

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)

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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

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TWELFTH REPORT OF THE CHIEF RESTRUCTURING OFFICER TO THE COURT

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1. On March 19, 2012, Aveos Fleet Performance Inc. ("Aveos") and Aero Technical US, Inc. ("Aero US" and, together with Aveos, the "Company" or the "Petitioners") filed a petition under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCA"). An initial order (as subsequently amended and restated, the "Initial Order") was made by the Honourable Mr. Justice Schragger of the Superior Court of Quebec (Commercial Division) (the "Court"), granting, inter alia, a stay of proceedings against the Petitioners until April 5, 2012 (as subsequently extended by further orders until November 22nd, 2013, the "Stay Period"), and appointing FTI Consulting Canada Inc. as monitor of the Petitioners (the "Monitor"). The proceedings commenced by the Petitioners under the CCA will be referred to herein as the "CCA Proceedings".
2. On March 20, 2012, an Order for the Appointment of a Chief Restructuring Officer (the "CRO Order") was made by the Court, appointing Mr. Jonathan Solursh as chief restructuring officer of the Petitioners (collectively, with R.e.I. group inc. ("R.e.I."), the "CRO").
3. In preparing this report, the CRO has relied upon unaudited financial information of the Petitioners, the Petitioners' books and records, certain financial information prepared by the Petitioners and discussions with employees. The CRO has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Future oriented financial


information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.

4. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars.

**Update on Secured Lenders Debt**

5. The purpose of this report is to provide the following update to the Court on the status of the outstanding indebtedness ("Senior Secured Debt") owed to the Third Party Secured Lenders:
  - a) The \$25.0 million Third Interim Distribution to the Agent for the Third Party Secured Lenders (the "Agent") was made on July 18, 2013 as authorized pursuant to the Order made by this Honourable Court dated June 26, 2013.
  - b) The CRO has been advised by the Agent of the completion of a transaction that resulted in a substantial repayment being made on account of the Senior Secured Debt by a corporate guarantor related to Aveos. The CRO understands that, because this was a payment by a guarantor and the guarantor is entitled to be subrogated on a subordinated basis to repayment in full of the Senior Secured Debt to the Third Party Secured Lenders, there is no resulting change to the overall Senior Secured Debt from Aveos' perspective as principal debtor. In any event, the outstanding balance remaining due to the Third Party Secured Lenders (after taking into account the above mentioned guarantee payment and before taking into account the effect of the subrogation rights of the guarantor) is still substantially greater than the expected net distributions from the assets of Aveos.
6. The Monitor had been informed of this development and the CRO has reviewed the status of the Senior Secured Debt with the Monitor.

August 6, 2013



**Jonathan Solorsh  
Chief Restructuring Officer**

**No** 500-11-042345-120

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

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Me Roger P. Simard/Our file : 548732-001

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**TWELFTH REPORT OF THE CHIEF  
RESTRUCTURING OFFICER TO THE COURT**

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