hearing hereof as **Exhibit P-9**.
54. In view of the universal nature of the Charges under the CCAA, the deemed trusts and the applicable universal movable hypothecs and security interests granted in favour of the *mis en cause* Third-Party Secured Lenders, the proceeds of sale will automatically be subject to such Charges, deemed trusts and universal hypothecs and security interests without the need for an order of this Court under subsection 36(6) of the CCAA. Notwithstanding the foregoing, the conclusions of this Motion provide, for clarity, that existing Charges, deemed trusts and universal hypothecs and security interests will attach to the proceeds of sale which will stand in place and stead of the Purchased Assets.
55. The Purchase Price [as it relates to the EMC Building] as provided for in the LMC Transaction was evaluated by the CRO and considered to be fair value for the reasons explained in the Ninth CRO Report.
56. There is no separate municipal assessment for the EMC Building but it appears that land transfer duties were paid in respect of the 2007 Deed of Sale, Exhibit P-4, based on a municipal evaluation of \$28,200,000, as appears from **Exhibit P-10**.
57. It is moreover respectfully submitted that it is urgent that this Honourable Court approve and authorize the LMC Transaction and that the said LMC Transaction be completed without delay considering, *inter alia*, that:
 - a) time is of the essence in that the expediency with which the LMC Transaction would take place is a significant consideration for both the Purchaser and Aveos;
 - b) the terms and conditions of the LMC Agreement are favourable for the Petitioners and it is highly unlikely that the Petitioners would obtain a more favourable purchase price and/or terms and conditions in the future if the LMC Transaction is not completed forthwith;
 - c) if the Petitioners are precluded from effecting the LMC Transaction, this would be prejudicial to the Petitioners and their stakeholders;
58. In light of this, Petitioners also request that the Order to be rendered herein be declared executory notwithstanding any appeal and without the necessity of furnishing security.

IV. VESTING ORDER

59. It is a condition of closing in the LMC Agreement that the Court render an order vesting all of the right, title and interest of Aveos in and to the Purchased Assets described therein.
60. The LMC Transaction contemplates the transfer and conveyance of the Purchased Assets, free and clear of all hypothecs, liens, charges and encumbrances pursuant to such vesting order.
61. Accordingly, Aveos respectfully seeks an order from this Honourable Court vesting the Purchased Assets in LM, free and clear of such charges and encumbrances, and approving the LMC Agreement, the whole upon closing of the LMC Transaction.
62. Aveos requests that Exhibits P-1 be filed under seal of confidentiality and that a redacted copy only, removing the financial details, be filed in the Court record and made available to the Service List, in order to avoid any prejudice should Aveos need to return to the market in the event of a problem with closing the LMC Transaction.

WHEREFORE, MAY IT PLEASE THIS HONOURABLE COURT TO:

- [1] **GRANT** the *Motion for Sale Approval and for a Vesting Order (EMC Building and Miscellaneous Engines Maintenance Division Assets)*;
- [2] **DECLARE** sufficient and valid the service and notice of the Motion on all persons and **DISPENSE** with any further requirements for service or notice thereof;
- [3] **DECLARE** that all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Initial Order, as amended and restated, or, otherwise, in the Motion;
- [4] **AUTHORIZE** Aveos Fleet Performance Inc. / Aveos Performance Aéronautique Inc. (hereinafter "**Aveos**") to complete, enter into and give effect to the contract entitled Purchase Agreement (the "**Agreement**") with Lockheed Martin Canada Inc. (together with any designated affiliate, the "**Purchaser**"), a copy of which is filed in support of the Motion as Exhibit P-1;
- [5] **AUTHORIZE** and **RATIFY** the Agreement and the transaction contemplated therein by and between Aveos and the Purchaser, as set forth in the Agreement (the "**Transaction**"), and **ORDER** that Exhibit P-1 be sealed and that a redacted copy removing financial or confidential information therefrom be filed into the Court record and made available to the Service List;
- [6] **AUTHORIZE** the sale, transfer and conveyance of the assets pursuant to and identified in the Agreement, including the Immovable described below (the "**Purchased Assets**");

- [7] **AUTHORIZE** Aveos to perform its obligations under the Agreement;
- [8] **AUTHORIZE** Aveos to:
- a) take any and all actions necessary to proceed with the Transaction, including, without limitation, to execute and deliver any documents and assurances governing or giving effect to the Transaction as Aveos, in its discretion, may deem to be reasonably necessary or advisable to conclude the Transaction, including the execution of such deeds, contracts, or documents as may be contemplated in the Agreement and all such deeds, contracts or documents are hereby ratified, approved and confirmed, including:
 - i) a Transition Services Agreement in a form to be agreed by the parties;
 - ii) the Deed of Sale;
 - iii) the Assignment of the Air Canada Supply & Services Agreement; and
 - iv) the Assignment of the Land Sublease;
 - b) take steps, as are, in the opinion of Aveos, necessary or incidental to the performance of its obligations pursuant to the Agreement;
- [9] **ORDER** and **DECLARE** that, upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Monitor's Certificate**"), all of Aveos' right, title, benefit and interest in and to the Purchased Assets, shall vest absolutely and exclusively in the Purchaser, free and clear of and from any all rights, titles, interests, security interests (whether contractual, statutory, or otherwise), hypothecs (legal or contractual), prior claims, mortgages, pledges, trusts, deeds of trust or deemed trusts (whether contractual, statutory or otherwise), liens (statutory or otherwise), executions, levies, charges or other financial or monetary claims, options, rights of first offer or first refusal, real property licences, encumbrances, obligations, conditional sale arrangements, adverse claims, priorities, levies, options, judgments, writs of seizure and sale, leasing agreements or other similar restrictions of any kind, whether attached, perfected, registered or filed and whether secured, unsecured, legal, possessory or otherwise, remedies from facts which exist as at or before the Closing of the Transaction (as defined in the Agreement), whether known or unknown, or any and all other rights of use, disputes and debts of all persons or entities of any kind whatsoever and howsoever arising, each of which and collectively being herein referred to as the "**Claims**," including, without limiting the generality of the foregoing:
- a) any encumbrance or charge created by the Initial Order, as amended and restated, rendered by the undersigned or by any other order of this Court in these proceedings;

- b) all charges, security interests or claims, inasmuch as they relate to property of Aveos, evidenced by registration at or with the Quebec Personal and Movable Real Rights Registry (Québec) (“**RDPRM**”), the Quebec Land Registry, any provincial personal property registry system including without limitation, registrations pursuant to the *Personal Property Security Act* (Ontario), the *Personal Property Security Act* (Manitoba) and the *Personal Property Security Act* (British Columbia), the Canadian Intellectual Property Office or any other personal property registry system, or pursuant to the *Bank Act* (Canada), the *Trademarks Act* (Canada) or any other legislation;
- [10] **ORDER** and **DIRECT** the Monitor to file with the Court the Monitor’s Certificate, forthwith after execution and delivery thereof;
- [11] **ORDER** the respective collateral agents, on behalf and in the name of the Third-Party Secured Lenders, and Aveos Holding Company (as Fondé de Pouvoir), to execute, no later than ten (10) days following the issuance of the Order to be rendered herein, deeds of *mainlevée* (releases) with respect to the immovable hypothecs, liens, encumbrances and/or other charges, including, and without limitation, those listed on **Schedule B** hereto that currently affect the following immovable property:
- An emplacement located on the site of the Montreal-Pierre Elliott Trudeau International Airport, in the City of Montreal, Province of Quebec, known and designated as lot number **THREE MILLION EIGHT HUNDRED NINETY-NINE THOUSAND THREE HUNDRED AND FORTY-FOUR (3 899 344)** of the Cadastre du Québec, Registration Division of Montreal; with all the buildings thereon erected, more particularly the building and other structures erected thereon bearing civic number 7171 Côte Vertu boulevard, City of Montreal (Borough of Saint-Laurent), Province of Quebec, H4Z 1Z3.
- (the “**Immovable**”);
- [12] **ORDER** the Land Registrar of the Land Registry Office for the Registry Division of Montreal, upon presentation of the required applications, a certified true copy of the Order to be rendered herein, payment of the prescribed fees and presentation of a certified true copy of the Monitor’s Certificate, to forthwith:
- a) publish this Order against the Immovable;
- b) proceed with the total cancellation, radiation and discharge of the registration of all immovable hypothecs, liens, encumbrances and/or other charges listed on Schedule B hereto, that currently affect the Immovable; and
- c) proceed with an entry on the Index of Immovables showing the Purchaser as the absolute owner in regards to the Immovable;

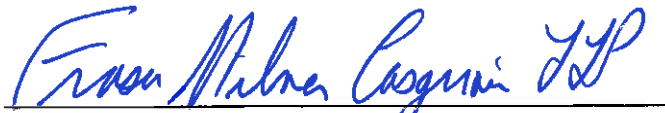
- [13] **ORDER** and **DECLARE**, for greater certainty, that all hypothecs, encumbrances and Claims affecting or relating to the Purchased Assets, upon delivery of the Monitor's Certificate, be and are expunged and discharged as against those Purchased Assets corresponding to the Monitor's Certificate so delivered and filed into Court;
- [14] **ORDER** that, upon receipt of a copy of the signed Monitor's Certificate having been delivered to the Purchaser, Aveos is authorized to receive payment of the Purchase Price from the Purchaser;
- [15] **DECLARE** that notwithstanding
- a) the pendency of these proceedings;
 - b) any application for a bankruptcy order issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA") in respect of Aveos and any bankruptcy order issued pursuant to any such applications; and
 - c) any assignment in bankruptcy or any receivership;
- the Transaction and sale shall be binding on any trustee in bankruptcy, receiver, interim receiver, administrator, or other person appointed for the benefit of creditors that may be appointed in respect of Aveos and shall not be void or voidable and shall not be deemed to be a settlement, fraudulent preference, assignment, or fraudulent conveyance, transfer for under value or other reviewable transaction under the CCAA, the BIA, Articles 1631 et seq. of the Civil Code of Québec, S.Q. 1991, c. 164 ("C.C.Q.") or any other applicable federal or provincial legislation nor constitute oppressive or fairly prejudicial conduct pursuant to any applicable federal or provincial legislation;
- [16] **DECLARE** that the Order to be rendered herein constitutes the only authorization or consent required by Aveos to proceed with the Transaction and, for greater certainty, **DECLARE** that the parties involved in the Transaction are exempted from requiring or obtaining any authorization or consent that may be required from any person or authority whatsoever;
- [17] **DECLARE** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in place and stead of the Purchased Assets and that from and after the delivery of the Monitor's Certificate, all Claims shall attach to the proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold;
- [18] **ORDER** that neither the Purchaser nor any affiliate thereof shall assume or be deemed to assume any liabilities or obligations whatsoever of any of Aveos or the *Mis en causes* (other than as expressly assumed under the terms of the Transaction or of the Order to be rendered herein);

- [19] **ORDER** that the Agreement, Exhibit P-1, and any related or ancillary agreements shall not be repudiated, disclaimed or otherwise compromised in these proceedings;
- [20] **ORDER** that, pursuant to section 11.3 of the CCAA, Aveos' rights and obligations under the contracts, leases and agreements and other arrangements to be assigned on Closing pursuant to and in accordance with the terms of the Agreement (the "**Contracts**," as described and enumerated in and pursuant to the terms of the Agreement) are hereby assigned, and that such assignments are hereby approved and are valid and binding upon all persons, including upon the counterparties to the Contracts (the "**Counterparties**") *à toutes fins que de droit*, notwithstanding any restriction or prohibition on assignment contained in any such Contract; provided, however, that the effectiveness of the assignment of any such Contract pursuant to this Order and the Agreement shall be conditioned upon the remedy of monetary defaults in relation to such Contracts (the "**Cure Costs**"), if any, payable in respect of any such Contract (as determined by agreement among the parties or order of this Court);
- [21] **ORDER** that the Cure Costs payable in respect of any Contract shall be as agreed between the Purchaser and the Counterparty, failing which the Purchaser or the Counterparty shall be entitled to apply to this Court for an order determining the amount of such Cure Costs and, if such application is made, the assignment of such Contract shall not become effective until (i) such Cure Costs shall have been determined by a final, non-appealable order of this Court and (ii) such Cure Costs shall have been paid in full to the Counterparty;
- [22] **ORDER** that, from and after the Closing Date (as defined in the Agreement), all persons shall be deemed to have waived all defaults then existing or previously committed by Aveos under, or caused by Aveos under, and the non-compliance of Aveos with, any of the Contracts arising solely by reason of the insolvency of Aveos or as a result of any actions taken by Aveos pursuant to the Agreement or in these proceedings, and all notices of default and demands given in connection with any such defaults under, or non-compliance with, any of the Contracts shall be deemed to have been rescinded and shall be of no further force or effect;
- [23] **ORDER** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and any substantially similar legislation, Aveos and the *Mis en Causes* are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in Aveos' records pertaining to Aveos' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provide to it in a manner which is in all material respects identical to the prior use of such information by Aveos;
- [24] **ORDER** that all persons shall cooperate fully with Aveos and the *Mis en causes*, the Purchaser and their respective affiliates and the Monitor and do all such things that are

necessary or desirable for the purposes of giving effect to and in furtherance of the Order to be rendered herein, the Agreement, and the Transaction;

- [25] **REQUEST** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of this Order;
- [26] **ORDER** that this Order shall have full force and effect in all provinces and territories in Canada;
- [27] **ORDER** the provisional execution of the Order to be rendered herein, notwithstanding any appeal and without the necessity of furnishing any security;
- [28] **THE WHOLE WITHOUT COSTS.**

Montréal, January 7, 2013



FRASER MILNER CASGRAIN LLP

Attorneys for Petitioners

SCHEDULE A

Superior Court of Quebec 500-11-042345-120

MONITOR'S CERTIFICATE
(PURSUANT TO THE ORDER RENDERED BY HON. MARK SCHRAGER, J.S.C.,
ON ●, 2013)

Pursuant to an Order of the Honourable Mark Schragger, j.s.c. of the Superior Court of Quebec (the "**Court**") dated March 19, 2012, as amended and restated by further orders issued on March 30, 2012, April 5, 2012, May 4, 2012 and December 14, 2012 (collectively, the "**Amended and Restated Initial Order**"), FTI Consulting Canada Inc. was appointed monitor (the "**Monitor**") of Aveos Fleet Performance Inc./Aveos Performance Aéronautique Inc. (hereinafter "**Aveos**") and of Aero Technical US, Inc. (collectively, the "**Petitioners**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended, the "**CCAA**");

Pursuant to the Amended and Restated Initial Order issued by the Court, the Petitioners benefit from a stay of proceedings granted thereby pursuant to the CCAA;

Pursuant to an Order of the Court dated [insert date of vesting order], (the "**Approval and Vesting Order**") the Court, *inter alia*, authorized and approved the transaction and conveyance of certain assets (the "**Purchased Assets**") by and between Aveos on the one hand, and Lockheed Martin Canada Inc., on the other hand (the "**Purchaser**"), and provided for, among other things, the vesting in the Purchaser of all of Aveos' rights, title and interest in and to the Purchased Assets, free and clear of any and all Claims, encumbrances, charges, liens and hypothecs, the whole in accordance with the Approval and Vesting Order, which vesting is to be effective with respect to the Purchased Assets upon delivery by the Monitor to the Purchaser of this certificate;

Unless otherwise indicated herein, capitalized terms have the meaning ascribed to them in the Approval and Vesting Order;

THE MONITOR HEREBY CERTIFIES that:

1. It has received written confirmation from Aveos that the Closing of the Transaction has occurred; and
2. The Transaction has been completed to the satisfaction of the Monitor.

MADE AT MONTRÉAL, THIS ● DAY OF ●, 2013.

FTI CONSULTING CANADA INC.

in its capacity as Court-appointed Monitor of the
Petitioners

●, DULY AUTHORIZED REPRESENTATIVE

SCHEDULE B

HYPOTHECS AND OTHER REGISTRATIONS AFFECTING THE IMMOVABLE TO BE RELEASED AND CANCELLED

- [1] A hypothec on a universality of immovables granted for an amount of \$1,200,000,000 (plus interest) in favour of Lehman Commercial Paper Inc., as *fondé de pouvoir*, by ACTS Aero Technical Support & Services Inc. pursuant to a *Deed of Hypothec and Issue of Bonds (First Lien)* published at the Land Registry Office of the Registration Division of Montreal under number 14 689 799;
- [2] A hypothec on a universality of immovables granted for an amount of \$1,200,000,000 (plus interest) in favour of Lehman Commercial Paper Inc., as *fondé de pouvoir*, by Aveos Fleet Performance Inc./Aveos Performance Aéronautique Inc. pursuant to a *Deed of Hypothec and Issue of Bonds (First Lien)* published at the Land Registry Office of the Registration Division of Montreal under number 15 971 068;
- [3] A hypothec on a universality of immovables granted for an amount of \$150,000,000 (plus interest) in favour of Lehman Commercial Paper Inc., as *fondé de pouvoir*, by Aveos Fleet Performance Inc./Aveos Performance Aéronautique Inc. pursuant to a *Deed of Hypothec and Issue of Bonds (Senior)* published at the Land Registry Office of the Registration Division of Montreal under number 16 993 624;
- [4] A hypothec on a universality of immovables granted for an amount of \$150,000,000 (plus interest) in favour of Lehman Commercial Paper Inc., as *fondé de pouvoir*, by Aveos Fleet Performance Inc./Aveos Performance Aéronautique Inc. pursuant to a *Deed of Hypothec and Issue of Bonds (Junior)* published at the Land Registry Office of the Registration Division of Montreal under number 16 993 628;
- [5] An assignment of hypothecary rights in favour of Aveos Holding Company, as *fondé de pouvoir* (assignee), by Lehman Commercial Paper Inc., as *fondé de pouvoir* (assignor), pursuant to a *Deed of Substitution of Fondé de Pouvoir* published at the Land Registry Office of the Registration Division of Montreal under number 16 999 962;
- [6] An assignment of hypothecary rank in favour of Lehman Commercial Paper Inc., as *fondé de pouvoir* (assignee), by Aveos Holding Company, as *fondé de pouvoir* (assignor), pursuant to a *Deed of Cession of Rank*, published at the Land Registry Office of the Registration Division of Montreal under number 16 999 963;
- [7] An assignment of hypothecary rights in favour of Wells Fargo Bank, National Association, as *fondé de pouvoir* (assignee), by Lehman Commercial Paper Inc., as *fondé de pouvoir* (assignor), pursuant to a *Deed of Assignment and Substitution of Fondé de Pouvoir* published at the Land Registry Office of the Registration Division of Montreal under number 18 839 585;

- [8] An assignment of hypothecary rights in favour of Crédit Suisse AG, Cayman Islands Branch, as *fondé de pouvoir* (assignee), by Lehman Commercial Paper Inc., as *fondé de pouvoir* (assignor), pursuant to a *Deed of Assignment and Substitution of Fondé de Pouvoir* published at the Land Registry Office of the Registration Division of Montreal under number 18 839 586.

- [9] Deed of correction published at the Land Registry Office of the Registration Division of Montreal under number 18 864 373 .

NOTICE OF PRESENTATION

TO: SERVICE LIST

LOCKHEED MARTIN CANADA INC.

3001 Solandt Road
Kanata, Ontario
Canada
K2K 2M8

C/o: Baker & McKenzie LLP
Brookfield Place
181 Bay Street, Suite 2100
Toronto, Ontario M5J 2T3

Attention: Me Chris Besant
chris.besant@bakernet.com

and

AÉROPORTS DE MONTRÉAL

and

REGISTRAR OF THE PERSONAL AND MOVABLE REAL RIGHTS REGISTER OF QUEBEC

and

REGISTRAR OF THE LAND REGISTRY, REGISTRATION DIVISION OF MONTREAL

TAKE NOTICE that the *Motion for Sale Approval and for a Vesting Order (EMC Building and Miscellaneous Engines Maintenance Division Assets)* will be presented before the Honourable Mark Schrager, J.S.C., of the Superior Court, sitting in and for the Commercial Division for the District of Montreal, in the Montreal Courthouse, located at 1 Notre-Dame Street East, Montreal, in a room number to be determined, at a date and time to be determined.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, January 7, 2013



FRASER MILNER CASGRAIN LLP

Attorneys for Petitioners

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT

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

and

FTI CONSULTING CANADA INC.

Monitor

and

WELLS FARGO BANK NATIONAL ASSOCIATION, as
Fondé de Pouvoir

and

CRÉDIT SUISSE AG, CAYMAN ISLAND BRANCH, as
Fondé de Pouvoir

and

AVEOS HOLDING COMPANY as Fondé de Pouvoir

and

BREOF/BELMONT BAN L.P.

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

and

REGISTRAR OF THE PERSONAL AND MOVABLE
REAL RIGHTS REGISTER OF QUEBEC

and

REGISTRAR OF THE LAND REGISTRY,
REGISTRATION DIVISION OF MONTREAL

and

LOCKHEED MARTIN CANADA INC.

and

AIR CANADA

and

AÉROPORTS DE MONTRÉAL

Mis en causes

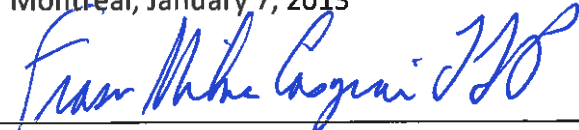
PETITIONERS' LIST OF EXHIBITS
IN SUPPORT OF THEIR MOTION FOR SALE APPROVAL AND FOR A VESTING ORDER
(EMC BUILDING AND MISCELLANEOUS ENGINES MAINTENANCE DIVISION ASSETS)

| | |
|---------------------|--|
| Exhibit P-1: | Purchase Agreement between Aveos Fleet Performance Inc. and Lockheed Martin Canada Inc.; |
| Exhibit P-2: | Ninth Report to the Court of the CRO; |
| Exhibit P-3: | Extract of the Index of Immovables for the Registration Division of Montreal with respect to the EMC Building; |
| Exhibit P-4: | Deed of Sale executed between Air Canada and Aveos Fleet Performance Inc. registered at the Land Register for the Registration Division of Montreal under number 14 709 925; |
| EXHIBIT P-5: | Notice of Lease registered at the Land Registry, under No. 15 531 555; |
| EXHIBIT P-6: | Land Sublease executed between Air Canada and Aveos Fleet Performance Inc. dated October 16, 2007; |
| EXHIBIT P-7: | <i>En liasse</i> , draft Assignment agreement to be executed between Aveos Fleet Performance Inc. and Lockheed Martin Canada Inc. with respect to the Land |

| | |
|----------------------|---|
| | Sublease and draft notices of assignment to ADM and to Air Canada; |
| EXHIBIT P-8: | <i>En liasse</i> draft Assignment agreement to be executed between Aveos Fleet Performance Inc. and Lockheed Martin Canada Inc. with respect to the Air Canada Supply & Services Agreement dated October 16, 2007 and draft notice of assignment. |
| EXHIBIT P-9: | <i>En liasse</i> , updated RDPRM security search reports prepared by Fraser Milner Casgrain, to be filed <i>séance tenante</i> . |
| EXHIBIT P-10: | Municipal transfer tax information on the EMC Building 2007 transaction. |

These Exhibits are available upon request.

Montréal, January 7, 2013



FRASER MILNER CASGRAIN LLP
Attorneys for Petitioners

No. 500-11-042345-120

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

**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.

Monitor

and

WELLS FARGO BANK NATIONAL ASSOCIATION, as Fondé de

Pouvoir

and LOCKHEED MARTIN CANADA INC.

and AIR CANADA

and AÉROPORTS DE MONTRÉAL

et al.

Mis en causes

Me Roger Simard / Me Ari Sorek

File: 548732-1

**MOTION FOR SALE APPROVAL AND FOR A VESTING ORDER
(EMC BUILDING AND MISCELLANEOUS ENGINES MAINTENANCE
DIVISION ASSETS) (Sections 11 and 36 of the Companies' Creditors
Arrangement Act ("CCAA")), NOTICE OF PRESENTATION and LIST
OF EXHIBITS**

ORIGINAL



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

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FAX 514 866 2241

BB0822