

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

SUPERIOR COURT

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

NO: 500-11-042345-120

**IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT
OF:**

**AVEOS FLEET PERFORMANCE INC./
AVEOS PERFORMANCE
AERONAUTIQUE INC. and
AERO TECHNICAL US, INC.**

Debtors

and

FTI CONSULTING CANADA INC.

Monitor

and

A J WALTER (LEASING) LTD., company
duly incorporated in the Isle of Man whose
registered office is at Exchange House,
54-58 Athol; Street, Douglas, Isle of Man,
IM1 1JD

Petitioner

A J WALTER (LEASING) LTD'S MOTION TO REPOSSESS CERTAIN ASSETS
(Sections 11 and 11.02 and ff. of the *Companies' Creditors Arrangement Act* and
paragraphs 35.1 and 35.3 of the May 4, 2012 *Amended and Restated Initial Order*)

**TO THE HONOURABLE JUSTICE SCHRAGER J.S.C., OR TO ONE OF THE
HONORABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL
DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTREAL, THE
PETITIONER RESPECTFULLY SUBMITS THE FOLLOWING:**

PREAMBLE

1. On March 19, 2012, this Court issued an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of Aveos Fleet

- Performance Inc. / Aveos Performance Aeronautique Inc. ("**Aveos**") and Aero Technical US, Inc. (together with Aveos, the "**Debtors**");
2. Pursuant to the Initial Order, FTI Consulting Canada Inc. (the "**Monitor**") was appointed monitor of the Debtors and a stay of proceedings (the "**Stay of Proceedings**") was granted in favour of the Debtors until and including April 5, 2012;
 3. The Stay of Proceedings has since been extended until July 20, 2012;
 4. On March 20, 2012, this honorable Court issued an order appointing Mr. Jonathan Solursh (the "**CRO**") as chief restructuring officer of the Debtors;
 5. On April 5, 2012, this honorable Court issued an Order Amending the Initial Order (the "**April 5 Order**");
 6. The April 5 Order provided *inter alia* for a third party property recovery mechanism (the "**Recovery Mechanism**"), allowing third party property owners to repossess their property under the Debtors' control without lifting the Stay of Proceedings;
 7. On May 4, 2012, this Court issued an Amended and Restated Initial Order (the "**Restated Initial Order**") reaffirming the Recovery Mechanism;
 8. Since the last week of March 2012, A J Walter Aviation Ltd. ("**AJWA**") and A J Walter (Leasing) Ltd. ("**AJWL**") have been actively collaborating with Aveos, the Monitor and the CRO in order to repossess their property in conformity with the Stay of Proceedings and the Recovery Mechanism confirmed by the April 5 Order, but, in part, to no avail, as the Third Party Secured Lenders (as defined in the Initial Order) have:
 - a) refused to approve the repossession by AJWL of most of its property under Aveos' control; and,
 - b) failed to take a formal position with respect to the repossession by AJWA of a significant part of its property under Aveos' control;
 9. Given the foregoing and the severe commercial and financial hardship caused to AJWL and AJWA as a direct result of the Third Party Secured Lenders' failure to approve the release of their respective property in a timely fashion, AJWL has no alternative but to seize this honorable Court with a series of Motions for the Repossession of Certain Assets in virtue of sections 11 and 11.02 and ff. of the *Companies' Creditors Arrangement Act* and paragraphs 35.1 to 35.3 of the Restated Initial Order;
 10. The present motion for Repossession of Certain Assets (the "**AJWL Motion for Repossession**") is presented by AJWL only;
 11. The AJWL Motion for Repossession is related to roughly 72 aircraft spare parts and components owned by AJWL, estimated by AJWL worth \$3,938,865.37 USD, which are currently located at Aveos' and Air Transat's Montreal facilities;

BACKGROUND

12. Before addressing the specific issues raised by the AJWL Motion for Repossession, AJWL wishes to provide this honourable Court with a) background information on the contractual relationships between AJWL, AJWA and Aveos, b) an overview of the parts and components owned by AJWL and AJWA currently under Aveos' control, and c) a status summary on the recovery process of parts and components owned by AJWL and AJWA;
 - a. **Contracts Between Aveos and the AJW Group**
13. AJWL and AJWA are sister companies (collectively, the "**AJW Group**"), which specialize in the supply, exchange, repair and lease of aircraft spare parts and components used in relation to the overhaul, repair, inspection, modification, improvement, alteration and testing of commercial aircraft, engines, parts and accessories;
14. On March 19, 2012, the day of the issuance of the Initial Order, five contractual agreements were in force between the AJW Group and Aveos:
 - a) The February 9, 2009 "Volaris Airframe Spare Parts Inventory Pooling Agreement" (the "**Volaris Inventory Agreement**"), pursuant to which AJWA was to provide component support services to Aveos, for the purposes of supporting Aveos' service agreement with its end customer Volaris;
 - b) The October 18, 2011 "Canadian North Airframe Spare Parts Lease Agreement" (the "**Canadian North Agreement**"), pursuant to which AJWA was to lease airframe spare parts to Aveos on a title retention basis, for the purpose of sub-leasing these parts to its end customer Canadian North Inc.;
 - c) The September 14, 2011 "Interjet Exchange Agreement", pursuant to which AJWA was to *inter alia* exchange serviceable rotatable components to Aveos for "off units" in need of repair or overhaul, for the purposes of supporting the operations of Aveos' end customer Interjet;
 - d) The June 15, 2011 "Air Transat Airframe Spare Parts Inventory Pool Access Agreement" (the "**AT Inventory Agreement**"), pursuant to which AJWA was to make available, for use by Aveos, an inventory of rotatable aircraft components for use in conjunction with Aveos' aircraft repair and maintenance services agreement with its end customer Air Transat A.T. Inc.; and
 - e) The June 15, 2011 "Air Transat Airframe Spare Parts Lease Agreement" (the "**Air Transat Agreement**"), pursuant to which AJWL was to provide airframe spare parts to Aveos on a title retention basis, for the purpose of supporting Aveos' end customer Air Transat A.T. Inc, as appears from

the Air Transat Agreement filed in support herewith as **Exhibit R-1 (under seal)**;

(Collectively the "**AJW Agreements**");

15. Under each of the AJW Agreements, all rights of ownership over the parts and components provided to Aveos remained at all times with either AJWL or AJWA and were never acquired by, or transferred to, Aveos;

b. Units Under Aveos' Control

16. On the day of the issuance of the Initial Order, in excess of 835 parts and components owned by the AJW Group were under Aveos' control. More specifically:
 - a) Roughly 620 parts and components owned by AJWA had been provided to Aveos under the Volaris Inventory Agreement;
 - b) 22 parts and components owned by AJWA had been provided to Aveos under the Canadian North Agreement;
 - c) 14 parts and components owned by AJWA had been provided to Aveos under the Interjet Exchange Agreement;
 - d) 57 parts and components owned by AJWA had been provided to Aveos under the AT Inventory Agreement;
 - e) Roughly 72 parts and components owned by AJWL had been provided to Aveos under the Air Transat Agreement;
 - f) Certain parts and components owned by AJWA or AJWL were also made available to Aveos on an *ad hoc* basis pursuant to an AJW Group trade account arrangement with Aveos;

The whole as appears from the list of the parts and components provided to Aveos by AJWA and AJWL under the AJW Agreements (the "**Master List**"), filed in support herewith *en liasse* as **Exhibit R-2**;

c. Recovery Process Status

17. Since the issuance of the Initial Order, the AJW Group has been proactively working with Aveos, the CRO and the Monitor in order to identify, inspect, and repossess the parts and components owned by AJWA or AJWL in Aveos' possession or in the possession of Aveos' clients, the whole in conformity with the Stay of Proceedings, the April 5 Order and the Recovery Mechanism;
18. Thus far, after more than 6 weeks of negotiations and daily communications with Aveos, the Monitor, the CRO or the Third Party Secured Lenders, within the limits of the Recovery Process, the AJW Group has only managed to physically recover 86 parts and components (roughly 10% of all AJW Group's parts and components under Aveos' control) and has received, between May 15 and May 18,

authorization to repossess approximately 400 additional units, which AJWA and AJWL are currently in the process of recovering;

19. Thus, roughly 350 parts and components (the "**Remaining Units**"), over which the AJW Group has clear ownership rights, remain under Aveos' control and, consequently, cannot be used by the AJW Group in its ongoing business with other customers;
20. As detailed below, this situation has caused tremendous commercial and financial hardship to the AJW Group;
21. The recovery of the Remaining Units has essentially been stalled by the Third Party Secured Lenders;
22. On May 15, 2012, after 15 days of deliberation, the Third Party Secured Lenders informed the AJW Group that they would not be allowing AJWL to repossess the 72 parts and components (the "**AT Units**") provided by AJWL to Aveos under the Air Transat Agreement and invited AJWL to debate its right to repossess these parts and components before this honourable Court;
23. The scope of the conclusions sought in the present motion is limited to the repossession by AJWL of the AT Units;

CHRONOLOGY OF EVENTS RELATED TO THE RECOVERY OF THE AT UNITS BY AJWL

24. On or about March 26, 2012, the AJW Group, with the consent of the Monitor and the CRO, established contact with Mr. Robert Gogo of Aveos for the purpose of identifying the location of all AJWA's and AJWL's parts and components provided to Aveos under the AJW Agreements;
25. Over the weeks following the issuance of the Initial Order, Mr. Matt Millbank, V-P Business Development for the Americas at AJWA, was in regular contact with Robert Gogo and Mr. Jean Clermont of Aveos in order to arrange for the recovery by AJWA and AJWL of their respective parts and components in Aveos' possession;
26. On March 30, 2012, a stock check was performed by the AJW Group at the Air Transat facility with respect to parts and components provided to Aveos under the AT Inventory Agreement and the Air Transat Agreement;
27. On or about March 30, 2012, the AJW Group provided the Monitor with a Master List describing all 835 parts and components owned by the AJW group currently under Aveos' control, as appears from the March 30, 2012 email filed in support herewith as **Exhibit R-3**;
28. Following the issuance by this honourable Court of the April 5 Order providing for the Recovery Mechanism, the exchanges between the AJW Group and Aveos intensified in preparation of the repossession of AJWA's and AJWL's parts and components;
29. On or around April 19, 2012, Matt Millbank met with Robert Gogo and Karen Tam

of Aveos at Aveos' facility in Montreal in order to complete a stock check, verify the contents of the Master List and identify the easily retrievable parts and components owned by AJWA and AJWL;

30. On April 19, 2012, Matt Millbank was informed that Aveos was able to identify 178 parts and components owned by AJWL or AJWA located in Montreal and Edmonton, including the AT Units, the whole as appears from the Reconciliation List prepared by Aveos and filed in support herewith as **Exhibit R-4**;
31. The recovery of the AT Units was then scheduled for April 30, 2012;
32. On April 27, 2012, Aveos and the Monitor realized that AJWL's rights over the AT Units and resulting from the Air Transat Agreement had not been published at the Register of Personal and Movable Real Rights ("**RDPRM**");
33. On or about April 29, 2012, the Monitor brought to the attention of the Third Party Secured Lenders the fact that AJWL's rights over the AT Units had not been published at the RDPRM;
34. On May 1, 2012, a copy of the Air Transat Agreement was provided by AJWL to the Third Party Secured Lenders;
35. On May 3, 2012, AJWL formally requested the Third Party Secured Lenders' position on the recovery by AJWL of the AT Units, as appears from the May 3, 2012 email filed in support herewith as **Exhibit R-5**;
36. Despite AJWL's insistence, the Third Party Secured Lenders did not treat this matter with any sense of urgency, stalled for time and put AJWL in an holding pattern for 15 days and renegeing on several verbal and written commitments to respond within agreed timescales, as appears from the chain of emails filed in support herewith as **Exhibit R-6**;
37. On May 15, 2012, the Third Party Secured Lenders informed AJWL verbally that they would not allow AJWL to recover the AT Units and invited AJWL to present this Motion before this honourable Court;
38. Although this has not been confirmed in writing, AJWL has been informed that the Third Party Secured Lenders have taken the position that the AT Units may fall within the scope of hypothecs on the universality of Aveos' present and future moveable property in favour of the Secured Lenders;

RELIEF SOUGHT

39. Given the position taken by the Third Party Secured Lenders with respect to the AT Units, AJWL seeks declaratory and injunctive orders in favour of AJWL and against the Third Party Secured Lenders;
40. More specifically, AJWL respectfully submits that this honourable Court should declare that the Third Party Secured Lenders have no rights of any nature whatsoever, including hypothecary rights, over the AT Units and order the immediate repossession of the AT Units by AJWL;

41. In light of the Recovery Mechanism first provided by the April 5 Order and later included in the Restated Initial Order, AJWL is of the view that it is entitled to seek a repossession order from this Court without requesting a Lift of the Stay of Proceedings;
42. In this respect, paragraphs 35.1 and 35.3 of the Restated Initial Order not only set out the conditions to be met by third party property owners in order to repossess their property, but also stipulates that the Court may intervene to order the release of third party property at the request of a "third-party claimants";
43. For ease of reference, paragraphs 35.1, 35.2 and 35.3 read as follows:

[35.1] DECLARES that the Petitioners are authorized to release third party property, whether tangible or intangible, and also including electronic data and records, and/or any documentation necessary or incidental to the return of such property, including, but not limited to, records, specifications, manuals, reports, tracing certifications, subject to (i) proper identification by the third party claimant and the Petitioners, (ii) settlement of any outstanding amounts owing to the Petitioners or satisfactory arrangements securing the full payment thereof (iii) providing proper documentation establishing title, right of possession or a valid security interest, not otherwise subject to prior ranking security or right thereon—the whole subject to the prior written approval of the Monitor and of the Third Party Secured Lenders (as defined in the Initial Order). In the event that property claimed by a third party is subject to any prior ranking security or right thereon, the Monitor will endeavour to resolve the matter between the parties at interest, failing which the Monitor will report to the Court and the Petitioners will not release such Property, **unless otherwise ordered by this Court;**

(Our emphasis)

[35.2] DECLARES that the Petitioners be authorized to negotiate and execute any and all necessary documents or agreements, and to instruct third parties to release such property, to give full effect, facilitate or govern the terms of any such release of property, as may be required, including consents, authorizations, directions, and declarations of settlement out of court, the whole subject to the prior written approval of the Monitor;

[35.3] DECLARES that paragraphs 35.1 and 35.2 shall not limit the **rights of third-party claimants to bring a motion before the Court as may be required;**

(Our emphasis)

GROUND FOR THIS MOTION

44. In the context of the above-described Recovery Process, AJWL has met all the requirements of paragraph 35.1 of the Restated Initial Order;
45. AJWL's title in the AT Units based on the Air Transat Agreement is not contested

and is recognized by Aveos, the Monitor, the CRO and the Secured Lenders;

46. The AT Units have been properly identified and reconciled by Aveos and AJWL, as appears from the Reconciliation List R-5 and the Master List R-2;
47. AJWL has no outstanding debt vis-à-vis the Debtors;
48. Notwithstanding the foregoing, AJWL has been unable to obtain the prior approval of the Third Party Secured Lenders for the repossession of the AT Units, as the latter claim that their hypothecary rights over Aveos' universality of moveable property extend over the AT Units owned by AJWL;
49. AJWL vehemently disagrees with the Third Party Secured Lenders' position for the following reasons;
50. Section 10 of the Air Transat Agreement, which is governed by the laws of New York, provides that the Inventory, as defined therein, is provided by AJWL to Aveos on consignment with title retention by AJWL:

10.1 Title to the Inventory leased to Lessee [Aveos] and delivered to Lessee by Lessor [AJWL] under this Agreement, shall at all times remain with or be vested in Lessor. *The lessee agrees and acknowledges that title to and ownership of each Part shall remain with and be vested in Lessor until the Part is installed on the aircraft of Customer at which time Lessor will pass title of the Part to Lessee (who in turn will pass title to its sub lessee) and Lessor will simultaneously gain title to and ownership of the exchange Part removed from such Aircraft;*

(Our emphasis)

10.2 In each case Lessor shall procure that title to such Part shall transfer from Lessor to Lessee (or Customer) free and clear of all liens, prior claims, security interest hypothecs, title retentions, trusts or any other claims or encumbrances created or permitted by or through Lessor anti upon removal from the aircraft of any Exchange Part (or on placement of a Replacement Part into the Inventory) title to such Exchange Part or Replacement Part (as the case may be) shall transfer from Lessee (or Customer) to Lessor free and clear all liens, prior claims, security interests, hypothecs title retentions, trusts or any other claim, or encumbrances created or permitted by or through Lessee or through Customer.

10.3 Lessee warrants that it or Customer will not create or permit to be created through it any lien, prior claim, security interest, hypothec title retention, trust or any other claim or encumbrance in favor of any third party and that Lessee shall take all measures, precautionary or otherwise, to ensure that the Inventory shall not be the subject of any attachment, seizure or judicial sale and that Lessor rights, title and interest in, to and under, the Inventory is protected against and remains unaffected by any third party rights or interest at all times and, for such purpose, Lessee shall make all filings and registrations necessary or desirable to publish perfect and protect Lessor's ownership interest in and title to the Inventory. Additionally, if any or the Designated facilities are on premises leased Lessee. Lessee shall notify in writing the owners or lessors

of such premises that the Inventory is property owned by Lessor; for such purposes, the posting of appropriate identification placards shall constitute sufficient notice;

(Our emphasis)

51. Section 8.1 of the Air Transat Agreement further provides that :

*Lessee shall provide, at no cost to Lessor secure storage for the Inventory at Lessees' Designated facility and **the Inventory shall be clearly marked as belonging to A J Walter (Leasing) Limited.** The Inventory shall at all times be stored and maintained by Lessee in accordance with customar industry standards to preclude damage or deterioration*

(Our emphasis)

52. Therefore, at all times relevant, title to the AT Units remained entirely with AJWL and was never transferred to Aveos;
53. Therefore, Aveos was never entitled under the Air Transat Agreement and/or Quebec law to grant a conventional hypothec to the Third Party Secured Lenders on the AT Units, given that, among other things, Aveos never had the capacity to alienate the AT units and never had title to the AT units;
54. Furthermore, the hypothecary rights that the Third Party Secured Lenders claim to have over the AT Units allegedly stem from certain hypothecs on a universality of movable property owned by Aveos and executed and published by the Third Party Secured Lenders or their predecessors in 2010 or prior to 2010 (the "**2010 Hypothecs**"), the whole as appears from the RDPRM search report already filed by Aveos in the context of the CCAA proceedings and filed in support herewith as **Exhibit R-7**;
55. The 2010 Hypothecs were executed and published nearly two years prior to the execution of the Air Transat Agreement;
56. None of the AT Units were in the possession or control of Aveos at the time of the execution and publication of the 2010 Hypothecs;
57. The Air Transat Agreement was executed by AJWL and Aveos on or about June 15, 2011 and the AT Units were provided to Aveos thereafter;
58. The Third Party Secured Lenders have suffered no prejudice as a result of the non-publication of AJWL's rights over the AT Units at the RDPRM and they cannot conceivably claim that they were under the impression, or entitled to presume, at the time of the execution or publication of the 2010 Hypothecs, that the AT Units were in fact part of the universality of moveable property owned by Aveos and charged by the 2010 Hypothecs;
59. In addition, under the Air Transat Agreement, Aveos had the obligation to clearly mark the Inventory as belonging to AJWL in order to avoid any confusion between AJWL's property and Aveos' property;

60. Finally, without prejudice to the foregoing arguments, any hypothecary rights on future moveable property owned by Aveos which the Third Party Secured Lenders may have had as a result of the 2010 Hypothecs could never have extended to the AT Units, as Aveos never acquired title or the right to alienate the AT Units;
61. In light the foregoing, the Secured Lenders have no rights over the AT Units, which "are not subject to any prior ranking security or right thereon" in the sense of paragraph 35.1 of the Restated Initial Order;
62. AJWL respectfully submits that, given the foregoing, this honourable Court should declare that the Third Party Secured Lenders have no rights over the AT Units and cannot prevent AJWL from repossessing the AT Units in conformity with the Recovery Mechanism and should order the immediate release of the AT Units by Aveos in favour of AJWL;

HARDSHIP TO AJWL AND THE AJW GROUP AND URGENCY

63. AJWL respectfully submits that the repossession of the AT Units by AJWL is urgent and that it is imperative and in the interest of justice that the present Motion be heard as soon as possible;
64. The commercial and financial hardship that the AJW Group has suffered as a result of the delayed release of the AT Units and the other parts and components still under Aveos' control is tremendous and unsustainable;
65. The AJW Group is a component support services provider and access to inventory is fundamental for it to function and survive;
66. Without the inventory of parts and components currently under Aveos' control, the AJW Group, including AJWL, is unable to provide the services that it is contracted to provide to the wider industry;
67. In the same vein, the AT Units owned by AJWL which the Third Party Secured Lenders refuse to release, represent high demand inventory made up of critical parts to airline operations and to AJWL's business;
68. Thus far, as a direct result of the present CCAA proceedings and its inability to recover the AT Units and its other parts and components under Aveos' control, the AJW Group has sustained revenue losses estimated to be in excess of \$2,141,054.53 USD since the date of the Initial Order, the whole as appears from Financial Impact Assessment filed in support herewith as **Exhibit R-8**;
69. The Financial Impact Assessment R-9 also highlights an incremental impact of \$1,476,000 USD as a result of the additional five weeks delay in releasing the AJW Group's parts and components under Aveos' control since the issuance of the April 5, Order. This delay has occurred notwithstanding substantial and continuous efforts by the AJW Group to collaborate with all interested parties in managing the orderly release of the AJW inventory, in accordance with the terms of the CCAA proceedings;
70. In addition, given the unavailability of its parts and components under Aveos'

control, the AJW Group has incurred extraordinary capital expenditure of \$2,721,000 USD in order to purchase inventory to satisfy customer orders and existing contractual requirements where normally such requirements would have been serviced by the units in the Master List, the whole as appears from Exhibit R-9;

71. Furthermore, the AJW Group has incurred additional costs of \$218,069 USD related to *Short Term Inventory* in order to meet power by the hour customers' demands for Exchange and Loan transactions, where such contracted requirements normally would have been satisfied by the parts and components owned by the AJW Group which were, and in large part still are, under Aveos' control at the time of the Initial Order;
72. This significant commercial financial hardship continues to grow daily. With respect to AJWL, its weekly loss of rental income based on the AT Units is of \$ 56,775 USD;
73. Moreover, as a result of the unavailability of the AT Units for the purpose of exchange transactions between AJWA and third party customers, AJWA is losing over any 60-day cycle revenue of \$395,000 USD;
74. This situation is unsustainable for AJWL's business and it is in the best interest of AJWL and of justice that the AJWL Motion for Repossession be heard urgently;

CONCLUSIONS

75. The orders sought herein are fair and reasonable and in the interest of the Debtors and their stakeholders;
76. The filing of the Air Transat Agreement, Exhibit R-1, is requested under seal in light of the fact that this agreement has (a) always been treated as confidential between the parties and (b) contains sensitive commercial information (including pricing and services terms);
77. The present motion is well founded in fact and in law.

WHEREFORE MAY IT PLEASE THIS HONOURABLE COURT TO:

GRANT the present Motion;

DECLARE that sufficient notice and service of the present Motion have been given;

DECLARE that the Secured Lenders have no rights, of any nature whatsoever, over the parts and/or components provided by AJ Walter (Leasing) Ltd to Aveos Fleet Performance Inc. under the June 15, 2011 "Air Transat Airframe Spare Parts Lease Agreement" currently in the physical possession of Aveos Fleet Performance Inc. or Air Transat A.T. Inc., or any other third party;

ORDER the repossession by AJ Walter (Leasing) Ltd of all units, parts and/or components supplied or returnable to AJ Walter (Leasing) pursuant to Aveos Fleet

Performance Inc. under the June 15, 2011 "Air Transat Airframe Spare Parts Lease Agreement" currently in the physical possession of Aveos Fleet Performance Inc. or Air Transat A.T. Inc. or any other third party;

ORDER that Aveos Fleet Performance Inc. cooperate with AJ Walter (Leasing) Ltd to grant it access to all units, parts and/or components supplied or returnable to AJ Walter (Leasing) pursuant to the Aveos Fleet Performance Inc. under the June 15, 2011 "Air Transat Airframe Spare Parts Lease Agreement", wherever located, with the power to conduct inspections and to make an inventory, if deemed appropriate, and to repossess the same and that Aveos Fleet Performance Inc. expediently dedicate sufficient resource to audit such inventory inspections and do all such other things as are required to enable the prompt release of such parts to AJ Walter (Leasing);

GRANT such other relief as this Court may deem appropriate in these circumstances;

ORDER the provisional execution of the order to be rendered, notwithstanding any appeal;

THE WHOLE with costs against the Third Party Secured Lenders.

MONTREAL, May 22, 2012

Clyde + Co Canada
CLYDE & CO CANADA LLP
Attorneys for Petitioner
A J Walter Aviation Ltd. and A J Walter
Leasing Ltd.

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Clyde + Cie Canada
CLYDE & CIE CANADA S.E.N.C.R.L.
CLYDE & CO CANADA LLP

AFFIDAVIT

I, the undersigned, Ian O. Malin, having a place of business at Exchange House, 54-58 Athol Street, Douglas IM8 1JD, Isle of Man, solemnly declare the following:

1. I am a Director at A J Walter (Leasing) Ltd.
2. All of the facts alleged in the Petitioner's *Motion to Repossess Certain Assets* are true.

AND I HAVE SIGNED:



IAN O. MALIN

Solemnly declared before me in

New York, New York

on the 22nd day of May, 2012.



Commissioner of Oaths
BARRY S. ALEXANDER
Notary Public, State of New York
No. 02AL6128147
Qualified in New York County
Commission Expires July 13, 2013

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CLYDE & CIE CANADA S.E.N.C.R.L.
CLYDE & CO CANADA LLP

NOTICE OF PRESENTATION

To: Service List

TAKE NOTICE that the Petitioner's *Motion to Repossess Certain Assets* will be presented before the Honourable Mark Schrager, J.S.C., or one of the Honourable Judges of the Superior Court, sitting in the District of Montreal, at the Montreal Court House, 1 Notre Dame Street West, Montreal, Quebec, on a date and a time to be determined by the Court and communicated to the Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, May 22, 2012

Clyde + Co Canada
CLYDE & CO CANADA LLP
Attorneys for Petitioner
A J Walter Aviation Ltd. and A J Walter
Leasing Ltd.

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Clyde + Co Canada
CLYDE & CO CANADA S.E.N.C.R.L.
CLYDE & CO CANADA LLP

CANADA

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registered office is at Exchange House, 54-
58 Athol; Street, Douglas, Isle of Man, IM1
1JD

Petitioner

**A J WALTER (LEASING) LTD'S LIST OF EXHIBITS
IN SUPPORT OF THE MOTION TO REPOSSESS CERTAIN ASSETS**

- Exhibit R-1:** June 15, 2011, *Air Transat Airframe Spare Parts Lease Agreement (Under Seal)*;
- Exhibit R-2:** *En liasse*, Master List of parts and components provided to Aveos by AJWA and AJWL;
- Exhibit R-3:** Email from AJW Group to the Monitor re: Master List, March 30, 2012;
- Exhibit R-4:** Reconciliation List prepared by Aveos;
- Exhibit R-5:** Email from AJWL to Third Party Secured Lenders re: position

as to the recovery of AT Units, May 3, 2012;

- Exhibit R-6:** Email chain between AJWL and Third Party Secured Lenders re: response timescales;
- Exhibit R-7:** RDPRM Search Report filed by Aveos;
- Exhibit R-8:** Financial Impact Assessment.

Montreal, May 22, 2012

Clyde + Co Canada
CLYDE & CO CANADA, LLP
Attorneys for the Petitioner
A J Walter (Leasing) Ltd.

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SUPERIER COURT
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A J WALTER (LEASING) LTD.

A J WALTER (LEASING) LTD'S MOTION TO
REPOSSESS CERTAIN ASSETS

Copy for Service List

Clyde & Co

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